

**Interreg - IPA CBC**  
Italy - Albania - Montenegro



**Interreg IPA CBC Italy-Albania-Montenegro Programme**  
**Applicants Manual**  
**FIRST CALL FOR PROPOSALS**  
**for standard projects**

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## 1. Introduction

This Applicants Manual is based on the legal framework establishing the IPA II Regulation and ESI Funds, the Interreg IPA CBC Italy-Albania-Montenegro (hereafter also Interreg IPA CBC IT-AL-ME) Cross-border Cooperation Programme and the decisions adopted by the Joint Monitoring Committee (JMC).

The Manual intends to give guidance to potential partners interested in submitting project applications in the framework of the first call for proposals, which will be open to the Priority Axes from 1 to 4.

The present document does not replace the legal framework upon which the Programme has been drafted: applicants are warmly advised to carefully read the Cooperation Programme (CP) and the other legal documents mentioned in the following pages.

Further information on the submission of the project applications is available on the website <http://europuglia.it/cte-2014-2020/it-al-me/bandi>, the Programme website [www.italy-albania-montenegro.eu](http://www.italy-albania-montenegro.eu), the websites of the Albanian Ministry of European Integration [www.integrimi.gov.al](http://www.integrimi.gov.al) and Montenegrin Ministry of European Affairs [www.mep.gov.me](http://www.mep.gov.me).

## 2. Glossary

**Applicants Manual:** the Applicants Manual is part of the Application Package, which intends to provide applicants with detailed and specific information about the programme, project requirements, eligibility rules, application and assessment processes, project implementation principles and to guide them through the drafting of the project proposals.

**Audit:** Audit relates to the second level control process. As far as audits of operations are concerned, audits will verify the accuracy, reliability and eligibility of a sample of expenditures validated as eligible by the FLC and already included in a Payment Claim submitted to the Certifying Authority.

**Co-financing:** in general terms it refers to a different financing source for the same project or operation. In the EU programmes environment, usually there are 2 or more sources of financing, such as the IPA fund and the national co-financing.

**Co-financing rate:** The term 'co-financing rate' refers to the contribution, which the EU makes to a programme. It is expressed as a percentage of the total programme budget. Co-financing is usually subject to a maximum threshold, which is defined as a percentage of the total value of the programme, or part thereof. The Commission specifies the maximum co-financing rates. In the Interreg IPA CBC Programme IT-AL-ME the total project budget is covered by the EU contribution up to 85% and the remaining percentage is guaranteed by the national co-financing of each partner, according to the system applied by each participating Country.

**Eligible expenditure:** expenditure that complies with all relevant EU, Programme and national rules.

**Expenditure category:** represents the main category of expenditures and budget lines according to EU Regulation No 481/2014 (e.g. staff costs, travel and accommodation costs, etc.).

**Financial correction:** deduction of reported expenditures due to errors or irregularities, that takes place after payments to operations.

**First Level Control:** Body or individual in charge of performing control checks as described in the control system set up by each Participating Country (in accordance with Article 23(4) of ETC Regulation, also referred to as management verification).

**FLC certification process:** Validation of expenditure submitted by the partners in accordance with the applicable Programme rules on eligibility of expenditures. The process is finalized with the issuing of the Certificate of Validation of Expenditures by the FLC.

**Flat rate:** Flat rate is a method of reimbursement, which remains the same in all cases, calculated as a fixed percentage of a certain amount (see also art. 67 of CPR Reg. no. 1303/2013).

**Ineligible expenditure:** Expenditure submitted to the FLC, which does not comply with the eligibility rules and which cannot be validated as eligible.

**Instrument for Pre Accession fund (IPA):** the Instrument for Pre-accession Assistance (IPA) is the means by which the EU supports reforms in the 'enlargement countries' with financial and technical help. The IPA funds build up the capacities of the countries throughout the accession process, resulting in progressive, positive developments in the region (see also Reg. (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II)).

**Lead partner (LP):** The Lead Partner is the project partner having full financial responsibility for the entire project and being responsible for the overall coordination of the project, including submission and proper reporting of progress to the Joint Secretariat as stipulated in the Subsidy Contract. The lead partner is also the applicant, submitting the application on behalf of the partnership. In the terminology of the EU Regulations it is referred to as lead beneficiary.

**Lump sum:** A lump sum is a fixed amount of money that is paid entirely on one occasion / at a particular time (see also art. 67 of CPR Reg. no. 1303/2013).

**Macro-regional strategy:** A macro-regional strategy means an integrated framework endorsed by the European Council, which may be supported by the ESI Funds and IPA funds among others, to address common challenges faced by a defined geographical area relating to Member States and third countries located in the same geographical area, which thereby benefit from strengthened cooperation contributing to achievement of economic, social and territorial cohesion (according to Article 2(31) of the CPR).

**National co-financing:** for what concerns Italy, the national co-financing is guaranteed to public partners by CIPE Resolution n. 10 of 28 of January 2015 according to Article 1 (paragraphs 240 and 241) of the Law n. 147/2013 as modified and integrated by Article 1 (paragraph 672) of the Law n. 190/2014. The national co-financing is not provided to eligible private partners, which have to contribute to project proposals with their own resources. Concerning Albania and Montenegro, the national co-financing has to be provided by the partners at the project level.

**Operation:** Operation is any project or action carried out by the final partners, applied for funding and/or approved for funding by the Programme. In the terminology of the EU Regulations it is also referred to a group of projects or part of a wider project.

**Partnership Agreement:** It is the contract drawn up between the Lead Partner and the Project partners. It determines the rights and responsibilities of the Lead Partner and of the Project partners.

**Priority Axes and Specific Objectives:** the Priority Axes and Specific Objectives are the thematic areas around which the Programme is structured and funds are allocated.

**Progress Report:** The Progress Report is the report to be submitted by the Lead Partner to the JS at the end of each reporting period, outlining performed activities within the period as well as related eligible expenditures. It reports on the progress of the project and includes a reimbursement request.

**Project Partner:** a public body, a body governed by public law, a private non-profit body, other than the Lead Partner, responsible for initiating and implementing operations. In the context of this Programme, this refers to all project partners participating in an operation. In the terminology of the EU Regulation it is referred to as beneficiary.

**Recovery:** Process of claiming and recovering the amounts, which have been incorrectly paid to partners as a result of an irregularity. This process is initiated by the MA.

**Real costs:** Real costs represent the expenditure actually occurred and paid (as opposed to lump sums or sums resulting from applying flat rates) and supported by invoices and other documents of equivalent probative value.

**Subsidy contract:** the Subsidy Contract is the contract signed between the MA and the Lead Partner of each project stipulating the provisions to be observed by both parties during the implementation of the project.

**Target group:** the target group consists of those individuals and/or organisations towards which the project goals are addressed and which will therefore be directly or indirectly affected by the project activities and results. Even if target groups may not necessarily receive funds and not be directly involved in the project implementation, they may exploit project outcomes for their own benefit.

### 3. Abbreviations

<b>AA</b>	Audit Authority
<b>AF</b>	Application Form
<b>AP</b>	Associated Partner
<b>CA</b>	Certifying Authority
<b>CP</b>	Cooperation Programme
<b>CPR</b>	Common Provisions Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013
<b>eMS</b>	Electronic Monitoring System
<b>ERDF</b>	European Regional Development Funds
<b>ESIF</b>	European Structural and Investments Funds
<b>ETC</b>	European Territorial Cooperation
<b>EU</b>	European Union
<b>EC</b>	European Commission
<b>EUSAIR</b>	European Union Strategy for Adriatic Ionian Region
<b>FLC</b>	First Level control
<b>GBER</b>	General Block Exemption Regulation
<b>GoA</b>	Group of Auditors
<b>IPA</b>	Instrument for Pre-Accession
<b>IPA IR</b>	IPA Implementing Regulation
<b>IT-AL-ME</b>	Italy-Albania-Montenegro
<b>JMC</b>	Joint Monitoring Committee
<b>JS</b>	Joint Secretariat
<b>LA</b>	Lead Applicant
<b>LB</b>	Lead Beneficiary
<b>LP</b>	Lead Partner
<b>MA</b>	Managing Authority
<b>NIP</b>	National Info Point

<b>PA</b>	Partnership Agreement
<b>PP</b>	Project Partner
<b>PR</b>	Project Report
<b>PRAG</b>	Practical Guide to contract procedures for EU External actions
<b>SC</b>	Subsidy Contract
<b>SEA</b>	Strategic Environmental Assessment
<b>SO</b>	Specific Objective
<b>TA</b>	Technical Assistance
<b>TP</b>	Thematic Priority
<b>VAT</b>	Value Added Tax
<b>AA</b>	Audit Authority

## 4. Legal and strategic framework

The legal framework supporting the Programme is the following:

### 4.1. Programme documents

- The Interreg IPA CBC Italy – Albania – Montenegro Programme adopted by the European Commission on 15 December 2015, Decision C(2015) 9491, and final version adopted on 03.05.2016, Decision C(2016) 2803
- The Interreg IPA IT-AL-ME Programme Strategic Environmental Assessment
- The Call for proposals and related annexes

### 4.2. European Structural and Investment Funds 2014-2020: Key rules

- Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II) hereinafter referred to as IPA II Regulation
- Commission Implementing Regulation (EU) No 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II)
- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 on common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and on general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006
- Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006

- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal
- Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002
- Regulation (EU) No 1302/2013 of the European Parliament and of the Council of 17 December 2013 amending Regulation (EC) No 1082/2006 on a European grouping of territorial cooperation (EGTC) as regards the clarification, simplification and improvement of the establishment and functioning of such groupings
- Regulation (EU) No 1407/2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid
- Commission Delegated Regulation (EU) No 481/2014 of 4 March 2014 supplementing Regulation No 1299/2013 of the European Parliament and of the Council with regard to specific rules on eligibility of expenditure for cooperation Programmes
- Directives and rules on public procurement: Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC; Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC; Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts; Procedures and practical guide (PRAG) on public procurements
- Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action
- Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union
- Regulation (EU, EURATOM) No 547/2014 of the European Parliament and of the Council of 15 May 2014 amending Regulation (EU, Euratom) No 966/2012 on the financial rules applicable to the general budget of the Union

For matters not covered by eligibility rules laid down in, or on the basis of EU or Programme rules, the national rules of the Participating Country, in which the expenditure occurs, shall apply.

#### 4.3. Strategic framework

- EUROPE 2020: A strategy for smart, sustainable and inclusive growth, Communication from the Commission, COM (2010)2020 final
- Territorial Agenda of the European Union 2020: Towards an Inclusive, Smart and Sustainable Europe of Diverse Regions, Gödöllő, May 2011
- Sixth Report on Economic, Social and Territorial Cohesion: Investment for jobs and growth. Promoting development and good governance in EU regions and cities, European Commission, July 2014
- National strategic documents: Italian Partnership Agreement; Albania Country Strategic Paper; Indicative Strategy Paper for Montenegro



#### 4.4. Macro-regional strategy

- Endorsement of the European Union Strategy for the Adriatic and Ionian Region (EUSAIR), European Council, Brussels, 23-24 October 2014;
- Council conclusions on the European Union Strategy for the Adriatic and Ionian Region (EUSAIR) - General Affairs Council meeting - Brussels, 29 September 2014;
- Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the European Union Strategy for the Adriatic and Ionian Region COM (2014) 357 final;
- Commission staff working document - Action Plan - Accompanying the document - Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the European Union Strategy for the Adriatic and Ionian Region concerning the European Union Strategy for the Adriatic and Ionian Region SWD (2014) 190 final;
- Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the governance of macro-regional strategies - 20.05.2014 – COM (2014) 284 final.

Kindly note that the above list is not exhaustive and it only includes the most relevant documents.

For reference and further documentation, please consult the following websites:

- [http://ec.europa.eu/regional\\_policy/en/information/legislation/regulations/](http://ec.europa.eu/regional_policy/en/information/legislation/regulations/)
- [http://ec.europa.eu/regional\\_policy/en/information/legislation/delegated-acts/](http://ec.europa.eu/regional_policy/en/information/legislation/delegated-acts/)
- [http://ec.europa.eu/regional\\_policy/en/information/legislation/implementing-acts/](http://ec.europa.eu/regional_policy/en/information/legislation/implementing-acts/)
- [http://ec.europa.eu/enlargement/instruments/overview/index\\_en.htm](http://ec.europa.eu/enlargement/instruments/overview/index_en.htm)
- <http://www.adriatic-ionian.eu/>

## 5. The Interreg IPA CBC Italy-Albania-Montenegro

The Interreg IPA CBC IT-AL-ME Programme is the new IPA cross-border Programme, involving Italy, Albania and Montenegro, for the programming period 2014-2020.

The Programme aims to strengthen cross-border cooperation for smart and sustainable development of the territories involved, with a view to preaccession of Albania and Montenegro to the European Union.

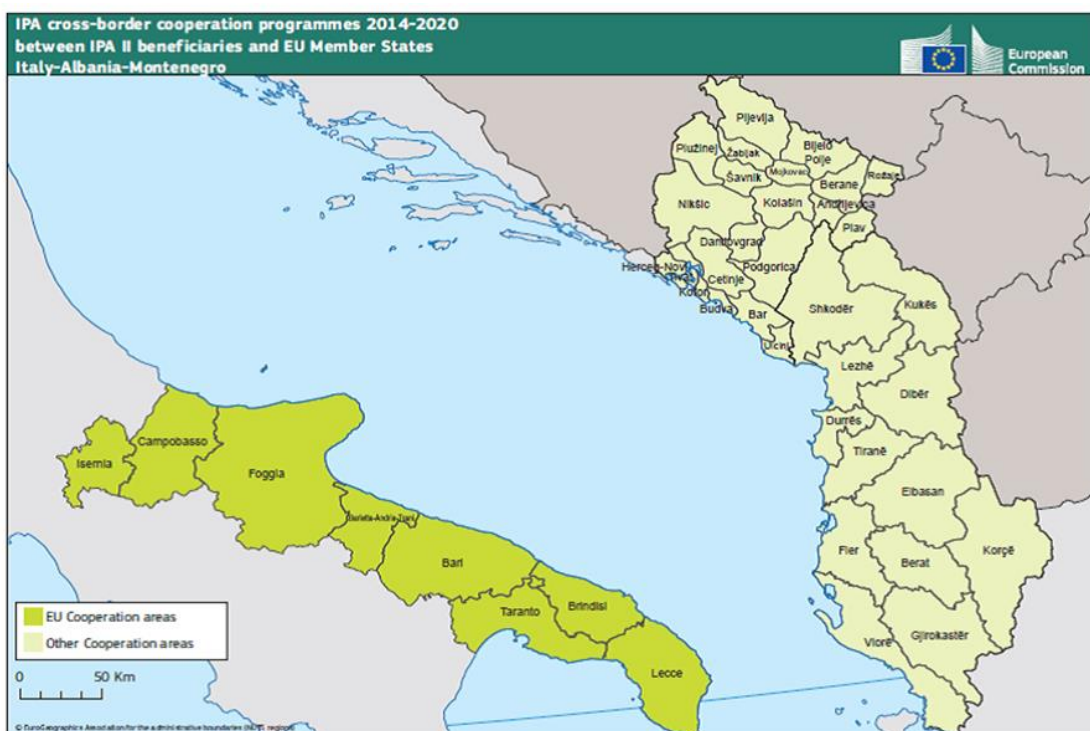
The Programme implementation strategy aims to improve the economic, social and territorial cohesion of the area and - at the same time - contributes to achieving the objectives of the Europe 2020 Strategy and the EU Strategy macro-regional Adriatic Ionian (EUSAIR).

