

Project Implementation Manual

**First Call for Proposals
No 2014TC16I5CB006-2015-1**

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LIST OF ACRONYMS

AA	<i>Audit Authority</i>
AF	<i>Application Form</i>
CBC	<i>Cross-border cooperation</i>
CfP	<i>Call for Proposals</i>
EC	<i>European Commission</i>
ETC	<i>European Territorial Cooperation</i>
FPPR	<i>Final Project Progress Report</i>
FLC	<i>First Level Control</i>
IPA	<i>Instrument for Pre-Accession Assistance</i>
JMC	<i>Joint Monitoring Committee</i>
JS	<i>Joint Secretariat</i>
LP	<i>Lead Partner</i>
MA	<i>Managing Authority</i>
MoU	<i>Memorandum of Understanding</i>
MRDPW	<i>Ministry of Regional Development and Public Works of Bulgaria</i>
NA	<i>National Authority</i>

OJEU	<i>Official Journal of the European Union</i>
PA	<i>Partnership Agreement</i>
PIM	<i>Project Implementation Manual</i>
PP	<i>Project partner</i>
PPR	<i>Project Progress Report</i>
PRAG	<i>Practical Guide for Procurement and Grants for European Union external actions</i>
SC	<i>Subsidy Contract</i>
SEA	<i>Sector for European affairs of The former Yugoslav Republic of Macedonia</i>
TA	<i>Technical Assistance</i>
ToR	<i>Terms of Reference</i>
VAT	<i>Value Added Tax</i>

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Managing Authority

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1. Introduction

The purpose of the Project Implementation Manual (PIM) is **to provide detailed guidance to Lead Partners and Project Partners** of the approved projects **within the 1st Call for Proposals** under the Interreg-IPA CBC Bulgaria - the former Yugoslav Republic of Macedonia Programme 2014-2020 (herewith referred as Programme) in terms of reporting obligations, public procurement procedures, payments, publicity measures etc..

The PIM and its annexes can be amended during the project implementation period. Any amendment of the PIM will be announced at the Programme's web site and the newest version will be uploaded.

The Lead Partners should ensure that the project is implemented according to the actual version of the PIM and the latest versions of Annexes are used.

In case of specific problems related to particular operations, the Joint Secretariat and the Managing Authority should be contacted for advice.

2. Institutional framework

The Directorate General "Territorial Cooperation Management", appointed as the **Managing Authority (MA)** for the Programme, is a part of the specialized administration at the Ministry of Regional Development and Public Works of the Republic of Bulgaria.

Ministry of Local Self-Government of the former Yugoslav Republic of Macedonia, as the **National Authority (NA)**, cooperates in the joint programming, management and implementation of the Programme and provides assistance to the Managing Authority, Certifying Authority and Audit Authority in their respective duties.

The **Joint Secretariat (JS)** of the Programme assists the MA / NA and the Joint Monitoring Committee of the Programme in carrying out their respective duties. The JS takes part in all phases of the programme's lifecycle - launching of Call for proposals, evaluation and contracting of the approved projects, monitoring and control of the subsidy contracts, etc.

The main office of the JS is located in Kyustendil, Republic of Bulgaria, and the branch office - in Strumitsa, the former Yugoslav Republic of Macedonia.

The **Joint Monitoring Committee (JMC)** consists of representatives appointed by the partnering countries, according to the partnership principle. Representatives of the European Commission, the Certifying Authority and the Audit Authority or other relevant bodies participate in the work of the JMC in advisory capacity.

The **Certifying Authority (CA)** of the Programme is the "National Fund" Directorate at the Ministry of Finance of the Republic of Bulgaria.

The **Audit Authority (AA)** for the Programme is the "Audit of European Union Funds" Executive Agency at the Minister of Finance of the Republic of Bulgaria, and is assisted by a Group of Auditors. The Group of auditors is chaired by the AA and comprises equal number representatives of each country participating in the Programme.

3. Initial activities and project setting up

Formal project implementation starts once the Subsidy Contract is signed. The project implementation period starts on the day following the date the Subsidy Contract enters into force (the date of registration in the administrative system of the MA).

Example: If the Subsidy contract is registered on 22.07.2017 (Contract no. RD-02-xx-xxx/22.07.2017), the first day of project implementation should be the day after - 23.07.2017.

The first phase of project implementation is tremendously important since it may influence the whole implementation process - delays incurred in this phase may be difficult to be caught up later.

3.1. Project management staff and internal control system

The appointment of the project staff is to be carried out by all project partners as soon as the project starts. The proper appointment of the project team members is sole responsibility of the project partners, and should be carried out in accordance with the applicable European and national legislation.

Within 10 days from the beginning of the project implementation period the Lead Partner has to send to the Joint Secretariat:

- Declarations in free format signed by the legal representative of each project partner that the necessary and qualified project staff for the successful implementation of the project activities will be kept.
- Copy of an administrative order or a letter for nomination of the project team members by each project partner.

The Beneficiaries should organize the project workflow in the best possible way in order for each step of the project implementation to be clear and foreseeable. Thus, the internal management rules should be adopted by the partners, stressing up the principle of good management.

The project time schedule should be developed in detail and structure/s for project implementation should be defined. Clear distribution of the tasks, responsibilities and deadlines between the project partners is strongly recommendable in order to ensure smooth project implementation. If there is a need for amendment of the subsidy contract, contact the JS (please refer to section 7 of this Manual).

3.2. Advance payment

After the Subsidy Contract is signed, the Lead partner (LP) may request advance payment at the rate of 10 % or 20 % of the total contract amount. The percentage of the advance payment depends on the type of the project - "investment" or "soft measures" project. In order to receive an advance payment, the LP must send a request for an advance payment (see section 7 .3 "Submission of Request for payment").

3.3. Procurement plan

The LP has the obligation after signing of the Subsidy Contract to collect the procurement plans (with

information about the procurement procedures to be carried out during the implementation of the contract) by all PPs and to summarize the information in the Project Procurement Plan (PPP) (Annex2). During preparation of the PPP, the LP should take into careful consideration the “Procurement procedures” section of this Manual and is also recommended to consult with the JS. **The LP has an obligation to prepare and submit to the JS a PPP within 10 days after the Subsidy Contract enters into force. The plan is to be filled in and sent to the JS through the Beneficiary portal.**

Except for requirements related to procurement rules for European Union External Actions, in the process of preparation of the Procurement plan and implementation of procurement procedures the partners should respect the following:

- In case Project partner intends to award two or more contracts to one and the same company/expert (in case of single tender procedure), they shall be combined as one procedure. In case during the project implementation Project partner decides to award two or more contracts to one and the same company/expert (in case of single tender procedure), amendment of the PPP should be requested to combine them as one procedure.
- In case Project partner implements simultaneously more than one project under the Instrument for Pre-accession Assistance, i.e. other contracts will be awarded under the provisions for EU external actions (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), they are obliged to plan and implement the respective tender procedures so that the applicable procurement rules and thresholds to be respected.

Within 5 days after receiving the PPP the JS shall review and comment or approve the submitted plan. In case of comments by the JS, the Beneficiary has to submit the revised PPP up to 3 days after receiving the comments. The deadline for approval of the respective PPP by JS starts running again on the date the required information is received.

Within 5 days of the PPP's approval, the JS will notify the LP (by email) and the approved PPP will be available in the Beneficiary portal.

NB!	The Beneficiary can proceed with the preparation and launching of the procurement procedures only after the PPP has been approved by the JS.
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If there is a necessity for amendment of the PPP, the LP has to consult the JS in advance.

JS / MA / NA are not going to provide ex-ante control on the preparation and launching of procurement procedures. The projects partners bear the whole responsibility for the implementation of the procurement procedures in conformite with the Programme rules, their project and the Practical Guide for Procurement and Grants for European Union external actions.

3.4. Initial monitoring visit / meeting

In order to receive a realistic view of the readiness of the project teams for implementations of their projects, the JS performs initial on the spot visits or meetings in the JS office. The initial visit / meeting will be held within three months after signature of the Subsidy contract.

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During the initial monitoring visit / meeting following issues have to be checked and discussed with the project team:

- **Beneficiary capacity and resources** - the JS expert checks whether the project team is aware of the terms and conditions of the contract - readiness for the tender procedures, visualization requirements, reporting, etc. and whether there are sufficient resources for the project implementation.
- **Project management and coordination** - the purpose of the check is to ascertain the level of management skills of the Project manager and LP's team for implementation of CBC projects, and the partnership relations between the PPs. The JS experts check whether the roles and responsibilities between the PPs are clearly defined, whether the coordination/communication between the PPs is good, and whether the PPs has enforced common monitoring and evaluation rules/ reporting system in support of smooth project management. During the visit/meeting the documents for appointment of the project team will be checked as well.
- **Record keeping** - the purpose of the check is to verify that project documentation is kept separately from other documentation, in a properly filed and organized project dossier containing all relevant documents, providing sufficient information on the project activities.
- **Time schedule and progress of activities** - the purpose of the check is to verify the progress of the project activities in comparison with project time schedule and if the implemented activities correspond to these in the subsidy contract. The JS experts will check the project progress and the measures undertaken by the PPs concerning the planned services, supplies and construction works.
- **Public procurement** - the purpose of the check is to verify that the public procurement procedures are implemented in accordance with the approved Project Procurement Plan and the specified types of procedures, deadlines, maximum available budgets, etc.
- **Information and publicity** - The purpose of the check is to verify whether the information and publicity activities are carried out in accordance with subsidy contract and whether the programme Communication and Visibility rules are properly respected.

4. Public procurement

The descriptions given below cover procedures for service, supply and works contracts in relation to procurement procedures as a part of project implementation activities of the Subsidy Contract. They are based on Art. 45 (1) of Implementing Regulation (EU) No 447/2014, 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 and the suggested approach by this Project Implementation Manual (PIM) is based as far as possible on the well-known and well-tested rules used already in the external aid.

Therefore this section of the PIM is based on existing procedures described in the "Practical Guide for Procurement and Grants for European Union external actions" (PRAG), available at the web page: <http://ec.europa.eu/europeaid/prag/>

During the project implementation PRAG may be amended. In case of substantial changes in the rules

and procedures of PRAG, the MA will reflect the relevant changes in the PIM. Nevertheless, the Beneficiaries have the obligation to keep a close watch on the latest version of PRAG and to apply the current procedures and annexes.

NB!

In case of modification of PRAG rules/annexes, the procedures launched before the new version was officially published shall be procured and contracted following the previous version of the Guide.

The basic principle governing the awarding of the contracts is competitive tendering. The purpose is twofold:

- to ensure the transparency of operations, proportionality, equal treatment and non-discrimination; and
- to obtain the desired quality of services, supplies or works at the best possible price.

There are several different procurement procedures, each allowing for a different degree of competition. The basic principles, types of procedures and rules apply to the procurement of all project partners.

In the event of failure to comply with the procurement rules, expenditure relating to the operations in question is not eligible for EU financing.

In order to facilitate efficient management and control of the procurement process carried-out by the Beneficiaries under the Programme, the MA requires the Beneficiaries to duly prepare and submit for approval the Project Procurement Plan immediately upon signing of the Subsidy Contracts (see section 3.5 "Procurement Plan").

4.1. Basic rules

➤ Nationality (Annex A2a of PRAG)

Participation in the award of procurement procedures, for the benefit of third parties, is open to all natural persons who are nationals of, and legal persons who are effectively established in, one of the following eligible countries/ territories / Beneficiaries:

- EU Member States;
- Beneficiaries listed in the Annex I of the IPA II;
- European Economic Area;
- Partner countries and territories covered by ENI Instrument.

How to verify compliance with the nationality rules?

- The nationality of experts and other natural persons employed or legally contracted does not have to follow the nationality rules. Therefore, experts recruited or otherwise legally contracted by an eligible contractor/sub-contractor, may be of any nationality.
- For the purpose of verifying compliance with the nationality rules, the tender dossier should require from the legal persons to state the country, in which they are established, and provide evidence of such establishment by presenting the documents required under that country's

law.

NB!	The decision on whether or not candidates/tenderers/applicants are eligible is taken by the Contracting authority (usually on the basis of the information and evidence provided during the evaluation).
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➤ **Origin of goods**

All goods to be delivered under a supply contract and all materials, goods and components part of a works contract, financed under an EU instrument, must originate from an eligible country (please see above). The term 'origin' is defined in the relevant EU legislation on rules of origin for customs purposes: the Customs Code (Council Regulation (EEC) No 2913/92), and in particular its Articles 22 to 24, and the Code's implementing provisions (Commission Regulation (EEC) No 2454/93).

The country of origin is not necessarily the country from which the goods were shipped and supplied. Two basic concepts are used to determine the origin of goods:

- the concept of "wholly obtained" products (when only one country is involved in the production);
- the concept of products having undergone a "last substantial transformation" (when two or more countries are involved in the production).

NB!	Goods purchased for use during the execution of the contract (such as machinery for testing and installing the goods supplied, equipment used for construction activities, computers used by a service contractor to draft a study) are not subject to the rule of origin.
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The Contracting Authority may decide to apply the rule of origin with provision for full untying, meaning that all products (goods, materials, components) can be of any origin (full untying) if their value is below the threshold of EUR 100 000. The amount of any ancillary works and services is not taken into account.

When the rule of origin is applied with provision for full untying and the overall value of supplied products (goods, materials, components) is below the above threshold, no documents proving the origin are necessary.

NB!	In order to apply the rule of origin with provision for full untying, the Contracting Authority should clearly state this in the Contract notice (if published).
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How to verify compliance with the origin rules?

When submitting its tender (under supply procurement procedure), the tenderer must state expressly that all the goods meet the requirements concerning origin and must state the country(ies) of origin. When tendering for systems comprising more than one item, the origin of each item in the system must be specified. The tenderer may be requested to provide documents supporting the stated origin.

NB!	The certificates of origin must be submitted at the latest during implementation of the contract when the certificate of provisional acceptance is requested. Failing
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this, the contracting authority will not make any further payment to the contractor. Certificates of origin must be issued by the competent authorities (usually the Chamber of Commerce) and comply with the international agreements of which that country is a signatory.

➤ **Grounds for exclusion**

There are two sets of exclusion criteria, listing the reasons for exclusion of candidates, tenderers or applicants from participation in procurement procedures:

- Exclusion criteria applicable for participation in procurement procedures;
- Exclusion criteria applicable during the procurement procedures.

All candidates, tenderers and applicants should declare the circumstances related to these criteria in Tenderer's Declaration as part of the Tender Submission Form.

For more details, please refer to points 2.3.3, 2.3.6 and 2.4.14 of the PRAG.

➤ **Regulatory penalties: administrative and financial penalties**

Candidates, tenderers and applicants, who have made false declarations, made substantial errors, committed irregularities or fraud may be excluded from participation in all procurement and call for proposal procedures financed by the EU for a maximum of five years. That period may be extended to 10 years in the event of a repeated offence within five years of that date.

Additionally, such tenderers may also be subject to financial penalties representing 2 % to 10 % of the total estimated value of the contract being awarded.

For more details, please refer to point 2.3.4 of the PRAG.

➤ **Visibility**

All Beneficiaries and contractors, managing EU funds, must ensure the visibility of EU financing. The visibility requirements and guidelines are provided in the Communication and Visibility Manual for EU External Actions, published at: https://ec.europa.eu/europeaid/communication-and-visibility-manual-eu-external-actions_en

All of these requirements are explained and illustrated with practical examples, included in the Communication and Visibility Guidelines (Annex 10 of the PIM).

➤ **Other essential points**

- Conflicts of interest;

A conflict of interest occurs when the impartial and objective exercise of the functions of the contracting authority, or observance of the principles of competition, non-discrimination against or equality of treatment of candidates, tenderers, applicants and contractors, is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with a Beneficiary of EU-funded programmes. A conflict of interest may arise where, for instance, a member of the evaluation committee or someone in the contracting authority or others

involved in the procedure grant themselves, or others, unjustified direct or indirect advantages by influencing the outcome, or allow an expert or company to obtain information leading to an unfair advantage in subsequent or related procedures.

For instance, any firm or expert involved in preparing a project (e.g. drafting the terms of reference) must, as a rule, be excluded from being awarded a services contract that are based on those preparations, unless they can prove to the contracting authority that their initial involvement does not constitute unfair competition.

Candidates/tenderers/applicants that have a conflict of interest in relation to a particular contract are excluded from this contract award. The grounds for exclusion must be considered case by case. Any automatic exclusion deprives the candidate/tenderer/applicant of the right to present supporting evidence which might remove all suspicion of a conflict of interest.

NB!	Where a conflict of interest might occur with regard to on-going contracts, measures must be adopted to prevent or to resolve such a conflict, including cancelling the contract if necessary.
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4.2. Type of contracts

➤ Service contracts

IPA contracts in the context of EU External aid include specific support in form of studies or technical assistance.

Study contracts include studies for identification and preparation of projects, feasibility studies, economic and market studies, technical studies, evaluations and audits.

Technical assistance contracts are used where a service provider is called on to play advisory role, to manage or supervise a project, or to provide the experts specified in the contract.

Generally a service contract may be concluded in two different ways:

- **Global price** - where specified outputs are defined. The service will be paid on the basis of the delivery of the specified outputs. Examples for the global price contracts are service contracts for studies, evaluations, audits, organization of events such as conferences, trainings, etc. Global price always specify the output, i.e. the consultant must provide a given product.
- **Fee-based** - where the output is unpredictable, or where the workload to achieve the specified output is impossible to quantify in advance. Therefore it is economically more advantageous to pay the services on the basis of time actually worked. The examples for fee-based contracts are the service contracts for Project supervision, Resident Technical assistance, Facilitation in a multi-stakeholder process (depending of the complexity of the environment), etc.

➤ Supply contracts

Supply contracts cover the purchase, leasing, rental or hire purchase, with or without option to buy, of products. A contract for the supply of products and, incidentally, for sitting and installation shall be

considered a supply contract.

Specific provisions and challenges in purchasing supplies **depend on the type and scope of equipment**. Equipment could be divided into two general categories. First category includes less complex equipment which is frequently purchased within the EU co-financed contracts, for instance: computer equipment, vehicles, audio-visual equipment. The second category is a wide range of complex professional equipment, for instance: laboratory equipment, meteorological sensors, nuclear safety equipment or similar.

➤ **Works Contracts**

Works contracts cover either the execution, or both the execution and design, of works or a work related activities, such as:

- Building site preparation;
- Building of complete constructions or parts thereof; civil engineering;
- Building installation;
- Building completion;
- Renting of construction and demolition equipment.

The notion 'works' includes the outcome of building or civil engineering works taken as a whole that is sufficient of itself to fulfill an economic or technical function.

