



**LATVIA - RUSSIA
CROSS - BORDER COOPERATION PROGRAMME
2014-2020**

**Guidelines
for Grant Applicants**

Reference: Call for Proposals

Deadline for submission of project concept note:

28 September 2017.

Approved by the JMC on 1 June 2017

NOTICE

This is a call for proposals, where all documents are submitted in two stages – concept note and full application. The Guidelines for Grant Applicants (hereafter – the Guidelines) include procedural/practical information ranging from design of project concept note, full project application and preparation of related documentation to selection. They intend to assist applicants in drafting application form and preparation of supporting documents. These Guidelines also give applicant and project partners an insight in implementation and finalization of an approved project.

It should be noted that before approval of application submitting parties are called “applicant” and “project partners”, after signing grant contract “lead beneficiary” and “beneficiaries”.

In the event of translation of these Guidelines, the English version of this document is approved by the JMC of the Programme and takes precedence over other language versions.

All document templates to be filled in for this call for proposals can be downloaded on the Programme website: www.latruscbc.eu. The document templates are: concept note, partnership statement, letter of endorsement by the associate, financial identification form, and financial flow form. Template of the application form will be also available on the website on a later stage.

Please note, that these Guidelines do not in any way replace the obligations and provisions set out in the respective EU and national legislation.

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1. GENERAL INFORMATION ABOUT THE LATVIA – RUSSIA CROSS BORDER COOPERATION PROGRAMME 2014-2020

1.1 BACKGROUND

The Programme has been prepared jointly and approved by National Authorities of the Republic of Latvia and the Russian Federation and adopted by European Commission on 18 December 2015. The Programme is of bilateral character between the Republic of Latvia and the Russian Federation. The EU renders financial support within the European Neighbourhood Instrument (hereafter – ENI), established for supporting the European Neighbourhood Policy (hereafter – ENP) and European Regional Development Fund (hereafter – ERDF). The Russian Federation and the Republic of Latvia are co-financing the Programme. The main objective of the ENI, Russian and Latvian co-financing of cross-border cooperation programmes is to contribute to the development of a special relationship with neighbouring countries, with the aim of establishing an area of prosperity and good neighbourliness.

1.2 LEGAL FRAMEWORK

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

- **Agreement on Financing and Implementation of Cross Border Cooperation Programme "Latvia-Russia" 2014-2020** signed on 29 December 2016 (hereinafter referred to as Financing Agreement);
- **Regulation (EU) No 236/2014** of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action (hereinafter – Regulation (EU) No 236/2014);
- **Regulation (EU) No 232/2014** of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (hereinafter – Regulation (EU) No 232/2014);
- **Commission Implementing Regulation (EU) No 897/2014** of 18 August 2014 laying down specific provisions for the implementation of cross-border cooperation programmes financed under Regulation (EU) No 232/2014 of the European Parliament and the Council establishing a European Neighbourhood Instrument (hereinafter – Regulation (EU) No 897/2014);
- **Programming document for European Union support to ENI cross-border cooperation for the period 2014-2020** (hereinafter – the ENI Programming document), that provides the strategic framework for EU support for cross-border cooperation on the external borders of the EU, under the ENI, for the period 2014-2020 including partnership with Russia.
- **Regulation (EU, EURATOM) No 966/2012** of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002;
- **Commission Delegated Regulation (EU) No 1268/2012** of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union;
- **Latvia–Russia Cross Border Cooperation Programme 2014-2020** approved by the governments of the Republic of Latvia and the Russian Federation and adopted by the European Commission on 18 December 2015, EC decision No C (2015) 9181;
- "Communication and Visibility Manual for European Union External Actions" laid down and published by the European Commission;

- Practical Recommendations for Project Participants on the Information Coverage of the Russian Federation Participation In Cross-Border Cooperation Programmes between Russia and the EU elaborated by the Russian National Authorities;
- The Latvia-Russia Cross-border Cooperation Programme 2014-2020 implementation guidelines and annexes, including “Practical Guidelines for Implementation of Projects”, “Communication and Visibility Guidelines” and any other guidelines and relevant Programme documents that will be developed and published on the Programme website www.latruscbc.eu.
- Applicable national legal acts and EU regulations and cross-cutting issues of environmental sustainability, gender equality, HIV/AIDS, and democracy and human rights.

For the matters relevant to implementation of the call for proposals, which are not covered by the legal framework referred to in section 1.2 of the Guidelines, in these Guidelines and the Grant Contract, the national rules of the Republic of Latvia and the Russian Federation shall apply.

1.3 STRATEGIC GOAL OF THE PROGRAMME AND THEMATIC OBJECTIVES

The **strategic goal** of the Programme is to support joint efforts for addressing cross-border development challenges and promote sustainable use of existing potential of the area across border between Latvia and Russia. The vision of the Programme is to reach the positive changes in entrepreneurship, environmental and cross-border mobility sectors.

In order to contribute to the achievement of the strategic goal the Programme participating countries have chosen two thematic objectives (hereinafter – TO) and relevant Programme priorities (detailed information about each TO is provided in section 2.) under which project concept notes and full applications can be submitted for call for proposals:

I. TO1 Business and SME development:

- 1.1. Promotion of and support to entrepreneurship;
- 1.2. Development and promotion of new products and services based on local resources.

II. TO6 Environmental protection, climate change adaptation:

- 2.1. Efficient management of nature objects;
- 2.2. Joint actions in environmental management;

The promotion of local people-to-people actions will be an important modality to be deployed in support of any of the priorities. This could include support for enhanced cooperation among local and regional authorities, NGOs and other civil society groups, universities and schools, chambers of commerce etc., showing the clear benefit and affect from cooperation to both sides of the border within the Programme area.

The Programme will finance activities within the projects, which have distinctive and sustainable cross-border character and involve at least two beneficiaries, of whom at least one beneficiary shall be located in the Programme area of the Republic of Latvia and at least one beneficiary located in the Programme area in the Russian Federation. More detailed requirements for each priority are provided in section 2.

1.4 PROGRAMME AREA

The Programme area is illustrated in the map below.



The **Programme core area** includes *Vidzeme* and *Latgale* regions in Latvia and *Pskov* region in Russia.

Adjoining area includes *Pieriga* and *Zemgale* regions in Latvia and *Leningrad* region in Russia participating in the Programme under the same conditions as the Programme core area provided that it would bring substantial added value for the core eligible area and that its participation is essential for achieving cross-border cooperation impact in the core eligible area.

Riga and *St. Petersburg* are major economic centres of the Programme area and may be involved to contribute to the achievement of the cross-border cooperation impact in the core eligible border area, and are essential to achieving the Programme's objectives in a sustainable way.

1.5 PROGRAMME MANAGEMENT

The Joint Monitoring Committee (JMC)

The main responsibility of the JMC is to take the decisions on all the principal issues related to the Programme implementation, decide on the selection of the projects, monitor the implementation of the Programme. The JMC follows the implementation of the Programme and progress towards its priorities using the objectively verifiable indicators and related target values defined in the Programme. Furthermore, it examines all issues affecting the performance of the Programme, and may issue recommendations to the MA regarding the implementation of the Programme and its evaluation. Consequently, the JMC monitors actions undertaken as a result of its recommendations. In addition, the JMC participates in the project selection procedure and make the final decision on projects and grant amounts allocated to them.

National Authorities (NA)

NAs are responsible for the set up and effective functioning of management and control systems at national level and shall support the MA in ensuring that the management and control system for the Programme is set up and this system functions effectively. In addition NAs ensure that national systems for prevention, detection and correction of irregularities function effectively and are responsible for recoveries of amounts unduly paid on their respective territories. The NAs also represent their country in the JMC.

The Managing Authority (MA)

The main responsibility of the MA is to manage the Programme in accordance with the principle of sound financial management.

Main tasks related to the selection and management of the projects include: ensuring that project selection procedures and guidelines are drawn up; launching calls for proposals; signing grant contracts with the lead

beneficiaries; deciding on requested project modifications; ensuring that beneficiaries are provided with information and documentation necessary for implementing the projects, making payments to the lead beneficiaries of the projects and other.

Ministry of Environmental Protection and Regional Development of Latvia (hereafter – MEPRD) who fulfilled the functions of the MA of the Programme 2007-2013 continues to operate as the MA for the Programme.