The main goal of the Programme is to enhance the coordination in the Programme area to tackle common challenges in order to boost and integrate territorial development. It aims to enable regional and local stakeholders from eligible areas to exchange knowledge and experiences, to develop and implement pilot actions, to test the feasibility of new policies, products and services, and to support investments in the Programme chosen sectors.

The Strategy of the Programme builds upon the results of the territorial analysis, the findings of the consultation process and the lessons learnt from other Cooperation Programmes covering the same eligible area during the period 2007-2013. More specifically, the territorial analysis has taken into consideration the following documents:

- Italian Partnership agreement
- The two Regional ERDF Operational Programmes for Molise and Puglia
- The EC progress report 2013 and Country Strategy Paper for Albania
- The EC progress report 2013 and Indicative Strategy Paper for Montenegro 2014-2020
- Thematic reports on Innovation and smart specialization for the three countries
- Eurostat and national statistics.

### 5.1. Programme eligible area



The Programme Area is located strategically between Eastern Europe and the Mediterranean Sea. It covers a total of 66.365 km<sup>2</sup> and has a population of 7.805.809 inhabitants. Albania covers the largest part of the Programme Area (more than 40%), and the Italian Region of Molise the smallest (4437 km<sup>2</sup>).

The Programme eligible area involves three Partner States. One country is an EU Member State, whereas the other two are candidate countries.

#### Member States:

- Italy: 2 Regions (Puglia and Molise), 8 Provinces (Foggia, Bari, Brindisi, Lecce, Barletta-Andria-Trani, Taranto, Isernia and Campobasso)

#### IPA countries:

- Albania                      The whole country
- Montenegro                The whole country

## 5.2. Interreg IPA CBC IT-AL-ME Programme structure

In response to the needs and challenges of development of the countries involved, the Programme strategy has been focusing on 4 of 8 thematic priorities established by IPA<sup>1</sup> Regulations, as selected by the national delegations: increase the competitiveness of production systems, developing sustainable tourism, protect the environment and natural heritage, promote sustainable and multimodal connections, drive change towards a low environmental impact.

### 5.2.1. Priority Axes and Specific Objectives

To achieve the overall goals, the Programme has been structured into four Priority Axes (PA) and six specific objectives (SO), apart from the Technical Assistance (PA 5).

<b>PA 1</b>	<b>Strengthening the cross-border cooperation and competitiveness of SMEs</b>
SO 1.1	<i>Enhance the framework conditions for the development of SME's cross-border market.</i>
<b>PA 2</b>	<b>Smart management of natural and cultural heritage for the exploitation of cross border sustainable tourism and territorial attractiveness</b>
SO 2.1	<i>Boost attractiveness of natural and cultural assets to improve a smart and sustainable economic development.</i>
SO 2.2	<i>Increase the cooperation of the key actors of the area for the delivery of innovative cultural and creative products.</i>
<b>PA 3</b>	<b>Environment protection, risk management and low carbon strategy</b>
SO 3.1	<i>Increase cross-border cooperation strategies on water landscapes.</i>
SO 3.2	<i>Promoting innovative practices and tools to reduce carbon emission and to improve energy efficiency in public sector.</i>
<b>PA 4</b>	<b>Increasing cross border accessibility, promoting sustainable transport service and facilities and improving public infrastructures</b>
SO 4.1	<i>Increase coordination among relevant stakeholders to promote sustainable cross border connections in the cooperation area.</i>

The programme strategy presents two cross-cutting issues:

- ✓ “strengthening research, technological development, innovation and information and communication technologies through, inter alia, promoting the sharing of human resources and facilities for research and technology development” as a condition leading any kind of economic development;
- ✓ “promoting local and regional governance and enhancing the planning and administrative capacity of local and regional authorities” (hereinafter Governance) as a prerequisite for attaining the Strategy objectives and for the efficient implementation of the Strategy policy measures and instruments across all thematic priorities.

## 5.3. Horizontal Principles

*Legal reference to Articles 5, 7 and 8 Regulation (EU) No. 1303/2013, Article 8(7) of Regulation (EU) No 1299/2013.*

<sup>1</sup>EU Regulation No 231/2014, Annex III ‘Thematic priorities for assistance for territorial cooperation’

In addition to the thematic orientation, the IT-AL-ME Programme incorporates horizontal aspects highlighted in EU regulations, namely:

– **Sustainable development:**

Sustainable development is both recalled in the name of priority axis 3 and integrated as a horizontal principle in the cooperation Programme. It will be respected during the entire Programme cycle (programming, implementation, monitoring and evaluation).

The Strategic Environmental assessment (SEA) and the Ex-ante evaluation provided inputs to ensure that the Interreg IPA CBC Italy Albania Montenegro Programme respect the principle of sustainable development. The Programme aims to improve and harmonise environmental protection requirements, resource efficiency, climate change mitigation and adaptation across the partner's countries. The reduction of the impact of human activities on the environment and the protection of ecosystems and biodiversity are supported by Thematic Priorities D) and B).

Furthermore, in a transversal way, partners are asked to promote eco-innovations aiming to make a more sustainable use of natural resources under all Priority Axes. More precisely, partners are requested to describe in their project proposals the efforts they will undertake to reduce the project's carbon footprint.

– **Equal opportunities and non-discrimination:**

Projects have to ensure that the activities implemented do not generate sex discrimination of any kind (sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation) and to explain how the equal opportunity principle is rooted in the project design and implementation. All projects, regardless the priority axis under which they are submitted are encouraged to foresee measures or actions to promote equal opportunities and preventing any discrimination.

## 5.4. Programme Budget

The overall Programme budget amounts to EUR 92.707.558,00, out of which EUR 78.801.422,00 of EU public resources (IPA II funds).

The financial allocation to the chosen thematic objectives reflects:

- the estimated financial size of actions foreseen in each priority axis;
- the coherence with the funding priorities as in the EC Country Position Paper and in the EC Indicative Strategy Papers;
- the strategic choices of the Programme stakeholders;
- the inputs provided by relevant partners within consultations.

### 5.4.1. Funds allocation - Breakdown by priority axis and thematic priority

	EU CONTRIBUTION (IPA)	NATIONAL CO-FINANCING	EU-CONTRIBUTION + NATIONAL CO-FINANCING	(%) of the total budget
Priority axis 1	15.760.284	2.781.227	18.541.511	20%
Priority axis 2	22.064.398	3.893.718	25.958.116	28%
Priority axis 3	19.700.356	3.476.534	23.176.890	25%
Priority axis 4	13.396.242	2.364.043	15.760.285	17%
TOTAL	70.921.280	12.515.522	<b>83.436.802</b>	

The total budget (= EUR 83.436.802,00), excluding Priority Axis 5 “Technical Assistance”, will be indicatively divided as follows:

- ✓ 50% standard projects
- ✓ 50% strategic and thematic projects

## 6. State Aid discipline

Any public support granted by public funds must respect the State Aid discipline applicable at the point of time when the public support is granted.

According to Article 107 (ex. Article 87) of the Treaty on the Functioning of the European Union, State Aid is defined as any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods.

In relation to the above, the presence of State Aid can be confirmed only if all the following 5 points (cumulative criteria) are fulfilled:

- 1) The measure must confer a benefit or advantage on the recipient which it would not otherwise have received (which is always the case for any Interreg Programme);
- 2) It must be granted by a EU Member State or through State resources (which is always the case for any Interreg Programme);
- 3) It must selectively favour certain undertakings or the production of certain goods<sup>2</sup>;
- 4) It must distort or threaten to distort competition;
- 5) It must affect trade between EU Member States.

State Aid discipline applies to undertaking, i.e.: an entity engaged in an economic nature and which offers goods and services in competition (actual or potential) with other operators active in the market, carrying out activities of an economic nature, devoted to the production and marketing of goods and services in the market. The concept of undertaking is very wide and also includes all private and public firms and the entirety of what they produce. Activities carried out within the framework of statutory tasks normally performed by public authorities do not fall within the concept of an undertaking, in view of their non-business purposes and procedures.

In the evaluation of the existence of a potential State Aid issue, the nature of the beneficiary/partner is therefore not relevant since, as said, even a not-profit organisation can be engaged in economic activities. The main element to take into account is the nature of the activities that the partner institution and the project intend to implement through the public funding<sup>3</sup>.

In the case of the Interreg IPA CBC IT-AL-ME Programme, State aid relevant activities are financed only if they are in compliance with Article 20 of the General Block Exemption Regulation (GBER)<sup>4</sup> or in compliance with the de minimis Regulation<sup>5</sup>. The decision on whether to apply the GBER or the de minimis Regulation

<sup>2</sup>With the meaning of the Article 87(1) EC in comparison with other undertakings in a comparable legal and factual situation in the light of the objective pursued by the measure concerned.

<sup>3</sup>Further information on State Aid can be found on the European Commission's DG Competition website: ([http://ec.europa.eu/competition/state\\_aid/overview/index\\_en.html](http://ec.europa.eu/competition/state_aid/overview/index_en.html)) where also comprehensive guidelines on the notion of State aid are available ([http://ec.europa.eu/competition/state\\_aid/overview/index\\_en.html](http://ec.europa.eu/competition/state_aid/overview/index_en.html)).

The INTERACT Programme has also summarised a list of questions and answers on this topic: [http://admin.interacteu.net/downloads/9263/Questions\\_Answers\\_ETC\\_and\\_State\\_Aid\\_April\\_2015.pdf](http://admin.interacteu.net/downloads/9263/Questions_Answers_ETC_and_State_Aid_April_2015.pdf)

Applicants may also consult the relevant national authorities to obtain more specific information on rules and limitations concerning State aid.

<sup>4</sup>Commission Regulation (EU) No 651/2014)

<sup>5</sup>Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.

is to be made by the applicants themselves, but it shall be made clear in the application phase and monitored throughout the project life cycle. Both instruments specify certain limits on the maximum amount of aid and/or on the co-financing rate to be applied. Project partners should consider carefully the implications before opting for one of the two instruments.

### ***Do State aid rules apply if non-EU Member States participate in an ETC programme?***

State aid rules apply to Member States (at whatever administrative level and in whatever legal form). To countries neither belonging to the EU nor the EEA, State aid rules of the TFEU or the EEA Agreement do not apply, unless such countries have agreed on an application. This may be the case for instance in the context of preparation for accession to the Union (Instrument for pre-accession, i.e. IPA countries).

It is important to note that even if countries, in which State aid rules do not apply, are involved, State aid rules remain applicable to the others (EU Member States, EEA countries and those countries, which accepted the application in other agreements).

## **6.1. General Block Exemption Regulation (GBER)**

As part of an administrative simplification, the European Commission adopted the General Block Exemption Regulation (GBER) and allows any Member State to not notify a number of State aid measures to the Commission. It consolidates and harmonizes the rules previously existing and enlarges the categories of State aid covered by the exemption. Compared to the previous GBER, a specific and new Article 20 has been adopted, which directly addresses Interreg. Article 20 of the GBER applies only to SMEs fulfilling the conditions established regarding thresholds, transparency, incentive effect, aid intensity, eligible costs, cumulation, publication and information.

In case these conditions are fulfilled, the following costs can be deemed eligible: costs for organisational cooperation including cost for staff and offices to the extent that it is linked to the cooperation project; costs of advisory and support services linked to cooperation and delivered by consultants and service providers; travel expenses, costs of equipment and investment expenditure directly related to the project, depreciation of tools and equipment, to the extent that they are used exclusively for the project. The services referred above shall not be a continuous or periodic activity nor relate to the undertakings usual operating costs, such as routine tax consultancy services, regular legal services or advertising.

## **6.2. De minimis rule**

In other case for which a potential State aid issue was identified, partners may decide to apply the de minimis rule. To benefit from the de minimis rule, aid has to satisfy the following criteria: the ceiling for the aid covered by the de minimis rule is EUR 200000 (cash grant equivalent) over any three tax year period. The ceiling applies per Member State. Unlike as in the past, in the case of the Interreg IPA CBC IT-AL-ME Programme the aid will be considered as granted by Italy (location of the MA) and will not cumulate with State aid under de minimis regime granted by another Member States. The ceiling will apply to the total of all public assistance considered to be de minimis aid. The ceiling applies to aid of all kinds, irrespective of the form it takes or the objective pursued.

The regulation only applies to “transparent” forms of aid, which means aid for which it is possible to determine in advance the gross grant equivalent without needing to undertake a risk assessment.

Funding granted by the Programme to all beneficiaries/project partners indicated above is subject to the EU rules on State Aid within the meaning of Article 107 of the Treaty of the functioning of the European Union. Every beneficiary/project partner should comply with the rules on State Aid regarding the activities of its project and comply with the relevant assessment made by the JS of the Programme during its evaluation phase. Therefore, all potentials beneficiaries/project partners should fill in the State Aid Declaration form when applying for funding.



## 7. Programme language

The official language of the Interreg IPA CBC IT-AL-ME Programme is English. All deliveries, documents, tools and communication activities of the Programme management bodies will be in English; as a general rule, this language will also be used in all communication with the applicants and partners and among the project partners themselves.

Potential partners may receive information in their national language by the corresponding National Contact Points, which, if deemed relevant, may also translate some Programme documentation in their own language. English version of documentation and correspondence is however the only binding one.

## 8. First call for proposals funds allocation and project size

The total available funds within 1st CfP for Priority axes 1, 2, 3 and 4 is 25.000.000 EURO (including EU contribution and national co-financing). The total project budget is covered by the EU contribution up to 85% and the remaining percentage is guaranteed by the national (incl. private) co-financing of each partner, according to the system applied by each participating country.