4.3. Procurement procedures

➤ **Which procurement procedure to apply?**

In the definition of the type of procurement procedure, the following key elements are particularly important:

- **Financial thresholds** - the financial thresholds define which procedure needs to be applied.
- **Procedure** - depending on the size of the contract different procedures are applied.
- **Use of standard format of documents** - in order to enable comparison and control on the implementation of the public procurement, the PRAG provides a number of standardized documents, covering every step in the procedure. **They are obligatory for use by all Beneficiaries, in order to simplify and unify tender dossiers under the Programme.** The standardized documents are considered to provide sufficient basis for preparation of tender documentation in compliance to the rules and procedures of the PRAG.
- **Evaluation procedure** - evaluation procedure largely depends on the type of contract. In some cases, the price is the exclusive selection criteria and in other cases the selection is based on the combination of price and technical quality of offers.

Regardless of which procedure is used, the Beneficiaries must ensure that all the basic principles are respected (please including eligibility, exclusion and selection criteria).

NB!	Note that projects must not be split artificially to circumvent the procurement thresholds. Services / supplies / works of the same / similar nature should be included in one procurement procedure.
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Example: In general, elaboration of web sites and web portals; supply of computer equipment and computer software; repairs and construction works; etc.).

➤ Thresholds for public procurement procedures

The thresholds for public procurement procedures can be summarized as follows:

SERVICES	$\geq \text{€ } 300,000$ <i>International restricted tender procedure</i>	$< \text{€ } 300,000 \text{ but } > \text{€ } 20,000$ <i>Competitive negotiated procedure</i>		$\leq \text{€ } 20,000$ <i>Single tender</i>
SUPPLIES	$\geq \text{€ } 300,000$ <i>International open tender procedure</i>	$< \text{€ } 300,000 \text{ but } \geq \text{€ } 100,000$ <i>Local open tender procedure or Framework contract</i>	$< \text{€ } 100,000 \text{ but } > \text{€ } 20,000$ <i>Competitive negotiated procedure</i>	
WORKS	$\geq \text{€ } 5,000,000$ 1. <i>International open tender procedure</i> 2. <i>International restricted tender procedure</i>	$< \text{€ } 5,000,000 \text{ but } \geq \text{€ } 300,000$ <i>Local open tender procedure</i>	$< \text{€ } 300,000 \text{ but } > \text{€ } 20,000$ <i>Competitive negotiated procedure</i>	

For more practical advice regarding public procurement, please refer to Annex 14.2 of the PIM.

SECRIVES AND SUPPLIES $\leq \text{EUR } 2\,500,00$

NB!	For service and supply contracts, a payment may be made against invoice without prior acceptance of a tender if the expenditure is $\leq \text{EUR } 2\,500,00$.
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This concerns only expenditures for services and supplies, with amount less or equal to EUR 2 500,00, which cannot be merged with other similar expenditures. However, when the complexity or duration of the service/supply requires it, Beneficiaries are recommended to conclude simplified service/supply contracts with Terms of reference (ToR) / Technical specification (TS). The annexes of Special conditions of service / supply contracts, ToR and TS for single tender procedures, are applicable in such cases.

SINGLE TENDER

Under the single tender procedure, the Beneficiary (in its role of Contracting Authority) invites candidate/s to submit an offer (or more than one). The Contracting Authority checks whether the offers correspond to the requirements (Terms of references) in case of services, or whether they are technically compliant to the specifications, in case of supply and works tenders.

Even though one offer is formally enough, it is **strongly recommended** the Beneficiary, i.e. Contracting Authority to collect more than one offer, in order to be able to make a financially and technically sound evaluation, to get a clear information on real market prices and to ensure that principles of transparency are always observed. Moreover, the Beneficiary **has the obligation to strictly observe the principle of best value for money** and to take all necessary measures (e.g. internet research of prices, comparison between similar contracts, etc.).

Publication: No publication is required.

Submission of tenders: The tenderer/s is/are normally given 15 days for submission of offers.

NB!	<p>Due to the fact, that there are no detailed tender dossiers for single tenders in the PRAG (with the exception of single tender procedure for service), the Joint Secretariat adapted simplified dossiers obligatory for all Beneficiaries.</p>
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The Beneficiary in its role of Contracting Authority **shall prepare tender dossier, containing:**

Single tender for service	Single tender for supply	Single tender for works
<ul style="list-style-type: none"> - Instructions to tenderers; - Service contract (draft); - Tender submission form. 	<ul style="list-style-type: none"> - Instructions to tenderers; - Supply contract (draft); - Tender submission form. 	<ul style="list-style-type: none"> - Instructions to tenderers; - Works contract (draft); - Tender submission form.
Annex 14.1.1 of the PIM	Annex 14.1.2 of the PIM	Annex 14.1.3 of the PIM

Selection process on the basis of single tender procedure

The selection process for single tender contracts is by definition not about comparison of different tenders, rather than assessment whether the received tender is **in line with basic technical requirements** as described in the tender dossier.

Single tender procedure evaluation is based on p. 2.4.8 of the PRAG.

Establishment of Evaluation committee is not required in case of single tender procedures. The Beneficiary shall describe the selection process in Annex A10b of the PRAG for all type of contracts, explaining the manner in which the participant(s) in the negotiations were identified and the price was established, and the grounds for the award decision. The Contracting Authority must follow the negotiation steps shown in the negotiation report template and ensure that basic principles relating to procurement procedures such as checking compliance with eligibility rules (nationality rules), capacity to carry out the contract and exclusion criteria are duly applied.

All documents, proving the declared circumstances by the tenderer should be requested and attached to the Annex A10b, in order to support the final decision of the Beneficiary. The additional documents should be requested at latest at the evaluation stage and before signature of the contract.

The Contracting Authority should send notification letter to the awarded company, as well as to the unsuccessful tenderers. Models of such letters can be found in the PRAG (sections 3, 4 and 5).

Contract with the successful tenderer could be drafted on the basis of the format provided in the tender documents.

TENDER PROCEDURES > EUR 20 000,00

NB!	<p>For all tender procedures above EUR 20 000,00, the Beneficiary (i.e. Contracting Authority) must invite JS to observe the evaluation process by nominating observers.</p>
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Invitations for the opening session of the tenders have to be sent to JS within 15 days before the relevant date of opening. Up to 5 days after receiving of the invitation the members of the programme structure, with a letter to the Beneficiary, may appoint its representative to observe all or part of the evaluation process.

COMPETITIVE NEGOTIATED PROCEDURE

Under the competitive negotiated procedure, the Beneficiary (in its role of Contracting Authority) invites candidates of its choice to submit tenders. Normally, at least 3 candidates must be invited.

Competitive negotiated procedure applies to **service, supply and works contracts**. The procedures for supplies and works should be implemented using standard tender documents. The Beneficiary, in its capacity of Contracting Authority should prepare the tender dossier which describes in sufficient details procedures and expectations from the tenderer.

Publication: The tender dossier has to be published on the Programme website and the beneficiary's website (in its role of Contracting authority). More details are available below in section Procurement publications.

Submission of tenders: The invited tenderers must be allowed minimum 30 days from the dispatch of the letter of invitation to tender to submit their offers.

The Beneficiary in its role of Contracting Authority **shall prepare tender dossier, containing:**

Competitive negotiated tender for service	Competitive negotiated tender for supply	Competitive negotiated tender for works
<ul style="list-style-type: none"> - Invitation to tenderers; - Contract notice; - Service contract shortlist notice; - Instructions to tenderers; - Service contract (draft), special and general conditions; - Terms of reference; - Organization and methodology; - Administrative compliance grid / Evaluation grid; - Tender submission form; - Budget; - Forms. 	<ul style="list-style-type: none"> - Invitation to tenderers; - Contract notice; - Instructions to tenderers; - Draft contract, Special conditions & General conditions; - Technical specifications & Technical offer; - Budget breakdown (model financial offer); - Supply contract (draft); - Tender form for a supply contract; - Administrative compliance grid / Evaluation grid; - Forms. 	<p>Volume 1:</p> <ul style="list-style-type: none"> - Invitation to tenderers; - Instructions to tenderers; - Tender form & Tender guarantee form; - Contract notice; - General information about the tenderer; - Organisation chart; - Power of attorney, Financial statement & Financial identification form; - Technical qualifications: overview of the tenderer's staff; staff to be employed on the contract; professional experience of key staff; CV; - Plant; - Work plan and programme; - Experience as contractor; - Data on joint ventures; - Litigation history; - Quality assurance system; - Accommodation for the supervisor; - Further information; - Administrative compliance grid / Evaluation grid. <p>Volume 2:</p> <ul style="list-style-type: none"> - Contract form, general and special conditions; - Specimen guarantees for performance, prefinancing payment and retention; <p>Volume 3: Technical specifications;</p> <p>Volume 4: Financial offer;</p> <p>Volume 5: Design documents, drawings.</p>
Annex 14.2 of the PIM	All annexes included in the PRAG	All annexes included in the PRAG

Selection process under Competitive negotiation procedure

Tenders are opened and evaluated by an **Evaluation Committee** appointed timely and formally by the Contracting Authority comprising:

- a non-voting Chairperson;
- a non-voting Secretary;
- an odd number of voting members (minimum of three).

The Evaluation Committee members should be appointed by official nomination (Administrative order of composition) of the Beneficiary in its role of a Contracting Authority, **based on their qualifications and skills**. Each member must have a reasonable command of the language in which the applications are submitted (English).

All members of the Evaluation Committee are obliged to sign a Declaration of Impartiality and Confidentiality. The format of the declaration is available under **Annex A4 of the PRAG: Declaration of Impartiality and Confidentiality**.

The process of evaluation include assessment of the candidates/tenders and tenderers under four types of criteria:

Type of criteria	Description
Eligibility criteria	Assessment whether the candidates/tenderers and tenders comply with the basic rules (nationality, origin, other essentials). For more information, refer to p. 2.3 of the PRAG.
Exclusion criteria	Assessment whether the candidates/tenderers fall under one or any exclusion criteria. For more information, refer to p. 2.3.3 of the PRAG.
Selection criteria	Regardless of the type of procurement procedure used, the capacity of the candidate or tenderer to implement the contract is always assessed on the basis of objective criteria set out in the tender dossier. This includes assessment of the financial and economic capacity of candidates or tenderers and of their technical and professional capacity. For more information, refer to p. 2.4.11 of the PRAG.
Award criteria	<p>In case of service contract the award criterion is “best value for money”. The selection is based on comparison of the price and the technical quality of the received offers. The offer which provides the best value for money is awarded with the contract. Normally the ratio 20% price and 80% technical quality is used.</p> <p>In case of supply and works contracts, the selection is based on the criterion “lowest price”. The contract is awarded to the tender which, while being in order and satisfying the conditions laid down in the tender dossier, quotes the lowest price.</p>

The selection process under competitive negotiated procedure includes the following steps:

1. Receipt and registration of tenders

The Contracting Authority must register the receiving of tenders, marking the date and time of reception, and provide a receipt for those delivered by hand. The envelopes containing the tenders must remain sealed and be kept in a safe place until they are opened. The outer envelopes of tenders must be numbered in order of receipt (whether or not they are received before the deadline for submission of tenders).

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II. Preparatory meeting

First meeting of the Evaluation Committee has to be held before the Tender opening session. The tender dossier should have been distributed in advance to the members of the Evaluation Committee. The Chairperson presents the purpose of the tender, the procedures to be followed by the Evaluation Committee including the evaluation grid and selection and award criteria specified in the tender dossier.

III. Tender opening session

The Tender opening session is a formal process, which for supply and service tenders is also public. Although it is public, participation in the tender opening session is restricted to representatives of the companies which are tendering for the contract. The Evaluation Committee opens the tenders in public at the place and time fixed in the tender dossier.

During the tender opening session, the **tender opening checklist** has to be filled in by the Chairperson with the assistance of the Secretary of the Evaluation Committee.

The Chairperson must check that no member of the Evaluation Committee has a potential conflict of interest with any of the tenderers (on the basis of the tenders received, consortium members and any identified subcontractor).

The Evaluation Committee must check that the tenders are complete and to decide whether or not tenders comply with the formal requirements of the tender dossier. The summary of tenders received, which is attached to the **Tender opening report** must be used to record the compliance of each of the tenders with the formal submission requirements. The minutes of this meeting are included in the Tender Opening Report and it must be made available to the tenderers on request.

IV. Evaluation of offers

As part of the technical evaluation, the Evaluation Committee analyses the commercial aspects and, where applicable, the service component of the tenders to determine whether they satisfy the requirements set in the tender dossier. The results are recorded in a YES/NO grid for all elements specified in the tender dossier. No scoring method should be used. If the tender is divided into lots, the evaluation should be carried out lot-by-lot.

With the agreement of the other Evaluation Committee members, the Chairperson may communicate in writing with tenderers whose submissions require clarification, offering them the possibility to respond within a reasonable time limit to be fixed by the Committee.

In case of competitive negotiation procedure for service contract:

Part 1: Checking of administrative compliance

The Evaluation Committee checks the compliance of tenders with the instructions given in the tender dossier and in particular the administrative compliance grid. Any major formal errors or restrictions affecting performance of the contract or distorting competition result in the rejection of the tender concerned.

Nationality of sub-contractors: the Evaluation Committee must check at this stage that the nationalities of any sub-contractors identified in the technical offers satisfy the IPA CBC programme

nationality rule. If the service provider is required by the terms of reference to provide supplies in accordance with detailed technical specifications laid down in the terms of reference, the Evaluation Committee must verify that the proposed supplies satisfy the rule of origin.

The tenderers could be requested to provide proof documents for the key experts proposed. This can include copies of the diplomas mentioned in the CV and employers' certificates or references proving the professional experience indicated in the CV. If missing proofs are requested it should only be for the relevant experience and diplomas which are among the requirements in the Terms of Reference.

The Administrative compliance grid included in the Tender Dossier must be used to record the administrative compliance of each of the tenders.

Part 2: Technical evaluation

The Evaluation Committee then examines the technical offers; the financial offers must remain sealed at this stage. When evaluating technical offers, each member awards each offer a score out of a maximum 100 points in accordance with the technical evaluation grid laid down in the tender dossier. Under no circumstances may the evaluation grid be changed.

In practice, it is recommended that tenders be scored for a given criterion one after another, rather than scoring each tender for all criteria before moving on to the next. Where the content of a tender is incomplete or deviates substantially from one or more of the technical award criteria laid down in the tender dossier (e.g. the required profile of a certain expert), the tender should be automatically rejected, without being given a score, but this should be justified in the evaluation report.

For experts the scores should be given in comparison to the requirements stated in the Terms of Reference.

Each voting member of the Evaluation Committee completes an **Evaluation grid** to record his/her assessment of each technical offer in order to establish a general appreciation of strengths and weaknesses of the individual technical offers.

On completion of the technical evaluation, the points awarded by each member are compared at the Committee's session. Besides the numerical score, a member must explain the reasons for his/her choice and defend his/her scores before the Committee.

The Evaluation Committee discusses each technical offer and each member awards it a final score. The Committee members may modify their individual evaluation grids as a result of the general discussion on the merits of each offer.

Once discussed, each Evaluation Committee member finalizes his/her evaluation grid on each of the technical offers and signs it before handing it over to the Secretary of the Evaluation Committee. The Secretary must then compile a summary of the comments of the Committee members as part of the Evaluation Report.

In the case of major discrepancies, a full justification has to be provided by dissenting members during a meeting of the Evaluation Committee.

The Secretary calculates the aggregate final score, which is the arithmetical average of the individual final scores.

The Evaluation Committee might decide to implement interviews with proposed key experts to assess

their competences, either by telephone or personally. *Depending on the type of service and the size of the contract this can be strongly recommended.*

Once the Evaluation Committee has established each technical offer's average score (the mathematical average of the final scores awarded by each voting member), any tender falling short of the 80-point threshold is automatically rejected. If no tender achieves 80 points or more, the tender procedure will be cancelled.

Out of the tenders reaching the 80-point threshold, the best technical offer is awarded 100 points. The others receive points calculated using the following formula:

Technical score = (final score of the technical offer in question/final score of the best technical offer) x 100.

	Maximum possible	Tenderer 1	Tenderer 2	Tenderer 3
Evaluator A	100	55	88	84
Evaluator B	100	60	84	82
Evaluator C	100	59	82	90
Total	300	174	254	256
Average score (mathematical average)		174/3=58,00	254/3=84.67	256/3=85.33
Technical score (actual final score/highest final score)		Eliminated*	84.67/85.33x100 = 99.22	100.00

** Only tenderers with average score of at least 80 points qualify for the financial evaluation.*

Part 3: Financial evaluation

Upon completion of the technical evaluation, the envelopes containing the financial offers for tenders who were not eliminated during the technical evaluation (i.e., those which have achieved an average score of 80 points or more) are opened and all originals of these financial offers are initialed by the Chairperson and the Secretary of the Evaluation Committee.

The Evaluation Committee has to ensure that the financial offer satisfies all formal requirements. A financial offer not meeting these requirements may be rejected. Any rejection on these grounds will have to be fully justified in the Evaluation Report.

The Evaluation Committee checks that the financial offers contain no arithmetical errors. Any arithmetical errors are corrected without penalty to the tenderer. The envelopes containing the financial offers of rejected tenderers following the technical evaluation must remain unopened and retained. They must be archived by the Contracting Authority together with the other tender procedure documents.

In the case of fee-based contracts, the total contract value comprises the fees (including employment-related overheads), the incidental expenditure and the provision for expenditure verification, which are specified in the tender dossier. In the case of lump-sum contracts only total contract value is provided. The total contract value is compared with the maximum budget available for the contract. Tenders

exceeding the maximum budget allocated for the contract are eliminated. For the Macedonian project partners: exchange rate for conversion of financial offers to euro should be specified in Instructions to tenderers. Otherwise, InforEuro exchange rate from month of launching the tender procedure must be applied.

The Evaluation Committee then proceeds with the financial comparison of the fees between the different financial offers. The provision for incidental expenditure, as well as the provision for expenditure verification is excluded from the comparison of the financial offers as it was specified in the tender dossier. In case of lump-sum contract the total contract value is used as basis for financial evaluation.

The tender with the lowest total fees + lump sums receives 100 points. The others are awarded points by means of the following formula:

Financial score = (lowest total fees + lump sums / total fees + lump sums of the tender being considered) x 100.

When evaluating financial offers, the evaluation committee compares only the total fees and lump sums.

Specimen Tender Evaluation Summary: Financial Evaluation *

	Maximum possible	Tenderer 1	Tenderer 2	Tenderer 3
Total fees			€ 951.322	€ 1.060.452
Financial score (lowest total fees/actual total fees x 100)		Eliminated following technical evaluation	100	$951.322/1.060.452 \times 100 = 89.71$

* Only tenderers with average scores of at least 80 points in the technical evaluation qualify for the financial evaluation

Part 4: Choice of contractor

The best value for money is established by weighing technical quality against price on an 80/20 basis. This is done by multiplying:

- the scores awarded to the technical offers by 0,80,
- the scores awarded to the financial offers by 0,20.