**The Joint
Technical
Secretariat
(JTS)**

The JTS responsibility is to assist the MA, the JMC, NAs and, where relevant, the AA, in carrying out their respective functions. The JTS is also responsible for tasks related to the selection and monitoring implementation of the projects, including assisting the MA in drawing up project selection procedures and guidelines and launching the calls for proposals. The JTS's assistance in implementation of projects to beneficiaries entails providing beneficiaries with document templates (grant contract, partnership agreement, etc.) setting out the conditions for support for each project, including the financing plan and the time limit for execution; carrying out operational and financial follow-up of the projects, making the desk-check of beneficiaries' reports and requests for payments, examining requests of project modification and presenting to the MA opinion of the JTS and other tasks.

Latvia – Russia Programme Division of MEPRD will fulfil functions of the JTS. Two branch offices (BOs) of the JTS are operating in Pskov and Saint Petersburg. Their role includes communication (including receiving applications), information, assistance to the MA and JTS in the project evaluation and implementation follow-up, as well as assistance to project partners, NAs and JMC.

**The Audit
Authority
(AA)**

The AA, with support from the Group of Auditors, performs the following main functions: prepares and submits audit strategy for performance of audits to the EC and NAs; ensures subcontracting of independent audit body and follows that audits are carried out on an appropriate sample of projects; ensures that audits are carried out on the management and control systems of the Programme; ensures that audits are carried out on the annual accounts of the Programme.

Audit Department of the MEPRD will carry out functions of the AA of the Programme.

**The control
contact
points
(CCP)**

CCP will be organised in Latvia and Russia in order to support the MA in its control of the Programme obligations.

In Latvia the Investments Supervision Department of the MEPRD will carry out functions of the CCP.

In Russia the Unit for Coordination and Legal Support of Regional and Cross-border Cooperation, Department for Regional and Cross-border Cooperation Development, Ministry of Economic Development of the Russian Federation will act as the CCP and will mainly assist the MA in its verifications and control tasks in the territory of the Russia providing information and clarifications on the national rules. Besides, in Russia the control tasks related to examination of actuality, accuracy and eligibility of costs declared by the beneficiaries in support of a payment request and of the project revenue in accordance with the contract will be performed by audit companies.

1.6 FINANCIAL ALLOCATION FOR THE PROJECT IMPLEMENTATION

The overall indicative amount made available from the Programme under call for proposals is EUR 8 691 747,80.

Table 1 - Planned available Programme co-financing per thematic objective

Thematic Objective	Approved Programme co-financing (EU funding + RU funding), EUR	Direct Award projects (Programme co-financing), EUR	Planned available Programme co-financing per TO within Call for proposals (EUR)
<i>TO1 Business and SME development</i>	7 232 231,01	3 120 000,00	4 112 231,01
<i>TO6 Environmental protection, climate change adaptation</i>	8 079 516,79	3 500 000,00	4 579 516,79
Total	15 311 747,80	6 620 000,00	8 691 747,80

Table 2 – Planned maximum budget of projects

Thematic Objective	Priority	Maximum budget of a project
<i>TO1 Business and SME development</i>	1.1. Promotion of and support to entrepreneurship	250 000,00 EUR
	1.2. Development and promotion of new products and services based on local resources	500 000,00 EUR for projects with 2 partners 650 000,00 EUR for projects with 3 partners 800 000,00 EUR for projects with 4 and more partners
<i>TO6 Environmental protection, climate change mitigation and adaptation</i>	2.1. Efficient management of nature objects	700 000,00 EUR
	2.2. Joint actions in environmental management	100 000,00 EUR

The JMC reserves the right not to award all available funds.

1.7 OFFICIAL LANGUAGE

The official working language of the Programme is English. Application form shall be submitted in English, however, additional/supporting documents required while submitting the application can be submitted in the national languages of the applicants. All official documentation and communication related to the implementation of projects shall be in English. Interpretation and

translation costs foreseen during the project implementation can be included in the budget of the project.

2. PROGRAMME FRAMEWORK AND SUPPORTED ACTIONS

Thematic objectives, priorities and actions to be supported, which are described in this section, constitute the thematic framework of the Programme, which is outlined in detail in the Programme document. The range of TOs has been identified by the EC for the current programming period (2014-2020), and the choice of the TOs for the Programme is agreed between the participating countries.

In order to measure the actual results planned within the Programme, output indicators and corresponding target values have been elaborated; they are described in detail in the Programme document (Joint Operational Programme). Each project to be implemented within this Programme has to contribute to achievement of the target value of the indicators, outlined in these Guidelines for all priorities of each thematic objective as well as overall result indicators that have been set for each thematic objective.

In addition to the defined priorities, the implementation of which will be the main focus of the Programme, applicants and project partners should consider the cross-cutting issues of environmental sustainability, gender equality, HIV/AIDS, and democracy and human rights in respect of their projects. These cross-cutting issues are also integrated into the application form for convenience of applicants and project partners. Projects with negative influence on any individual mistreated because of any characteristics will not be selected for co-financing.

2.1. THEMATIC OBJECTIVE 1 „BUSINESS AND SME DEVELOPMENT“

This thematic objective is targeted at supporting business environment by providing supporting activities, which encourage start of new business, development of new ideas, and initiatives that increase cooperation and support readiness to cooperate across the border. It is expected that this thematic objective will support projects that bring together entrepreneurs, business development specialists, advisors, and professional organizations that operate to support business development as well as promote creation of new products and services based on local resources.

Priority 1.1. „Promotion of and support to entrepreneurship“

Projects under this priority should focus on development of support measures for business start-ups, joint promotion of business, and development of joint products. The overall **result indicator** for this priority is increase in number of operating small businesses.

In addition, some considerations and requirements need to be taken into account when developing project ideas:

- Each project must contribute to achievement of result indicator and both output indicators (see table below).
- Each project must include at least one of these actions: 1) strengthening capacities of business support structures, 2) actions for raising entrepreneurship skills and spirit for different target groups. 3) promotion of business opportunities.
- Each project must include at least two of these types of beneficiaries: 1) educational institutions, 2) business development organisations operating with the aim of development of business, e.g. NGOs, 3) national, regional, local level institutions dealing with support for entrepreneurship.
- In each project in case if investments in infrastructure (planned costs under budget heading “Infrastructure and works”) are planned maximum average amount for one infrastructure object is 50 000 EUR.

Expected Output Indicator	Measurement unit	Target value
Number of business development organisations receiving support	Organisations	7
Number of enterprises substantially and actively involved in projects	Enterprises	100

Please, be aware that project applications submitted under this priority may fall under state aid rules. For more information refer to section 6.2.7.

Priority 1.2. „Development and promotion of new products and services based on local resources”

In general, projects supported under this priority should be aimed at development and promotion of joint tourism products and services: development of cultural/historical infrastructure for tourism promotion; development of craftsmanship; development of sustainable tourism products (joint routes, events attracting tourists/visitors to particular territory); joint marketing of tourism opportunities/products in programme area.

The overall **result indicators** for this priority are: 1) creation of new cross-border products and services based on local resources, and 2) development of local services and products for attraction of tourists in region.

Upon development of project ideas, the following considerations and requirements need to be taken into account:

- Each project should contribute to achievement of both output indicators (see table below) and should also support achievement of both result indicators set for the priority.
- In each projects in case if investments in infrastructure (planned costs under budget heading “Infrastructure and works”) are planned, maximum average amount for one infrastructure object is 400 000 EUR.
- Projects involving investments in infrastructure must also include creation of common tourism product (e.g. a common tourism route).
- Common marketing activities are obligatory for each project.

Expected Output Indicator	Measurement unit	Target value
Number of improved cultural and historical sites as a direct consequence of programme support for the purpose of development of local entrepreneurship	Cultural and historical sites	6
Number of institutions using Programme support for promoting local culture and preserving historical heritage	Institutions	12

2.2. THEMATIC OBJECTIVE 6 „ENVIRONMENTAL PROTECTION, CLIMATE CHANGE MITIGATION AND ADAPTATION”

This thematic objective is mainly focused on preservation and sustainable use of nature objects as well as raising awareness of and capacity of relevant stakeholders concerning issues related to environmental management.

Priority 2.1. „Efficient management of nature objects”

Projects under this priority should be mainly focused on preservation and sustainable use of nature objects, including investments in small-scale infrastructure objects, development of sustainable tourism objects and new solutions for promotion of tourism in the programme territory.