The total budget of the projects must respect the following financial thresholds:

- Minimum budget (EU contribution + national co-financing) = EUR 500.000;
- Maximum budget (EU contribution + national co-financing) = EUR 1.500.000 (EUR 2.000.000 for PA 4).
- Minimum budget for each partner: 10% of the total budget

The total amount (in EURO) allocated for this Call for Proposals for the four (4) priority axes is broken down as follows:

First call	European Union Contribution (€)	National co-financing (€)	European Union contribution + National co-financing (€)
Priority Axis 1	4.722.221,75	833.333,25	5.555.555,00
Priority Axis 2	6.611.111,30	1.166.666,70	7.777.778,00
Priority Axis 3	5.902.778,25	1.041.666,75	6.944.445,00
Priority Axis 4	4.013.888,70	708.333,30	4.722.222,00
<b>TOTAL</b>	<b>21.250.000,00</b>	<b>3.750.000,00</b>	<b>25.000.000,00</b>

After completion of assessment process and respecting scores obtained, 4 ranking lists will be created (one ranking list for each Priority Axis).

The Joint Monitoring Committee (JMC) reserves the right to:

- re-allocate the remaining funds between Priority axes (for example if the allocation indicated for a specific Priority axis cannot be used due to insufficient quality or number of applications received);
- not to use all the available funds allocated under this Call for Proposals.

The EU will finance max. 85% of the total eligible expenditures and the partners from the participating countries shall provide min. 15% co-financing. National co-financing for project's proposals must be provided by project partners according to their respective national mechanisms.

Concerning Italy, the national co-financing is guaranteed to public partners by CIPE Resolution n. 10 of 28 of January 2015 according to Article 1 (paragraphs 240 and 241) of the Law n. 147/2013 as modified and integrated by Article 1 (paragraph 672) of the Law n. 190/2014.

The national co-financing is not provided to eligible private partners, which have to contribute to project's proposals with their own resources.

For Albania and Montenegro, each partner is obliged to provide co-financing at project's level.

### Programme indicators

The indicators are vital to the efficient and effective implementation of the Programme. They are necessary to monitor and evaluate the extent to which the Programme has achieved its objectives and how efficiently. Output and result indicators will measure the achievement of the Programme specific objectives:

- Output indicators – measure the achievement of the quantitative targets set by the Programme.
- Result indicators – measure the level of achievement of the intended positive change in the cooperation among the three participating countries.

**Note: Each Project must contribute to the achievement of Programme result and output indicators.**

## 9. Project Partnership

The project partnership must include a Lead partner and project partners, but not necessarily associated partners.

<b>Lead Partner</b>	The project partner having full financial responsibility for the entire project and being responsible for the overall coordination of the project, including proper reporting of the progress to the Joint Secretariat/Managing Authority, as set in the Subsidy Contract. The lead partner also submits the project proposal on behalf of the partnership. The tasks of the Lead Partner are specified in article 40 of IPA II Implementing Regulation, No. 447/2014
<b>Project Partner</b>	A public body, private body or body governed by public law, responsible for initiating and implementing operations. In the context of this Programme, this means all project partners participating in an operation, responsible for own activities and for reporting to the lead partner, as set in the partnership agreement.
<b>Associated Partner</b>	Partner taking part to the activities without financial resources and no contractual or financial obligations towards the Programme.

**The project proposal shall involve partners located in the Programme geographical eligible area.**



**The minimum eligible partnership must involve at least one partner from each participating Country<sup>6</sup>:**

- **at least 1 partner from EU Member State (eligible territories of Italy)**
- **at least 1 partner from each IPA Countries (1 partner from Albania and 1 partner from Montenegro).**

**The partnership must not exceed no. 6 partners (including the Lead Partner)**

The partnership shall appoint a Lead Partner who is responsible for the preparation and submission of the application form. In case of approval of the project, the Lead Partner assumes the responsibility for management, communication, implementation, as well as coordination of activities among the involved partners.

Please note that an efficient partnership shall always consider the quality of partners' expertise needed to carry out the planned activities and deliver effective outputs and results, rather than the number of institutions involved in the proposal.

The topics addressed by the project determine the profile of the organisations that could be involved in the project activities.

Project partners should be involved already in the project generation phase, in order to incorporate ideas and contributions from all applicants and to ensure a high level of commitment to the project.

### 9.1. Eligible partners

As general eligibility rule, Lead Partners and Project Partners must be established in the eligible territories of the Countries participating to the Programme.

The following types of partners, according to their legal status, are eligible for funding:

- **Public bodies;**
- **Bodies governed by public law<sup>7</sup>** in the meaning of the legal entities that fulfils the following characteristics:
  - (a) They are established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character;
  - (b) They are financed, for the most part, by the State, regional or local authorities, or by other bodies governed by public law; or are subject to management supervision by those authorities or bodies; or have an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.
- **Non-profit organisations,** established according to the applicable legal framework/law in the respective country that fulfils the following characteristics:
  - (a) They are not established with the goal to obtain profit;
  - (b) Do not distribute profits to the shareholders;
  - (c) They do not have the organisational structure of an undertaking or a regular presence on the market;
  - (d) They have legal personality. (For the purposes of this point (d), for Italian partners grant applications may be eligible if submitted by entities, which do not have legal personality under the applicable national law, provided that their representatives have the capacity

<sup>6</sup> Except for the sole Beneficiary according to Art.12 of the ETC Regulation (EU) No. 1299/2013

<sup>7</sup>Article 2(4) of the EC Directive (2014/24)

to undertake legal obligations on behalf of the entity and offer guarantees for the protection of the Union's financial interests equivalent to those offered by legal persons according to art. 131 of Regulation (EU, Euratom) 966/2012).

**Non-profit organisations must be operational for at least 12 months before the launching of the call for proposals.**

Private lead partners shall provide a financial guarantee covering the whole EU pre-financing amount for the duration specified in the subsidy contract, once the project proposal is approved and before contracting.

All bodies/institutions interested in being part of a project proposal must fulfil all the following criteria.

- **Be established under the national law of one of the Partner States participating in the Programme.** Nationality will be determined on the basis of the organisation's statute/articles of incorporation, which should demonstrate that it has been established by an instrument governed by the internal law of a country participating to the Programme.
- **Have their registered office or operating headquarters, having full legal capacity, in the Programme area.**

#### 9.1.1. Other indications regarding the quality of the partnership

All applicants, irrespective of their legal status, must ensure that:

- They have adequate human and technical resources to ensure a sound project implementation and management.
- Their administrative involvement in the project does not undermine their daily activities.
- Their financial commitment within the project is adequate to their size and capacity.
- They have the capacity of advancing payments for the implementation of project activities and eventual delays in reimbursement of EU contributions will not undermine their capacity of implementing the foreseen activities within the project.

As a general principle, potential project partners, whose only scope of activities and whose role in the project consists only in project coordination, management, communication or knowledge management, cannot be considered as “good” partner. The involvement of such bodies in the project should be, instead, as external service providers to be contracted following the applicable public procurement procedures.

## 9.2. Lead Partner

**The Lead Partner must be physically based in the eligible area of the Interreg IPA CBC IT–AL-ME Programme.**

**Coordination of activities** of all project proposals submitted within the current and future calls by the same applicant will be carefully assessed by the representatives of the participating countries. In particular, the lead applicant and the project partners are required to demonstrate how the activities of all project proposals submitted by the same legal entity (public administration, university, research centre, etc.) are going to be efficiently coordinated. Coordination of activities shall apply both within the same and different administrative units of the same legal entity, as to exploit potential synergies, avoid overlapping and risk of double funding. The coordination among numerous projects for the same partner and lack thereof will be subject to assessment. **In order to ensure sufficient management capacity, it is advisable for all lead partners to submit not more than 5 project proposals per legal body as well as per administrative units of the same legal entity (department, services etc.).**

The “Lead Partner principle” applies to the Interreg IPA CBC IT-AL-ME Programme, in compliance with Article 40 of IPA Implementing Regulation No. 447/2014 and Article 13 of Regulation (EU) No 1299/2013.

For each Application a “Lead Partner” (LP) must be appointed among the project partners prior to the submission of the application. The Lead Partner will be responsible for the development and submission of the application and in case of a positive decision on financing it will sign the Subsidy Contract with the Managing Authority. The Lead Partner takes over the role of the “engine” of the partnership, coordinating the work of the partners and being also the link between the project and the Programme (MA and JS).

Information about the role and tasks of the Lead Partner is provided in more detail in the Subsidy Contract. The Lead Partner assumes the following key responsibilities:

- It shall lay down the arrangements for its relations with the Project Partners participating in the project in an agreement (called partnership agreement) comprising, inter alia, provisions guaranteeing the sound financial management of the funds allocated to the project, including the arrangements for recovering amounts unduly paid.
- It shall be responsible for ensuring the implementation of the entire project.
- It shall ensure that the expenditure presented by the Project Partners participating in the project has been paid for the purpose of implementing the project and corresponds to the activities agreed between project partners.
- It shall verify that the expenditure presented by the partners participating in the project have been validated by the national controllers.
- It shall be responsible for transferring the EU contribution to the Project Partners participating in the operation with no delays.

### 9.3. Project partners

Each project partner carries out the activities planned within the deadlines agreed at programme and partnership level. Each project partner shall:

- Ensure the implementation of the project activities under its responsibility according to the project plan and the agreement signed with the LP.
- Cooperate with the other project partners in the implementation of the project, the reporting and the monitoring, as deemed necessary. Key project conclusions, changes to project strategy and other important decisions should be made jointly.
- Assume responsibility towards the Lead Partner to repay the received undue amounts and it assumes its responsibility in case of irregularities in the expenditure it has declared.
- Carry out information and communication measures for the public about project activities.

Obligations of the Lead Partners and project partners are laid down respectively in the Subsidy Contract and in the Partnership Agreement.

#### 9.3.1. Associated partners

The Interreg IPA CBC IT-AL-ME Programme allows the involvement of *associated partners*, i.e. those bodies willing to be involved in a project with an observer status, without financially contributing to the project. All expenditure incurred by these bodies shall be finally borne by any of the institutions acting as project partners in order to be considered as eligible. The associated institutions must not act as service providers in order not to be in conflict of interests and not to infringe public procurement rules.

The partnership must demonstrate the benefits that the involved associated partner shall bring to the project and its follow-up. Expenditure incurred by these bodies shall be limited to reimbursement of travel and accommodation costs related to their participation in project meetings.

Associated partners can also be located outside the Programme area if their participation is relevant and strategic for the project.

- The “Associated Partner” doesn’t receive financial contribution from the project budget. The participation of Associated partners must be justified and coherent with the overall project design. It must not act as service provider, as not to violate public procurement principles.
- *The participation of “Associated partners” is allowed, but no more than 1 “Associated” for each partner.*
- The Associated partners can be located outside of the eligible Programme area.

#### 9.4. Cooperation criteria

The Interreg IPA CBC IT-AL-ME Programme shall support operations, which deliver direct cross-border impact and benefits for the project partners/target groups/project area/programme area. The project should clearly demonstrate the importance of the cross-border approach to the topic addressed.

Direct cross-border impact is understood in terms of respecting the following cooperation criteria<sup>8</sup>, as they are defined below: joint development, joint staffing, joint implementation and joint financing.

COOPERATION CRITERIA	
Joint Development	Joint development means that the Application must be designed in close cooperation of the partners from all participating countries. The Application must clearly integrate the ideas, priorities and activities. The Lead Partner is the coordinator of this process but should include other partners from the beginning of the development process. All partners should contribute to the development of the project.
Joint Implementation	Joint implementation means that activities must be carried out and coordinated among partners in all participating countries. The Lead Partner bears the responsibility for the overall project implementation; each project partner takes responsibilities for different parts/tasks of the implementation and has to ensure that needed activities are carried out for the achievement of the project objectives.
Joint Financing	Joint financing means that there will be only one subsidy contract per project. The project has a joint budget with funding allocated to partners according to the activities they are carrying out.
Joint Staffing	Joint staffing means that the proposed project staff will be jointly involved in the implementation of all activities in partner countries. Staff members coordinate their activities with other participants involved and exchange information regularly. However, unnecessary overlapping of similar functions within the project team should be avoided.

## 10. Exclusion criteria

According to art 106 of Regulation (EU) No 966/2012, potential project partners might be excluded if any of the following conditions apply:

<sup>8</sup> According to art. 11 (4) of Reg. EU No. 1299/2013

- They are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- They or persons currently having powers of representation, decision making or control over them have been convicted of an offence concerning their professional conduct by a judgment of a competent authority of a Partner State which has the force of res judicata;
- They have been guilty of grave professional misconduct proven by any means which the contracting authority can justify, including by decisions of the European Investment Bank and international organisations;
- They are not in compliance with their obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;
- They - or persons currently having powers of representation, decision making or control over them - have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such illegal activity is detrimental to the Union's financial interests;
- They are subject to an administrative penalty imposed by any contracting authority for behaviours mentioned above.

According to art 107 of Regulation (EU) No 966/2012 applicants will not be granted financial assistance if, in the course of the grant award procedure, they:

- Are subject to a conflict of interests;
- Are guilty of misrepresentation in supplying the information required by the Programme as a condition of participation in the grant award procedure or fail to supply this information;
- Find themselves in one of the situations of exclusion, referred to in Article 106 (1), for the procurement procedure.

Furthermore, they will not be granted financial assistance if they have attempted to obtain confidential information or influence the assessment bodies during the assessment process of current or previous calls for proposals.