Specimen Tender Evaluation Summary: Composite Evaluation

	Tenderer 1	Tenderer 2	Tenderer 3
Technical score x0.80	Eliminated following technical evaluation	$99,22 \times 0.80 = 79.38$	$100.00 \times 0.80 = 80.00$
Financial score x0.20		$100.00 \times 0.20 = 20.00$	$89.71 \times 0.20 = 17.94$
Overall score		$79.38 + 20.00 = 99.38$	$80.00 + 17.94 = 97.94$
Final ranking		1	2

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The resulting, weighted technical and financial scores are then added together to find the tender with the highest score, i.e. the best value for money. It is essential to make the calculations strictly according to the above instructions. The Evaluation Committee's recommendation shall be to award the contract to the tender achieving the highest overall score on the condition that the documentary evidence submitted by the tenderer for the exclusion and selection criteria are verified and accepted.

In case of competitive negotiation procedure for supply and works contracts:

Part 1: Administrative compliance

Before conducting a detailed evaluation of the tenders, the Evaluation Committee checks that they comply with the essential requirements of the tender dossier (i.e. the **Administrative compliance grid**). A tender is deemed to comply if it satisfies all the conditions, procedures and specifications in the tender dossier without substantially departing from or attaching restrictions to them. Substantial departures or restrictions are those which affect the scope, quality or performance of the contract, differ widely from the terms of the tender dossier, limit the rights of the Contracting Authority or the tenderer's obligations under the contract or distort competition for tenderers whose tenders do comply.

The administrative compliance of each of the tenders must be recorded in the **Evaluation Report**.

Part 2: Technical compliance of tenders

The detailed technical evaluation of the tenders takes place after the administrative compliance check and should be formalized with the **Evaluation grid**. The criteria to be applied are those published in the tender dossier and, accordingly, the evaluation grid included in the tender dossier must be used. **Under no circumstances may the Evaluation Committee or its members change the evaluation grid communicated to the tenderers in the tender dossier.**

The purpose of this evaluation is to assess whether or not the competing tenders meet the selection criteria and the minimum technical requirements. Tenders which do not meet the selection criteria and the minimum technical requirements must be rejected.

Rule of origin: All tenders must satisfy the rule that **the goods to be supplied and the materials to be used for the construction** fulfil the requirements, set in section 2.3.1 of the PRAG. In case of any doubt as to the origin of goods, additional information must be requested. The tenderer will be required to provide, if possible prior to the signature of the contract, proof of origin in the form of a Certificate of Origin or other official documentation. To establish origin, one must determine where the product in question has been obtained or produced. Tenders which clearly fail to satisfy the rule of origin **must be rejected**. The rule of origin does not apply to the contractor's equipment which will be used during the construction.

Nationality of sub-contractors: The Evaluation Committee must check at this stage that the nationalities of any sub-contractors identified in the technical offers satisfy the nationality rule, also describe in section 2.3.1 of the PRAG.

The Evaluation Committee rules on the technical compliance of each tender, classifying it as technically compliant or not technically compliant.

Part 3: Evaluation of financial offers

Once the technical evaluation has been completed, the Evaluation Committee checks that the

financial offers contain no arithmetical errors. Any arithmetical errors are corrected without penalty to the tenderer.

If the tender is in one lot, the contract is awarded to the cheapest technically compliant offer.

If the tender procedure contains several lots, financial offers are compared for each lot. The financial evaluation will have to identify the best financial offer for each lot, taking into consideration any eventual discounts granted by the tenderers.

Specimen of application of discounts: Company A offers a discount of 20% if awarded Lots 1 and 3, Company B offers a discount of 10% if awarded all three Lots, Company C offers NO discount.

	Company A	Company B	Company C	Ranking without discount
LOT 1	90	80	70	Company C
LOT 2	Not bidding	40	50	Company B
LOT 3	60	70	55	Company C

After applying the discount:

	Company A (20% discount)	Company B (10% discount)	Company C (no discount)
LOT 1	72	72	70
LOT 2	Not bidding	36	50
LOT 3	48	63	55

The 3 combinations possible:

Combination 1: $72 + 40 + 48 = 160$

Combination 2: $72 + 36 + 63 = 171$

Combination 3: $70 + 50 + 55$, but since for Lot 2 there is a cheaper price offered, the sum becomes: $70 + 40 + 55 = 165$

The Contracting Authority must choose combination 1, awarding contracts for Lots 1 and 3 to company A and Lot 2 to company B for the initial price offered.

Part 4: Choice of contractor

The successful tenderer is the one submitting the cheapest tender classified as "technically compliant" during the technical evaluation. It must be declared the successful tender if it is equal to or lower than the maximum budget available for the contract. For the Macedonian project partners: exchange rate for conversion of financial offers to euro should be specified in Instructions to tenderers. Otherwise, InforEuro exchange rate from month of launching the tender procedure must be applied.

In the case of abnormally low tenders, the Evaluation Committee must request any relevant information concerning the composition of the tender. If, for a given contract, tenders appear to be abnormally low, the Contracting Authority must, before rejecting such tenders on that ground alone, request in writing details of the constituent elements of the tender which it considers relevant and verify those constituent elements, after due hearing of the parties, taking account of the explanations received.

The justification for accepting or rejecting an abnormally low offer must be recorded in the Evaluation Report.

V. Conclusions of the Evaluation Committee

As a result of its deliberations, the Evaluation Committee may make any of the following recommendations:

Tender procedure for:	Award the contract to the tenderer which has submitted a tender	Cancel ¹ the tender procedure in exceptional circumstances, such as:
Service contract	<ul style="list-style-type: none"> - which complies with the formal requirements and the eligibility rules; - whose total budget is within the maximum budget available for the project; - which meets the minimum technical requirements specified in the tender dossier; and - which is the best value for money (satisfying all of the above conditions). 	<ul style="list-style-type: none"> - none of the tenders satisfies the selection/award criteria of the tender procedure; - no tenders achieved the minimum threshold during the technical evaluation; - total price (comprising both the fees, the incidental expenditure and the provision for expenditure verification) of all tenders received exceed the maximum amount available for the contract.
Supply and Works contract	<ul style="list-style-type: none"> - which complies with the formal requirements and the eligibility rules; - whose total budget is within the maximum budget available for the project; - which meets the minimum technical requirements specified in the tender dossier; and - which is the least expensive tender (satisfying all of the above conditions). 	<ul style="list-style-type: none"> - none of the tenders satisfies the selection/award criteria of the tender procedure; - all tenders received exceed the maximum budget available for the contract.

The entire procedure (technical and financial evaluation) is recorded in the **Evaluation Report**. The report has to be signed by the Chairperson, the Secretary and all voting members of the Evaluation Committee.

VI. Notifications and signature of the contract

The successful and unsuccessful tenderers are informed on the results of the evaluation (format letters available at the web-page of EC). The successful tenderer is invited to the signature of the **Contract**. Format of the contract is provided in the tender documents.

RESTRICTED PROCEDURES

Calls for tender are restricted where all economic operators may ask to take part but only candidates satisfying the selection criteria may submit a tender. Under the restricted procedure, the Contracting

¹ For more information please refer to p. 2.4.13 "Cancellation of procurement procedures" of the PRAG.

Authority invites a limited number of candidates to tender.

Restricted procedure applies only in case of **service contracts** and in exceptional cases restricted tender procedure may be used in works contracts. The procedure follows two-step process: In the first step a public invitation for submission of expression of interest is issued. In the second step the initial offers are reviewed and a short-list of candidates is formed. The short-listed candidates are invited to submit full proposals.

For more information, please refer to points 3.3 (in case of service contracts) and 5.4 (in case of works contracts) of the PRAG.

OPEN PROCEDURES

Calls for tender are open where all interested economic operators may submit a tender. The procedure follows one step process where open invitation for submission of tenders is issued either on national and international level. The contract is given maximum publicity through the publication of a notice. Depending on whether it is a local or international open procedure the procurement notice is to be published in all appropriate media. **The open procedure is applicable to supply and works contract.**

For more information, please refer to points 4.3 (in case of supply contracts) and 5.3 (in case of works contracts) of the PRAG.

PROCUREMENT PUBLICATIONS

Having regard to the Art. 103 of Regulation (EU, EURATOM) No 966/2012 and Art. 264 of Commission Delegated Regulation (EU) No 1268/2012, and considering p. 2.4.2 "Open procedures" of the PRAG, the Beneficiaries are obliged to ensure widest possible participation in competitive tendering and the requisite transparency.

Depending on the type of tender procedure, the following documents should be published:

- For **Competitive negotiated procedures**: Completed tender dossier and Contract notice should be published on the Programme's web site and the grant Beneficiary's website (in its role of Contracting authority).
- For **Local open tender procedures for supply / works**: Complete tender dossier, *Contract notice* (annexes C2 or D2 of the PRAG), *Summary Contract notice* (annexes C3 or D3 of the PRAG) and *Contract award notice* (annexes C9b or D9b of the PRAG) should be published in all appropriate media, in particular on the Programme's web site and the grant Beneficiary's website (in its role of Contracting authority). Additionally, *Summary Contract notice* should be published in national press of the country in which the action is being carried out.
- For **International open tender for supply / works or International restricted tender procedure for service**: Complete Tender dossier; *Prior information notice* (annexes B1, C1 and D1 of the PRAG); *Contract notice* (annexes B2a, C2 or D2 of the PRAG); *Shortlist notice*² (Annex B6 of the PRAG); *Contract award notice* for international calls (annexes B14a, C9a or

² Related to International restricted tender procedures.

D9a of PRAG) should be published in all appropriate media, in particular on the Programme's web site and on the grant Beneficiary's website (in its role of Contracting authority). Additionally, *Prior information notice*; *Shortlist notice*; *Contract notice* and *Contract award notice* should be published in the **Official journal of the European Union (OJEU)**³;

- *FAQ/Clarifications*; *Cancellation notice* (Annex A5a of the PRAG) and *Corrigendum* (Annex A5b of the PRAG), if any, should be published in all appropriate media, in particular on the Programme's web site and on the grant Beneficiary's website (in its role of Contracting authority). Additionally, for International open tenders the forms of documents required by the administration of the web site of the OJEU should be used.

The requirements for procurement publications can be summarized as follows:

Type of procedure	Document	Published on/in:			
		Beneficiary's website	National press	Programme's web site	OJEU
Local open tender for supply	Contract notice (Annex C2 of the PRAG)	✓		✓	
	Summary Contract notice (Annex C3 of the PRAG)	✓	✓	✓	
	Contract award notice (Annex C9b of the PRAG)	✓		✓	
Local open tender for works	Contract notice (Annex D2 of the PRAG)	✓		✓	
	Summary Contract notice (Annex D3 of the PRAG)	✓	✓	✓	
	Contract award notice (Annex D9b of the PRAG)	✓		✓	
International open tender for supply	Prior information notice (Annex C1 of the PRAG)	✓		✓	✓
	Contract notice (Annex C2 of the PRAG)	✓		✓	✓
	Contract award notice (Annex C9b of the PRAG)	✓		✓	✓
International open tender for	Prior information notice (Annex D1 of the PRAG)	✓		✓	✓
	Contract notice (Annex D2 of the PRAG)	✓		✓	✓

³ Please have in mind that the templates available on the web site of the OJEU may differ from the templates of PRAG. Please use the respective templates, when making a publication to the web site of the OJEU. In all other publications (Programme's web site, grant Beneficiary's website and national press), please use the templates of the PRAG.

International restricted tender for service	Contract award notice (Annex D9b of the PRAG)	✓		✓	✓
	Prior information notice (Annex B1 of the PRAG)	✓		✓	✓
	Contract notice (Annex B2a of the PRAG)	✓		✓	✓
	Shortlist notice (Annex B6 of the PRAG)	✓		✓	✓
	Contract award notice (Annex B14a of the PRAG)	✓		✓	✓
For all procedures	Tender dossier	✓		✓	
	FAQ/Clarifications – if applicable	✓			
	Corrigendum – if applicable (Annex A5b of the PRAG)	✓		✓	✓
	Cancellation notice – if applicable (Annex A5a of the PRAG)	✓		✓	✓

For more information regarding the deadlines for publications, refer to Annex A11e “Guidelines publication” of the PRAG.

All documents for publication, depending on the type of the respective procurement procedure, should be accompanied by scanned official cover letter and sent to the JS, via the Beneficiary portal. The electronic documents and the cover letter should be sent by an official representative of the Contracting authority (Lead partner or Project partner) under each procurement procedure. The documents should reach the JS at least 5 days before the date of publication needed. In order to ensure the simultaneous publication to the Programme’s web site and other media, Beneficiaries should note in the cover letter the date of publication needed, e-mail for contacts and any other specific information. Beneficiaries will receive confirmation for the date of publication to the Programme’s web site on the contact e-mail, mentioned in the cover letter.

The JS will not issue publication reference numbers, but will apply the reference numbers proposed by the Beneficiaries (in free format). Since for international tenders the reference numbers issued by the OJEU are provided after publication, the JS recommends the use of both numbers (issued by the Beneficiaries and by the OJEU) in the process of evaluation, contracting and reporting.

The publication to the Programme’s web site is carried out by the JS. All publications will be available in the “Public tenders” section of the site.

NB!	The Beneficiaries bear sole responsibility for the content and the quality of tender documents, published on the Programme’s website, as well as for the simultaneous publication to all other media (web site of the OJEU, Beneficiary’s website and/or national press).
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The Beneficiaries should respect all other requirements for publication, stipulated in the PRAG and the present Manual, particularly related to templates of documents and deadlines for publications.

4.4. Modifying sub-contracts

The contracts, concluded in result of procurement procedure, may need to be modified during their execution period. The procedure for modification has to be launched in exceptional cases. **Contract modifications must be formalized through:**

- **an administrative order** to the contract; or
- **an addendum** to the contract.

Substantial modifications to the contract must be made by means of an addendum. Such an addendum must be signed by the contracting parties. The purpose of the addendum or administrative order must be closely connected with the nature of the project covered by the initial contract.

Type of changes		
Changes with addendum	Changes with administrative order	Inadmissible changes
Changes of the contract duration	Changes of address	Changes post factum
Amendment in project team (experts in service contracts)	Changes of bank account	Changes (extending) in the implementation period of the contract over the maximum period for completion of the project.

NB!	Modifications, which will lead to substantial changes of the scope of works (for works contracts), delivered supply/equipment (for supply contracts) and project scope and objectives (for service contracts) are not allowed. Addenda with retroactive effect are not allowed.
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A request for contract modifications should not automatically be accepted by the Contracting Authority (Beneficiary). There must be justified reasons for modifying a contract. The Contracting Authority (Beneficiary) must examine the reasons given and reject requests which have little or no substantiation. Contracts can only be modified within the execution period of the project. For more details see point 2.10 of the PRAG.

4.5. Derogation to the rule of origin

All goods (supplies and materials) purchased under a procurement contract, must originate from the EU or from an eligible country according to Annex A2b to the PRAG. For more information regarding the rules of nationality and origin, please refer to p. 4.1 Basic rules of the PIM.

In accordance with point 2.3.2 “Derogations to the rules of nationality and origin” of the PRAG, exceptions to the rule of origin may be made in some cases.

NB!	The award of derogation to the rule of origin is decided on a case-by-case basis by the Managing authority (MA) before the procurement procedure is launched. If the award of contract is preceded by a tender procedure, the derogation must be mentioned in the Contract notice (if published). In such cases, except where justified, the derogation
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would concern not only one country but would be open to any origin.

Prior the submission of a Request for derogation to the rule of origin, the Beneficiaries should perform a large-scale inquiry of suppliers. As “supplier” is considered a trader-producer or official representative of the producer, or middleman of the relevant equipment. “Large-scale inquiry” should be considered an analysis, which is not focused only on local/regional suppliers. As a result of the inquiry, the Beneficiaries should submit the correspondence, containing official answers from at least three suppliers, one of which, operating at national level, together with the Request for derogation to the rule of origin. The formal inquiry and the lack of the relevant answer do not fulfill the above conditions for submission of the Request for derogation to the rule of origin.

Reasons for applying derogation:

I. Unavailability of Goods

Proof must be provided in case of purchase of specific professional equipment, which is supposedly not available with EU or other eligible countries’ origin. Beneficiaries should contact wide range of potential suppliers and collect written confirmation of non-availability of goods in respect to the rule of origin. In order to obtain the derogation to the rule of origin for the reason of unavailability of goods, the Lead partner has to submit Request for derogation to the rule of origin (Annex 13 of the PIM), accompanied with:

- Reasons for applying the derogation rule;
- Explanation by the concerned party;
- Documents and other relevant information;
- Market study proving that the goods in question are not produced inside the eligible countries;
- Official inquiry to the Suppliers asking for the defined goods produced in the eligible countries;
- At least three official answers from the Suppliers describing that requested goods produced in the eligible countries are not available on the market;
- Proof for incompatibility with similar to EU or other eligible countries origin equipment;
- Web research (in case of smaller contracts), etc.

II. Reasons of Extreme Urgency

“Extreme urgency” and “unforeseen events” refer to external factors only. These external factors need to be truly unforeseen such as natural disasters. For instance, archaeological discoveries during construction work cannot be considered unforeseen in old cities where excavation work frequently leads to archaeological discoveries. Internal factors generally do not constitute unforeseen extreme urgency. This includes cases in which a Contracting authority started a procurement procedure too late as well as cases in which a project is running out of time. In general, reasons of extreme urgency are rear situations for derogation to the rule of origin. In order to obtain the derogation to the rule of origin for the reason of extreme urgency the Lead partner has to submit Request for derogation to the rule of origin (Annex 13 of the PIM), accompanied with:

- Reasons for applying the derogation rule;

- Explanation by the concerned party;
- Documents and other relevant proves;
- Reasons of extreme urgency are sufficient and well justified, etc.

III. Realization of a project Impossible or Exceedingly Difficult

As a general principle, the application of the rule of origin should not make the implementation of the project impossible or exceedingly difficult. Examples:

- Sometimes a purchase of specific professional equipment is necessary for project's implementation, e.g. hydrological, geological measurements equipment, etc. is usually not available with the required origin;
- Exceedingly difficult realization of the project occurs e.g. when the service or equipment is available in the concerned countries, but its excessive price (compared to the non EU country) directly endanger the possibility to achieve the project objectives. This means that the general principles of value for money, effectiveness and proportionality should be considered also. Sufficient written proof or expert advice should be submitted by the Beneficiary to prove unforeseeable circumstances at the time of the application, concerning budget planning.