The overall **result indicators** for this priority are: 1) increase of number of visitors to improved or newly developed objects of natural resources, and 2) sustainability of natural resources for improved attractiveness of Programme territory.

In addition, the following requirements need to be taken into consideration:

- Each project should contribute to achievement of both of the above mentioned result indicators and the expected output indicator (see table below).
- In each project in case if investment in infrastructure (costs planned under budget heading "Infrastructure and works") related to objects of natural resources, maximum average amount for each infrastructure object is 250 000 EUR.
- Each project must include at least one of these actions: 1) development of infrastructure for sustaining natural resources (including specially protected areas, municipal nature areas and others); 2) promoting of sustainable tourism products and services; 3) joint management of natural resources.

Expected Output Indicator	Measurement unit	Target value
Number of objects of natural resources with improved condition and sustainability	Objects	7

Priority 2.2. „Joint actions in environmental management“

The overall **result indicator** for this priority is increased capacity of relevant stakeholders and general public for sustainable use of natural resources.

The following requirements need to be taken into consideration upon development of project ideas:

- Maximum duration of project is 18 months;
- Each project should contribute to achievement of set result indicator and both of expected output indicators (see table below).
- Each project must include at least one of these actions:
 - awareness raising of sustainable lifestyle actions aiming at raising environmental awareness (promoting information about sustainable use of natural resources and energy efficiency) and involving environmental education related issues (e.g., establishment of nature education centres, development of relevant educational programmes and others).
 - joint natural resource management actions – e.g. for ensuring capabilities for readiness and response by developing joint monitoring and early warning systems and tools.
 - capacity building on management and protection of natural resources actions for improvement of environmental management (including activities related to development of management plans for natural resources and exchange of experience and best practice about issues related to environmental management).
- In case a beneficiary is an NGO, description of experience in organization of similar actions must be provided in the application form.

Expected Output Indicator	Measurement unit	Target value
Cross-border initiatives for promotion of sustainable use of natural resources	Initiative	7
Number of persons actively participating in environmental actions and awareness raising activities	Persons	200

The following is considered ineligible within the projects:

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

3. REQUIREMENTS FOR PROJECTS, APPLICANTS AND PROJECT PARTNERS

3.1. CO-FINANCING RATE

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

Applicant and each project partner must contribute not less than 10% of its total eligible costs to financing of the project. The contribution by applicants and/or project partners should derive from their own resources or from sources other than the EU budget.

3.2. PROJECT DURATION

All grant contracts shall be signed before 31 December, 2021. All project activities financed by the Programme shall end on 31 December, 2022 at the latest. Maximum duration of a project is **24 months, except for projects under Priority 2.2. which is 18 months.**

3.3. LOCATION

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

If it is necessary for the project implementation and for the benefit of the Programme territory, in duly justified cases up to 20% of the total budget of the project may be spent for implementation of the project soft activities outside the Programme area. These costs have to

be clearly indicated, specified and justified in the application form and approved by the JMC. If during the project implementation partners discover that it is necessary to organise an activity or its part outside of the Programme area, the lead beneficiary has to receive a prior approval of the MA.

3.4. PROJECT TYPES

Nature of the projects can be of three following categories:

- | | |
|--------------------------------|---|
| Integrated projects | where each beneficiary implements a part of the activities of the project on its own territory. |
| Symmetrical projects | where similar activities are carried out in parallel in both participating countries. |
| Single-country projects | where projects are implemented mainly or entirely in one of the participating countries but for the benefit of all or some of the participating countries and where cross-border impacts and benefits are identified. |

Projects of any of the above mentioned category must show that the project delivers a clear cross-border cooperation impact and added value to the Programme area.

3.5. ELIGIBLE APPLICANTS AND PROJECT PARTNERS

Each project shall involve **at least two** of whom at least one shall be located in the Programme area of the Republic of Latvia and at least one beneficiary located in the Programme area in the Russian Federation. One of those partners will act as the applicant. Number of applications to be submitted by an applicant for this call for proposals is not limited.

All beneficiaries shall actively cooperate in the development and implementation of projects. In addition, they shall cooperate in the staffing and/or financing of projects. Each beneficiary shall be legally and financially responsible for the activities that it is implementing and for the share of the Programme funds that it receives. The specific obligations as well as the financial responsibilities of the beneficiaries shall be laid down in partnership agreement.

The following bodies can act as beneficiaries:

1. **public authorities** understood as national institutions, regional and local authorities - for the Republic of Latvia; **public entity** understood as federal, regional or local authority of the Russian Federation - for the Russian Federation.
2. **public equivalent bodies** meaning any legal body governed by public or private law:
 - established for the specific purpose of meeting needs for the general interest and not having industrial or commercial character,
 - having legal personality, and
 - either financed, for the most part, by the state, or regional or local authorities, or other bodies governed by public law; or subject to management supervision by those bodies,
 - or having an administrative, managerial or supervisory board, where more than half of the members are appointed by the state, regional or local authorities or by other bodies governed by public law;
3. **non-governmental organisations** constituting legal bodies that have been established for the specific purpose of meeting needs for the general interest and not having an industrial or commercial character, and having legal personality.

NB: an NGO acting as beneficiary should be established at least 2 years prior to closing of the Call.

It should be noted that a European grouping of territorial cooperation may be a beneficiary, regardless of its place of establishment, provided its geographic coverage is within the Programme area.

In addition to the requirements set above in this section, the applicants and project partners must satisfy all criteria listed below:

1. be legal persons effectively established in the Programme area and
2. comply with the eligibility criteria defined for each selection procedure;
3. be non-profit making (with exception of public equivalent body participating as the applicant or project partner) and
4. be directly responsible for the preparation and management of the project with their partner(s), not acting as an intermediary, and
5. not be in any of the situations listed below:
 - 5.1. they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
 - 5.2. they or persons having powers of representation, decision making or control over them have been convicted of an offence concerning their professional conduct by a judgment of a competent authority of a Member State which has the force of res judicata (i.e. against which no appeal is possible);
 - 5.3. they have been guilty of grave professional misconduct proven by any means which the contracting authority can justify including by decisions of the European Investment Bank and international organisations;
 - 5.4. they are not in compliance with their obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed;
 - 5.5. they or persons having powers of representation, decision making or control over them have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such illegal activity is detrimental to the Union's financial interests;
 - 5.6. they are subject to an administrative penalty:
 - 5.6.1. are subject to a conflict of interests;
 - 5.6.2. are guilty of misrepresenting the information required by the MA as a condition of participation in the procurement procedure or fail to supply that information;
 - 5.6.3. contractors who have been declared to be in serious breach of their obligations under contracts covered by the budget.

Points 5.2. and 5.5. shall not apply where the applicants or partner(s) can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over them, who are subject to a judgement as referred to in points 5.2. or 5.5.

In any case, any applicant or project partner should demonstrate the institutional and financial capacity, and the relevant thematic expertise required for implementation of its part of the project. These can be evidenced by the means foreseen in the application form and the supporting documents attached to the full application.

The following are **neither applicants (lead beneficiaries), nor project partners (beneficiaries)**, and are not subject to financial rules applied to the Applicants and project partners, and do not have to sign the partnership statement:

- **Associates** – may be involved in the project implementation if they play an actual role in the project. It is not eligible for associates to receive funding from the grant with the exception of daily allowances, accommodation and travel costs for the events organized and paid within the project by the beneficiaries. Associates do not have to meet the eligibility criteria referred to in this section. The associates have to be described and justified in the application form and each associate has to sign letter of endorsement.