## 11. Location of the operation and related activities

All the project activities have to be located in the Programme eligible area. In compliance with art. 44 of the IPA Implementing Regulation (Commission Implementing Regulation no. (EU) No 447/2014), a derogation to this rule may be exceptionally accepted upon prior authorisation of the JS provided that:

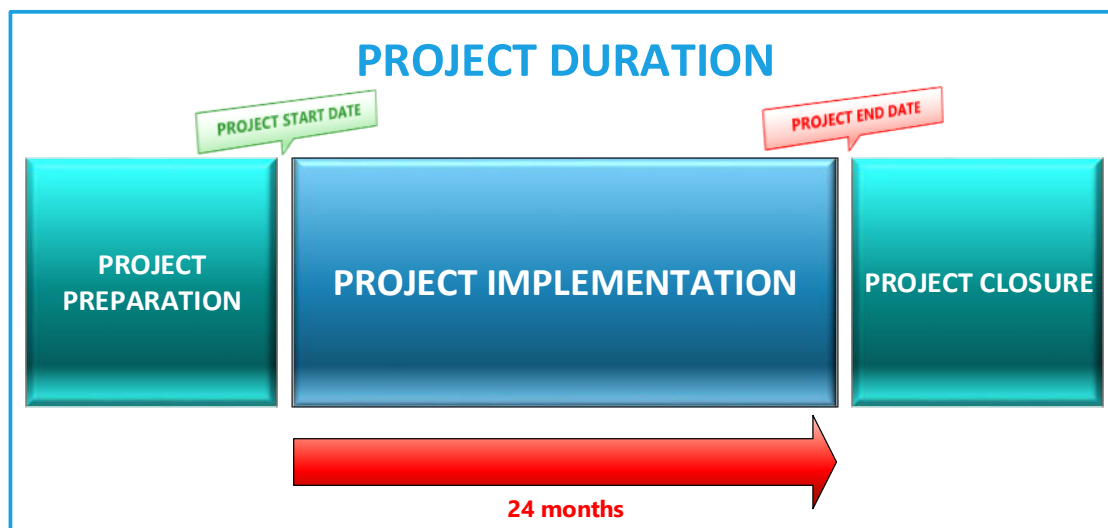
- the total amount dedicated to the activities located outside of the eligible Programme area does not exceed the 10% of the programme allocation,
- these activities are for the benefit of the Programme area,
- activities are essential for the implementation of the project,
- it is clearly indicated in the Application Form and duly justified.

For cases not foreseen in the application form, a prior authorisation of the JS is required.

## 12. Project duration

Standard Project shall have a maximum duration of 24 months (extension shall be granted only in duly justified cases).

Applicants shall indicate the indicative start and end date in the Application Form, taking into account the necessary time for the evaluation process and contracting procedures. Approved projects will be offered the possibility of modifying this starting date and project duration as reported in the AF before the signature of the Subsidy Contract.



## 13. Rules on eligibility of expenditures

The system of financing is a budget-based grant (eligible costs). The grants are financed through reimbursement of eligible costs and will be calculated on the basis of a detailed estimated budget, indicating clearly the costs that are eligible for IPA funding. Eligible partners shall ensure stable and sufficient sources of finance to ensure both project implementation and the continuity of the organisation activities throughout the lifespan of the project.

In the contracting phase, partners of the selected projects may request a pre-financing of up to 20% of the total EU project budget. Eligible private partners are required to provide an adequate bank guarantee (see below).

Net revenues generated from projects shall be included in the application form and subsequently reported according to article 61 and 65 of the CPR Regulation no. 1303/2013.

The budget of the project must be drafted following the real cost principle<sup>9</sup>, fully accomplishing the principles of adequacy of costs and sound financial management. As provided under chapter 7 of the Regulation (EU, Euratom) No 966/2012 the principle of sound financial management builds on the following three principles:

- The **principle of economy**: it requires that the resources used by the project partner in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price;
- The **principle of efficiency**: it concerns the best relationship between resources employed and results achieved;
- The **principle of effectiveness**: it concerns the attainment of the specific objectives set and the achievement of the intended results.

<sup>9</sup>Except for preparation costs and when simplified cost options are used for calculating costs under staff and office and administration budget lines.

The budget must be drawn up in Euro. Consequently, the Project partners not based in the Euro zone are advised to keep in mind that reimbursement – based on actually incurred expenditure - will have to be converted into Euro in accordance with Article 28 of Regulation (EU) No 1299/2013, and by way of derogation from Article 133 of Regulation (EU) No 1303/2013, using the monthly accounting exchange rate of the EC in the month during which expenditure was submitted for verification to controller (or the Managing Authority). The conversion shall be verified by the controller in the participating State in which the project partner is located. Costs related to fluctuation of foreign exchange rate are not eligible.

### 13.1. Basic conditions of the eligibility of expenditure

Eligible costs are costs actually occurred by the LP/PPs of a grant and/or paid by LP/PPs which meet all of the following criteria:

- they occurred during the implementation period of the Operation, with the exception of preparatory and closure costs;
- they are included in the estimated overall budget of the Operation;
- they are necessary for the implementation of the Operation which is the subject of the grant;
- they are identifiable, verifiable and documented (e.g. contract, invoice, order form), in particular being recorded in the accounting records of the project partner and determined according to the applicable accounting standards of the country where the project partner is established and according to the usual cost accounting practices of the project partner;
- they comply with the requirements of applicable tax and social security legislation;
- they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency;
- they incurred in accordance with the relevant EU legislation, Programme rules and national legislation, and other relevant documents (e.g. Financing Agreement);
- they are not double funded (i.e. they are not financed from other sources under the Union Funds or other Funds);
- one expenditure item cannot be covered under more than one expenditure category;
- in-kind contribution according to art. 69 of the CPR Regulation no. 1303/2013 are not foreseen.

At the stage of the selection of operations, the eligibility of expenditures for the activities included in the Application Form is verified (i.e. during budget optimisation/reduction). The approval of the operation by the JMC and signing of the Subsidy Contract with the Managing Authority does not mean that all expenses declared for reimbursement by the project partner will be considered eligible for co- financing in case they infringe EU, Programme or national rules, taking into account that all amounts budgeted in the respected expenditure categories (in the Application Form, as well as in Subsidy Contract) are indicative. Final eligible costs will be calculated on the basis of reported eligible expenditures after adequate controls have been performed.

### 13.2. Implementation period

In line with Article 43 of IPA IR and Commission Implementing Decision C(2015) 9491, expenditures are eligible for funding:

- a. if the expenditures have been incurred by the partners from Italy and paid between 1 January 2014 and 31 December 2023, or
- b. if the expenditures have been incurred by the partners from Albania and Montenegro and paid after the submission of the Cooperation Programme (15 December 2015) and not later than 31 December 2023.



Expenditure is eligible as follows:

**a) Project preparation period**

- According to Article 2(1) of Regulation 481/2014, eligible expenditure shall relate to the costs of initiating or initiating and implementing an operation or part of an operation, hereinafter referred as preparatory costs. Approved Projects are entitled to receive reimbursement of their preparatory costs in the form of a lump sum in the total amount of EUR 10.000. Preparatory costs lump sum may cover costs of meetings between potential partners, related staff costs, travel costs, external expert costs for preparation of the documentation, studies, translation of documents, consultations and any other cost related to the preparation of the operation activities carried out before signing the Subsidy Contract/Partnership Agreement. The lump sum will be included in the Application Form within the budget of the Lead Partner, in order to be reimbursed to the Lead Partner.

The following eligibility rules apply to these costs:

- the lump sum will amount to EUR 10.000 per Project.
- in order to justify requested lump sum, a short justification should be inserted within the Application Form.
- the LP is responsible to use the granted lump sum only to cover the preparatory activities of the Project.

For further guidance on lump sum please check the European Commission Guidance on Simplified Cost Options (SCOs): Flat rate financing, Standard scales of unit costs, Lump sums at [http://ec.europa.eu/regional\\_policy/en/information/legislation/](http://ec.europa.eu/regional_policy/en/information/legislation/)

**b) Project implementation period**

Costs for the implementation of an approved operation are eligible from its start date until its end date as set in the Subsidy Contract. The only costs that are considered eligible and may occur before start date are preparatory costs and the only costs that are considered eligible and may occur after implementation period are costs related to the closure of the Project.

Payment of costs related to project implementation activities included in the last reporting period, must take place within 1 month after the Project implementation end date. Costs paid after this deadline shall be regarded as not eligible even if incurred during the Project implementation period.

**c) Project closure period**

This costs cover the administrative expenditures related to the closure of the project. The expenditures for the project closure shall be planned under WP P (Preparation & Closure).

Approved Project are entitled to receive reimbursement of their closure costs in the form of a lump sum in the total amount of EUR 5.000, after the submission of the Final report.

The closure costs refer to activities as the preparation and submission of the final progress report of the Project. This amount aims to compensate the work related to the operation closure after the end date of the operation implementation period.

The following eligibility rules apply to these costs:

- the lump sum will amount to EUR 5.000 per Project.
- for closure costs in order to be reimbursed to the Lead Partner, this amount needs to be inserted in the Application Form within the budget of the Lead Partner.



### 13.3. Ineligible costs in general

The following expenditures shall not be eligible for funding under the Interreg IPA CBC Italy-Albania-Montenegro Programme:

- In line with Article 69 (3) of CPR, Article 43(2) and (3) of IPA IR:
  - interest on debt;
  - value added tax (VAT) except where it is non-recoverable under national VAT legislation;
  - the decommissioning and the construction of nuclear power stations;
  - investment to achieve the reduction of greenhouse gas emissions from activities falling under Annex I to Directive 2003/87/EC of the European Parliament and of the Council;
  - the manufacturing, processing and marketing of tobacco and tobacco products;
  - undertakings in difficulties as defined under Union State aid rules;
  - investment in airport infrastructure unless related to environmental protection or accompanied by investment necessary to mitigate or reduce its negative environmental impact;
  - the purchase of land not built on and land built on exceeding 10% of the total eligible expenditure for the operation concerned shall be eligible for funding under IPA II cross-border cooperation assistance. For derelict sites, for sites formerly in industrial use which comprise buildings, and for operations concerning environmental conservation, this limit shall be increased to 15%.
  - operations shall not be selected for IPA II assistance where they have been physically completed or fully implemented before the application for funding under the cross-border cooperation programme is submitted by the project partner to the managing authority, irrespective of whether all related payments have been made by the project partner.
- In line with Articles 65(11) and 69(1) of CPR:
  - the expenditure item included in the Statement of expenditure which received support from another Fund or Union instrument, or support from the same Fund under another programme,
- In line with Article 2 of Regulation No 481/2014:
  - fines, financial penalties and expenditure on legal disputes and litigation;
  - costs of gifts, except those not exceeding EUR 50,00 per gift where related to promotion, communication, publicity or information;
  - costs related to fluctuation of foreign exchange rate.

### 13.4. Eligible expenditure categories

Commission Delegated Regulation (EU) No 481/2014 establishes specific rules on eligibility of expenditure. It defines the list of costs that are eligible under the 5 categories of expenditure:

- 1) staff costs
- 2) office and administrative expenditures
- 3) travel and accommodation
- 4) external expertise and services
- 5) equipment.

The following additional expenditure category is considered as eligible under this Programme:

- 6) infrastructure and works

## 1) STAFF COSTS

Staff costs are defined as gross employment costs of staff employed by the project partner, who are formally engaged to work on the project. Staff can either be already employed by the project partner or employed specifically for the project in line with project partner internal rules.

Staff may be employed in the operation in one of the following ways:

- **full time:** an employee dedicated 100% of his/her working time to the project. The full-time assignment to the project must be included in the employment/work contract or in a specific statement/order issued by the partner organisation. No registration of the working time (e.g. time sheets) is required. In such cases the **total of the gross employment cost is eligible**.
- **part-time staff with:**
  - 1) a fixed percentage of time worked per month:** an employee dedicated to the project by a fixed percentage of his/her working time. This percentage is specified in a document issued by the project partner at the beginning of the project, and/or in the same employment/work contract. No registration of the working time (e.g. time sheets) is required. In such cases the **fixed percentage of the gross employment cost is eligible**.
  - 2) part-time with a flexible number of hours worked per month:** an employee dedicated to the project by a flexible percentage of his/her working time. The registration of the working time (e.g. time sheets providing information on the number of hours spent per month on the project is required).
- **contracted on an hourly basis:** an employee is contracted on an hourly basis and dedicates a certain number of hours to work on the project. The staff costs are calculated on the basis of the hourly rate fixed in the employment/work contract. Data from the working time registration system (e.g. time sheets) providing information on the number of hours spent per month on the project are required. Eligible staff cost shall result by multiplying the hourly rate by the number of hours actually worked on the project by each concerned individual.

Costs of the staff involved in the operation are included in the total budget of the operation and like any other costs they are subject to the rules on EU, national and private co-financing..

### *General eligibility requirements*

The partners should take in consideration the following general principles during operation development phase:

- Employment document is an employment/work contract, signed both by the legal representative of the employer and the employee, or an appointment decision (e.g. service order) issued by the legal representative of the employer's institution;
- Staff costs is eligible only if related to the project activities and not to their usual day-to-day management tasks and statutory responsibilities;
- Staff costs include any other costs directly linked to salary payments incurred and paid by the employer, such as employment taxes and social security provided that they are:
  - fixed in an employment document/contract or by law;
  - in accordance with the legislation referred to in the employment document and with standard practices in the country and/or organisation where the individual staff member is actually working;
  - not recoverable by the employer.
- Overheads and any other office and administration costs cannot be included under this expenditure category.

- Daily allowances and any other travel and accommodation costs cannot be included under this expenditure category.
- Staff costs include staff costs of employees in line with the employment/work contract, and costs of natural persons working for the partner organisation under a contract other than an employment/work contract and receiving salary payments.
- Over-time hours are eligible only in case directly related to the operation and they are in line with national legislation and it is transparently and proportionally allocated to the project and clearly declared in the monthly timesheet.
- Costs arising from a contract stipulated with a natural person generating invoices or equivalent documents according to national/institutional rules belong to the external expertise and services expenditure category and have to comply with all provisions applicable to that expenditure category.

### Forms of reimbursement

Staff costs may be reimbursed in two ways:

- on a **REAL COST** method:
  - ✓ The costs are directly linked to salary payments incurred and paid by the employer, such as employment taxes and social security or other remuneration-related costs are only eligible if foreseen in the signed contract/Addenda/minor modification, national or internal regulations and they are in line with the employment policy of the project partner (ad hoc regulations applicable only to the operation are not allowed).
  - ✓ Gross salaries, employment taxes and social contributions must be calculated individually for each employee and could be based on the monthly payslip.
  - ✓ They must be directly linked to the salary payments and properly documented (e.g. payslip, etc).
- as a **FLAT RATE** of up to 20% of direct costs other than staff costs of that project, i.e. of all budget lines, except “staff costs” and “office and administrative expenditure” (Article 19 of ETC Regulation (EU) 1299/2013). Please note that according to Article 67(4) of the Common Provision Regulation 1303/2013 a project implemented exclusively through public procurement of works, goods or services can use only the real cost calculation of staff costs. Therefore if the partner outsources the entire implementation of all or significant part of the project via public procurement contracts, the simplified cost options (flat rate calculation of staff costs) cannot be applied to those parts of the project, which are subject to public procurement contracts that have a significant effect on the project. When the 20% flat rate option is applied, it has to be proved that the project partner has at least one permanent employee to be appointed for the project.