In order to obtain the derogation to the rule of origin for the reason of realization of a project impossible or exceedingly difficult the Lead partner has to submit Request for derogation to the rule of origin (Annex 13 of the PIM), accompanied with:

- Reasons for applying derogation rule;
- Explanation by the concerned party;
- Documents and other relevant proves;
- Market study is conducted and it is clear that the goods in question are not produced inside the eligible countries;
- Official inquiry to the Suppliers asking for the defined goods produced in the eligible countries;
- At least three official answers from the Suppliers describing that requested goods produced in the eligible countries are not available on the market;
- Web research have been conducted (in case of smaller contracts);
- Incompatibility with similar to EU or other eligible countries origin of equipment;
- Written proof for unforeseeable circumstances planned in the budget at the time of application, etc.

Procedure for approval of the Request for derogation to the rule of origin

The derogation procedure starts with submission of Request for derogation to the rule of origin (Annex 13 of the PIM), supported with required documents. In all cases, the request should be signed by the Lead Partner (if the derogation is asked by the Project partner the request should be submitted through the Lead partner) to the Joint Secretariat (JS), through the Beneficiary portal. Within 5 working days, the JS should perform a check of the submitted request in terms of availability of all supporting documents proving the necessity of derogation. In case of missing documents, the JS should send a

notification to the Lead Partner to send the documents within 5 calendar days of receipt of the notification. After completion of the check, the JS has to submit the whole documentation, supported with the check list to the MA. Within 5 working days the experts has to examine the documentation for derogation and propose a justified decision. Based on the performed check-up, decision for approval or rejection of the Request for derogation to the rule of origin should be drafted and submitted to the Head of MA for approval. The award of the derogation is decided on a case-by-case basis by the MA and is valid only for the specific case and for limited period of time.

The procedure for derogation could be executed only in case of supply of specific professional equipment and if the above listed conditions are respected.

NB!

The unavailability of daily used office equipment, such as printer, PC, fax, telephone, GPS device etc., **cannot be considered a substantial obstacle for the project implementation.**

Additionally, **the excessive unit price should not be considered as a reason for request of derogation**, having in mind that the Beneficiaries should be familiar with the rules of the PRAG, regarding the supply of equipment.

5. State aid and de minimis provisions

During the life-cycle of the project the project partners located in Bulgaria have to ensure that all activities are implement in compliance with the respective national legislation related to competition and State aid. To this end, the Lead partner and the project partners shall ensure publicity and transparency of the activities and project outputs and results, which can create an economic advantage to an economic operator.

In case the situation of distorting competition by favoring certain undertakings arises during the implementation period of the operation, the Lead partner shall immediately notify the MA.

Where a part of the subsidy is awarded in the form of de minimis aid for implementation of specific activity, but the partner is not final user of the aid, i.e. implementation of this activity will give advantage to third parties, the respective partner should formalise the use of the respective funds by them in an appropriate manner (e.g. through signature of an agreement). The Lead Partner is obliged to officially notify the Managing Authority about any undertaking, which is a final user of the aid, immediately but not later than the day following the date, when the formal document for receiving the aid by the respective undertaking is signed. The notification shall include as a minimum the name and national identification number of the undertaking, the exact amount of the aid, the date the aid was granted, and a copy of the document governing the receipt of aid.

The observance of the above mentioned conditions is closely verified / monitored by the Programme bodies at all levels (first level controllers, JS and MA) not only during the pre-contracting phase, but also during the whole implementation period of the projects.

The aim of the control in the implementation period of the projects is to identify any potential situation of state aid at the current stage of the project development. The checks are to be made by the first level controllers and JS and if such situation is identified it should be reflected in the respective checklists issued by them and immediately reported to the MA.

In case the Programme bodies find out that the Lead partner or any project partner made false declarations regarding state aid, the MA is entitled to terminate the subsidy contract, in whole or in part, and to demand repayment of the amounts already paid.

Important:

In view of the project activities, all beneficiaries are reminded that recipient of State aid can be any undertaking receiving an advantage through the project that it would not have received under normal market conditions. This means that the rules for the State aid apply to all undertakings – either participating as project partners, or third parties (indirect aid) receiving benefits from the project (such as participants in project activities like trainings, seminars, workshops etc).

The partners located on the territory of the Republic of Macedonia shall follow the applicable national regulations regarding state aid.

6. Reporting

The Lead partner shall report electronically the progress of the project implementation on quarterly basis (three-month) with the exception of the last reporting period, which may be shorter/longer than 3 months.

The first reporting period starts with the start date of the project implementation period. The last reporting period always ends by the end date of the project.

Example: *If the first day of project implementation of a 10 months project is 23.07.2017, the first quarter of project implementation should be: 23.07.2017 - 22.10.2017, and the last reporting period should be: 23.01.2018 - 22.05.2018.*

The **Project Progress Report (PPR)** (Annex 3) shall provide information about the progress of the project activities as they are implemented by the PPs within the reporting period and the level of achievement of the activities' outputs. Additionally, brief description of the procurement procedures and visibility measures carried out within the reporting period shall be also highlighted in the PPR.

The PPR is to be filled in by the LP (using the information provided by the PPs) and sent to JS. through the Beneficiary portal. The progress of the activities covers only the the respective reporting period. For each previous reporting period, the information (reported by the LP and approved by the JS) will be included automatically.

NB!

The Lead partner has to submit the PPR to the Joint Secretariat through the Beneficiary portal of the Programme website. The deadline for submission of the PPR is no later than 10 (ten) working days after the end date of the respective reporting period. In case of delay in the reporting, a reminder will be sent by the JS to the Lead Partner. **The Lead partners are reminded that the failure to submit the required reports will be qualified as a basis for termination of the Subsidy Contract.**

The corresponding checks and approval procedures on the PPR shall be done within 30 days after submission of the PPR by the LP to JS. The deadline for response/submission of the necessary documents or clarifications related PPR by the LP to the JS is 10 working days. The LP shall be duly notified for the PPRs' approval within 5 days after the approval).

NB!

The Final Project Progress Report (FPPR) has to be submitted within 20 (twenty) working days after the end of the the project implementation and has to cover the whole period of the implementation of the project, The information about the project's contribution to the Programme output indicator(s), the horizontal issues, etc. shall be reported by the LP only in the FPPR.

The preparation, submission, corresponding checks and approval procedures for the FPPR are identical to those for the Project Progress Reports

Together with the FPPR, the LP is required to submit brief overview of the objectives reached, activities implemented and results achieved by the project in Final Project Summary (Annex 3.1). The information shall be used by the MA / NA / JS for promotion of the project.

NB!

The language of reporting is English. The PPR (FPPR) and the Final Project Summary have to be prepared in English.

6.1. Content of the PPR

➤ Main data

This section contains administrative information for the project: name, reference number, reporting period, name of LP, contact details, etc. The PPR contains a statement of the LP, saying that the information and documentation in this progress report and its attachments give a correct description of the implementation and the present status of the project part.

➤ Activity report

LP is requested to provide an overview of the activities carried out during the reporting period and of the degree of achievement of the project's objectives and results, to report on the level of involvement of all partners and to explain the main problems faced during the period. In addition to its importance as tool for presenting the projects achievements, the activity report allows also for the verification of the progress of the project in implementing the work plan as described in the approved Application Form and consists of the following sections:

- **Summary of the project activities** - LPs are requested to provide an overview of the activities carried out **during the respective reporting period** (information for previous

reporting periods will be included automatically), as well as the delivered outputs. At the same time, LP has to compare the summarized data, concerning the implemented activities with the original information from the Application form. In case of deviations and/or differences, justification for the reasons has to be provided. Please, note that the information in this section have to be detailed in order the assessment of the PPR to be maximum comprehensive and prompt;

- **Public procurement procedures** - all procurement procedures should be listed in this section. Information concerning the type of procedure, amount of the contract, date and name of the contractor should be included. **Please, note that the list of finalized procurement procedures should be complemented cumulatively (not only for the reporting period);**
- **Project Implementation timeframe** - LP should provide information about the implementation of the activities in accordance to the action plan. All deviations and/or differences, in comparison to the Action plan set in the Application Form schedule, should be reported, as well as their impact on the implementation of other project activities. (**Example:** If the procedure for supply of promotional materials is not finalized, explain if and how this could affect the correlated project activities such as the planned public events.);
- **Information and publicity activities** that have been carried out **from the start of the project till the end of the respective reporting period.** The reported information should include (depending on the activities planned in the specific project budget): lists of publications in the media, specifying the details such as name of the media, date/issue of publishing/airing, type of publication (advertisement, paid press release, TV/radio clip, etc.), and with relevant hyperlinks (whenever possible); in case of radio/TV publications also specify the duration of the publication/ad and the number of airings; promotional materials (with quantities); developed information tools under the project – web sites, platforms (with relevant hyperlinks), etc.;
- **Project modifications** - description of the changes in the reporting period, which did not require subsidy contract modification, should be listed. This includes only small content changes and changes in the administrative information;
- **Other issues** - suggestions, comments, difficulties or problems encountered during the project implementation, solutions, partnership relations, etc. This section is very important for Managing Authority's feedback for suggestions and improvements.

➤ **Monitoring and Coherence**

This section provides information about achievement of the project's output indicators from the start till the end of the project.

- **Output indicators allow measuring the achievement of the quantitative targets presented in the Application Form, by the provision of indicators for the reference period and, in aggregated form, since the beginning of the project. Please, note that the list from the initial PPR should be complemented in each following PPR, not only for the reporting period.**
- **Parts as Cross-border character, Project coherence with applicable**

national/regional/EU programmes, Project partnership cooperation, Horizontal themes, Cross-border impact and Sustainability are obligatory only for the final report. Nevertheless, LP may express its opinion during the project implementation, which will be useful practice in preparing for the final PPR.

6.2. Assessment of the PPR

JS is responsible for checking and approval of the project reports. The main objectives of assessment of the PPR include verification of the progress of the project, timely implementation of the activities and extent of the achievement of project's output and their correspondence to the Application form.

The JS perform documentary check of the PPR according to the information presented by the LP. If some information related to the PPR is not correctly/clearly described, the JS may return the PPR for correction/clarification.

In case of investments activities performed during the reported period, the JS officers may proceed with on-the-spot visit.

NB!

The Lead partner should take into account, that the MA will reimburse the requested funds only in case the respective PPR is accepted and approved by the JS.

Costs for project implementation are eligible, if the project partner submits together with PPR supporting documents, giving evidence for implementation of activities. Required documentation depends on nature of activities.

Generally, the required documents for specified activities are presented below:

TYPE OF ACTIVITIES	SOURCE OF VERIFICATION
Seminar, conference (organization)	<ul style="list-style-type: none"> - Agenda; - Participants (registration list, signed by the participants); - Photos (hall, participants, lectors, programme/project visualization); - Presentation (with the name, title and signature of the lectors); - Copies of materials given to participants; - Feed-back for response, with recommendations and assessment from participants; - Public announcement or invitations; - Financial documentation, related to the above.
Seminar, conference (participation)	<ul style="list-style-type: none"> - List of participants; - Report of the PP's representative; - Photo of the representative (in front of the agenda or other space of the seminar which gives sufficient information on the participation, programme/project visualization); - Uploaded information for the seminar on project/beneficiaries web site/s ; - Certificate(s) (if applicable);

TYPE OF ACTIVITIES	SOURCE OF VERIFICATION
	- Financial documentation, related to the above.
Training	<ul style="list-style-type: none"> - List of participants, full name, address, contact (phone, e-mail) name of the organization they represent; - Training programme; - Training materials; - Feed-back for assessment of training; - Report from training and summary of feedback; - Photos from the training with programme/project visualization; - Press publications with programme/project visualization .
Exhibition (participation)	<p>In addition to the seminar participation:</p> <ul style="list-style-type: none"> - Plan of the hall; - Plan of the stand; - Photos of the stand (the visibility plaque has to be visible on the photo).
Application for trade mark or patent	<ul style="list-style-type: none"> - Copy of the registration form; - Certificate; - Financial documentation, related to the above.
Tests	<ul style="list-style-type: none"> - Report on tests results; - Contract for the tests with explicitly stated expected tests procedures; - Certificate; - Financial documentation, related to the above.
Web-site	<ul style="list-style-type: none"> - Screenshot; - Web site counter results, including launch of the site; - Financial documentation, related to the above.
Publications, advertisement	<ul style="list-style-type: none"> - Copy of the publication with programme/project visualization, including the first page of the magazine and the header of the page and the page self, where the publication is located; - Financial documentation, related to the above.
Advertisement (non-publication)	<ul style="list-style-type: none"> - Photos of the advertisement; - Video/Audio Material with programme/project visualization; - Financial documentation, related to the above.
Internal carried tasks	<ul style="list-style-type: none"> - Reports on progress and related physical outputs; - Drafts; - Elaborated strategies, plans and etc.; - Technical documentations (test results, photos from tests, etc.);

TYPE OF ACTIVITIES	SOURCE OF VERIFICATION
Working meetings	<ul style="list-style-type: none"> - List of participants, full name, address, contact (phone, e-mail) name of the organization they represent; - Detailed agenda; - Report from meeting.
External experts	<ul style="list-style-type: none"> - Report for tasks completed; - Copies of elaborated materials; - Protocol for put-in-work.
Supply of equipment	<ul style="list-style-type: none"> - Documents from tender procedure, technical specification, signed contracts; - Document for procurement, including Final Acceptance Certificate; - Statement/Certificate of origin for equipment/supplies; - Available equipment, stamped as described hereinafter.
Technical documentation for works	<ul style="list-style-type: none"> - Documents from tender procedure, bill of quantities, technical specification, signed contracts; - Correspondence between involved parties; - Permissions, Environmental Impact Assessment (if applicable); - Documents from Works Supervision – statements, protocols for works completed, supervision reports, copy of the required protocols in construction; - Documents for acceptance of site by Committee and Use Permits; - Publicity measures; - Photos with programme/project visualisation.

7. Financial Management of the project

This section provides information and guidelines for the Beneficiaries about the requirements for financial management and control of project expenditures. The financial management of the project is based on the Lead partner principle.

The “Lead partner” principle

The Lead partner (LP) is responsible for sharing out the tasks among partners and it is entirely their responsibility to ensure that these tasks are completed as stated in subsidy contract and the partnership agreement. Therefore, the financial control responsibility of the LP is restricted to:

- control that the implementation of the project and the expenditures made are in accordance with the activities in the Subsidy Contract and the Partnership Agreement;
- control that the expenditures made by the PPs are verified by a FLC.

Project partners must be aware that in case of an appeal procedure, the reimbursement of funds for the total project is to stop for further clarifications and taking a final decision by the MA.

7.1. Organization of Bank Account and Bank Statement

The Lead partner must open a **separate EUR bank account**, to be used only for the payments related to the project.

The details of the bank account and the obligatory requirements towards the bank accounts under the Programme are the following:

- Holder of the project account is the LP, who signed the respective Subsidy Contract;
- The account must be denominated in the currency, required by the MA in the Guidelines for Applicants, namely in EUR;
- The respective Bank Office should be mentioned;
- The IBAN;
- The Bank Identification Code (BIC/SWIFT).

The interest accrued under the bank account(s) of the project is reported in the financial report with the Request for final payment. A Certificate or Reference from the bank regarding the interest accrued under the account for the contract implementation period has to be attached to the Request for final payment.

In case that under a project more than one bank account has been used, the LP must report all the interest accumulated under all the accounts by submitting the respective documents.

In case of change of the bank account under the project, the LP must inform immediately the MA and justify the need of this change as well as submit all the necessary account details for the new account (*Annex 1*).

The Programme does not require that the Lead partners perform all payments from the project's account in Euro (they can perform payments from a different account, denominated in BGN for example). **The Programme requires that there is traceability of the performed operations and that analytical accounting is organized for the purposes of the project.**

7.2. Validation of expenditure by first level controllers

The reimbursement of the expenditures for the execution of the contract is based on verifications by First Level Controllers (FLC Controllers).

The reported expenditures by the PPs will be checked and validated by the controllers designated by the MA or NA. The controllers will carry out the first level control (FLC). The FLC reviews 100% of all declared project expenses. The FLC entails the following checks:

- verification of the delivery of the products and services;
- verification of the soundness of the expenditure declared;
- Verification of the compliance of such expenditure with the Programme, EC and national rules.

Expenditure will be validated by Bulgarian/ Macedonian Controllers within a period of 45 days from the date of submission of the Request for First Level Control (*Annex 4*).

However, the LPs are accountable to the JS, the MA and the CA for all the project costs. Therefore,

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the LPs are responsible for the project financial management and the operation of the control systems. The LP must check all the documents of the requests for payment, ensure that the expenditure of each partner is directly linked to activities as agreed in the Application Form/Subsidy Contract and verify that the expenditure of each partner has been validated by the controller.

The process of First Level Control is as follows:

Step 1

Each Bulgarian/ Macedonian Project Partner (including the Lead Partners) should fill in an information concerning the expenditures during the reporting period in the Beneficiary portal on the Programme web site. All relevant primary accounting documents and other documents as: invoices, other accounting documents, technical documentation for delivery of the products, services and works, sub-tender procedures dossiers, in case there are expenditures related to sub-contracting, i.e. tender dossier, information for all the participants in the conducted sub-tendering procedures as well as the chosen sub-contractors, should be upload in Beneficiary portal by respective PP. After the end of the reporting period LP submits Request for First Level Control (Annex 4), to the MA within the deadline specified in the Subsidy contract. The request could be sent by the respective Project Partner, if such rights are delegated by the LP. Submission of the Request for FLC and the related documents should be done through the Beneficiary portal on the Programme web site or on a hard copy. In case of hard copy the LP should submit Invoice Report with the attached financial report, list of contracts (originals, signed by the legal representative of the PP/LP) and all supporting documents (hardcopy) to the MA/NA. In this case all the supporting documents must be stamped with “true copy of the original”.

Step 2

The Bulgarian/ Macedonian FLC Controller performs a complete check of the expenditures reported by the Bulgarian/ Macedonian PP/LP on the basis of the invoices and/or accounting documents of equivalent probative value. The FLC Controller verifies the delivery of the products and services co-financed, the soundness of the expenditure declared, and the compliance of such expenditure with Community rules, Programme rules and relevant national rules. The check is performed “on desk” and/or “on-the spot” (if applicable).

For Bulgarian Project Partners:

If in the process of validation a lack of documents, shortage in the documents submitted or necessity of presenting additional documents concerning the relevant request for first level control is found by the controller, he/she sends a request to the beneficiary to present the necessary documents within a period of 3 days. The requests for additional information and the relevant answers are submitted via the beneficiary portal or on a hard copy and are noted in the CVE.