4. PROJECT BUDGET AND ELIGIBLE COSTS

4.1. ELIGIBILITY OF COSTS

Eligible costs are actually incurred¹ by the beneficiaries and meet all of the following criteria:

1. they are incurred during the implementation period of the project. In particular:
 - 1.1. costs relating to services and works shall relate to activities performed during the implementation period. Costs relating to supplies shall relate to delivery and installation of items during the implementation period. Signature of a contract, placing of an order, or entering into any commitment for expenditure within the implementation period for future delivery of services, works or supplies after expiry of the implementation period do not meet this requirement; cash transfers between the beneficiaries may not be considered as costs incurred;
 - 1.2. costs must be paid before the submission of the final reports;
 - 1.3. an exception is made for costs relating to final reports, including expenditure verification, audit and final evaluation of the project, which may be incurred after the implementation period of the project. They may be paid afterwards provided they are listed in the final report together with the estimated date of payment;
 - 1.4. procedures to award contracts, as referred to in the Agreement on Financing and Implementation of Latvia-Russia CBC Cross-Border Programme 2014-2020 and in Article 52² of Regulation (EU) No 897/2014 and following, may have been initiated and contracts

¹ In these guidelines **costs incurred** means costs actually paid during the project implementation period with the exception to costs directly related to final report, including expenditure verification, audit and final evaluation of the project, which may be paid after the implementation period of the project under condition that they are listed in the final report together with the estimated date of payment

² Applicable Rules

1. If the implementation of a project requires procurement of goods, works or services by a beneficiary, the following rules shall apply:
 - (a) where the beneficiary is a contracting authority or a contracting entity within the meaning of the Union legislation applicable to procurement procedures, it may apply national laws, regulations and administrative provisions adopted in connection with Union legislation or rules of paragraph 2;
 - (b) where the beneficiary is an international organisation, it may apply its own procurement rules if they offer guarantees equivalent to internationally accepted standards;
 - (c) where the beneficiary is a public authority of a CBC partner country whose co-financing is transferred to the Managing Authority, it may apply national laws, regulations and administrative provisions, provided that the financing agreement allows it and the general principles set out in point (a) of paragraph 2 are respected.
2. In all other cases the following obligations shall be complied with:
 - (a) the contract is awarded to the tender offering best value for money, or as appropriate, to the tender offering the lowest price, while avoiding any conflict of interests;
 - (b) for contracts with a value of more than EUR 60 000, the following rules shall also apply:
 - (i) an evaluation committee shall be set up to evaluate applications and/or tenders on the basis of the exclusion, selection and award criteria published by the beneficiary in advance in the tender

may be concluded by the beneficiary(-ies) before the start of the implementation period of the project, provided the provisions of Article 52 Regulation (EU) No 897/2014 and following have been respected (for details, see section Retroactive costs of these Guidelines);

2. they are indicated in the project's estimated overall budget;
3. they are necessary for the project implementation and they fall under project activities set in the full application form;
4. they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the accounting standards and the usual cost accounting practices applicable to the beneficiary;
5. they comply with the requirements of applicable tax and social legislation;
6. they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency;
7. they are supported by invoices or documents of equivalent probative value.

In duly justified cases when it is necessary for achieving the project objectives and is beneficial for the Programme area up to 20% of Programme co-financing may be used for activities outside the Programme area.

Only **eligible costs** will be taken into account for a grant. **Please note that only costs incurred during the project implementation are eligible but an exception is made to retroactive costs and costs related to preparation of final reports.** The budget is both a cost estimate and a ceiling for eligible costs. For detailed information about eligible and non-eligible costs see Section 3.2 of the Guidelines. When submitting application, documents justifying project costs (e.g. price offers) are **not** required.

Ineligible costs are the following costs of beneficiaries relating to the implementation of the project:

1. debts and debt service charges (interest);
2. provisions for losses or liabilities;
3. costs declared by the beneficiary and already financed by the Union budget, federal, regional or/and local budgets;
4. purchases of land or buildings;
5. exchange-rate losses;

documents. The committee must have an odd number of members with all the technical and administrative capacities necessary to give an informed opinion on the tenders/applications;

- (ii) sufficient transparency, fair competition and adequate ex-ante publicity must be ensured;
- (iii) equal treatment, proportionality and non-discrimination shall be ensured;
- (iv) tender documents must be drafted according to best international practice;
- (v) deadlines for submitting applications or tenders must be long enough to give interested parties a reasonable period to prepare their tenders;
- (vi) candidates or tenderers shall be excluded from participating in a procurement procedure if they fall within one of the situations described in Article 106(1) of Regulation (EU, Euratom) No 966/2012. Candidates or tenderers must certify that they are not in one of these situations. In addition, contracts may not be awarded to candidates or tenderers which, during the procurement procedure fall within one of the situations referred to in Article 107 of Regulation (EU, Euratom) No 966/2012;
- (vii) procurement procedures set out in Articles 53 to 56 shall be followed.

3. In all cases, the rules of nationality and origin set forth in Articles 8 and 9 of Regulation (EU) No 236/2014 shall apply.

6. duties, taxes and charges, including VAT, except where non-recoverable under the relevant national tax legislation, unless otherwise provided in appropriate provisions negotiated with CBC partner countries;

NB: further to provisions of Article 9.2 of the General Conditions of Financing Agreement, the **value added tax** (hereinafter – VAT) paid by the beneficiaries in the framework of procurement and grant contracts financed by the Programme, where it is not recoverable under the applicable national law, will be treated as an eligible cost. In such case, the beneficiaries should be able to demonstrate that they cannot reclaim the VAT.

7. loans to third parties;
8. fines, financial penalties and expenses of litigation;
9. contributions in kind as defined in Article 14 of Regulation (EU) No 897/2014:
 - 9.1. any provision of non-financial resources free of charge by a third party shall be considered as contributions in kind at programme or project level. The cost of staff assigned to a project or programme shall not be considered a contribution in kind but may be considered part of the minimum 10 % co-financing based on real costs made by beneficiaries.
 - 9.2. 2. contributions in kind are not eligible costs and may not be considered as part of the minimum 10% co-financing.

The 3E Principle in the project budget

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

- ✓ **The principle of economy** requires that the resources used by the organisation for the pursuit of its activities shall be made in due time, in appropriate quantity and quality and at the best price.
- ✓ **The principle of efficiency** is concerned with the best relationship between resources employed and results achieved.
- ✓ **The principle of effectiveness** is concerned with attaining the specific objectives set and achieving the intended results.

4.2. DESCRIPTION OF BUDGET HEADINGS

Project budget is divided among seven budget headings and further detailed into budget lines. During project concept note stage only general information regarding project budget will be asked to be provided.

The detailed breakdown of the project budget (including all direct eligible costs of the project) as well as its division per project partners (i.e. lead beneficiary and beneficiaries) should be provided in the full application form in case the project concept note is shortlisted for the submission of full application by the JMC and shall consist of the Programme's grant and the applicant's and the project partners' co-financing (contribution).

All expenditures included into the budget breakdown should comply with the rules on eligibility of costs set in section 4.1. of the Guidelines.

4.2.1. STAFF COSTS

Expenditure on staff costs consist of gross employment costs of staff employed by the beneficiary organisation, which are engaged in the project activities. Staff costs should be reported based on real costs method, when real expenditure is reported and justified with the supporting documents.

Staff costs include costs of employees in line with the employment/work contract (wages, employment taxes, social security charges, health insurance and other remuneration related costs due in the respective country).

Please note that both the employment/work contract and an appointment decision/contract of natural persons working for the beneficiary organisation and receiving salary payments are hereinafter referred to as employment document.

Project staff can be hired by the beneficiary either full-time or part-time.

Budget heading specific rules:

- staff costs must relate to activities which the beneficiary organisation would not carry out if the project was not undertaken;
- staff costs must be supported by time-sheets of employees working part-time for the project;
- overheads and any other office and administration costs cannot be included under this budget heading, should be included in budget heading 7;
- daily allowances and any other travel and accommodation costs cannot be included under this budget heading, should be included in budget heading 2;
- in case the staff member is working part-time for the project and part-time for other tasks in the beneficiary organisation, in general actual salary rate must be used, when calculating his/her costs in the project budget;
- staff member, who is working for the project and remunerated from staff costs, cannot conclude any service contracts that are financed within the same project;
- staff costs cover real costs paid out based on a payslip or a document of equivalent probative value.

If the beneficiary's organisation does not have the necessary human resources to ensure implementation of project, these specialists can be employed on the basis of service contracts. In this case their costs have to be budgeted under the budget heading 3 "External expertise and service costs".

NB: Contributions in kind are not eligible. The cost of staff assigned to a project shall not be considered a contribution in kind but may be considered part of the minimum 10% co-financing based on real costs paid by beneficiaries.

4.2.2. TRAVEL AND ACCOMMODATION COSTS

Travel and accommodation costs are costs of employees of the beneficiaries' organisations and other persons related to their participation in project meetings, seminars or events and supported by the documentary evidence for travel. Only travel costs (public transport, including ferry, plane, train, bus and taxi, car rent, travel and car insurance, fuel, car mileage, toll and parking fees), accommodation costs (including city taxes), visa costs (if relevant) and daily allowances are eligible under this Budget Heading.