Each potential applicant/partner must decide on the reimbursement option and indicate the choice in the Application Form. The chosen reimbursement option will apply to all staff members of the project partner institution working on the operation and it will be set for the entire implementation period of the project. However, different partners in the same project may choose different options for reimbursing staff costs.

#### a) REAL COST METHOD

##### 1.a Calculation of real costs for staff working full-time in the operation

The employment document/contract (and, when applicable, including related annexes) must provide at least the following information:

- Statement that the employee is working 100 % of its working time on the operation;

- Job description or other relevant document containing description of the main tasks to be performed by the employee and the duration of one's assignments related to the operation

No working time registration system (time-sheet) is required for staff working full-time in the operation.

**1.b Calculation of real costs for staff working part-time with a fixed percentage of time worked per month on the operation**

For personnel employed by the project partner to work part of their time on the project according to a fixed percentage of time per month, the reimbursement of staff costs shall be calculated by applying the percentage stipulated in the employment document to the monthly gross employment cost.

The employment document/contract (and, when applicable, including related annexes) must provide at least the following information:

- Statement (i.e service order) on the expected fixed percentage of the employee's working time on the project;
- in the case that the employee is involved in other EU and/or national co-funded operations implemented by the project partner's institution, name and funding reference of the concerned operation(s) as well as statement on the expected percentage of the employee's working time on each operation (no double funding is permissible);
- Job description or other relevant document containing description of the main tasks to be performed by the employee and the duration of one's assignments related to the operation.

For staff working part-time in the operation with a fixed percentage of time per month, no working time registration system (time-sheet) is required for operation purposes.

**1.c Calculation of real costs for staff working part-time with a flexible percentage of time worked per month on the operation**

For personnel employed by the project partner to work part of their time on the project with a flexible number of hours per month, the reimbursement of staff costs shall be calculated on the basis of real worked hours in the operation in the concerned month, as resulting from the time- record of the total time worked by the employee (time-sheets).

Costs to be claimed in the project are calculated multiplying the hourly rate by the number of hours actually worked on the project. In line with Article 3(6) of the Regulation 481/2014, the hourly rate to be applied for the calculation can be determined either by:

a) dividing the monthly gross employment cost by the monthly working time fixed in the employment document expressed in hours:

$$\text{Hourly rate} = \text{Employee monthly gross cost} / \text{workable monthly hours}$$

b) dividing the latest documented annual gross employment cost by 1720 hours in accordance with Article 68(2) of Regulation (EU) No 1303/2013.

$$\text{Hourly rate} = \text{Employee annual gross cost} / \text{no. 1720 hours}$$

The latest documented annual gross employment costs do not necessarily have to refer to the previous calendar year (e.g. from 1 January to 31 December of the year) but they have to refer to the latest available data relating to last 12 consecutive months prior to start date of the implementation period.

In the case that data on the latest documented annual gross employment costs of the concerned employee is not available (i.e. for staff employed by the project partner as from less than one year), costs cannot be calculated with this method.

The hourly rate calculated on the basis of the formula set out above must remain unchanged in the concerned reporting period.

The total amount of hours worked in one year by an employee cannot be higher than 1720 hours and cannot be changed irrespective to the contractual conditions applicable to the employee to be accounted in the operation.

#### **1.d Calculation of real costs for staff contracted for operation purposes on an hourly basis**

For individuals employed by the project partner on an hourly basis, staff costs shall be calculated multiplying the number of hours actually worked on the operation by the hourly rate agreed in the employment document. The hourly rate has to be in line with budgeted payments for similar job positions.

##### **b) FLAT RATE METHOD**

Staff costs of any project partner choosing this option will be reimbursed for an amount up to 20% of the sum of costs under all other budget lines, except “staff costs” and “office and administrative expenditure”, without the need of submitting any employment/work contract, any invoice or document having equivalent value nor any proof of payment.

In case the flat rate method is applied for the reimbursement of staff costs, no further staff costs incurred on real costs basis can be reported under this expenditure category or under other expenditure categories.

## **2) OFFICE AND ADMINISTRATIVE EXPENDITURES**

According to article 4 of Commission Delegated Regulation (EU) No 481/2014 office and administrative expenditures cover operating and administrative expenses of the project partner organization necessary for the implementation of project. Office and administrative expenditure shall be limited to the following elements:

- office rent
- insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances),
- utilities (e.g. electricity, heating, water),
- office supplies,
- general accounting provided inside the project partner organisation,
- archives,
- maintenance, cleaning and repairs,
- security,
- IT systems (IT system support of an administrative nature, linked to the implementation of the operation),
- communication (e.g. telephone, fax, internet, postal services, business cards),
- bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened,
- charges for transnational financial transactions,

*This list is exhaustive.*

#### *General eligibility requirements*

**Office equipment, IT hardware and software, and furniture and fittings cannot be included under this expenditure category; the costs must be reported as equipment expenditure.** This does not include IT system support of an administrative nature; the cost falls under the office and administration expenditure category.

### *Forms of reimbursement*

Office and administrative expenditure can be reimbursed by the programme on the basis of flat rate of up to 15% of staff costs.

If the project partner opts for this form of reimbursement, office and administrative expenditure are calculated as flat rate regardless of the form of reimbursement applied under the staff cost category.

In case that staff costs used as calculation basis for determining office and administrative expenditure are found to be ineligible, the calculated amount office and administrative expenditure must be re calculated and reduced accordingly.

The costs incurred under this expenditure category cannot be claimed under other expenditure categories i.e. no double funding is permitted.

Partners do not need to document that the expenditure has been incurred and paid out or that the flat rate corresponds to the reality. Accordingly, no documentation on office and administrative expenditure is required to be provided to the FLC. However, the partners are responsible to ensure that under this expenditure category only above listed costs are incurred.

### **3) TRAVEL AND ACCOMMODATION COSTS**

According to article 5 of Commission Delegated Regulation (EU) No 481/2014 travel and accommodation costs refer to the expenditures on travel and accommodation of the staff of the project partner organization for missions necessary for the implementation of the operation.

Expenditure on travel and accommodation costs shall be limited to the following elements:

- travel costs (e.g. tickets, travel and car insurance, fuel, car mileage, toll, and parking fees)
- accommodation costs
- visa costs
- daily allowances

### *General eligibility requirements*

- Travel and accommodation costs must be clearly linked to the operation and be essential for effective delivery, promotion and/or sustainability of the operation activities; Direct payment of the expenditures by an employee of the project partner shall be supported by a proof of reimbursement by the project partner to that employee;
- Daily allowances must be in line with relevant national and internal rules of the project partner institution and/or EU rules;
- Travel and accommodation costs of external experts and service providers (including speakers, chairpersons, teachers, stakeholders, etc. contributing to the operation) cannot be included under this expenditure category; they must be reported as external expertise and services costs;
- Travel and accommodation costs of **associated partners** can only be claimed under the external expertise and services budget line
- The principle of sound financial management should apply to the choice of transport and accommodation. In addition, the cost-efficiency approach should be taken into account;
- Costs of taxi are eligible in duly justified cases and in accordance with the internal rules of the institution/organization and/or EU rules;
- Costs of private car are eligible in justified cases (e.g. when institutional rules allow it);

- Business or first-class airline tickets are eligible only in exceptional cases it can be proved (e.g. through screenshots or booking webpages) that the related costs are in line with principle of sound financial management (e.g. it is the most economical travel option or the best value-price ratio) or it can be proved as cost-effective;
- Accommodation in hotels with a rating higher than 4\* is eligible only in exceptional cases it can be proved that it is in line with principle of sound financial management (e.g. it is the most economical accommodation) or it can be duly justified;

#### *Forms of reimbursement*

Travel and accommodation costs of the staff of the project partner organization shall be reimbursed by the programme on a real cost basis.

The Managing Authority may accept the costs of travel, accommodation and meals taken outside of the programme eligible area or incurred by partners located outside of the programme eligible area if in accordance with Article 44(2) of the IPA IR.

#### **4) EXTERNAL EXPERTISE AND SERVICES COSTS**

External expertise and services are provided by a public or private body or a natural person other than the project partner of the project. External expertise and services cover costs paid out on the basis of contracts or written agreements and against invoices or requests for reimbursement to external experts and service providers contracted to carry out certain tasks/activities linked to the implementation of the project, which the Project partner cannot perform with already engaged resources and necessary to reach the project objectives. According to article 6 of Commission Delegated Regulation (EU) No 481/2014 the following expenditure on external expertise and services shall be eligible under this expenditure category:

- studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks),
- training,
- translations,
- IT systems and website development, modifications and updates,
- promotion, communication, publicity or information linked to the project,
- financial management,
- services related to the organisation and implementation of events or meetings (including rent, catering or interpretation),
- participation in events (e.g. registration fees),
- legal consultancy (if not related to legal disputes and litigation) and notarial services, technical and financial expertise, other consultancy and accountancy services,
- intellectual property rights,
- for Italian Partners under decentralised FLC system only, costs for control according to Article 23(4) of Regulation (EU) No 1299/2013);
- the provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by the Joint Monitoring Committee,
- travel and accommodation for external experts, speakers, chairpersons of meetings, service providers and stakeholders, associated partners;
- external researches,
- environmental impact assessment of an investment,
- investment feasibility study,
- other external expertise and services related to the investments in infrastructure (e.g. hydrology study),
- IT consultants,
- design, edit, print, distribution of brochures, leaflets, publications, bags, etc.,
- publishing of promotion articles, inserts in newspapers, press releases, etc.,



- participation fee for external speakers,
- other specific expertise and services needed for operations.

#### *General eligibility requirements*

- The work carried out by external experts and service providers must be relevant for the implementation of the project.
- The services and expertise costs reported under this expenditure category are related to services or expertise which cannot be performed by the project partner staff and are therefore outsourced to external service providers or external expertise.
- No sub-contracting among project partners is allowed, infringing public procurement rules according to article 45 of the IPA II Commission Implementing Regulation No. 447/2014, i.e. Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012 and of Chapter 3 of Title II of Part Two of Delegated Regulation (EU) No 1268/2012. In order to comply with these rules, partners shall apply the EU and national legislation and guidance, which comply with these rules.
- Each partner organisation is responsible for ensuring that the public procurement rules are respected, especially public procurement principles (transparency, non-discrimination and equal treatment, fair competition, mutual recognition, proportionality).

Cost items claimed under the external expertise and services expenditure category cannot be reimbursed under any other expenditure category.

- The price of the external service or expertise has to be calculated in line with the principle of sound financial management (e.g. according to the standard rates of the country where the project partner concluding the contract is located).
- Gifts are eligible up to a maximum value of EUR 50 per item and they must be linked to promotion, communication, publicity or information activities included in the application form or approved by the MA/JS beforehand.

Costs for promotional materials (e.g.: gadgets) must be allocated under this budget line and will be considered as eligible only if it is demonstrated its efficacy in reaching one or more target groups.

External expertise and services have to be duly specified in the full AF by describing at least the nature and quantity of the expertise/service, the link to the relevant deliverable or output as listed in the work plan and the related budget of the concerned project partner.

#### *Forms of reimbursement*

External expertise and service costs shall be reimbursed on a real costs basis.

### **5. EQUIPMENT EXPENDITURE**

This expenditure category refers to expenditure for the financing of equipment purchased, rented or leased by the project partner other than those covered by the expenditure category “office and administrative expenditure”, which is necessary for the implementation of the operation. Cost of equipment shall be distinguished in:

1) Equipment for general (office) use, such as computers, office furniture, etc., which is used for the daily work of the operation staff and which is not already included under the expenditure category “office and administrative expenditure”.



2) Thematic equipment directly linked to (or forming part of) the operation outputs, which will be used by partners and target groups in line with the operation objectives. Thematic equipment may either form part of – or be independent from – the “infrastructure and works” expenditure category<sup>10</sup> and, in any case, it must accomplish programme requirements for investments in order to be considered as eligible.

According to article 7 of Commission Delegated Regulation (EU) No 481/2014 the following expenditure of equipment is eligible under this expenditure category:

- office equipment,
- IT hardware (computers, monitors, printers, scanners, digital projectors, digital/video cameras, etc.) and software,
- (office) furniture and fittings,
- laboratory equipment,
- machines and instruments,
- tools or devices,
- vehicles,
- spare parts/equipment for machines, tools,
- measuring instruments,
- exhibition equipment,
- purchase of consumables necessary for the operation of laboratory equipment, machines and instruments, and other tools or devices (e.g. chemicals, reagents, fuel, protective clothing, etc.). Purchased consumables must directly be used for the implementation of content related activities of the operation to be considered eligible,
- other specific equipment needed for operations.

#### *General eligibility requirements*

- Costs of equipment are eligible if they are relevant for the implementation of an operation, i.e. without this equipment it would not be possible to implement the operation successfully.
- Costs of equipment are eligible if they have been approved by the Programme (they are detailed in the latest approved version of the operation budget).
- Costs of equipment are eligible if no other EU or national funds have contributed towards financing of the same expenditure item, i.e. no double funding is permissible.
- All costs of equipment are subject to the public procurement rules and each partner organisation is responsible for ensuring that these rules have been respected. Article 45 of the IPA II Commission Implementing Regulation No. 447/2014, i.e. Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012 and of Chapter 3 of Title II of Part Two of Delegated Regulation (EU) No 1268/2012, is applicable for public procurement.
- Costs are eligible if the equipment comply with publicity rules set out in the Programme.
- Depreciation period of equipment shall be regulated according to the national rules.

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<sup>10</sup>Equipment forming part of an infrastructure/work realized within the operation shall be reported under the “equipment” expenditure category when it cannot be categorized under the “infrastructure and works” expenditure category, i.e. it does not belong to the items listed in Annex II of the Directive 2014/24/EU of the European Parliament and of the Council of 26.2.2014.