Step 3

After verification, the Controller issues the “**Certificate for Validation of Expenditures**” (CVE) to the project partner (via BP or on a hard copy). In addition the controller completes the respective FLC section in the “Invoice Report” with the attached “Financial report” and the “List of contracts” (Annex 5) which is issued by the project partner.

The “Invoice report”, including the “Financial report” and the “List of contracts” must be verified, signed and dated by the FLC.

Step 4

In due time after the verification of the FLC officer, each project partner has to inform the LP that verification procedure is finished and the CVE, the Invoice report, financial report, list of contracts and signed declarations for VAT status (only for Bulgarian partners) and lack of double financing and revenue (“Verification package”) are present at the Beneficiary portal. In case of hard copy the respective PP has to submit the “Verification package” to the LP.

The LP is responsible for checking whether the expenditures, presented by the partners, are verified by the controllers and whether the verification, received from them, gives the necessary confidence for it to verify before the MA that the expenditures, declared for reimbursement, are eligible and lawful.

Step 5

After receiving the information and documents by other PPs for executed FLC the Lead partner has to summarise the information from all partners and to prepare an aggregated Request for Payment (one request for the entire project). The request for payment is filling in on-line in the electronic fields available on the Beneficiary portal and is to be sent by the LP to the JS through the portal. The procedure is described in p. 7.3.

During the verification process the controller may identify some problems, which could be classified as irregularity or infringement of the applicable law and to provide the partner with recommendations for correction. The project partner has to consider the findings and recommendations by the FLC controller and to undertake measures to correct the gaps identified. “Corrective measures” do not concern already verified documents or results which have to be done on the previous stage, but it concerns the future implementation of the project. Where the recommendations are not clear or abstractive, the project partner should contact the JS / MA for consultation.

In case of disagreement with the findings of the FLC controller during the verification process, the LP/PP may send to the MA/NA an “Appeal Declaration” (Annex 7) together with Request for Payment (RP - Annex 6).

In case of disagreement with the findings of the MA during the verification process, namely the non-validated expenditures, the LP may send to the MA an “Appeal Declaration” (Annex 8).

Each “Appeal Declaration” must be accompanied by detailed justification and additional supporting documents (if needed).

Additionally, during the verification process the MA may request additional documents and clarifications by LP and may initiate on the spot check, if necessary.

7.3. Submission of Request for payment

Specific types and schedule of payments to LP are determined in terms of the Subsidy Contract. Three types of payments are foreseen:

- Advance payment;
- Interim payments;
- Final payment.

The amount of advance payment, which is provided by the MA to Lead Partner is up to 20% of the EU and the Bulgarian national co-financing, as part of the Subsidy Contract.

For soft projects, the MA transfers it in one instalment after receiving request for advance payment.

For investment projects, MA transfers advance payment in two instalments, i.e. 10% of the total amount of the Contract after it enters into force and the rest 10% of the total amount of the Subsidy Contract after one of the project partners awarded a sub-contract for investment activity.

In all cases, the LP must send a request for advance payment to the MA no later than 45 days after the Contract enters into force.

MA transfers the amount of advance payment to the LP within 20 working days after receiving request for advance payment. Interim/final payments are to be executed by the MA within 45 days after receiving request for interim/final payment .

The advance payment is deducted from the verified expenditures reported in the Request for final payment. Interim and final payments are based on costs actually incurred by the beneficiaries.

The total amount of the advance and interim payments of an operation cannot exceed 80% of the total eligible costs. Unlike the advance payment, where validation of expenditure is not applicable, for interim and balance payments, the LP can request reimbursement of funds by submitting a Request for Payment to the MA. The Request should be submitted to the MA not later than 5 (five) days from the date of receipt of the documents proving verification of expenditures by the First level Controller/s for all project partners with performed FLC check for the reporting period.

In case the balance between the verified eligible costs and the amount of advance payment is positive, MA will initiate final payment. In case the advance payment exceeds the verified total eligible costs, the MA will send to the Lead partner "Request for recovery of funds" in accordance with the terms and conditions of the Subsidy Contract.

Before submitting the Request for Payment, in compliance with the Article 72 of the Regulation (EC) No. 1303/2013 and in accordance with Guidelines regarding the certifying of expenditures issued by the Bulgarian Minister of Finance, **the LP shall verify the following:**

- the project activities are implemented in accordance with the principles of sound financial management;
- the payment request includes only expenditure, which is verified by the controllers, which is eligible and which is actually incurred by the partners for the implementation of the operation approved, in accordance with the contract, signed with the Managing Authority;
- the progress of the operation (financial and physical) complies with the provisions of the contract with the Managing Authority;
- the activities under the operation are duly documented. All accompanying documents, referring to the expenditure and the audits of the operation, shall be and will remain at the disposal of the European and the respective national controlling authorities, including the Audit and the Certifying Authority under the respective programme for a period of three years after the programme's closure;

- the audits and/or inspections performed do not establish any weaknesses or omissions in the management of the operation approved, or, if such are established, there is a commitment for their rectification, including an approved timeline of corrective measures;
- the expenditure declared in the present Request for payment is not subject to double funding from other funding sources and has not been included in any other previous requests;
- the sum total, accumulating the expenditure, declared for reimbursement, does not exceed the respective operation budget lines;
- all certificates on validation of expenditures presenting the expenditure of the Project Partners in this Request for payment are attached in original paper version officially signed by the designated controllers;
- the information included in the Request for payment and its Annexes are true and correct.

In 5 (five) days period of receiving the documents from the partners the LP fills in on-line the electronic fields of the Request for advance/interim/final payment in the Beneficiary portal and sends it to the JS for performing of formal check. **Together with the Request for interim/final payment, LP has to submit through the BP or on a hard copy the following annexes** (collected by all project partners):

- Certificate(s) for Validation of the Expenditure by the FLCs;
- Copy of the First Level Control Designation Certificate(s) – only for Macedonian partners;
- Project partners' Invoice Reports with the attached financial report and list of contracts (Annex 5);
- Financial Identification Form for the LP (bank account details) (Annex 1);
- Declaration VAT status (Annex 11) – only for Bulgarian partners;
- Declarations for lack of double funding and revenue of the project (Annex 12) by each of the partners who reports expenditures. The Declaration has to be included in the respective request for payment;
- Appeal Declaration (against the FLC validation certificate, if applicable (Annex 8).

The LP is responsible for Submission of the request for payment and its annexes to the JS through the Beneficiary portal.

The JS will perform formal check of the received documents and may request from the LP additional information, documents and removal of mistakes and omissions, if necessary. After finalizing the formal check the JS shall inform the LP that the Request for payment can be submitted officially to the MA.

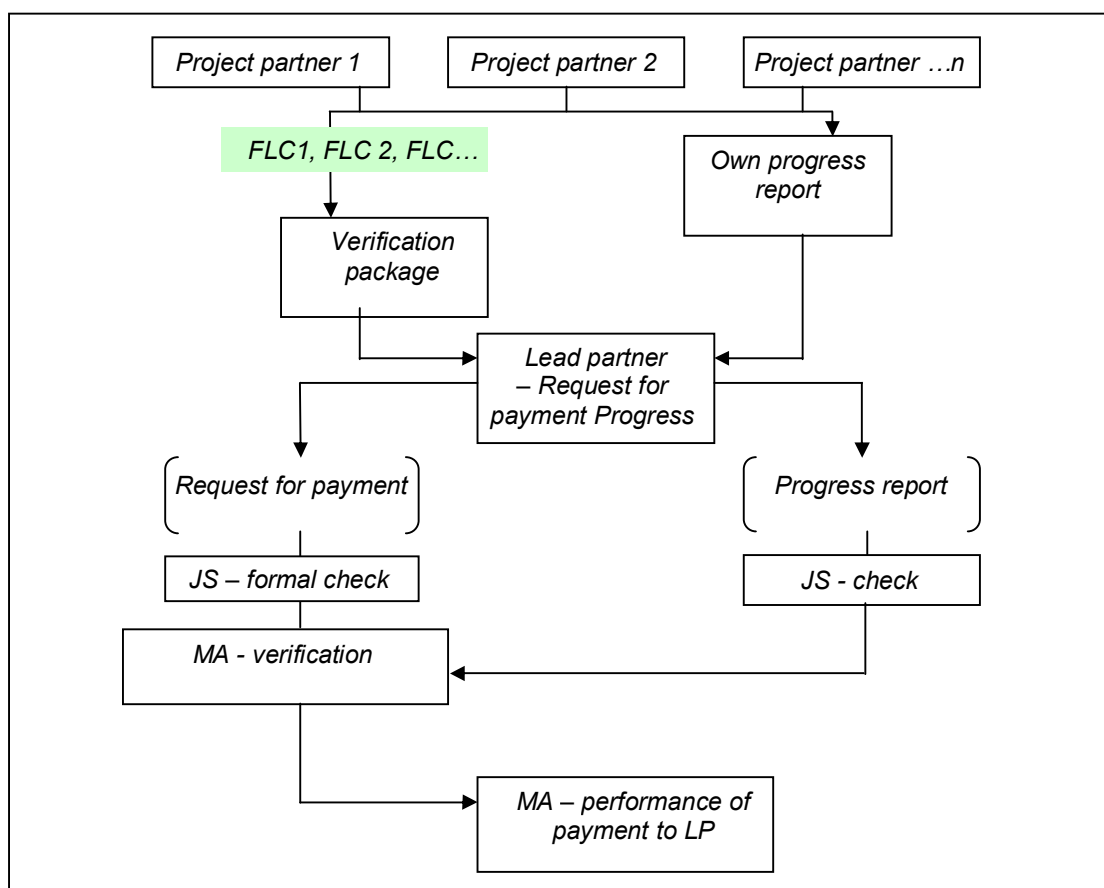
Additional requirements concerning the preparation and completion of the Request for payment:

1. The amounts for each partner of the Request for payment (Validated eligible expenditures per project partner) must comply with the verified costs by the First level Controllers. Accordingly, the total amount requested of the Request for payment must include the sum of all verified costs of the partners minus 15% own co-financing for the Macedonian partners. The amounts in each field of this document should be carefully calculated and indicated;

2. The Reporting period inspected by the Controllers as well as the Project duration period should comply with the dates specified in all relevant documents. Project duration and reporting period should be filled in correctly;
3. Aggregate amounts of each budget line written in the Invoice report and Financial report must be comparable and correctly calculated;
4. Staff costs (BL1) and Office and administrative costs (BL2) must be included in the invoice report and financial report of each project partner as a global sum on the basis of the flat rate percentage, indicated in the respective budget;
5. When reporting the costs associated with currency exchange and completing cost amounts in the electronic fields of the Invoice report, the official exchange rate of the currencies of the European Commission must be used.

LP submits to the FLC/JS/MA all documents listed in the flowchart through the Beneficiary portal.

Flowchart - process of requesting payment



In order to receive funds from MA the LP, before preparation of the Request for payment, should send a Progress report to JS, as described in [section 6 “Reporting”](#). The reimbursement of funds under the respective Request for payment shall be carried out only after approval of the respective Project progress report by the JS.

The LP should take into account that the Programme will reimburse requested funds only if its corresponding PPR is accepted and approved by the JS.

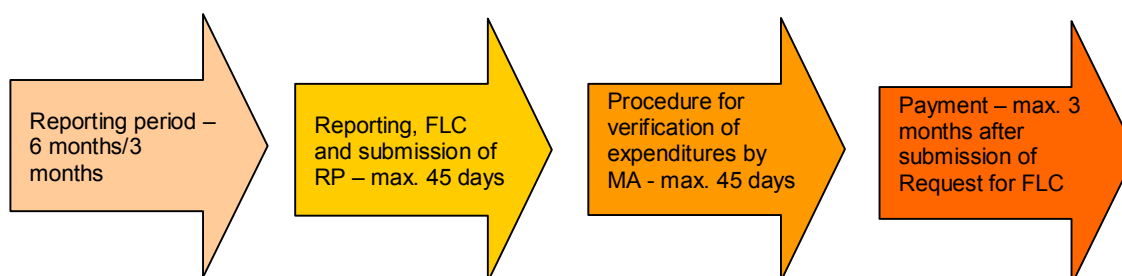
7.4. Reimbursement of Funds to the Lead Partners

When submitting the Request for Payment, the LP has to be aware of the steps and the estimated timeframe of the reimbursement of Funds. The following procedure applies for the reimbursement of funds to the LP:

- The LP submits the Request for Payment to the MA within the deadlines given in the Subsidy Contract;
- The reimbursement of funds to the LP will be initiated by the MA within the deadlines given in the Subsidy Contract;
- The LP may be requested to clarify/revise Request for Payment during the verification process. If the Request for Payment is rejected by MA the expenditures can be included in the Request for payment for the next reporting period;
- The reimbursement of funds will be performed by the MA after the verification process. In case the EU balance of the programme single bank account handled by the Certifying Authority does not cover the amount to be reimbursed, the reimbursement process will be suspended till the transfer of the EU contribution from the EC is credited to the Programme single bank account. In this case, the MA notifies the LPs for the amount of the verified expenditures. The MA transfer the amounts subject of payments after the necessary funds are ensured in the programme bank account;
- The verified expenditures subject of payment will be transferred by MA in bank account of the LP opened exclusively for the project. The LP is responsible to transfer the respective funds to each project partner according to the approved request for payment and within the deadline given in the Partnership Agreement.

7.5. Timeframe of reimbursement of Funds to LP

LP and the PPs have to consider the timeframe of the reimbursement of Funds when preparing the time plan of their project activities. The following flowchart presents the procedures described in the following section with the indicative timeframe:



Balance payment shall be made after the approval of final PPR.

7.6. Eligibility of expenditure

➤ Value added tax (VAT) – only for Bulgarian Beneficiaries

The expenditures cover VAT, being eligible or non-eligible / ineligible. It is regulated in Art. 43 of the Regulation 447/2014, and Guidance Letter № NF-5/28.07.2014 of the Minister of Finance of the Republic of Bulgaria.

In the Guidance letter there are instructions regarding the terms “eligible VAT” and “ineligible VAT” in relation to the implementation of the projects/contracts under EU-funded programmes. The basic principle is as follows – if a Beneficiary has the right to reimburse the VAT by the state budget, then the amount of the VAT is ineligible expenditure for the Programme. If the Beneficiary has no right to reimburse the VAT from the state budget then the amount of the VAT is eligible expenditure for the Programme, provided that it is included in the project budget.

Each Beneficiary is responsible for the correct classification of the VAT expenditures as either eligible or ineligible expenditure based on the Instructions of the Letter ref No NF-5/28.07.2014.

NB!

When beneficiaries are VAT registered, the Declaration on VAT status must be accompanied by Annex 1 to the Instructions of the Minister of Finance of the Republic of Bulgaria (Guidance Letter № NF-5/28.07.2014) on the treatment of VAT as eligible expenditure. A scanned copy of the Certificate of registration under VAT law should also be enclosed (if the organization is VAT registered). When VAT is irrecoverable according to the VAT law and it is recoverable under the project, the documentation should be accompanied by the scanned copies of VAT Register of purchases.

➤ No double funding in the declared expenditures is allowed

With every Request for payment (Annex 6) it is necessary for all project partners that have declared expenditures to ensure that these expenditures have not been funded by other national or community source (Annex 12).

All the primary accounting documents should possess the obligatory requisites according to the respective legislation.

NB!

Every invoice or similar accounting document subject to verification must contain obligatory text, identifying the specific project: the number and name of the project (for the expenditures related to the project preparation – the project name and/or the number of the call for proposals) and detailed information regarding the supplied products or services – quantity, type and unit prices.

If a single invoice is used for claiming expenditures on more than one budget line as per the Subsidy Contract, then the invoice or its attachments should have the expenditures divided as per the division in the budget (for example: hall rent, equipment rent, coffee breaks, etc.).

If this information cannot be mentioned in the document, one of the following can be done:

- The document is glued to a white sheet of paper and the above attributes are written afterwards;

- A protocol can be prepared to accompany the invoice, which states the number, date and amount from the invoice while pointing out the event for which the expenditure is relevant and all the attributes described above.

➤ **Project revenue**

In case of projects generating revenues in the implementation stage, the revenues have to be declared and reduced by the net revenue of the operation directly generated during its implementation. Net revenue means cash in-flows directly paid by users for the goods or services provided by the operation, such as charges borne directly by users 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. For the purposes of the net revenue calculation, any payment received by the beneficiary arising from contractual penalties as a result of a breach of contract between the beneficiary and a third party or third parties or that has occurred as a result of the withdrawal of an offer by a third party chosen under public procurement rules (the 'deposit') shall not be considered as revenue and shall not be deducted from the eligible expenditure of the operation.

During the project implementation phase, each beneficiary, generating revenue under a project, should keep detailed, timely, adequate and traceable information concerning the generated revenues.

Specific eligibility rules related to the expenditures are described in the guidelines for applicants. Furthermore, the eligibility rules set out in the subsidy contract should be followed strictly.

7.7.Exchange rates (EU and local)

The amount in the Invoice report shall be converted into Euro:

- For the Bulgarian Partners – all sums in the Invoice report should be calculated into Euro based on the monthly accounting exchange rate of the Commission of the month in which the Invoice Report is prepared by the partner;
- For the Macedonian Partners – all sums included in the Invoice report should be calculated into euro using the monthly accounting exchange rate of the European Commission in the month, in which the Invoice report was officially received by registry office of the Ministry of Finance and Economy.

The approved EU exchange rate for EUR into local currency is determined on a monthly basis at the beginning of each month. During the course of the project, funds held in the project EUR account will be exchanged and transferred to the local currency account. When buying goods/services for the grant project, you should be aware that exchange rates differences will occur. This is because banks use a rate based on the daily exchange rates as set by the country's national bank for conversion of EUR in local currency.

However, the EU uses a different exchange rate than your bank is using. The EU exchange rate is determined on a monthly basis and is on average slightly higher than the local rate at the beginning and slightly below the local at the end of the month. The currency exchange differences are not eligible project costs.

You can find the EUR currency exchange rate at:

<http://ec.europa.eu/budget/inforeuro/index.cfm?fuseaction=countries&Language=en>

Information on the exchange rate is updated every first day in the month to come.

7.8. Audit trail and accounting system of the partners

NB!	<p>The Bulgarian partner follows all the rules and regulations in accordance with the EU regulations and the applicable legislation of the Republic of Bulgaria.</p> <p>The partner from the partnering country follows all the rules and regulations in accordance with the EU regulations and the applicable legislation of the partnering country.</p>
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➤ Audit Trail

Partners must ensure that all accounting documents linked to the project are available and that they are filed separately in order to be easily identified as relating to the project. It is the LP's responsibility to ensure an adequate audit trail which implies that the Lead partner has an overview of:

- Who was paid;
- What was paid;
- The date on which payment was made;
- The person who carried out the verifications;
- The location where the relevant documents are stored.