Budget heading specific rules:

- sound financial management principles (economy, efficiency and effectiveness) should apply to the choice of transport and accommodation;
- any expenditure item defined as travel costs, accommodation costs, costs of meals or visa costs that is already covered by a daily allowance, cannot be eligible in addition to the daily allowance, i.e. no double-financing is allowed;

- travel and accommodation costs of staff of the organisations involved in the project as associates can be eligible, as long as they are finally incurred/paid by any of the beneficiary organisation;
- travel and accommodation costs of external experts and service providers cannot be included under this budget heading; they must be included in respective service contracts and be reported under budget heading 3 “External expertise and services costs”;
- travel and accommodation costs related to activities outside the Programme area are eligible if planned and justified in the application form. In case travelling outside the Programme area is foreseen in the project, costs shall be planned under separate line within this budget heading. Please specify in the project budget the planned travels;
- maximum rates for travel and subsistence costs of staff and other persons taking part in the project shall be respected, provided they exceed neither the costs normally paid by the beneficiary according to its rules and regulations (which are in accordance with national legislation) nor the rates published by the EC at the time of the mission;
- in well-justified and documented cases, project beneficiaries have a possibility to cover travel and accommodation costs of guests/target group (e.g. speaker of a conference, teacher (if not reported under budget heading 4 “External expertise and services costs”), members of a project steering group outside of the project beneficiary’s organisation, etc.) and driver of the project beneficiary organisation and report them under this budget heading;
- travel and accommodation costs must be justified by activities carried out within the project, e.g. participation in project meetings, project site visits, seminars, conferences, etc.;
- travel and accommodation costs should be properly documented in line with the national legislation or internal policy of the beneficiary’s organisation. In exceptional cases national rules concerning missing/lost documents may be accepted.

4.2.3. EXPERTISE AND SERVICES COSTS

Under this budget heading, the costs of an external service provider, an expert or consultant provided by a public or private body or a natural person outside of the beneficiary’s organisation have to be reported.

The following costs are eligible under this budget heading:

- studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
- training;
- translations;
- IT systems and website development, modifications and updates;
- promotion, communication, publicity or information linked to a project;
- financial management;
- services related to the organization and implementation of events or meetings (including rent, catering or interpretation). Please note that costs for lunch are eligible for a minimum six hours meeting and costs for dinner can be included for events taking place more than one day;
- participation in events (e.g. registration fees for conferences, business and tourism fairs and others);
- legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
- intellectual property rights;
- expenditure verification for the beneficiaries from Russia;
- provision of guarantees by a bank or other financial organisation where required (by EU or national law or the programme manual);

- travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;
- insurance for equipment and infrastructure;
- other specific expertise and services needed for the project.

Budget heading specific rules:

- work by external experts and service providers must be essential to the project and specified in the application form; accommodation and travel costs (if applicable) of external experts must be a part of service contract and be included in the total cost of provided services;
- all costs are subject to applicable public procurement rules and each beneficiary organisation is responsible for ensuring that these rules have been respected;
- subcontracting other project beneficiary organisations or employees of other beneficiary organisations, who already work for the project based on an employment contract, is not allowed.

4.2.4. EQUIPMENT COSTS

Purchase or rent of equipment (new or used) is eligible under budget heading 4 "Equipment costs" only in case such equipment is necessary for reaching project results and guaranteeing their durability.

A cross border character and relevance of the investments in equipment should be evident and in line with the project objective. Investments in equipment should be a part of an overall cooperation strategy implemented by the beneficiaries.

The equipment budgeted under this budget heading can be:

- office equipment;
- IT hardware and software;
- furniture and fittings;
- laboratory equipment;
- machines and instruments;
- tools or devices;
- other specific equipment needed for projects.

Budget heading specific rules:

- equipment has not been supported from any EU funds or by other international, national, regional and/or local funds;
- all costs are subject to applicable public procurement rules and each beneficiary organisation is responsible for ensuring that these rules have been respected;
- equipment cannot be purchased or rented from another project beneficiary;
- for equipment rented for a certain period during the project lifetime rental costs for the respective period are eligible, if necessity for renting of equipment is properly justified and costs are planned in the application form;
- expenditure for insurance of the equipment permanently installed in the project is eligible for the project duration period. Justification for equipment insurance shall be provided in the application form and costs for insurance must be planned and reported under budget heading 3 "External expertise and service costs";

- applicant is asked to provide a breakdown (cost estimation) of costs for equipment in the application form. Therefore, please, make sure to list all cost items of equipment.

4.2.5. INFRASTRUCTURE AND WORKS

Budget heading 5 “Infrastructure and works” covers costs related to investments in infrastructure. This includes costs for site preparation, delivery of materials, handling, installation, renovation, (re)construction and their supervision and other costs related to investments in infrastructure.

Retroactive costs for development of documents that are directly related to infrastructure development specified in the Section 2.1.3 of the Guidelines have to be included in budget heading 6 “Retroactive costs”

Budget heading specific rules:

- costs for infrastructure works are eligible if they have not been supported from any EU funds or by other international, national, regional and/or local funds;
- full costs of investments in infrastructure incurred and paid within the project duration are eligible, i.e. no depreciation is eligible;
- documents specifying the ownership of land and/or buildings where the works will be carried out must be provided to the JTS together with the application;
- all compulsory requirements set by the applicable EU and/or national legislation related to the respective investment in infrastructure must be fulfilled (e.g. environmental impact assessments, feasibility studies, building permission, etc.). One copy of a full set of documents required under the national building laws must be submitted to the JTS together with the application;
- expenditure for insurance of the infrastructure created in the project is eligible for the project duration period and costs for insurance must be planned and reported under Budget Heading 3 “External expertise and service costs”
- see descriptions of priority-specific requirements in sections 2.1. and 2.2. of these Guidelines for maximum average amounts for infrastructure objects of relevant priorities.

4.2.6. RETROACTIVE COSTS AND PREPARATORY COSTS

A grant may be awarded retroactively for costs for the development of application form and other documents - information and communication plan, environmental impact assessment, feasibility study, technical documentation for infrastructure component of the project etc.

- Retroactive costs: costs for the development of studies and of documentation that are directly related to infrastructure development (investment project, technical project, environmental impact assessment etc.) for each infrastructure and works object, are covered as real costs up to 7% of the relevant, planned in the project infrastructure and works object’s costs.
- Preparatory costs: costs for travel, translation and other costs for preparation of project full application. They are covered as a lump sum of EUR 2000 (Programme financing) per project and shall be indicated in the full application. They will be paid to lead beneficiaries that have signed grant contract. Such costs are limited to travel and subsistence costs of staff and other persons taking part in the project, provided they do not exceed the costs normally paid by the beneficiary according to its rules and regulations.

Retroactive activities and costs and preparatory costs have to be listed in the project summary and in the application form.

Retroactive costs are eligible only if payments are made no earlier than 18 December 2015 and not later than one day before the approval of full application by the JMC.

Preparatory costs are eligible only if payments are made after the publication of the call for proposals and not later than one day before the approval of full application by the JMC.

No grant may be awarded retroactively for projects already completed.

Only lead beneficiaries and beneficiaries of the approved project will be able to claim the reimbursement of the retroactive costs and preparatory costs once grant contract for implementation of the project is signed. Reimbursement of costs will be made together with the first payment from the MA to the lead beneficiary.

4.2.7. OFFICE AND ADMINISTRATION COSTS

Office and administration costs cover running costs and administrative expenses of the beneficiary organisation implementing project activities.

Indirect costs under "Office and administration costs" are calculated as a flat-rate of up to 7% of eligible direct costs, excluding costs incurred in relation to the provision of infrastructure, provided that the rate is calculated on the basis of a fair, equitable and verifiable calculation method.

When using the flat rate, the beneficiary does not need to document that the expenditure has been incurred and paid, or to prove that the reported amount using the flat rate would correspond to the real costs for office and administration.

MA may request to demonstrate the provisional breakdown/specification of the Office and administration costs as part of clarifications prior to start of the grant contract signing process.