- Equipment for general (office) use necessary for smooth implementation of the operation should be purchased at the initial stage of the implementation period, unless in duly justified cases (approved by relevant programme body in advance)
- Equipment should be clearly and strictly linked to the project (features and functions are in line with the project needs) and exclusively used for the project implementation
- Only equipment listed in the approved application form are eligible for financing. In case of any change necessary to the equipment, it shall be preliminary approved by the JS according to the rules on project changes
- The selection of the suppliers shall comply with the relevant EU and national public procurement law in force, and Article 45 of the IPA II Commission Implementing Regulation No. 447/2014, i.e. Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012 and of Chapter 3 of Title II of Part Two of Delegated Regulation (EU) No 1268/2012. In order to comply with these rules, partners shall apply the EU and national legislation and guidance, which comply with these rules.
- Procurements shall comply with the principles of transparency, non-discrimination and equal treatment
- Equipment expenditure cannot be split among the project partners, i.e. common costs are not allowed
- **Eligible costs of project equipment:**
  - ✓ As a general principle, for all project equipment (purchased before or during the project lifetime) **only depreciation costs should be allocated to the project**
  - ✓ The calculation of depreciation should be done according to a justified and equitable method and be in line with the national or institutional regulations
  - ✓ Depreciation costs of equipment should be allocated to the time period when the equipment was used for the project purposes

**Example:**

*An equipment item was used from beginning of - January to end of - June. This would mean that the equipment was used throughout 6 months' period. The price was EUR 4.000, with annual depreciation of EUR 1.200. By dividing this annual depreciation further by 12 months, the monthly depreciation would equal 100 EUR. In our example the project could report EUR 600 (=6 months' x EUR 100).*

For equipment rented or leased for certain period during the project lifetime rental or leasing costs for the respective period are eligible.

If according to the national legislation the equipment is not depreciable (e.g. low-value asset), the full costs of purchase, lease or rent could be allocated to the project.

**Equipment which is part of an investment:**

In case **equipment is part of or fully represents an investment item** which was listed (in the section of the Application Form dedicated to the description of Infrastructure and Works) and approved in the AF, **the full cost of the equipment is eligible.**

In case equipment belongs to this category, the following rules have to be observed:

- ✓ The equipment must be a part of an investment output as specified in the application
- ✓ The equipment should be solely used for the project purposes during the project life the purpose and ownership of the equipment cannot be changed for at least 5 years after the project end date.

Renting or leasing costs of equipment shall be eligible if the following rules are respected:

- Full cost of renting or leasing of equipment can be reported where the equipment is used 100% for the implementation of an operation.
- For the equipment which is rented or leased by project partners for a certain period during the implementation of an operation, only the rental or leasing costs for the respective time period are eligible.

According to Article 7 (2) of the Regulation EU no. 481/2014 purchase costs of second-hand equipment shall be eligible subject to the following conditions:

- no other assistance has been received for it from the ESI/IPA Funds;
- its price does not exceed the generally accepted price on the market in question;
- it has the technical characteristics necessary for the operation and complies with applicable norms and standards

#### *Forms of reimbursement*

Equipment expenditure shall be reimbursed on a real cost basis.

## **6. INFRASTRUCTURE AND WORKS EXPENDITURE**

Infrastructures and works cannot be the main scope of the project but they are functional to reach the project objectives, i.e. in all priority axes of the programme the project objectives must contribute to the achievement of the programme objectives and therefore they must have a broader scope than the building of the specific infrastructure and work as such. The financial resources allocated in this budget category must be reasonable, realistic and balanced.

Infrastructure and works<sup>11</sup> cover costs related to investments in infrastructure that do not fall into the scope of other expenditure categories. These investments may either refer to an object that will be set up *ex-novo* or to the adaptation of an already existing infrastructure. The following expenditure on infrastructure and works is eligible under this expenditure category<sup>12</sup>:

- organisation and preparation of the site designed to the operation (e.g. land levelling, building of access roads, purchase of special traffic signs, etc.),
- land preparation – any works aiming the preparation of the operation site (e.g. demolition, cleaning of the location, disposal of resulted waste, deviation of utility system routes, vertical arrangements, draining, etc.),
- main investments, including building material and labour (e.g. construction, installation and completion of buildings and civil engineering works, construction of roads, airfields and sport facilities, etc.),
- natural landscape and environment protection related activities (e.g. land planning, rehabilitation to protect the environment, planting trees, makeover of green areas, etc.),
- specialised interventions (e.g. soil remediation, mine-clearing, etc.),
- purchase of land under the following conditions: according to the Article 43(2) of IPA IR, the purchase of land not built on and land built on in the amount up to 10 % of the total eligible

<sup>11</sup>Article 2(1) of the Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 defines a “work” as “the outcome of building or civil engineering works taken as a whole which is sufficient in itself to fulfill an economic or technical function”.

<sup>12</sup>Annex II of the Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 provides a detailed list of all elements that are eligible under this expenditure category.

expenditure for the operation concerned shall be eligible for funding under IPA II assistance. For derelict sites and for sites formerly in industrial use which comprise buildings, and for operations concerning environmental conservation, this limit shall be increased to 15%.

- other infrastructure and works expenditure.

#### *General eligibility requirements*

- Costs of infrastructure and works are only eligible if they have been approved by the Programme (indicated in the approved operation budget or specifically approved during the project implementation by the relevant programme body).
- Contingency may be envisaged in case of unpredictable costs for planned infrastructure and works. Use of contingency must be approved in advance by the MA.
- Costs of infrastructure and works are eligible if no other Union or national funds have contributed towards financing of the same expenditure (no double funding is permissible).
- Partners must ensure compliance with publicity/information requirements for all investments in infrastructure within the project, in line with the provisions set out in the Programme Information and Publicity Manual.
- Partners must ensure compliance with public procurement rules (article 45 of the IPA II Commission Implementing Regulation No. 447/2014, i.e. Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012 and of Chapter 3 of Title II of Part Two of Delegated Regulation (EU) No 1268/2012) when selecting the contractors for infrastructure and works investments, especially public procurement principles (transparency, non-discrimination, equal treatment, fair competition, mutual recognition and proportionality).
- The contractor cannot be a partner in the operation.
- Costs of infrastructure and works outside the programme area are not eligible.
- For operation activities that include infrastructure and works, the following documents will be required prior to signing the Subsidy Contract:
  - legal documents specifying any legal right under the real-estate law concerning the land and/or buildings (publically owned) where the works will be carried out;
  - where applicable, necessary permissions for the execution of the works, issued by the national/regional/local relevant authorities.

#### *Forms of reimbursement*

Infrastructure and works expenditure shall be reimbursed on a real cost basis.

## 14. Other Financial Provision

### 14.1. Value Added Tax (VAT)

In line with Article 43(2) of IPA IR, value added tax shall not be funded by cross-border cooperation programme, except where it is non-recoverable according to the national VAT legislation.

In that respect, Value added tax (VAT) is eligible, if the following conditions are fulfilled:

- a) it is not recoverable under national VAT legislation;
- b) it is established that it is borne by the project partner;
- c) it is clearly identified in the invoice.

## 14.2. Modifications to the operation

The Operation can be modified only during its implementation period and the modification should not affect the basic purpose of the Operation, the grant award decision or be in contrary to the equal treatment of applicants.

The following modifications may occur:

**Major changes** include:

- a) changes in the composition of the operation partnership;
- b) budget reallocations between main expenditure categories and WPs, exceeding 25% of the amount originally budgeted;
- c) substantial changes in the content and/or activities of the Operation.

In case of major changes, the LP must submit the Request for amendment of the Subsidy Contract to the JS at the latest two months before the end of the implementation period. The JS assesses the request and forwards the evaluation to the MA. After the approval by the JMC, the MA will issue an addendum to the Subsidy Contract.

**Minor changes** are adjustments of the project set-up which do not have a significant impact on the operation implementation as well as on the selection process, such as changes of contact details, bank account, budget reallocation between expenditure categories and WPs foreseen, increases or reductions not exceeding 25% of the amount originally budgeted. Minor changes do not need approval by the JMC, but the LP must notify them to the JS as soon as possible. If applicable, the MA will issue an addendum to the Subsidy Contract.

Request for amendment is to be made in writing by the Lead Partner. The Request must be justified either by circumstances specifically related to the implementation of the Operation or by changes of external circumstances. A Request for budget reallocation is to be accompanied by a separate justification for each altered budget line.

## 14.3. Durability of the operations

In line with Article 71(1) of CPR, an Operation comprising investment in infrastructure or productive investment shall repay the EU contribution if, within five years of the final payment to the LP/PP, investment is subject to any of the following:

- a) a cessation or relocation of a productive activity outside the programme area;
- b) a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage;
- c) a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives.

Following the final payment, the LP/PP in charge of investment is obliged to sign and submit the Durability statement (provided by the MA) in order to confirm that the above mentioned conditions will be respected.

Sums unduly paid in respect of the operation shall be recovered by the Participating Country in proportion to the period for which the requirements have not been fulfilled.

With regard to durability of operations the JS/MA may perform durability checks to ensure compliance with the rules listed above. The durability checks may be performed at least twice in five-year period.

#### 14.4. Revenues

Revenue means cash in-flows directly paid by external users for the goods or services provided by the operation. The most common sources of operation revenue are entrance fees for events, charges for films, DVDs, books and publications etc. Revenue can also be generated from payments for the use of infrastructure, sale or rent of land or buildings, or payments for services minus any operating costs and replacement costs of short-life equipment incurred during the corresponding period. In line with article 61, 7 (b) of the CPR Regulation no. 1303/2013, these shall not be deducted for operations whose total eligible budget does not exceed EUR 1.000.000,00.

Interest on pre-financing payments (on the funds transferred by the CA to the LP) shall also be considered as revenue.

The LP is responsible for planning the respective revenues within the Application Form, as well as for reporting them during the project life and at project closure.

Revenue resulting from the operation activities can occur both during implementation and after the closure of an operation. In these cases, Articles 61 and 65 of the CPR Regulation no. 1303/2013 shall be applied.

#### 14.5. Contractual provisions

##### 14.5.1. Financial guarantee

In case private bodies are involved as lead partners, they shall provide the MA a financial guarantee according to EU standards<sup>13</sup> for an amount corresponding to the whole EU pre-financing amount for the duration specified in the Subsidy Contract, as a pre-condition for the MA to sign the Subsidy Contract.

The purpose of the guarantee is to make a bank or a financial institution as irrevocable collateral security for, or first-call guarantor of, the grant beneficiary/project partner's obligations.

This financial guarantee shall be provided by an approved bank or by a financial institution<sup>14</sup> legally established in one of the partner countries. The costs related to the financial guarantee is an eligible expenditure.

Amounts blocked in bank accounts shall not be accepted as financial guarantees.

The guarantee shall be released after the project closure, in accordance with the conditions laid down in the Subsidy Contract.

##### 14.5.2. Principle of non-cumulative award (double funding)

Lead and project partners must inform the MA/JS on any EU or other public funding source, be international, national, regional or local, received on the same activities of the project submitted.

If during project implementation evidence emerges that an activity/item of expenditure, which is being cofinanced by funds of the IT-AL-ME Programme, is at the same time being co-financed by any other public fund, the MA may:

- Impose the modification of the concerned activities and/or exclude from the eligible expenditure the item which would be double-financed;
- Withdraw from the subsidy contract and demand the repayment of amounts already disbursed.

<sup>13</sup> In case of private partners located in IPA Partner States, the identified private bank or public financial institution can provide the guarantee if it offers equivalent security and characteristics as those offered by a bank or financial institution established in an EU Member State. The MA reserves the right to require a certification by a bank or financial institution legally established in EU Member State.

<sup>14</sup> For private non-profit partners located in Albania, the national body legally responsible to act as guarantor may be the Ministry of European Integration, which guarantees for any amounts of Union pre-financing received by partners, by confirming in writing to the MA to undertake the liability towards the MA/CA, i.e. to reimburse any unduly paid amounts of pre-financing received by private non-profit partners located in Albania, if not yet repaid to the MA/CA by the partner. Further guidance will be provided with the implementation manual.

### 14.5.3. Contractual provisions

In the event a subsidy is awarded, a Subsidy Contract, drawn up in Euro and detailing the conditions and percentage of funding, will be sent to the lead partner on behalf of the entire partnership. All procedures in view of formalising the obligations of the parties will be provided as well.

The Subsidy Contract will be signed by the MA and by the Lead Partner.

Two copies of the original Subsidy Contract shall be signed by the Lead Partner on behalf of all project partners and must be returned to the MA immediately. The MA will sign them last.

As far as the Partnership Agreement is concerned, the Lead Partner shall inform the MA about its signature by all partners.

False declarations detected after the approval of the project will imply the exclusion of the concerned project partner from the partnership; if false declarations are provided by the Lead Partner, the subsidy contract will not be signed or withdrawn. False declaration can also be persecuted according to the relevant criminal provisions.

### 14.6. Payment procedure

The requests for reimbursement shall be submitted by the Lead Partner on behalf of the entire partnership twice a year covering a six-month activity period. Project implementation rules and instructions for the requests for reimbursement shall be provided in the Implementation Manual.

#### 14.6.1. Pre-financing

The signature of the Partnership Agreement is a condition for the disbursement of a pre-financing addressed up to 20% of the EU contribution; pre-financing will be allocated according to the availability of funds at Programme level.

The advance payment shall be compensated - in equal shares - with the first three payments due to the concerned partners, according to actually incurred and validated expenditure included in the related Progress Reports.

In case the concerned partners do not manage to submit enough validated expenditure for compensating the advance payment received, the MA/JS will further enquire in order to adopt the necessary actions.

## 15. Compliance with EU Policies, Programme and Other Rules

### 15.1. Public procurement

The acquisition by means of a public contract of works, supplies or services from economic operators is subject to rules on public procurement. According to Article 45 of IPA IR for the award of service, supply and work contracts, the procurement procedures by partners shall follow the provisions of Chapter 3 of Title IV of Part Two of the Financial Regulation and of Chapter 3 of Title II of Part Two of Delegated Regulation (EU) No 1268/2012 and shall apply in the whole programme area.

This means that Italian partners shall apply the rules of the Italian Procurement Code (DLgs 50/2016) and all related annexes and guidelines, as this adopts the EU Directives No. 2014/24/EU and 2014/25/EU and 2014/23/EU and it fulfils the requirements of Article 45 of IPA IR in the most restrictive way.

For Albanian and Montenegrin partners, PRAG guidelines may be used to practically apply the rules set in article 45 of IPA IR as well as national guidance, which must comply with these rules in more restrictive way.



The detailed rules on public procurement procedures to be applied by the partners may be made available by the programme, specifying programme specific approaches, on the top of the above mentioned rules and guidance.

In case of non-compliance with the public procurement rules, all relevant programme bodies may apply financial corrections in line with the related EC Regulations and Guidelines.

## 15.2. Reporting process and description of documents

During the operation implementation period, each LP/PP shall prepare a Partner Progress Report and Statement of Expenditure reporting on the activities and the costs during the implementation period and submit it to the FLC in order to obtain a validation of eligible expenditure (FLC Certificate).