The LP must ensure that all project partners keep the documents linked to the project in an ordered and safe manner at least three years after the closure of the Programme according to Art. 100 of Regulation 1303/2013. The filed documents can be either the originals or the certified as original copies. For the purpose PPs may create a flow chart/short description of control system in their organization.

The following list gives an overview of the documents that should be available for financial control and audit purposes:

- Approved Application Form;
- Subsidy Contract;
- Partnership Agreement;
- Relevant project correspondence (financial and contractual);
- Documents attesting the FLCs' validations on partners' expenditure;
- Invoice Report with the attached financial report and list of contracts;
- Bank account statements/proof of payment for each invoice;
- Declaration of each partner to keep up the necessary and qualified project staff for the successful implementation of the project activities;

- Nomination of the project team members - administrative order or letter;
- Copies of all contracts with external experts and/or service providers;
- Documents relating to procurement, information and publicity (including photos);
- Proof for delivery of services and goods: studies, brochures, newsletters, minutes of meetings, translated letters, participants' lists, travel tickets, etc.

➤ **Accounting System**

The LP and PP must maintain regular and exact analytical accounts for the project implementation using an appropriate accounting system with double-entry book-keeping. These systems can be either an integrated part of the ordinary accounting system of the Beneficiary or an addition to this system.

This system must function in accordance with the accounting policy and rules, in force in both countries, respectively. The accounts and the expenditures, related to the project must be easy to identify and check. This could be done either through the use of separate analytic accounts for the project or through guarantees that the expenditures for the project activities can be easily identified and traced to and inside the regular accounting systems of the Beneficiary. The accounts must show detailed information related to project expenditures as well as the interest rates, paid on the granted funds.

7.9. Financial and accounting documentation of the project

- **Budget** - the budget of each project is part of the signed Subsidy Contract. The MA defines in the Applicant's Guide and the Application Form the format and the structure of the budget. The Beneficiary shows the percentage of own contribution (if any) in the budget form. The own contribution is regulated in the Applicant's Guide. The controller should check the adherence to this percentage as well. The documentation of the own contributions respects the same requirements as described in this Manual.
- **Invoice report with the attached financial report and list of contracts** – invoice report is a list of all financial and accounting supporting documents which proofs the declared expenditures for the reporting period. Each supporting document has to be written in the fields of the invoice report with its number, date, amount, date of payment etc., according the name of respective field. There is a part in the Invoice report which has to be filled by the First level Controller during the process of verification of expenditures. The financial report follows the structure of the project budget with the respective budget lines and sub lines. The financial report presents the financial progress of the project for the reporting period and cumulative. The "List of contracts" presents information about the concluded contracts with sub-contractors and the amount of expenditures included in the respective request for payment. The information filled in this section by the project partners concerns the concrete reporting period. The last part of the List of contracts has to filled-in by the MA.
- **Accounting documentation** - all expenditure is recorded at the accounting system of the beneficiary, in order to be recognizable either in a separate accounting system or there is sufficient accounting coding subject to national accounting rules. All the financial and accounting documentation must be prepared /issued in accordance with the stipulations of the

respective state accounting and VAT regulations. The list below presents the basic documents for respective reporting costs:

Financial and accounting documentation (non-exhaustive list) to be provided by the Beneficiaries to the controllers

BL 1	STAFF COSTS	
	Accounting and Financial documents	Other documents/conditions for eligibility of expenditure
	<p>The staff costs must be reported as a flat rate on the basis of the concrete percentage of the direct costs, envisaged in the budget of the respective project partner. This percentage remains the same for the entire project implementation. The amount of the staff costs, which could be requested for reimbursement, depends on the amount of the direct costs spent during the reporting period. No check of the documentary evidences related to the staff costs will be performed by the First level controller.</p> <p>Every project partners is obliged to follow the European and national legislation in appointment of the project staff.</p>	<p>Staff costs are related to activities which the partner organization would not carry out if the project was not undertaken. The project staff members could be hired on full-time or part-time for the project. The staff costs include salary payments fixed in the employment/work contract, an appointment decision (in the case of natural persons working for the partner organization under a contract other than an employment/work contract), or by law.</p> <p>Any other costs directly linked to the salary such as employment taxes and social security including pensions as long as they are fixed in the employment document and they are in accordance with the legislation and standard practices in the country and/or organization.</p> <p>The appointment of the staff by the project partners has to be done in accordance with the European and national legislation. The proper appointment of the project team is the sole responsibility of the project partners themselves.</p> <p>In the beginning of the project implementation each project partner must present:</p> <ul style="list-style-type: none"> - a declaration that in the project implementation period he will keep up the necessary and qualified project staff for successful implementation of the project activities; - a nomination of the project team members – internal order, a letter, etc.

BL 2 OFFICE AND ADMINISTRATIVE COSTS	
Accounting and Financial documents	Other documents/conditions for eligibility of expenditure
<p>The Office and administrative costs must be reported as a flat rate on the basis of the concrete percentage of the staff costs, envisaged in the budget of the respective project partner. This percentage remains the same for the entire project implementation. The amount of the office and administrative costs, which could be requested for reimbursement, depends on the amount of the staff costs spent during the reporting period. No check of the documentary evidences related to the office and administrative costs will be performed by the First level controller.</p>	<p>The eligible expenditures under Budget line 2 include expenditures for rent of office (specifically for the purpose of the project), overheads (expenses covering electricity, heating, water, telephone, internet, other utilities), consumables (expenses covering paper, pens, CDs, folders, toners etc.), bank charges - expenses for opening and administrating the bank account where the implementation of the project requires a separate account to be opened (only for the Lead beneficiary) and charges for transnational financial transactions (for all beneficiaries), and maintenance costs (expenses for postal services, cleaning, security, insurances, business cards, coffee/biscuits for small project meetings).</p> <p>The proper spent of the office and administrative costs is the sole responsibility of the project partners themselves.</p>
BL 3 TRAVEL AND ACCOMMODATION COSTS	
Accounting and Financial documents	Other documents/conditions for eligibility of expenditure
<p>1) Travel Costs, including train tickets; bus tickets; airplane tickets; parking fees; car/mini-bus travels (expenditure for fuel/kilometer, insurances for cars, green cards, motor way taxes, vignettes, etc.); rent of vehicle for the operation; medical insurances for project team members.</p> <p>1.1) Traveling by bus/train/airplane/public transport:</p> <ul style="list-style-type: none"> - Business trip order and report; - Calculation of travel expenses; - Airplane boarding cards; - Tickets; - Invoice / protocol issued by the travel agency for the value of the Airplane ticket; - Invoice and Cash receipt for paid transport; - Bank statements. 	<p>A description of the activities performed and the results obtained from the business trips has to be reported by the project team member; Invitation letter, List of participants, Minutes of meeting, pictures or other document as proof of the realization of the business trip;</p> <p>The business trip documentation must be prepared in accordance with the respective national legislation and with the limits pointed out in the Guidelines for Applicants.</p> <p>Personal vehicles or vehicles of the organization cannot be rented for the purposes of the project activities.</p>

<p>1.2) Traveling by own or rented car</p> <ul style="list-style-type: none"> - Business trip order and report; - Calculation of travel expenses; - Route-sheets/driver's sheets containing the following information: - distance, fuel price, average fuel consumption, tollroads, vignette, health insurance, etc.; - Protocol determining the consumption rate of the used vehicle and the passed distance together with invoices certifying the exact amount of funds spent on fuel; - Invoice for fuel; - Invoices/ receipts for parking fees, insurances for car, green cards, motor way taxes, vignettes, medical insurances. 	
<p>2) Daily Allowance – only for project team members:</p> <ul style="list-style-type: none"> - Business trip order and report; - Bank statements. <p>3) Accommodation Costs – only for project team members:</p> <ul style="list-style-type: none"> - Business trip order /certified/ and reports; - Invoice and cash receipt/payment order for the accommodation; - Cash disbursement notes/reports on advance payments; - Bank statements. 	<p>A description of the activities performed and the results obtained from the business trips has to be reported by the project team member</p> <p>Invitation letter, List of participants, Minutes of meeting, pictures or other document as proof of the realization of the business trip (if applicable);</p> <p>The daily allowances expenditures for in-country and out-of-country travels have to be calculated in accordance with the national rules of the respective country.</p> <p>The accommodation expenditures cannot exceed the limits determined in the Guidelines for Applicants.</p> <p>The business trip documentation must be prepared in accordance with the respective national legislation.</p>
<p>BL 4 EXTERNAL EXPERTISE AND SERVICES COSTS</p>	
<p>Accounting and Financial documents</p>	<p>Other documents/conditions for eligibility of expenditure</p>
<p>1) Rent of hall for events:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - List of participants, agenda, pictures and other documents proving realization of activity; - Invoices and cash receipt notes/payment 	<p>Tender procedure has to be conducted according to the PRAG rules, if required.</p>

order/bank statements.	
2) Rent of audio/video equipment for events: <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - List of participants, agenda, pictures and other documents proving realization of activity; - Invoices and cash receipt notes/payment order/bank statements. 	Tender procedure has to be conducted according to the PRAG rules, if required.
3) Travel for events: 3.1) Rent of vehicle (car, van,minibus, bus, etc.): <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Protocol and other documents proving realization of activity; - Invoices and cash receipt notes/payment order/bank statements. 3.2) Ticket costs (bus, train, airplane): <ul style="list-style-type: none"> - Airplane boarding cards; - Tickets; - List of participants, agenda, pictures and other documents proving realization of activity; - Invoice / protocol issued by the travel agency for the value of the Airplane ticket; - Bank statements. 	Tender procedure has to be conducted according to the PRAG rules, if required.
4) Catering for events (coffee breaks, refreshments, lunches and dinners for participants in the events): <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Agenda where must be indicated that coffee breaks/refreshment/ lunches and dinners for participants in the event have been provided; - List of participants, pictures and other documents proving realization of activity; - Acceptance protocol; - Invoice, payment documents, bank statements. 	<p>Tender procedure has to be conducted according to the PRAG rules, if required.</p> <p>Expenditure for alcoholic beverages and cigarettes cannot be paid under the project. In case such expenditure is made by the project partners, it will be considered ineligible and will not be reimbursed to the partner.</p>

<p>5) Accommodation for participants in the events:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Agenda; list of participants, pictures and other documents proving realization of activity; - Invoice, payment documents, bank statements. 	<p>Tender procedure has to be conducted according to the PRAG rules, if required.</p> <p>The accommodation expenditures cannot exceed the limits determined in the Guidelines for Applicants.</p>
<p>6) Preparation of materials for events – invitations, agenda, presentations etc.:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Acceptance protocol; - Invoices and cash receipt notes/payment order/bank statements; - Copy of the prepared materials. 	<p>Tender procedure has to be conducted according to the PRAG rules, if required.</p> <p>Elaborated materials should contain visibility elements, according the Programme rules.</p>
<p>7) Consumables for events – paper, files, folders, cases, CDs, etc.:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Acceptance protocol; - Invoices, cash receipt notes, payment orders, banks statements. 	<p>Tender procedure has to be conducted according to the PRAG rules, if required.</p>
<p>8) Purchase of advertising materials – pens, key chains, CDs, USBs, hats, bags, note books, folders, etc.:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Acceptance protocol; - Invoices, cash receipt notes, payment orders, bank statements. 	<p>Tender procedure has to be conducted according to the PRAG rules, if required.</p> <p>Copies of the respective materials should be kept by the project partner.</p> <p>All advertising materials must comply with the Programme visibility rules in order the respective expenditures to be considered eligible.</p>
<p>9) Elaboration, design, translation of advertising materials:</p> <p>9.1) Information materials concerning project documents, project events, meetings, implementation provisions, etc.;</p> <p>9.2) Brochures, leaflets informing about the project implementation and results;</p> <p>9.3) Manuals and guidelines related to the project;</p> <p>9.4) Design of project logo;</p>	<p>Tender procedure has to be conducted according to the PRAG rules, if required.</p> <p>Copies of the elaborated/ designed/translated materials should be kept by the project partner.</p> <p>All advertising materials must comply with the Programme visibility rules in order the respective expenditures to be considered eligible.</p>

<p>9.5) Design and printing of advertising items with logo of the project or with logo of the Programme (pens, key chains, CDs, USBs, hats, bags, note books, folders etc.).</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Acceptance protocol/ report by the Contractor; - Invoices, cash receipt notes/payment order/bank statements. 	
<p>10) Publications in mass media – press, radio, TV:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Acceptance protocol/ certificate/ report by the Contractor; - Invoices, cash receipt notes/payment order/bank statements. 	<p>Tender procedure has to be conducted according to the PRAG rules, if required.</p> <p>Copies of the publications in print/electronic media and broadcasting in radio/TV should be kept by the project partner.</p> <p>All publications must comply with the Programme visibility rules in order the respective expenditures to be considered eligible</p>
<p>11) Consultancy, studies, designs, website development, etc.:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Acceptance protocol/ report by the Contractor; - Invoices, cash receipt notes/payment order/bank statements. 	<p>Tender procedure has to be conducted according to the PRAG rules, if required.</p> <p>Reports on methodology applied and on the results of the researches/studies conducted.</p> <p>Reports, research, analysis, studies and other written documents must be in accordance to the EU requirements for visualization and should have information for the author and year of issue.</p> <p>The web site developed under the project must also comply with the Programme visibility rules.</p>
<p>12) Interpreters, lecturers, trainers, moderators, etc. :</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - List of participants, agenda, pictures and other documents proving realization of activity; - Acceptance protocol/ report by the Contractor; - Invoices, cash receipt notes/payment order/bank statements. 	<p>Tender procedure has to be conducted according to the PRAG rules, if required.</p>
<p>13) Other:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; 	<p>Tender procedures have to be conducted according to the PRAG rules, if required.</p>

<ul style="list-style-type: none"> - Invoices, cash receipt notes/payment order/bank statements. 	
BL 5 EQUIPMENT AND WORKS	
Accounting and Financial documents	Other documents/conditions for eligibility of expenditure
<p>1) Small scale construction:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable) - Contract, Bill of Quantity (BoQ); - All guarantees provided for in the special conditions of the works contract; - Certificates/ protocols for the implemented works according to the national legislation; - Invoices, payment order, bank statements. 	<p>Tender procedure has to be conducted according to the PRAG rules. Detailed and exhaustive documentation of the implemented tender procedures should be kept by the project partner – invitation letter and/or other documents related to publication of the tender, tender dossier, evaluation report and other evaluation documents, offers submitted by the participants in the tender procedure, etc.</p> <p>Local Act – permission for use of the construction according to the National legislation for construction works.</p> <p>Statement of the beneficiary confirming the existence of the performed construction works, their consistency with the provisions of the contract and the measures taken regarding the provisions of the contract and the measures taken regarding the requirements for publicity and transparency of all activities financially supported by the EU;</p> <p>All guarantees provided for in the special conditions of the construction and supervision contracts;</p> <p>Copy of the final report of the Construction supervisors according to the relevant national legislation (for BG LP/PP - according to art. 168, par.6 of the Bulgarian Territory Structure Act).</p>
<p>2) Supply:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable) - Contract; - Acceptance protocol, containing the type of the supplied equipment, exact number of the delivered items, their trade marks, models and serial numbers; - Warranty card for the purchased equipment; - Declaration/ certificate of origin containing the type of the supplied equipment, exact number of the delivered items, their trade 	<p>Tender procedure has to be conducted according to the PRAG rules. Detailed and exhaustive documentation of the implemented tender procedure should be kept by the project partner – invitation letter and/or other documents related to publication of the tender, tender dossier, evaluation report and other evaluation documents, offers submitted by the participants in the tender procedure, etc.</p> <p>Equipment that will not be used by the project partners or the project target group after the project completion and if the economic lifetime of the</p>

<p>marks, models and serial numbers;</p> <ul style="list-style-type: none"> - Invoices, cash receipt note, payment orders, bank statements; - Document which certifies the posting of all assets purchased under the project, and their existence into in the organization's balance sheets, where they remain after the finalization of the project. 	<p>equipment (respectively the period of depreciation) is longer than the project duration, only the depreciation costs for the period of project duration are eligible. The depreciation rate has to be in line with national rules. Depreciation is charged proportionally for each relevant period for which a periodical report is required and prepared. The full value of depreciated costs on equipment in relation to the total project duration cannot be charged as total amount for one particular period.</p> <p>Only the proportionate sum of the depreciations costs according to the use of equipment for the project is eligible. The amount (percentage used and time duration) has to be properly clarified (auditable).</p> <p>The depreciation costs of equipment can never exceed the purchase price of the equipment</p>
<p>BL 6 PROJECT PREPARATION</p>	
<p>Accounting and Financial documents</p>	<p>Other documents/conditions for eligibility of expenditure</p>
<p>Project preparation- meetings between partners, consultancy, elaboration of technical documentation (incl. feasibility studies, detailed design, technical drawings, etc.), elaboration of project proposal and application form, translation of documents, taxes and other charges:</p> <ul style="list-style-type: none"> - Tender documentation (is applicable); - Contracts; - Acceptance protocols; - Invoice and cash receipt notes/payment order/bank statements; - Insurance policies (for insurance transactions involving members of the project team). 	<p>The starting date for eligibility of project preparation expenditures for the Bulgarian beneficiaries is the starting date of the programme period (January 1, 2014), and for beneficiaries from the former Yugoslav Republic of Macedonia the starting date for the eligibility of expenses for project preparation is the date after the date of the submission of the Programme (September 22, 2014) to the EC.</p> <p>The expenditures for project preparation must be carried out before or on the date of submission of the project proposal at the latest.</p> <p>The expenditures for project preparation must be requested for reimbursement and verified only in the first reporting period of the respective project partner.</p> <p>In case of sub-contracting project preparation activities, PRAG rules must be observed in order for the costs to be eligible for reimbursement under the Programme.</p>

8. Modification of Subsidy contact

The Subsidy Contract determines the rights and obligations of the Lead Partner and the Managing Authority. The approved Application Form and the Partnership Agreement signed between the Project Partners are integral part of the Subsidy Contract. The Subsidy Contract explicitly provides information concerning project implementation period. During the project lifecycle, due to the certain reasons, some modifications/changes might be necessary concerning the project implementation bases and conditions, defined in the Subsidy Contract.

According to the clauses of the Subsidy Contract any modification to the contract must be duly justified and shall be subject to the Joint Monitoring Committee's approval and will be operated by an addendum to the contract. The Addendum enters into force on the day of its registration in the Registry system of MA, following the signing by both parties, except the case the addendum confirms modifications in the national/European applicable legislation with impact on the implementation of the contract - when the modifications become effective from the date the respective legal acts become effective.