Indirect administrative costs are related to:

- office rent;
- insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances);
- utilities (e.g. electricity, heating, water);
- office supplies;
- archives;
- maintenance, cleaning and repairs;
- security;
- IT systems (operating/administrative IT services of general nature that support delivery of the project. This includes maintenance costs of IT systems, e.g. costs related to the maintenance of a computer used by the project manager to administrate the project);
- communication (e.g. telephone, internet, postal services, business cards);
- bank charges for opening and administering the account or accounts where the implementation of an project requires a separate account to be opened;
- charges for transnational financial transactions.

Please note that the indirect costs declared under this budget heading cannot be declared under any other budget heading of the project.

Please note that total amount of financing on the basis of lump sums planned as preparatory costs and flat rate planned for office and administration may not exceed EUR 60 000 per project.

5. PARTICIPATION IN CALL FOR PROPOSALS

NB: Taking into account good administrative practice an application can be verified and subsequently excluded at any stage of the Call for Proposals evaluation process whenever it is obvious that any of the project partners (including an applicant) does not meet the eligibility criteria.

NB: any attempt to contact or influence the JMC, MA, or JTS during any stage of assessment or decision making process may result in the immediate exclusion of the respective application from further consideration.

5.1. INFORMATION ACTIVITIES FOR THE APPLICANTS AND PROJECT PARTNERS

The Programme plans to hold a number of information events in support of this call for proposals. For the date and time of the events, please consult the JTS main office and the branch offices or follow the news on the Programme website: www.latruscbc.eu.

Additionally, the questions may be sent by to the e-mail address LAT-RUS.CBC@varam.gov.lv or during personal consultations.

NB! the questions and answers will be published on the Programme website for the benefit of all potential applicants in order to respect the equal treatment principle. It is recommended to consult the website on a regular basis in order to be informed of the questions and answers published.

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

5.2. SUBMISSION AND EVALUATION OF CONCEPT NOTE

This call for proposals will be carried out in two stages – concept note stage and full application stage. In order to apply for grant, applicants first have to fill in the concept note. The concept note template is available for downloading at www.latruscbc.eu. Instructions on how to fill in the concept note are provided inside the document.

5.2.1. SUBMISSION OF CONCEPT NOTE

Where and how to submit the concept note

The concept note should be submitted in **one original and an electronic copy**.

Documents to be submitted:

1. **Concept note** duly filled-in in English using the template provided by the Programme, signed and stamped (if available) by the applicant;
2. **Partnership statement(s)** duly filled-in, signed and stamped (if available) by each of the project partner(s), including the applicant;
3. **The Statutes** of the applicant organisation and of each project partner organisation from Russia. This obligation does not apply to public entities.

4. For Applicants and project partners from Russia: **Registration Certificates, Value Added Tax (VAT) payer's registration certificates or equivalents**. This obligation does not apply to public entities.
5. For Applicants and project partners from Russia: **statement from the national tax authority on absence of tax arrears** issued no later than three month prior to submission of the concept note. This obligation does not apply to public entities.

The above mentioned documents in points 1 and 2 have to be submitted as originals and signed by the authorized person of the organisation. The documents listed in point 3 and 4 should be submitted as paper copies. The document in point 5 should be submitted as original statement.

The **concept note and accompanying documents** should be submitted in a closed envelope bearing the following: "*Application for the Latvia-Russia CBC Programme 2014-2020. Call for proposals: concept note. Not to be opened before the opening session*" together with the full name and address of the applicant.

The **electronic copy of the concept note (in Excel format)** should be sent to the e-mail address LAT-RUS.CBC@varam.gov.lv.

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

The envelope with the original concept note should be submitted to the Joint Technical Secretariat by one of the following means: registered post, courier service, or hand-delivery (in a latter case the signed and dated certificate of receipt will be provided to the deliverer) to one of the addresses below:

Main Office: Latvia – Russia Programme Division, Development Instruments Department, The Ministry of Environmental Protection and Regional Development of the Republic of Latvia
Address: Peldu street 25, Riga, LV-1494, Latvia

Or

Branch Office in Pskov (Russia)

Address: Sovetskaya Street 60a, entrance 3, 3rd floor, office room 44, Pskov, Russia

Phone: + 7 8112 20 15 62

E-mail: natalia.alexeeva@latruscbc.eu

Or

Branch Office in Saint Petersburg (Russia):

Address: 14 Izmailovsky Prospect, office 314A; St. Petersburg, 198005

Phone: +7 812 325 5184

E-mail: elena.makarova@latruscbc.eu

Concept notes sent by any other means or delivered to addresses other to those indicated above will be automatically rejected.

Deadline for submission of concept note

The call for proposals **opens on 2 June 2017** with the concept note stage **submission deadline – 28 September 2017** as evidenced by the postal stamp, courier document, or certificate of receipt in case of hand deliveries.

For hand delivery: deadline for receipt of the concept notes in the main office and BOs is at 16:00 local time as evidenced by the signed and dated receipt.

For registered post or courier delivery: paper versions of the concept notes sent by mail have to arrive to the addresses listed above no later than one month after the deadline. Please note that the date of dispatch has to be not later than the deadline for the submission as indicated above.

The **electronic copy** of the concept note (in Excel format) must arrive to the given email address not later than at 23:59, Latvian local time, of the submission deadline. Any concept note submitted after the deadline will automatically be rejected.

5.2.2. EVALUATION AND SHORTLISTING OF CONCEPT NOTES

After the submission deadline on **28 September 2017** the evaluation of the concept notes will be commenced. The information provided in the concept note should be clear and make it possible for the Programme to conduct an objective assessment and for the JMC to make an objective decision.

The applicant should provide an estimate of the project costs, which includes the contribution of all the project partners and the requested Programme co-financing. Only applicants invited to submit full application at the second stage of the Call for Proposals will be authorised to submit the detailed description and the detailed budget of the project.

Opening and administrative check of the concept notes

Opening and administrative check will be performed by the JTS in two parts – **opening session** and **administrative check**.

During the **opening session** all concept notes will be opened, registered and attributed with a reference number. Those concept notes, which meet the deadline requirements, set both for original and electronic copy, will proceed further to administrative check.

Concept notes submitted after the set deadline will be rejected.

Administrative check verifies the compliance of the concept note with **ALL** the criteria set out in points of the checklist. Administrative criteria are assessed on the basis of “yes” or “no”. If the answer to any of the administrative check criteria will be “no”, the concept note will be rejected on that sole basis and will not be evaluated further. The following checklist will be used for the concept notes:

Criteria for administrative eligibility check	Yes	No
The concept note (original and electronic copy) is submitted until the closing date of the call for proposals, is dated and duly signed by an authorised person		
All required fields of concept note are filled in English (except for dates, project partners' original names and summary of project)		
The Applicant and partners are eligible according to section 3 of these Guidelines		
There are partners from both countries - Latvia and Russia		
The project involves at least 2 project partners		
The proposed indicative budget is in correspondence with Programme requirements, described in the section 1.6. of Guidelines, and co-financing rate complies with provisions of section 3.1. of Guidelines		

Project duration complies with provisions set in section 3.2. of Guidelines		
The partnership statements by the applicant and all project partners have been filled in, signed by an authorised person, dated, stamped (if available) and submitted until the closing date of the call according to section 5.2 of Guidelines		
All other supporting documents have been submitted according to section 5.2.1 of Guidelines		

During the administrative check the JTS may invite applicants to submit clarifications within **5 working days**. Clarifications are requested in following situations:

1. if statutes, registration certificates, value added tax payers registration certificate or equivalent document or statement from the national tax authority on absence of tax arrears will not be submitted JTS will request applicants to submit missing documents;
2. if partnership statements and/or statement from the national tax authority on absence of tax arrears will be submitted as copies, JTS will request applicants to submit originals of relevant documents.

The request will be sent by email to the contact person stated in the concept note. In case there will be no answer within 5 working days, the project concept note may be rejected if the JTS cannot verify the compliance with administrative criteria or if answer to any criteria will be "no".

NB: clarifications will only be requested to conclude the administrative check, and not to improve the content of the concept note.

Quality evaluation of concept notes

Concept notes, which passed the opening and administrative check, will be evaluated with respect to their relevance to Programme priorities, the cross-border impact and general logic and design of the project. The evaluation will inter alia include verification of compliance of a concept note with instructions/guidance provided in its template.

The evaluation criteria are divided into 4 criteria, each criterion will be given a score between 1 and 5.