The certification of the Partner Progress Report by the FLC is compulsory and it is carried out in eMS. For this purpose, the LP/PP submits the filled-in Partner Progress Report in eMS, accompanied by relevant supporting documents. In case submitted documentation is not complete or any amendment has to be introduced as a result of the carried out verification of the Report, the LP/PPs shall provide the FLC with the relevant documentation and re-submit the updated version of the report. As stated in the CP (pages 101-103), while expenditures of Albanian and Montenegrin partners will be subject to centralised control systems, in the Italian de-centralised system expenditures may be verified through qualified external experts. In this case, partners are advised to include in the project budget an adequate amount of money for expenses relating to the validation process (**up to 3% of activities**). Further guidance on electronic and paper audit trail will be provided in the Implementation Manual.

On this basis, the FLC validates the expenditures by generating the FLC Certificate, which is available in eMS. The LP is responsible for collecting FLC Certificates from the PPs and for preparing and submitting Project Progress Report/Final Report and Payment Claim to JS. It has to be stressed that LP/PPs are obliged to report costs incurred and paid in a given reporting period with the regular report according to the Subsidy Contract and the provisions of the Programme as a general rule.

Further guidance for FLC (management verifications) in the eMS will be provided in the Implementation Manual.

## 15.3. Retention of documents

According to Article 140 of CPR, each LP/PP shall preserve all supporting documents relating to specific expenditure for a three years' period from 31 December following the submission of the accounts in which the final expenditure of the completed operation is included. For this purpose, the MA/JS will communicate to the LP/PP when the concerned accounts have been submitted to the EC. These documents shall be made available for any audit, control or verification after operation closure. The documents shall be kept either in the form of the originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only.

## 15.4. Resolution of Complaints

In the framework of the Interreg IPA CBC Italy-Albania-Montenegro programme, the complaints procedure was set up in line with Article 74(3) of Regulation (EU) No 1303/2013 (CPR). Therefore, complaints may be made in case a failure affecting the JMC funding decision is suspected during the project proposals selection process. A suspected failure may relate to the points awarded to the project as an outcome of the quality assessment process and decision of JMC.

Failure means that the project proposal assessment or part of the project proposal assessment did not comply with the selection criteria and/or with the procedures laid down in the Cooperation Programme and/or in the call-specific documents (Application Package). If a project proposal is not selected for funding



as a consequence of such suspected failures or mistakes, the Lead Applicant has the right to submit a formal complaint.

Complaints against the project proposal selection process have to be submitted by the Lead Applicant on behalf of all project partners via e-mail to the Managing Authority within 14 calendar days after the notification on the JMC decision regarding the respective call. In the complaint letter, the Lead Applicant shall clearly specify what failures or mistakes have happened during the assessment of the project proposal and support its claim with clear references to the relevant applicable rules and programme documents (Cooperation Programme, Application Package or other call-specific documents) and project proposal in question.

Prior to filing a formal complaint, the Lead Applicant is strongly recommended to request additional clarification or technical or legal information from the Managing Authority within the timeframe available for submitting a complaint (14 calendar days). Request for clarification/information interrupts the deadline for submitting a complaint until the day of the reply by the Managing Authority to the Lead Applicant.

In case the Lead Applicant is not satisfied with the received additional information from the Managing Authority, it may decide to submit a formal complaint to the Managing Authority. Managing Authority will send confirmation of receipt of any written complaint.

If a complaint includes an incomplete description of a case that does not allow Managing Authority or any involved body to perform a thorough assessment of a complaint, further information may be requested at any time of the procedure. If the information requested is not provided within the period of time as specified by the requesting authority/body (at least 3 working days) the case shall be closed without further investigation. JMC may establish a complaint committee, if deemed necessary. The JMC shall appoint its members in compliance with impartiality and equal treatment principles.

The complaint should clearly state:

- the name and address of the Lead partner,
- the reference number of the project proposal in question,
- clearly described reasons for the complaint,
- the applicable legal rules and the relevant programme documents on which the complaint is based,
- the signature of the legal representative of the Lead partner
- any other supporting documents the Lead partner may consider relevant.

## 15.5. Data Protection

All personal data (such as names, addresses, CVs, etc.) will be processed in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the European Community institutions and bodies and on the free movement of such data.

The applicant's replies to the questions in the AF are necessary to evaluate and further process the grant application in accordance with the specifications of the call for proposals. Personal data will be processed solely for that purpose by the MA and JS. Personal data may be transferred on a need to know basis to third parties involved in the evaluation of applications or in the grant management procedure, without prejudice of transfer to the bodies in charge of monitoring and inspection tasks in accordance with EU law. In particular, for the purposes of safeguarding the financial interests of the Union, personal data may be transferred to internal audit services, to the European Court of Auditors, or to the European Anti-Fraud Office. The applicant has the right of access to, and to rectify, the data concerning him or her. For any question relating to these data, please contact the MA/JS.

## SUBMISSION AND SELECTION OF OPERATION PROCEDURE

### 16. How to Apply

#### 16.1. The content of the Application package

The Application package for the 1st Call for Proposals call can be downloaded from the programme website: [www.italy-albania-montenegro.eu](http://www.italy-albania-montenegro.eu) and the respective national websites, and consists of the following documents:

- Cooperation Programme (CP)
- Applicants Manual
- Call for Proposals
- Application Manual Instruction (how to fill the Application Form- eMS)
- Application Form
- Template of the Lead Partner (LP)/Partner (PP) Statement (Annex A)
- Template of the Associated partner declaration (Annex B) (not compulsory)

To submit projects on this Call for Proposals applicants must use eMS. Applications must be filled in accordance with the Application Manual Instruction: instructions about how to fill in the Application Form (including budget) and submit it in accordance with the Applicants Manual.

The official language of the Programme is English. Therefore, application and all communication between applicants and the Programme bodies is carried out in English. Information in the eMS as well as official correspondence must be treated accordingly.

#### 16.2. Where and how to send the applications

Applications will be sent through eMS.

The application must be submitted by the Lead Partner (LP) solely through the online eMS. The submitted application must contain all the required data and the required accompanying documents, which are considered as annexes to the Application Form and have to be uploaded as scanned documents (signed by the legal representative of the Lead or Project Partners organisation) in the online submission system – electronic Monitoring System (eMS).

Original versions of the documents uploaded in the eMS must be provided to the Managing Authority upon request and prior to the contracting.

Please note that only the application form and published annexes that have to be filled in and uploaded in eMS will be assessed:

1) **Application Form** (including budget)

2. **Annexes:**

- a) Lead Partner (LP)/Partner (PP) Statement;
- b) Declaration of interest by each associated partners (AP) (if any).

Statement / Declarations must be dated, stamped, signed in blue ink by the legal representative (or his/her authorized delegated person) on headed paper of the respective applicant and scanned and uploaded to the Programme online system, while submitting the application form.

Declarations signed by the legal representative/delegated person must be accompanied by: i) a document attesting that he/she holds the power of signature and representation and ii) by a valid identity document (e.g. identity card, passport) copy.

### 3. Supporting documents<sup>15</sup> for eligibility check:

- a) **The registration acts** (in accordance with relevant national law) of each partner;
- b) **Statutes or articles of association/decision on establishment of the each partner**<sup>16</sup>;
- c) For private partners, the **balance sheets** of the last two accounting years, or of the last accounting year in case of organization established only in the last 12 months, issued according to national legislation.

For the purpose of eligibility check of all project partners including Lead partner (LP) supporting documents should be annexed to Application Form (scanned as PDF and uploaded via eMS).

It is therefore of utmost importance that these documents contain ALL the relevant information concerning the Operation. No additional annexes should be sent.

**N.B. Applications sent by any other means (e.g. by fax, e-mail or by post) will be rejected. Hand-written applications will not be accepted. Incomplete applications may be rejected.**

## 17. Publication and deadline

The announcement of the call for proposals and the related Application Package is published on the web site of the Interreg IPA CBC Italy-Albania-Montenegro Programme [www.italy-albania-montenegro.eu](http://www.italy-albania-montenegro.eu) and the respective national websites:

- For Italy: [www.europuglia.it](http://www.europuglia.it)
- For Albania: [www.integrimi.gov.al](http://www.integrimi.gov.al)
- For Montenegro: [www.mep.gov.me](http://www.mep.gov.me)

### **The Call is open for 60 calendar days starting from the date of publication of the call.**

Submission of the applications after the deadline will not be possible within eMS and will not be accepted.

The project proposals have to be submitted in one step electronic procedure through the Electronic Monitoring System of the Programme (eMS). The address of the eMS will be available on the Programme website upon publication of the call.

The Lead Applicant is responsible for submitting the project proposal. The Lead Applicant has to collect the required documents from all involved partners and submit the project proposal according to the application procedures.

The Lead Applicant has to fill in the Project Application Form online through the electronic Monitoring system (eMS). The Application Package must be submitted through the Programme eMS (electronic Monitoring System).

<sup>15</sup> For scanned documents the advisable format is .pdf

<sup>16</sup> Both public and private bodies are required to enclose their statute/legal act. Where the applicant/partner is a public body created by a law, a direct reference or copy of the said law must be provided.

Before the submission of the Application Form, the Lead Applicant needs to be registered on the eMS.

Lead Applicants need to be registered to get an ID and password on the eMS system to be able to create and submit valid application forms on behalf of the entire partnership. Grant applications must be drawn up in English, using the online form specifically designed for this purpose. Applications must be submitted by the deadline (date and CET time) mentioned in the announcement of the call for proposals, using the online AF. No other method of submission of an application will be accepted. Applications submitted in any other way will be automatically rejected. No exceptions will be made.

Lead applicants are encouraged to plan the final submission of the application well in advance, as to avoid mis-functioning of the system, due to an excessive number of concurrent submissions close to the application deadline.

In case force majeure obstacles occur, it is responsibility of the lead applicant to timely notify the MA/JS, who will further assess viable options in close contact with the members of the monitoring committee.

The Lead Applicant shall ensure to have officially submitted the electronic AF and received an e-mail acknowledging the receipt of its submission. The Lead Applicant shall regularly inform the other project partners about communications received by the MA/JS.

At the stage of electronic submission of project proposal, no paper documents should be sent to the Programme MA/JS. Declarations in original shall be asked to the applicants only if their application is approved for funding.

## 18. Structure of the Application Form

The Application Form is structured as follows:

- *Project summary;*
- *Partnership;*
- *Project description;*
- *Work plan, structured according to work packages;*
- *Project budget overview;*
- *Partners' budget;*
- *Attachments.*

The submitted project proposal needs to demonstrate:

- What it wants to change and why;
- What it needs to deliver to obtain the change;
- How it will do it and what resources it needs for it.

The submitted project proposal must show a direct link to the Programme intervention logic and its contribution to the Programme objectives achievement:

- The project main overall objective contributes to the Programme priority specific objective; the project overall objective describes the general, strategic and long term change the project intends to support for the benefit of the identified target group(s);
- The project specific objective describes the specific and immediate effects of the project that can be realistically achieved within the project life-time; the project result contributes to Programme result, even if project results will not be directly aggregated on Programme level, as Programme result indicator measures the change in the whole Programme area;
- The project outputs contribute to the achievement of the Programme outputs so they can be aggregated at Programme level.

## 18.1. Project work packages

Project activities within the frame of the Italy-Albania-Montenegro Programme shall be organised around work packages, i.e. a group of related project activities necessary to produce project deliverables and outputs. The organisation of the activities in work packages ensures a shared knowledge about the project's structure and objectives among all partners; additionally, it increases the capacities of the Italy-Albania-Montenegro Programme MA/JS to follow up the implementation of the expected activities and facilitates the procedures for reporting and accounting of expenditure.

Each work package, structured in activities, shall provide information on the partners involved, the description of the related deliverables and expected outputs, and the related budget.

More specifically, each work package is composed of defined **activities**, related **deliverables** and expected **outputs**:

<b>ACTIVITY</b>	Specific task performed for which resources are used; the proposed activities shall have a logical sequence and for the direct benefit of the area concerned by the authorities involved in the project
<b>DELIVERABLE</b>	Tangible or intangible object produced as a side-product of the project that contributes to the achievement of a project output. More than one deliverable can be necessary to produce one output
<b>OUTPUT</b>	What has actually been produced as a direct and immediate outcome of the funding given to the project. It shall be captured by an output indicator and directly contributes to the achievement of project result(s), which are achieved in a longer time lap.

The partnership can structure its project proposal around a number of work packages, keeping in mind that **THREE** of them are **compulsory**:

- 1) **Project Management**;
- 2) **Communication**;
- 3) **Project implementation**– which can consist of at least 1 work package or more.

### 18.1.1. Project Management

In this work package applicants shall describe how the management on the strategic and operational level will be carried out in the project.

The activities envisaged aim to ensure a sound management and coordination of the project concerning both the overall project management and all the aspects linked to the financial management. They shall also provide proof on how the work among the partners involved by building a strong collaborative relationship is organized and distributed.

The management activities shall lead to the successful implementation of the project as well as to the production and submission of the administrative documents for accounting of expenditure and reporting on the activities implemented.

Structure, responsibilities, and procedures for the day-to-day management and coordination (including, whether it is foreseen, the externalization of the management), the reporting and evaluation procedures, if foreseen, risk and quality management shall be included in this work package.

### 18.1.2. Communication

The communication work package shall include the strategic planning of activities and a clear indication of the target group(s) to address. Communication objectives must be SMART: specific, measurable, achievable, result-focused, time-bound (i.e.: proposing to “raise awareness” or to “spread results” without providing to whom and how is not enough).

The following elements shall be considered:

- Identification and definition of the objective, message, approach/tactics chosen and target group the project intends to achieve;
- Integration with the overall project strategy and project specific objectives;
- Quantification of the communication products (target values), detailed planning of their realization and estimated budget;
- Specification between internal (management) and external communication;
- Definition of the related budget;
- Interaction of the partners (e.g.: activities implemented at partner level, dissemination of results);
- Measurement of the efficiency of the planned communication activities;
- Provisions for feedback mechanisms and evaluation measures for the communication activities;
- Insurance of adequate capitalization of the project achievements (capturing knowledge produced by the project and drawing lessons on an ongoing basis).

A web space will be made available in the Programme website to all selected projects, to be used as project website. A logo will also be provided to all selected projects. In the implementation manual more guidance will be given.

### 18.1.3. Project implementation

The project implementation is the heart of the project and describes what the partnership intends to implement to reach the foreseen goals. For this reason, it is the most demanding.

In the implementation work packages, applicants shall supply a brief description of the implementation activities and objects, the main outputs delivered, based on the activities carried out. Moreover, they have to specify the target groups per main outputs (who will use them and how they will be involved in the development of these outputs).