In some cases described in the text below, the Lead Partner may make changes in the Subsidy Contract with the approval by the Managing Authority or notification to the Joint Secretariat and without signature of addendum.

The LP is advised to contact the JS before submission of the Request for modification/notification in order to clarify the case.

NB!

Only the Lead Partner may initiate a change by sending respective request for modification to the Managing Authority or notification to the Joint Secretariat. The Request for contract modification must be accompanied by the required supporting documents listed below.

The LP fills in the electronic form of the Request for modification on-line and submits it to the MA via the Beneficiary portal. The Request for Contract Modification must clearly describe and justify the reasons for requested modification.

NB!

The Request for modification of the Subsidy Contract can be submitted to the MA at least 30 days before the addendum is intended to enter into force. This will give the MA the sufficient time for launching the procedures for JMC approval of the Request for modification. Additionally, the LP should strive to submit the any Request for contract modification at least 60 days before expiration of the project implementation period. Otherwise the request may be rejected.

8.1. Modifications concerning the partnership

All modifications concerning the partnership **always need the approval of the JMC, as well as Addendum to the Subsidy Contract.**

In case a partner intends to leave the project, or the partnership decides to debar/replace partner(s), the LP is obliged to inform immediately the JS before the change is implemented in order to clarify the

situation and make sure that the right procedure is followed.

The LP has to assure that following the change(s) in the partnership the project still fulfils the requirement for partnership of the Programme and the general character (objectives and outputs) of the original project is not altered. The partner leaving a project will remain fully responsible and liable for all activities carried out and outputs delivered by them until the date of withdrawal/replacement.

In case a partner leaves the project without replacement by another, then the withdrawn partner's activities (including the remaining budget) shall be distributed between the rest of the partners.

In case of replacement of a partner, the new partner shall take all (or part of) the responsibilities of the withdrawn partner (including activities and remaining budget). When the new partner takes part of the responsibilities under the project, the rest of the activities and the respective budget shall be distributed between the rests of the partners.

NB!

Amendment of partnership by replacing the partner with another partner / taking over of the partner's activities by the other partners within the investment projects, in which the investment object is ownership / lease of the withdrawn partner, is not allowed.

Amendment of partnership may be requested while having in mind the following conditions:

- By changing the partners, the cross-border character of the project must not be altered;
- The new partner must be relevant for the partnership according to the objectives of the project;
- All partner/partners have to consent to the proposed modification;
- All partner/partners have to consent to continue the project implementation;
- The causes of partner/s replacement must be real and objective;
- The new proposed partner/s must meet the eligibility conditions stipulated in the Guidelines for Applicants;
- The newly proposed partner(s) must have financial, technical and administrative capacity, as well as human resources in order to fulfil the activities under the project;
- The new partnership must meet eligibility conditions set in the Guidelines for Applicants;
- Replacement of partner(s) within the project must not alter or modify either the general objective or specific objectives of the project, or its outputs.

The official procedure of request for modification includes the following documents to be submitted by the LP to the MA:

- *"Request for Contract Modification"*, clearly describing and well justifying the reasons for such a modification (filled in on-line by the LP legal representative) - *Annex 8*;
- *"Declaration of Withdrawal"* of the partner leaving the project (1 scanned document signed by the legal representative of the affected PP uploaded in the BP) - *Annex 8.1*, or the *"Written Decision of the Partnership"* debarring a partner, including the exact date of withdrawal (until which date the expenditures of the leaving partner will be eligible for co-financing) - 1 scanned document signed by the legal representatives of all PPs;
- *Revised "Application Form"*, defining the new division of work by the modification of the work

plan and the budget accordingly (filled in on-line);

- *New “Partnership Agreement”* - 1 scanned document signed by the legal representatives of LP and all other project partners uploaded in the BP;
- *New “Co-financing Statement(s)”* of the affected partner(s) - 1 scanned document per each affected PP signed by the legal representative of the respective PP uploaded in the BP.

In case of request for replacement/introducing of partner(s), the documents proving eligibility and financial, technical and administrative capacity of the new partner(s) as required in the Guidelines for Applicants have to be submitted.

The modification can be implemented only after it is approved by the JMC. In case of approval of the request, an **Addendum to the Subsidy Contract** will be signed by the contracting parties.

Although the expenditures related to the activities and outputs of the modified contract are eligible already from the date of the JMC decision, those costs can be validated only after the Addendum of the Subsidy Contract enters into force.

Changing the Lead Partner, being a contracting party and main responsible for the whole project and partnership towards the Programme, is a serious and substantial change of the project. Consequently, changing of the Lead Partner has to be formalized with signing of new Subsidy contract. The replaced Lead Partner is fully responsible and liable for the project activities and deliverables until the date of withdrawal from which date the new Lead Partner takes over the full responsibility and liability for the project. Simultaneously, having in mind that through the implementation of whole of the activities, proposed in the Application form, the project should gain one common purpose, the achieving of the original proposed indicators is engagement of the new LP.

The MA is entitled to withdraw from the Subsidy Contract and reclaim the contribution already transferred in case the project would not fulfil the requirement for the partnership of the Programme due to the change in the partnership.

8.2.Extension of implementation period

All modifications concerning the extension of the implementation period **always need the approval of the JMC, as well as Addendum to the Subsidy Contract.**

NB!	Extension of the project implementation period can be requested only once during the whole project implementation period. The new project implementation period cannot exceed the maximum project duration for the respective specific objective set in the Application package.
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The LP should immediately notify the JS in case the project implementation is in such delay that the main project activities can not be accomplished during the project implementation period of the Subsidy Contract and the achievement of the project objectives could be precarious.

The LP has to submit the following documents to the MA:

- *“Request for Contract Modification”*, clearly describing and well justifying the reasons for such a modification (filled in on-line by the LP legal representative) – Annex 8;

- “Revised Application Form” reflecting the changes in the project implementation period (filled in on-line)

The submitted request will be evaluated by the MA and will be submitted for decision to the JMC.

In case of approval of the Request for contract modification, an **Addendum to the Subsidy Contract** has to be signed by the contracting parties before the original end date of the project.

8.3. Budget changes

➤ Budget reallocation between project partners

All modifications concerning budget reallocation between project partners’ budgets **always need the approval of the JMC, as well as Addendum to the Subsidy Contract**. Changes between partner’s budgets are allowed **within the limit of 20% of the partner’s budget**. The changes have to be agreed upon by all other partners and of the Lead Partner, only after previous approval by the JMC, as long as the maximum amount of funding awarded remains unchanged and the major issues of the operation are not affected.

NB!

The 20% limits shall not be considered separately for each single budget change. That means that the amount of each new reallocation between project partners’ budgets is cumulated to the total amounts of previous reallocations until the cumulated amounts of such reallocations reach 20% of the changed partner’s budget.

The LP has to submit the following documents to the MA:

- “Request for Contract Modification” clearly describing and well justifying the reasons for such a modification (filled in on-line by the LP legal representative) - Annex 8;
- “Budget modification table” (filled in on-line by the LP legal representative) - Annex 8.3;
- “Revised Application Form” with modified budget (filled in on-line);
- New “Co-financing Statement” of the affected partners - 1 scanned document per each affected PP signed by the PP legal representative uploaded in the BP.

In case of approval of the request, an Addendum to the Subsidy Contract will be signed by the contracting parties.

The modification requested can be implemented only after it is approved by the JMC. Although the expenditures related to the modified partners’ budgets are eligible already from the date of the JMC decision, those costs can be validated only after the Addendum of the Subsidy Contract enters into force.

➤ Budget reallocation between budget lines

NB!

Budget reallocation between budget lines of more than 20% of the smaller budget line is not allowed.

The budget reallocation(s) between budget lines in a limit of 20 % of the smaller budget line can be

made with the previous approval of the Managing Authority, before the the expenditures to be made, and as long as the maximum amount of funding awarded remains unchanged, and the major issues of the operation are not affected.

NB!	<p>The 20% limits shall not be considered separately for each single budget change of the respective budget line. That means that the amount of each new reallocation between budget lines is cumulated to the total amounts of previous reallocations until the cumulated amounts of such reallocations reach 20 % of the original amount of the respective budget line.</p>
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As reference basis, the original division of expenditure between budget lines, defined in the approved original Application Form, remains for the whole implementation period of the project. The calculation is based on adding always the positive (+) value of the reallocated amount to the total sum of previous reallocations in comparison to the original budget plan.

The LP has to submit the following documents to the MA:

- *“Request for Contract Modification” clearly describing and well justifying the reasons for such a modification (filled in on-line by the LP legal representative) - Annex 8;*
- *“Budget modification table” (generated on-line) - Annex 8.3;*
- *“Revised Application Form” with modified budget - (filled in on-line).*

The submitted “Request for Contract Modification” will be evaluated by the MA and will be put forward for decision to the JMC. In case of approval, an **Addendum to the Subsidy Contract** will be signed by the contracting parties.

The modification will become effective **ONLY AFTER WRITTEN APPROVAL** by the MA.

➤ **Budget reallocation inside a budget line**

Changes inside a budget line, between budget sub-lines, can be made with the previous approval of the MA, before the expenditures are carried out and as long as the total amount of the budget line remains unchanged and the major issues of the operation are not affected.

The LP has to submit the following documents to the MA:

- *“Request for Contract Modification” clearly describing and well justifying the reasons for such a modification (filled in on-line by the LP legal representative) - Annex 8;*
- *“Budget modification table” (generated on-line) - Annex 8.3;*
- *“Revised Application Form” with modified budget (filled in on-line)*

The modification will become effective **ONLY AFTER WRITTEN APPROVAL** by the MA.

8.4. Modifications concerning the project’s content

In case a modification of project’s content is required, the partners have to assure that all the objectives and outputs defined in the Application form will be achieved and delivered by the project. The procedure to be followed in case of content change depends on the significance of the

modification.

➤ ***Modifications requesting approval by JMC and signature of addendum***

Modifications in the project **altering the approved objectives or outputs always need the approval of the JMC, as well as signature of an Addendum to the Subsidy Contract.** Such modifications/changes are possible only in “force majeure” circumstances or in case of existence of objective circumstances, which make it impossible to achieve the project’s objectives or outputs.

The LP should immediately contact the JS in case of problems, which would affect the project’s objectives or outputs in order to clarify the situation and procedure to be followed. The LP is obliged to inform the MA in written form about planned significant changes with clear justifications of the reasons for such changes before their implementation.

The official procedure of request for modification includes the following documents to be submitted by the LP to the MA:

- *“Request for Contract Modification”, clearly describing and well justifying the reasons for such a modification (filled in on-line by the LP legal representative);*
- *“Revised Application Form” - (filled in on-line);*
- *Other documents annexed to the Subsidy contract that should be revised in accordance with the proposed modification (if applicable) – scanned documents uploaded in BP.*

The Managing Authority may request additional documents proving existence of “force majeure” circumstances or objective circumstances, which make it impossible to achieve the project’s objectives or outputs.

The submitted request will be evaluated by the MA and will be put forward for decision to the JMC. In case of approval, an **Addendum to the Subsidy Contract** will be signed by the contracting parties. Although the expenditures related to the modified activities and outputs are eligible already from the date of the JMC decision, those costs can be validated only after the Addendum of the Subsidy Contract enters into force.

The MA is entitled to withdraw from the Subsidy Contract and reclaim the contribution already transferred in case the project cannot be fully implemented by carrying out the planned activities, the planned outputs and results.

➤ ***Modifications requesting notification to the JS***

In case of modifications of the approved project which will not affect the project’s objectives and results and will not jeopardize the successful completion of the project, a written notification to the JS is required

Although, these types of changes do not lead to signature of an Addendum, the LP have to contact the JS before the change is implemented in order to clarify the situation.

The LP is obliged to clearly describe and justify each of such changes that have been implemented in the Project progress report and they are considered “accepted” in case the respective Project Progress Report is accepted by the JS. The costs related to those changes can be validated only after approval of the respected Progress report.

8.5. Administrative changes

Modifications concerning the administrative part of the project (change of bank account, contact details, address for communication, legal representative) require only notification to the MA/JS within 15 (fifteen) days following the change.

Summary table of types of project changes

TYPE OF PROJECT CHANGE	PROCEDURE	
	MA Approval/Notification	JMC Approval
Partnership changes		
Partnership changes	- n.a.	<ul style="list-style-type: none"> - Submission of Request for Contract Modification by LP to MA; - Evaluation of the Request by the MA; - Submission of the Request to the JMC for approval; - JMC decision; - Addendum to Subsidy Contract.
Extension of implementation period		
Extension of the implementation period	- n.a.	<ul style="list-style-type: none"> - Submission of Request for Contract Modification by LP to MA; - Evaluation of the Request by the MA; - Submission of the Request to the JMC for approval; - JMC decision; - Addendum to Subsidy Contract.
Budget changes		
Budget reallocation between project partners up to 20 % of the partner's budget to be changed	- n.a.	<ul style="list-style-type: none"> - Submission of Request for Contract Modification by LP to MA; - Evaluation of the Request by the MA; - Submission of the Request to the JMC for approval; - JMC decision; - Addendum to Subsidy Contract.
Budget reallocation between budget lines		
Reallocation up to 20% limit	<ul style="list-style-type: none"> - Submission of Request for Contract Modification by LP to MA; - Letter for approval or rejection of the Request by the MA. 	- n.a.
Budget reallocation inside a budget line		

Budget reallocation inside a budget line	<ul style="list-style-type: none"> - Submission of Request for Contract Modification by LP to MA; - Letter for approval or rejection of the Request by the MA. 	- n.a.
Project content changes		
Modifications in the project altering the approved objectives or outputs	- n.a.	<ul style="list-style-type: none"> - Submission of Request for Contract Modification by LP to MA; - Evaluation of the Request by the MA; - Submission of the Request to the JMC for approval; - JMC decision; - Addendum to Subsidy Contract
Modifications of the approved project which will not affect the project's objectives and outputs and will not jeopardize the successful completion of the project	<ul style="list-style-type: none"> - Submission of Notification to the JS by LP; - Information to be included in the Project Progress Report; - Modification is approved, if the PPR is approved. 	- n.a.
Administrative changes	- Notification to the MA/JS	- n.a.

9. Monitoring and audit of the project

9.1. Monitoring of the projects

The overall monitoring at project level will be carried out by the JS. The major source to monitor the implementation and progress of the contracted projects is the progress reports and on the spot visits.

9.2. On the spot visits

In order to assess progress in implementation of activities, their impact, quality and compliance with prescribed rules and procedures (including the expenditures) the JS will perform **at least initial visit / meeting and final visits** to all contracted projects during their implementation period. In cases of serious problems occurred during the project implementation the **ad hoc visits** may also be performed by experts both of the MA and the JS.

Monitoring visits can take place either at the premises of the LP/PP, or at the places of construction works.

During the visits two main instruments of monitoring are always applied – documentation check and interviews.

The minimum set of documentation for different types of activities to be checked includes:

Type of activities	Sources of verification
Service activities	Tender documentation, service contract, correspondence, reports/deliverables, invoices, publications, invitations, agenda, list of participants, minutes of meeting. In addition, for 'training' services - invoices for venue, rent of equipment, food and accommodation, contracts with trainers (if applicable), training programme, attendance lists, training materials, questionnaires to the participants, issued certificates (if applicable), photos.
Supply activities	Tender documentation, supply contract, correspondence, invoices by the supplier, delivery and acceptance protocols, certificates of origin, guarantee cards, publicity measures, photos of the equipment delivered.
Works activities	Tender documentation for selection of subcontractor, works contract, correspondence, protocols for works completed, copy of the supervision report, copy of the required protocols in construction, permission/certification for right of use, other permits, Environmental Impact Assessment (if applicable), invoices, publicity measures, photos.

Important!	For all main project events (press conferences, seminars, exhibitions, concerts, official opening of constructed/renovated sites and etc.) the beneficiaries should invite JS to participate in the project implementation phases on observer - in writing 10 days before the events.
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Ex-post on the spot visits after contracts' completion

Ex-post on-the spot visit control could be carried out **in five years after completion of each individual contract** and achievement of the results aiming the establishment of compliance and functionality of the gained assets.

Depending on the specific case the JS/MA may formally inform the Beneficiary, by letter in appropriate term, for the upcoming monitoring visit in order to ensure his presence and assistance. In some cases the monitoring visit may be carried out ad-hoc without prior notification. During the monitoring visit a comparison must be made, based on the following issues (which are not limited):

In case of investment activities carried out:

- Description (location) of the object, scope of the constructed/reconstructed facilities, number of rooms/premises and surrounding places renovated; maintenance of the executed construction objects, etc.;
- Verification of the executed construction works for compliance with the approved drawings and related technical documentation;
- Description of the office and other equipment purchased under the project; check if the equipment is used for the purposes of the project as it has been described in the Application form of the contract;
- Description of the trade mark, model, registration number, serial number of the electronic equipment purchased;

- Verification of all original documentation related to the project implementation;
- Verification of the availability and maintenance of information labels/boards/plaques/signs (if applicable), operational web site/s and any other publicity and visibility products and facilities.

In case of “soft measure” projects:

- Description of the activities carried out;
- Assessment if the specific deliveries from the project are properly used and applied by the targeted Beneficiaries and/or wider audience (there should be clear evidences for applying of all project outputs);
- Verification of all original documentation related to the project implementation.

9.3. Audit of the project

The audits performed by the Audit Authority or by external auditors on behalf of the Audit Authority are the so called “second level audits”. In general, these audits include sample checking of the CVEs already issued by the controllers against the supporting documents and other relevant information at the premises of the Lead Partner and/or Project Partners in order to verify the accuracy and validity of the CVs, checking of the project documentation and audit trail, the accounting of project expenditure. In the interest of a successful auditing the LP has to make available all documents required, to provide necessary information and to give access to its business premises.

10. Information and publicity

10.1. Overall information

This section has been developed with the purpose of clarifying and streamlining the new requirements in the field of information and publicity, to be fulfilled by the projects implemented under the Programme during the 2014 – 2020 programming period.

The purpose of the project communication activities is raising awareness about the social importance of the project and dissemination of its results, while underlining the financial support from EU Funds. In other words, it is necessary that a project and its results are appropriately advertised to the public while underlining the fact that the project has been financially supported by the EU through the Programme. In order to achieve the best project visibility results the Beneficiaries are strongly advised to develop a project Communication Plan (detailed information in section 9.4 and Annex 9).

Two general notions are reflected in this section’s provisions:

- **Communication: a shared responsibility**

The responsibility for Programme information and publicity efforts is shared by the Programme management bodies (which ensures general communication about the Programme) and the Beneficiaries (Lead partners and other Partners), who are responsible for promoting the projects and their results. In other words, information and publicity at Programme level are delivered by the Managing Authority (MA), respectively the Joint Secretariat (JS), with the help of the National Authority

and information and publicity at project level are delivered by the Lead partner and the project partners.