Assessment criteria	Questions to be assessed	Weight
Project idea's contribution to Programme`s objectives and indicators & cross border relevance and added value of the project (incl. durability & sustainability)	<p>1. The project addresses common challenges in the core area of the Programme or joint potential of the Programme area - there is a real demand for the project (also by the target groups and stakeholder). The justification is supplemented with a proper and concrete facts and statistics explaining and proving the territorial challenge and the need for the project.</p> <p>2. The project activities, outputs and results are clearly linked to a Programme priority expected result, output and result indicator (-s) and activities supported under the Programme priority.</p> <p>3. The cross-border cooperation is essential for tackling common territorial challenges and the cooperation has an equal, balanced and significant added value for the project partners, target groups, project area and Programme area (the cross - border cooperation aspect is incorporated in and evident throughout the project activities, including investments, main outputs and results).</p>	40%

	<p>4. Project main outputs and results will provide durable solutions (for example, the cross-border cooperation will be continued after the end of the project through concrete actions, project provides long-term solutions and has impact on region level not only county level; project outputs and results will be used and applied by project stakeholders).</p> <p>5. Activities outside the Programme area clearly benefit the Programme area (if applicable).</p>	
Regional relevance	<p>1. The project idea is relevant to particular needs and constraints of the target regions.</p> <p>2. The project idea is in line with strategic initiatives and sectoral needs.</p> <p>3. The project shows clear impact on development of the border regions and wider Programme area.</p>	40%
Relevance of the partnership	<p>1. The project involves relevant partners needed to address the territorial challenge/opportunity and the objectives specified and their involvement is justified.</p> <p>2. Tasks and responsibilities are clearly defined and justified among the project partners.</p> <p>3. The project partnership is balanced with regards to the project objectives and all partners benefit and/or contribute from/to participation in the project.</p>	10%
Budget	<p>1. Project budget is coherent and proportionate to the proposed activities and the main outputs and results.</p>	10%

The scores shall be used as follows **(the same scores will be also applied for evaluation of full application forms)**:

- **5 (very good)** - the application fulfils the given criteria to an excellent and the provided information is sufficient, clear and coherent for assessing the criteria.
- **4 (good)** - the application fulfils the given criteria well, however the provided information includes minor shortcomings (e.g. the timeline provides little space for unexpected delays, details are missing in the given information in minor parts of the application).
- **3 (sufficient)** - the application fulfils the given criteria to a sufficient level, however, some aspects of the given criteria have not been fully met or not explained in full clarity or detail (e.g. the partnership lacks certain expertise to address the identified challenge; the implementation steps are not fully clear based on the description in the activity plan).
- **2 (weak)** - the application has serious shortcomings fulfilling the given criteria and/or the provided information is of low quality (e.g. the cross border relevance of the project is not clearly justified; the main outputs are not clearly described; the target groups of main outputs are not described).
- **1 (insufficient)** - the application does not fulfil the given criteria or information required is missing (e.g. the application addresses issues that are not relevant to the Programme priorities, the information in the application is not complete or is unclear).

Afterwards, scores received for each criterion are reflected as weight in percentage according to the table below:

Criteria	Maximum Weight	Score	Criteria score weight in percentage
Project idea's contribution to programme`s objectives and indicators & Cross border relevance and added value of the project (incl. Durability & sustainability)	40%	5 pts	40%
		4 pts	32%
		3 pts	24%
		2 pts	16%
		1 pt	8%
Regional relevance	40%	5 pts	40%
		4 pts	32%
		3 pts	24%
		2 pts	16%
		1 pt	8%
Relevance of the partnership	10%	5 pts	10%
		4 pts	8%
		3 pts	6%
		2 pts	4%
		1 pt	2%
Budget	10%	5 pts	10%
		4 pts	8%
		3 pts	6%
		2 pts	4%
		1 pt	2%

Each concept note will be evaluated by at least two assessors. Assessment result (total scoring of a project concept note) will be presented as a sum of percentage received in all criteria and projects are grouped according to the following thresholds separately by each priority:

1. Projects receiving total scoring of at least 60% are further ranked in accordance with the evaluation they have received from the assessors and may be recommended for shortlisting the concept note for invitation to submit full application with or without conditions taking into account available funding and position in the ranking list.
2. Projects receiving total scoring less than 60% are recommended not to shortlist concept note for invitation to submit full application.

As derogation from above described, following restriction shall apply:

- If project application receives "1" or "2" for criterion "Project idea's contribution to programme's objectives and indicators & Cross border relevance and added value of the project (incl. Durability & sustainability)" the project application is recommended for rejection notwithstanding the total evaluation of the project.

Following the concept note evaluation, the decision for shortlisted concept notes to be invited for full application stage is taken by the JMC. In case several concept notes have received the same evaluation score, priority will be given to those with higher score for criterion "Project idea's contribution to programme's objectives and indicators & Cross border relevance and added value of the project (incl. Durability & sustainability)". The JMC may take a decision to:

- not to shortlist concept note for invitation to submit full application;
- shortlist the concept note for invitation to submit full application with conditions; the conditions at this stage may include but not limited to decrease of the total project budget, clarification/removal/adding of an activity, removal or a replacement of a partner, confirmation of non-duplication of activities with other projects, included those supported by other donors, where the applicant/project partner in question is involved.
- shortlist the concept note for invitation to submit full application without conditions.

The JMC may take a decision to either select project concept notes committing all available Programme funds under each thematic objective or to overcommit available Programme funds under each thematic objective by selecting 4 additional project concept notes per each priority of thematic objective.

NB! Receiving an invitation to submit full application is not a guarantee of being approved for grant in the second stage of call for proposals.

Based on the above JMC decision on shortlist, the MA will send out respective decision letters to all the applicants informing on the results of opening and administrative check and quality evaluation of concept notes. In case the concept note is rejected, the MA decision will include main shortcomings.

Those applicants (and project partners), which concept notes are shortlisted by the JMC for the full application stage will be invited by the MA to submit the application form and supporting documents for assessment as described in the Section 5.3.1. of these Guidelines. In case the applicant's concept note is shortlisted with conditions the applicant will be asked to fulfil them with submission of the full application.

5.3. SUBMISSION AND EVALUATION OF THE FULL APPLICATION

To continue participation in the call for proposals the applicants of the shortlisted concept notes have to submit the full application, which consists of the application form and supporting documents. Application form with all relevant document templates will be available for downloading on the Programme website: www.latruscba.eu. The application form has to be filled in English. Handwritten documents will not be accepted. Detailed instructions on how to fill in the application form are available on Programme website; additionally, short guidance is included in the application form template.

5.3.1. CONTENT OF FULL APPLICATION

1. **Application form**, duly filled-in (instructions how to fill in the application form are provided in the application form template and in a separate document "Instructions how to fill in application form").

2. **Partnership statement(s)** duly filled-in and signed by each of the project partner(s) (including the applicant).
3. **Letters of endorsement by the associates** duly filled-in and signed by each of the associates (if applicable).
4. **The statutes** of the applicant organisation and of each project partner organisation from Russia in case there have been changes in the partnership. The document has to be submitted only for the newly added/changed partner. **This obligation does not apply to public entities.**
5. For applicants and project partners from Russia: registration certificates, value added tax (VAT) payer's registration certificates or equivalents in case there have been changes in the partnership. The document has to be submitted only for the newly added/changed partner. **This obligation does not apply to public entities.**
6. For applicants and project partners from Russia: statement from the national tax authority on absence of tax arrears issued no later than three month prior to submission of the full application. **This obligation does not apply to public entities.**
7. **Financial flow form.**
8. **Description of methodology of calculation of administrative costs** (if applicable).

In case project proposal includes infrastructural component:

9. **Evidence of ownership or access to the land/ buildings.** (In case the applicant or partner is not the owner of the land/building the document which according to national law proves the right to carry out the investment and other planned activities for the project implementation period and for at least 5 years of the project closure).
10. **Feasibility Study** giving detailed information on planned infrastructure works. The information provided should provide additional information regarding infrastructure works that is not included in the Application form. Feasibility Study should not be longer than 5 pages.
11. **Cost-estimations for (re)construction works;**
12. **Full set of valid building/technical documentation** prepared in accordance with national legislation for planned (re)construction works. Full set of building/technical documentation means that the documents are in stage of readiness in order to procure constructor immediately after the approval of project;
13. **Acceptance of building/technical documents** by local or national construction/building boards (, including permits from relevant municipalities, cultural heritage protection boards, nature protection boards and other relevant institutions if required by national legal acts in order to procure constructor immediately after the project approval.