Finally, the durability and transferability of these outputs has to be described.

The realization of pilot actions (demonstration activities or small scale investments) shall be included in one of these work packages.

**Each project proposal shall contribute to the realization of at least 1 Programme output as set in the Cooperation Programme; project partners have to explain how project outputs feed Programme output indicators.**

## 18.2. Non-compulsory work packages

### 18.2.1. Preparation & Closure

The approved projects, for which the Subsidy Contract has been successfully signed with the MA, are entitled to receive reimbursement of their preparation costs in the form of a lump sum of EUR 10.000<sup>17</sup>. In case projects implement activities related to the preparation of the project proposal and indicate it in the AF (the lump sum is not automatic), they will be reimbursed with no need to present invoices or other supporting documents for the incurred costs.

The reimbursement of preparation costs will follow the principles specified hereunder:

- Any preparatory costs incurred by the partnership must be indicated in the AF, under the specific budget line(s) concerned and included under the budget of the lead partner;

<sup>17</sup> Reimbursement shall take place if funds are available; if not they will be reimbursed together with the first request for reimbursement sent by the projects.

- The formal request for reimbursement of the preparatory costs can be submitted by the Lead Partner only after the signature of the Subsidy Contract;
- The lump sum will be reimbursed to the Lead Partner;
- Any costs incurred by the projects between the date of submission of the AF and the date of signature of the Subsidy Contract (between the end of the preparation period and the start of the implementation period) for negotiating/satisfying specific conditions for approval cannot be claimed as they are not considered part of the preparation costs;
- In case a project is not implemented or even started, the MA will recover the amounts of EU funds already reimbursed based on this lump sum.

The work package shall also include the activities related to the project closure that have to be finalized after the official end date of the project: they include the submission of the required final administrative documents - the final progress report – the final claim for payment and the eventual reconciliation with the initial granted amount, if necessary.

### 18.3. Further information

Information days related to the 1st Call for proposals will be held in all participating countries: Italy, Albania and Montenegro.

The exact dates and locations of the Information days will be published in advance on the following web sites:

- Programme website: [www.italy-albania-montenegro.eu](http://www.italy-albania-montenegro.eu)
- Website of the Ministry of European Integration, Albania: <http://www.integrimi.gov.al/al/newsroom/njoftime>
- Website of the Ministry of European Affairs, Montenegro: [www.mep.gov.me/](http://www.mep.gov.me/)

Questions related to the 1st Call for Proposals may be sent in writing via e-mail no later than 15 days before the deadline for the submission of applications, indicating clearly the reference of the Call for Proposals. Clarifications to questions received after this date will not be provided.

Questions should be sent to the following address:

E-mail address: <a href="mailto:js@italy-albania-montenegro.eu">js@italy-albania-montenegro.eu</a>
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To ensure equal treatment of all applicants, questions and answers will be published and **updated regularly** on the programme website: [www.italy-albania-montenegro.eu](http://www.italy-albania-montenegro.eu)

It is therefore advisable to consult the above mentioned website regularly in order to be informed of the questions and answers published.

## 19. Assessment of the applications

The assessment of the application is coordinated by the MA and performed by the JS, with the eventual support of National Authorities and external experts.

In order to ensure equal, fair and transparent approach, the project proposals are assessed according to a set of criteria and sub-criteria previously elaborated by the Programme, approved by the JMC. The results of the assessment are reported in a project assessment grid to be prepared for supporting the JMC decision.

For the assessment procedure the JMC may rely on a Joint Steering Committee. Composition and rules of the Joint Steering Committee shall be defined by the JMC itself.



The JMC is in charge of the final decision on the selection of the operations for funding. Only the information provided in the application form shall be subject to the assessment.

The assessment process will be conducted in two steps:

**1. Formal Assessment: Eligibility check**

**2. Quality Assessment.**

**1. Eligibility check**

The eligibility check includes a set of criteria with a “on / off” result. Only proposals that satisfy all the eligibility criteria will be subject to the second step assessment.

	CRITERIA	YES	NO	N/A	Comments
1	Is the online Application submitted in due time?				
2	Is the online Application submitted via the eMS of the Interreg IPA CBC IT-AL-ME Programme ?				
3	Is the Application form fully and properly filled in English language in all its sections, apart from the supporting documents ?				
4	Are all the obligatory annexes correct and submitted via eMS ?				
5	Are the supporting documents duly filled in, signed and stamped (where applicable) and submitted via eMS?				
6	Does the project respect the geographical coverage?				
7	Is the Lead Partner eligible?				
8	Are all the project partners eligible?				
9	Is the Application compliant with the requirements regarding the minimum and maximum number of partners?				
10	Are the rules on the maximum co-financing fulfilled?				
11	Are the minimum and maximum amounts per each Operation within the selected Priority axis respected?				
12	Are all applicants that fall under the category “non profit organizations” Law officially registered at least 12 months before the publication of the Call for Project Proposals?				

Clarifications regarding the Application will be requested to the Lead applicant only when the information provided within the application is unclear, confusing, contradictory or missing and thus prevents JS from conducting an objective assessment. The JS shall be supported by the National Contact Points during the eligibility check. 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. The MA, with support from the JS, communicates to the Lead partners the results of the formal assessment.

**Only proposals that satisfy all the eligibility criteria, after approval by the Monitoring Committee, will be subject to quality assessment.**

## 2. Quality assessment

Quality assessment includes three (3) sets of quality assessment criteria related to the quality of an application, and will be applied to those applications that have passed the eligibility check (in accordance with Article 39 of Commission Implementing Regulation (EU) No 447/2014):

1. Strategic criteria
2. Operational criteria
3. Sustainability criteria

The quality assessment grid is structured according to the concerned assessment criteria, which are appraised using the following scale:

### The quality assessment scale

SCALE	1-2-3-4-5
<b>Excellent</b>	<b>5</b> <i>The application fulfils the given criterion to an excellent level and the provided information is sufficient, clear and coherent for assessing the criterion.</i>
<b>Very good</b>	<b>4</b> <i>The application fulfils the given criterion to a very good level, however, some aspects of the given criterion lack certain clarity or coherence.</i>
<b>Sufficient</b>	<b>3</b> <i>The application fulfils the given criterion to a sufficient level, however, some aspects of the given criterion have not been met fully or not explained in full clarity or detail.</i>
<b>Low</b>	<b>2</b> <i>The application has serious shortcomings in fulfilling the given criterion and/or the provided information is of low quality.</i>
<b>Insufficient</b>	<b>1</b> <i>The application does not fulfil the given criterion.</i>
	<i>If the information required is missing the score is 0 (zero)</i>

SCALE	1-2-3
<b>Excellent</b>	<b>3</b> <i>The application fulfils the given criterion to an excellent level and the provided information is sufficient, clear and coherent for assessing the criterion.</i>
<b>Sufficient</b>	<b>2</b> <i>The application fulfils the given criterion to a sufficient level, however, some aspects of the given criterion have not been met fully or not explained in full clarity or detail.</i>
<b>Insufficient</b>	<b>1</b> <i>The application does not fulfil the given criterion or information required is missing.</i>
	<i>If the information required is missing the score is 0 (zero)</i>

## Quality assessment grid

#	Assessment questions	Guiding principles for assessment	Numerical assessment	Section in AF	Comments
<b>A</b>	<b>STRATEGIC CRITERIA</b>				
A.1	<b>Relevance and strategy</b>	<i>A.1.1. The project addresses common territorial challenges, joint assets and opportunities in the programme area - there is a real need for the project and it is in line with National and/or regional strategies of the participating Countries</i>	1-2-3-4-5	Territorial challenge Project approach	
		<i>A.1.2. The project makes use of available knowledge and builds on existing results and practices.</i>	1-2-3	Project approach	
		<i>A.1.3. The project clearly contributes to the EUSAIR macroregional Strategy, with specific reference to its Action Plan.<sup>18</sup></i>	1-2-3-4-5	Project context	
A.2	<b>Project's contribution to programme's objectives, expected results and outputs</b>	<i>A.2.1. The project overall objective clearly links to a Programme priority objective.</i>	1-2-3-4-5	Project focus	
		<i>A.2.2. The project results clearly link to at least one programme result indicator.</i>	1-2-3-4-5	Project focus	
		<i>A.2.3. Results and main outputs are specified (concretely defined and measurable) and realistic (it is possible to achieve them with given resources). Results and main outputs are in accordance with the selected target group's needs.</i>	1-2-3-4-5	Project focus	
A.3	<b>Cooperation character and partnership approach</b>	<i>A.3.1. The importance of the cross-border approach to the topic addressed is clearly described; the project results and outputs cannot (or can only to some extent) be achieved without cooperation.</i>	1-2-3	Partner	

<sup>18</sup> For those projects receiving the maximum score, the JS will closely monitor and facilitate a link to the governance structure of the EUSAIR.

		A.3.2. <i>There is a clear benefit from cooperating for the Project Partners, the target groups and/or for the programme area.</i>	1-2-3-4-5	Partner	
		A.3.3. <i>The project involves relevant Project Partners from all participating countries and they prove the necessary experience and competence in the field concerned.</i>	1-2-3-4-5	Partner	
		A.3.4. <i>The coherence between the objectives of the project and the composition of the partnership is assured.</i>	1-2-3	Partner	
<b>B</b>	<b>OPERATIONAL CRITERIA</b>				
<b>B.1</b>	<b>Management</b>	B.1.1. <i>The Lead Partner demonstrates competency in managing EU funded projects or other international projects or can ensure adequate measures for management support.</i>	1-2-3-4-5	Workplan	
		B.1.2. <i>Project partners demonstrate that they efficiently coordinate activities with all other projects submitted by the same legal entities and that these activities are not redundant or overlapping</i>	1-2-3	Workplan	
<b>B.2</b>	<b>Communication</b>	B.2.1. <i>The communication approach/tactics chosen are appropriate to reach communication objectives. Communication activities and deliverables are appropriate to reach the relevant target groups and stakeholders</i>	1-2-3-4-5	Workplan	
<b>B.3</b>	<b>Work packages</b>	B.3.1. <i>Coherence of project activities with indicative types of actions and outputs, as per relevant Priority axes. Proposed activities are relevant and lead to the planned main outputs and results</i>	1-2-3	Workplan	

		<i>B.3.2. All partners play a defined and active role in the project partnership with clear responsibility (e.g. sharing of tasks is clear, logical, in line with partners' role in the projects and cross-border cooperation character)</i>	1-2-3-4-5	Workplan	
		<i>B.3.3. Time plan is realistic (activities, deliverables and outputs are in a logical time sequence)</i>	1-2-3	Workplan	
		<i>B.3.4. All activities demonstrate a clear benefit of the cross-border programme area</i>	1-2-3	Workplan	
		<i>B.3.5. The project is mature, allowing its smooth realization (i.e. stage of completion of the administrative procedures, etc.)</i>	1-2-3		
<b>B.4</b>	<b>Budget</b>	<i>B.4.1. The overall budget is clear and realistic and reflects real partners' involvement (it is balanced). To what extent does the project budget demonstrate value for money?</i>	1-2-3-4-5	Workplan	
		<i>B.4.2. Financial allocation per expenditure category is in line with the work plan of activities. To what extent is the budget coherent and proportionate?</i>	1-2-3-4-5	Workplan	
		<i>B.4.3. To what extent is the budget of the proposed activities well-justified and explained?</i>	1-2-3		
<b>C</b>	<b>SUSTAINABILITY CRITERIA</b>				
<b>C.1</b>	<b>Sustainability, Durability And Transferability</b>	<i>C.1.1. How will the project outputs be further used and how will the sustainability be ensured once the project has been finalised? If applicable, how does the project envisage durability of relevant project outputs?</i>	1-2-3-4-5	Project description	

		<i>C.1.2. Project main outputs are applicable and replicable also outside of the current partnership (transferability) – if not, this has to be justified</i>	1-2-3-4-5	Project description	
<b>C.2</b>	<b>Horizontal principles</b>	<i>C.1.3. The project makes a positive contribution to sustainable development. The project makes a positive contribution to equal opportunities and non-discrimination</i>	1-2-3	Project description	

	ASSESSMENT CRITERIA	MAXIMUM SCORE
A	STRATEGIC CRITERIA	44
B	OPERATIONAL CRITERIA	43
C	SUSTAINABILITY CRITERIA	13
<b>TOTAL</b>		<b>100</b>

During the quality assessment phase, the JS evaluates the project proposals against the abovementioned set of quality criteria approved by the JMC. The JS is supported by the National Contact Points, as for advise to be provided to applicants.

The JMC may ask the MA to set up a selection committee for the benefit of an efficient quality assessment phase (including representatives from the NAs); if needed, it may also rely on a group of external experts (selected by the MA) carrying out a technical/scientific evaluation of the project proposals, providing comments and score referring only to a specific section of the quality assessment grid.

The MA ensures that the evaluation procedure is carried out in accordance with the requirements of the call for proposals and the approved selection criteria.

The JS submits to the MA a provisional ranking list of the evaluated project proposals and the MA submits to the JMC the abovementioned provisional ranking list.

The JMC adopts a final decision and approves the ranking list.

The MA publishes the final ranking list on the Programme website and, through the JS, informs the Lead partners of the projects' evaluation results.

## 20. Responsibility for the procedure

According to the Interreg IPA CBC Italy-Albania-Montenegro Programme, responsibility for the administrative procedures of this Call for proposals lays on Puglia Region, in the person of the Director of the Managing Authority Office.

## 21. Contacts

For any further information please contact:

- the NCP of your Partner State:

For Albania: Ministry of European Integration

Contacts: ana.xhilaga@integrimi.gov.al; gentian.xhaxhiu@integrimi.gov.al;

For Montenegro: Ministry of European Affairs

Contacts: ivana.glisevic@mfa.gov.me; miodrag.raceta@mfa.gov.me;

- The Interreg IPA CBC IT-AL-ME JS: [info@italy-albania-montenegro.eu](mailto:info@italy-albania-montenegro.eu)

It is warmly recommended that the Lead Applicants address the JS and the project partners the NCPs.

## 22. Additional Information

The interpretation of the provisions of this manual shall be made according to the rules of the IPA II and the ESIF legal frameworks, which are applicable in any case. To this purpose, the JS and National Contact Points assist applicants during the application phase.

This manual will be further developed and improved, along with the procedures for project partners.

More information about the content of the CP, the specific conditions for the submission of the project proposals, the assessment and selection procedure, the application package as well as other relevant information are available on [www.italy-albania-montenegro.eu](http://www.italy-albania-montenegro.eu).