All project partners must be involved in communicating the project results.

- **Transparency**

Full transparency must be ensured with regard to the project activities and to how the EU funds have been used. The Managing Authority is responsible for the publication, electronically or otherwise, of the list of Beneficiaries, the names of the operations, the start and end dates of operations, operations' locations, operation summaries and the amount of public funding allocated to the operations, including the Union co-financing rate. Beneficiaries shall be informed that acceptance of funding is also an acceptance of their inclusion in the published list of Beneficiaries. The MA/JS shall also be authorized to publish other information about the project, if considered relevant.

10.2. Legal framework

The section has been developed in accordance with the following documents:

- 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);
- 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, and specifically Annex XII: Information and Communication on Support from the EU Funds.

More detailed practical guidelines (including templates) concerning the basic information and publicity measures to be taken are provided by the European Commission in the COMMUNICATION AND VISIBILITY MANUAL FOR EU EXTERNAL ACTIONS, available here: <http://ec.europa.eu/europeaid/node/17974>.

In relation to the harmonized branding of the European Territorial Cooperation and the new Interreg logo, the Interreg Brand Design Manual, related to full brand integration as adopted by the Programme, has been used for setting the rules regarding the use of the Programme logo is available at the our web site (section "Programme"): <http://www.ipa-cbc-007.eu/legal-basis>

In addition, the Joint Secretariat had developed the "Communication and Visibility Guidelines" which offers detailed advice on the project information and publicity rules and many practical advice based on the experience from the previous programming period. The "Communication and Visibility Guidelines" are available as Annex 10.

The present section will be amended for any changes in the applicable European and national legislations and graphic models/standards.

10.3. General requirements for the information and publicity activities

The project communication activities are a strategic tool for the purpose of raising awareness about

the social importance of the project and dissemination of its results. Furthermore, they also have to underline the financial support from EU Funds as per Implementing Regulation (EC) 447/2014.

All information and publicity activities aiming at the general public must include all or at least a specific combination of the following elements, depending on the type of activity and the specific instructions described below:

1. **The European Union flag**, printed in accordance with the graphic standards established in Annex I of Regulation (EC) 1828/2006 and a reference to the European Union;
2. **The Programme logo** of the Interreg-IPA CBC Bulgaria-the former Yugoslav Republic of Macedonia Programme, CCI number 2014TC16I5CB006 (which makes reference to the Instrument for Pre-Accession Assistance, the term “Interreg” as the joint brand of European Territorial Cooperation and the specific Programme);
3. **The co-financing statement:** *The project is co-funded by EU through the Interreg-IPA CBC Bulgaria-the former Yugoslav Republic of Macedonia Programme;*
4. **The content disclaimer:** *This publication has been produced with the assistance of the European Union through the Interreg-IPA CBC Bulgaria-the former Yugoslav Republic of Macedonia Programme, CCI No 2014TC16I5CB006. The contents of this publication are the sole responsibility of <Name of the author / Beneficiary> and can in no way be taken to reflect the views of the European Union or the Managing Authority of the Programme.*

All project partners are equally responsible to make the general public aware of the social aim/impact of the project and to promote the fact that the European Union is co-financing the respective project. Specifically, the Beneficiary must clearly state that the respective project has been co-funded under the *Interreg-IPA CBC Bulgaria-the former Yugoslav Republic of Macedonia Programme*. **Failing to comply with the Programme Information and Publicity requirements by any project partner may impede FLC verification process, lead to financial corrections and endanger overall project implementation.**

In order to avoid the risks related to the Information and Publicity rules, the Beneficiaries are advised to consult with the Joint Secretariat, and specifically the JS Communication officer, regarding all project information and publicity measures/actions. The Communication Officer reserves the right to give comments and recommendations to the Beneficiaries regarding the project information and publicity measures/action. However, the ultimate responsibility to implement the project according to the official Programme rules, including the Information and Publicity rules, is held by the project partners.

NB!

The Beneficiary should take note of the fact that the results of the project have to be made available to the public free of charge.

The general reporting requirements included in the Subsidy contract are applicable to the information and publicity activities. The lead partner should coordinate all information and publicity measures among the project partners. This will help the promotion of important results and outcomes, which will facilitate further the sharing of knowledge and experience and future collaboration.

The EU flag

Symbolic description

The EU flag, also referred to as “EU emblem” and “EU logo”, is the mandatory element for branding all EU financed activities and is the main element of the EU visual identity. The flag showing twelve golden stars that form a circle (on an azure background) is a symbol of the union of the peoples of Europe. The number of stars is fixed, twelve being the symbol of perfection and unity.



Detailed information about the geometry, the colours and other reproduction rules of the EU flag please refer to *the Communication and Visibility Manual for EU External Actions*, published on the following EU web site: <http://ec.europa.eu/europeaid/node/17974>.

Utilization

When the EU flag is reproduced it should be presented in its integrity. If there are other flags, symbols or images, they must be presented separately (and should not be incorporated in the EU flag). The EU flag must be at least as big as any other flag/logo that is included in the document/item.

The logo of the Interreg-IPA CBC Bulgaria-the former Yugoslav Republic of Macedonia Programme

The Interreg-IPA CBC Bulgaria-the former Yugoslav Republic of Macedonia Programme logo makes reference to the IPA fund and the joint brand of the European Territorial Cooperation Programmes – “Interreg”. The term “Interreg” should not be confused with the specific INTERREG programmes from the previous programming periods. In the current programming period, 2014-2020, the term “Interreg” is used as the brand of the European Territorial Cooperation programmes which have joined the EU wide initiative for joint branding. Interreg-IPA CBC Bulgaria-the former Yugoslav Republic of Macedonia Programme has adopted the initiative for harmonized branding of the European Territorial Cooperation programmes and the term “Interreg” is now inseparable part of the Programme name and the Programme logo.



The Programme logo also incorporates a small EU flag in the upper right corner. However, the fact that the Programme logo incorporates the EU flag in its design does not mean that using only the

Programme logo is sufficient branding element in the project communication actions. The Beneficiaries must use both the Programme logo and the EU flag as a separate and unique branding element whenever possible. The Programme logo is not mandatory for small items used for promotional purposes (for example: pens, badges, key-holders, etc.), but, where possible, at least the Programme name (*Interreg-IPA CBC Bulgaria-The former Yugoslav Republic of Macedonia The former Yugoslav Republic of Macedonia Programme*) shall be included along with the EU flag.

When placed adjacent to each other or on the same row, the EU flag should have the same or larger height as compared to height of the Programme logo.

Due to the specific typographic design, the Programme logo should not be displayed with width smaller than 38,1 mm, as specified in the Interreg Brand Design Manual.




 Minimum width: 38.1 mm

The Programme logo must always be displayed in its entirety, without any changes to the original proportions and colours. It is highly recommended that the Programme logo is displayed **on a white background**. Using the logo on a coloured background is possible if there is no alternative, but it has to be a very light background and, in such cases the EU flag always needs to have a white border around the rectangle if placed on a coloured background. The width of the border must be 1/25th of the height of the rectangle. More details about the correct use of the Programme logo are available in the “Communication and Visibility Guidelines”, Annex 10.

When a publication on a project, co-financed under the Interreg-IPA CBC Bulgaria-the former Yugoslav Republic of Macedonia Programme, displays both the EU flag and the Programme logo, the clarifying text should dispense not only EU, but also the Managing Authority of the Programme. The exact wording of the disclaimer is described in section 8.3.4.

8.1.1. The co-financing statement

The co-financing statement is one of the basic visibility elements, along with the Programme logo and the European flag. The statement should be displayed on all printed materials aimed at the general public such as (but not limited to): brochures, leaflets, flyers, booklets, catalogues, posters, banners, billboards, folders, notebooks, newspaper advertisements and publications as well as various kinds of online publications. In other words, the fact that the project is co-financed by the EU through the Programme should be highlighted whenever possible and appropriate. The co-financing statement should be clearly visible on the promotional materials but it should also be mentioned verbally during public interviews, on promotional audio recordings such as radio advertisements and during public project events.

The correct form of the co-financing statement in the three languages:

In Bulgarian: Проектът е съ-финансиран от Европейския съюз чрез Програма Интеррег-ИПА за трансгранично сътрудничество България-Македония.

In Macedonian: Проектот е кофинансиран од страна на Европската Унија преку Интеррег-ИПА Програмата за прекугранична соработка Бугарија-Македонија -

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In English: The project is co-funded by EU through the Interreg-IPA CBC Bulgaria–the former Yugoslav Republic of Macedonia Programme.

8.1.2. The content disclaimer

The mandatory text that should be included in all publications containing the European flag and the Programme logo is known as “the content disclaimer”. The term “publications” refers to (but is not limited to): flyers, brochures, leaflets, catalogues, booklets, public reports, analyses, strategies, research papers, newspaper articles/advertisements/announcements and various kinds of online publications. The content disclaimer does not have to be displayed on the front cover of the printed materials such as brochures and is most commonly displayed on the inside or the back cover of such materials. The content disclaimer should also be featured on the project web site, to be visible at all times, on every web site page (in the web site footer for example). When used on a project web site, the word “publication” can be replaced with the term “web site” (“This web site has been produced with the assistance...”).

The correct form of the content disclaimer in the three languages:

In Bulgarian: Тази публикация е направена с подкрепата на Европейския съюз, чрез Програма Интеррег-ИПА за трансгранично сътрудничество България-Бивша Югославска Република Мекдония, CCI No 2014TC16I5CB006. Съдържанието на публикацията е отговорност единствено на <име на автора / бенефициента> и по никакъв начин не трябва да се възприема като израз на становището на Европейския съюз или на Управляващия орган на Програмата.

In Macedonian: Оваа публикација е направена со помош на Европската Унија преку Интеррег-ИПА Програмата за прекугранична соработка Бугарија-Македонија CCI No 2014TC16I5CB006. Содржината на публикацијата е одговорност единствено на <име на авторот / бенефициентот> и на никаков начин не треба да се толкува како став на Европската Унија или на Управувачкиот орган на Програмата.

In English: This publication has been produced with the assistance of the European Union through the Interreg-IPA CBC Bulgaria-the former Yugoslav Republic of Macedonia Programme, CCI No 2014TC16I5CB006. The contents of this publication are the sole responsibility of <Name of the author / Beneficiary> and can in no way be taken to reflect the views of the European Union or the Managing Authority of the Programme.

10.4. Implementation of information and publicity activities

Each Beneficiary plans the information and publicity activities according to the specific goals and target groups of the particular project, but it is advisable these activities to include at least the following elements:

- development of the project web site or a social media page, which should be available to the public;
- publication of at least one brochure/ booklet/ leaflet or media publication, detailing the results of the project;
- organization of one final public event.

During the course of the project implementation, the Beneficiary must place information board/sign

(with both EU flag and Programme logo) at the location where the operation activities are being executed.

It is strongly advisable that the beneficiaries keep a comprehensive photo archive of all the project activities, especially public information and publicity activities. The best quality photograph should be used for production of project promotional materials, and should be provided to the Joint Secretariat for promotional purposes as well. Audio and/or video recordings of all public project events can also be used as an effective tool for promoting and formal reporting purposes. It is advisable to use professional photographic and audio/video recording services for project promotion purposes, whenever possible and appropriate.

Communication Plan

The Communication Plan should be an integral part of the projects' development and implementation from the very beginning, setting the provisions for promotion of the project by all project partners, in relation to all project activities.

Considering the basic principles of good governance of the CBC programmes and according to the EC recommendations, it is advisable a detailed communication plan to be prepared. The main purpose of this plan is to facilitate the Project management team in executing their function of general coordination of the overall project implementation activities. Therefore, the plan should be prepared by the Project management team at the beginning of the project implementation cycle. Since the plan is based on the information and communication elements already included in the Application form, a new approval of the MA/JS is not required. However, it is advisable that the Beneficiaries consult the Joint Secretariat Communication officer regarding the content of the project Communication Plan.

The Communication Plan should highlight the general objectives of the project, the respective target groups, the specific activities and tools that will be used during the implementation of the project, the expected indicators of achievement aimed by the plan, as well as the human and financial resources envisaged for the implementation of the above mentioned plan.

For Beneficiary's convenience, the *Annex 9* shows the template to be used for the presentation of the Communication plan.

When developing the communication plan, the Beneficiaries should take account of the following:

- Methods of communication selected and messages given should be compatible with prevailing social or religious norms in the place where the communication activity is carried out;
- Activities should respect the local environment;
- In all communication activities, the local language(s) of the target groups should be used as much as possible.

In any event, the resources (human, financial, etc.) needed for implementation of specific information and publicity activities should be carefully assessed during the design of the Communication Plan. The activities should be timely planned and executed. For more information refer to *Annex 10*.

In the final PPR, the Beneficiaries should include detailed information on the execution of all activities and indicators set up in the Communication plan.

After completion of the project, if the operation co-financed by the Interreg-IPA CBC Bulgaria-the former Yugoslav Republic of Macedonia Programme (CCI number 2014TC16I5CB006), continues to be managed by the same organization (Beneficiary of the Programme) the following two options are recommended:

- if the operation has no other phases, six months after the project has finished no EU/or Programme symbol can be used with any communication action, related to the respective project/operation (with exception of a commemorative plaque);
- if the operation has other phases, which are not co-financed by the Interreg-IPA CBC Bulgaria-the former Yugoslav Republic of Macedonia Programme (CCI number 2014TC16I5CB006), in the information and communication materials the following sentence could be included:

“The initial phase <dates> of this project/operation was supported by the Interreg-IPA CBC Bulgaria-the former Yugoslav Republic of Macedonia Programme (CCI number 2014TC16I5CB006)”.

11. Project Closure

The project closing process starts with submission of the Final PPR and the Final Request for Payment. The LP has to include all expenditures related to the last reporting period, and if relevant the expenditure of the project partners not submitted in the previous reporting periods.

NB!

In case of final payment, the expenditures are eligible if they are carried out during the respective reporting period and are paid no later than 45 calendar days after the end date of the implementation period of the operation. Expenditures which are not carried out during the respective reporting period could be if a necessary justification is provided.

While project closing, the JS approves the Final PPR and checks if all the activities are fulfilled according to the approved Application form, and all the requirements arising of the Subsidy Contract (e.g. the project has been fully implemented by carrying out the planned activities, the planned outputs and results and the project is realized in due time, etc.)

In case the project is completed and the Final PPR is approved by the JS, the MA proceeds with the financial closing of the project in order to calculate the amount of the final IPA II and national co-financing contribution to be reimbursed to the LP. After approval of the final payment to the LP, the project is considered closed.

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

11.1. Retention of project documents

NB!

The LP and all partners are obliged to retain for audit purposes all files, documents and data about the project for a period of 5 (five) years after the date of the notification by the MA for verified amounts under the request for final payment.

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

No.	Document	Lead Partner	Project Partner
1.	- <i>Approved Application Form</i>	- <i>original</i>	- <i>copy</i>
2.	- <i>Partnership Agreement (and its amendments)</i>	- <i>original</i>	- <i>original</i>
3.	- <i>Subsidy Contract</i>	- <i>original</i>	- <i>Not relevant</i>
4.	- <i>Amendments of the Subsidy Contract</i>	- <i>original</i>	- <i>only if relevant</i>
5.	- <i>Project Progress Reports</i>	- <i>original</i>	- <i>Not relevant</i>
6.	- <i>Request for Payment</i>	- <i>original</i>	- <i>Not relevant</i>
7.	- <i>Certificate on validation of expenditure</i>	- <i>original</i>	- <i>original</i>
8.	- <i>Each invoice and accounting document of probative value related to project expenditure (originals to be retained at the premises of the project partner concerned)</i>	- <i>only the LP's invoices in original</i>	- <i>only PP's invoices in original</i>
9.	- <i>All supporting documents related to project expenditure (e.g. bank statements, public procurement documents, etc.) to be retained at the premises of the project partner concerned</i>	- <i>only the supporting documents of the LP in original</i>	- <i>only the supporting documents of the PP in original</i>
10.	- <i>All project deliverables (materials produced during the project period)</i>	- <i>only the project deliverables of the LP in original</i>	- <i>only the project deliverables of the PP in original</i>
11.	- <i>If relevant, documentation related to on-the-spot checks of the controllers (to be retained at the premises of the project partner concerned)</i>	- <i>only LP's on the spot check documentation in original</i>	- <i>only PP's on the spot check documentation in original</i>
12.	- <i>If relevant, documentation of monitoring visits of the JS</i>	- <i>only LP's on-the-spot check documentation in original</i>	- <i>only PP's on-the-spot check documentation in original</i>
13.	- <i>If relevant, audit reports</i>	- <i>All audit reports, LP audit report in</i>	- <i>Not relevant</i>

No.	Document	Lead Partner	Project Partner
		<i>original, all other reports - as a copy.</i>	
14.	- Other official correspondation	- original	- only if relevant

11.2. Sustainability of the project

The LP and all project partners have the obligation to ensure the sustainability of the operation results in terms of preserving its conditions and ownership for not less than 5 (five) years after completion of the implementation period for investment projects and not less than 2 (two) years after completion of the implementation period for soft measures projects.

11.3. Ownership of project results

Title, industrial, and intellectual property rights in the outputs of the project and the reports and other documents relating to it shall be ownership of the LP and PPs.

The LP should guarantee a widespread publicity of the results of the projects and make them available to the public.

The LP grants the MA the right to use the results of the operation as it deems fit, provided it does not breach their confidentiality obligations or intellectual and industrial property rights.

List of Annexes:

- Annex 1 Financial Identification Form
- Annex 2 Project Procurement Plan
- Annex 3 Project Progress Report
- Annex 3.1 Final Project Summary
- Annex 4 Request for First Level Control
- Annex 5 Invoice Report with the attached Financial Report
- Annex 6 Request for Payment
- Annex 7 Appeal Declaration
- Annex 8 Request for Contract Modification
- Annex 8.1 Declaration of Withdrawal of PP
- Annex 8.2 Budget modification table
- Annex 9 Communication Plan - template
- Annex 10 Communication and Visibility Guidelines
- Annex 11 Declaration on VAT status
- Annex 12 Declaration for lack of double funding and revenue of the project
- Annex 13 Request for derogation to the rule of origin
- Annex 14.1 Tender dossiers for Single tenders
- Annex 14.1.1 Tender dossiers for Single tenders for service
- Annex 14.1.2 Tender dossiers for Single tenders for supply
- Annex 14.1.3 Tender dossiers for Single tenders for works
- Annex 14.2 Practical advices in public procurement
- Annex 15 User manual for the beneficiary portal