By signing the application form, the applicant declares accepting, in case where it is awarded a grant, the contractual conditions as laid down in the grant contract.

The documents of the full application listed in points 1, 2, 3, and 6, above should be submitted as **originals and electronically**. The documents of the full application must be signed by the authorized person/ head of the applicant organisation and the project partner organisation, where applicable, having the right to making such decisions and assuming the financial obligations on behalf of the organisation.

The documents listed in points 4, 5, 7, 8, 9, 10, 11, 12 and 13 (if applicable) may be submitted as **paper copies and electronically, if allowed by the legislation of the respective partner's country.**

Both the originals and copies of the said originals must show legible stamps (if applicable) and/or signatures and dates.

NB: only the application form and requested supporting documents will be evaluated. It is therefore of utmost importance that information provided in the full application is clear and documents contain **ALL** relevant information concerning the project.

5.3.2. WHERE AND HOW TO SUBMIT FULL APPLICATION

The full application has to be submitted in **one original** in A4 size. The application must be submitted in a closed envelope bearing the following sentences: "*Application for Latvia-Russia CBC Programme 2014-2020. Call for proposals: application form <project index>. Not to be opened before the opening session*" together with the full name and address of the applicant.

The **electronic version of the application form (in Excel format)** should be sent to the email address LAT-RUS.CBC@varam.gov.lv

The envelope with the full application should be submitted by registered post, courier service or by hand-delivery (in a latter case a signed and dated certificate of receipt will be given to the deliverer) to one of the addresses below:

Main Office: Latvia – Russia Programme Division, Development Instruments Department, The Ministry of Environmental Protection and Regional Development of the Republic of Latvia
Address: Peldu street 25, Riga, LV-1494, Latvia

Or

Branch office in Pskov (Russia)

Address: Sovetskaya Street 60a, entrance 3, 3rd floor, office room 44, Pskov, Russia

Phone: + 7 8112 20 15 62

E-mail: natalia.alexeeva@latruscbc.eu

Or

Branch office in Saint Petersburg (Russia):

Address: 14 Izmailovsky Prospect, office 314A; St. Petersburg, 198005

Phone: +7 812 325 5184

E-mail: elena.makarova@latruscbc.eu

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

Applications sent by any other means or delivered to other addresses will be automatically rejected.

5.3.3. DEADLINE FOR SUBMISSION OF FULL APPLICATIONS

The **deadline for submission of the full application** will be indicated in the decision letter sent by the MA to the applicants of the project proposals invited to proceed further to the application form stage.

Any full application submitted after the set deadline will be automatically rejected.

The deadline for the submission of full application should be evidenced by the postal stamp, courier document or certificate of receipt in case of hand delivery.

For hand deliveries: the deadline for receipt is at 16:00 local time as evidenced by the signed and dated receipt.

For electronic copy: the application form (in Excel format) must arrive to the given email address (LAT-RUS.CBC@varam.gov.lv) not later than at 23:59 of the submission deadline (Latvian local time).

NB: any full application submitted after the deadline either in paper or electronically will be automatically rejected.

Paper originals of the full applications sent by registered post should arrive to one of the addresses listed above **no later than one month after the submission deadline**.

NB: the dispatch date should be no later than the deadline for the submission of full application as indicated above. Delivery slip or postal check is advised to be kept for the purposes of evidence of adherence with the set deadline.

5.3.4. EVALUATION AND SHORTLISTING OF FULL APPLICATIONS

NB: the total detailed budget indicated in the application form may not vary from the estimated total budget provided in the concept note by more than 10%.

Application Form and supporting documents at the full application stage will be examined and evaluated by the MA/JTS assessors with the possible assistance of external assessors. All project proposals submitted by applicants will be assessed according to the steps and criteria described below.

In case in the decision of the shortlisted concept note conditions were listed to be fulfilled in the full application form, during the evaluation of full application form attention will be paid by the MA/JTS assessors on whether that has been done by the applicant.

In case the project main objective, idea and contribution to the Programme's output and result indicators as stated in the concept note has not been maintained in the full application, the application will be recommended for rejection on that sole basis.

Opening and administrative check of the full applications

During the **opening session** all full applications will be opened and registered with the index attributed to them at the concept note stage. Those full applications having met the deadlines indicated above (Section "*Deadline for submission of application form and supporting documents*") are subject to the administrative check. Applications submitted after the set deadline will be recommended for rejection.

During **administrative check** the representatives of the MA and the JTS check that the application form satisfies all the administrative check criteria as specified in the table below. If any of the requested information is missing or is incorrect, the full application may be rejected on that sole basis, and such a full application will not be evaluated further.

Criteria	Yes	No	Not applicable
1. The paper version (originals and copy) of application form and its annexes as well as its electronic version are complete. Documents submitted in paper version match the electronic submission.			
2. The correct application form template has been used and submitted as original.			
3. Application form is in English (except for project partners' original names), is entirely filled in, signed and stamped (if applicable) and dated.			

4. Each project partner, including the applicant, has completed, signed and stamped (if applicable) and dated a partnership statement and original statements are enclosed.			
5. Letter of endorsement by the associates is duly filled-in, signed and stamped by each of the associate partner(s). Original documents submitted if applicable.			
6. The Statutes are enclosed for all project partners (if applicable).			
7. Registration certificates, value added tax (VAT) payer's registration certificates or equivalents (if applicable) are enclosed			
8. Original statements on tax debts from the national tax authorities issued no later than three months prior to the submission of the application are enclosed for all project beneficiaries confirming that the beneficiary doesn't have tax debts (if applicable).			
9. Financial flow form is filled in and enclosed			
10. Evidence of ownership or access to the land/ buildings (if applicable)			
11. Feasibility study is submitted (if applicable)			
12. Description of methodology of calculation of administrative costs is submitted (if applicable)			
13. Cost-estimations for (re)construction works (if applicable);			
14. Full set of valid building/technical documentation (if applicable);			
15. Acceptance of building/technical documents (if applicable)			

During the administrative check the MA may invite applicants to submit clarifications or missing documents within **5 working days**. Clarifications are requested by e-mail to the applicant contact person's e-mail in following situations:

1. to submit originals of partnership statements, letter(s) of endorsement by the associate(s), and statements on tax debts from the national tax authorities if submitted as copies;
2. to submit copies of financial flow, statutes, registration certificates, VAT payer's registration certificate, evidence of ownership or access to the land/ buildings or missing documents for planned construction works (including Feasibility Study). **The last issue date of these documents has to be no later than the last day of the closing date of the call.**

If application form is not submitted as an original document, the project application is recommended for rejection.

Clarifications will only be requested to conclude the administrative check, and not to improve the content of the application.

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

Verification of technical eligibility of full applications

The eligibility verification, based on the supporting documents requested will only be performed for the full applications that have passed the opening session and administrative check; it will be performed by the MA/JTS.

Any incoherence between the documents may lead to the rejection of the Full Application on that sole basis. During Eligibility Verification no clarifications will be asked from the applicant.

The following criteria will be assessed during technical eligibility verification:

Criteria	Yes	No
1. The applicant and project partners are eligible (type and territory) in accordance with requirements indicated in section 3.3. of Guidelines.		
2. There are partners from both countries - Latvia and Russia		
3. The project involves at least 2 project partners		
4. Project duration complies with provisions set in section 3.2. of Guidelines		
5. Project is within the financial limits set in accordance with requirements indicated in section 1.6. of the Guidelines.		
6. Co-financing rates have been observed in accordance with requirements indicated in section 3.1. of the Guidelines.		
7. The budget of activities outside the Programme area does not exceed 20% of the total project budget.		

Any answer "No" to any of the criteria listed above will result in proposal to reject the full application on that sole basis; in this case it will not be evaluated further.

Quality Evaluation of the Full Application

Quality assessment comprises criteria for assessing the relevance and feasibility of project proposals. The result of this assessment will be used to take a decision as to whether a project should be proposed for funding or not.

Quality assessment is structured in four criterions:

Criteria	What is assessed	Maximum Weight	Score	Criteria score weight in percentage
Project context and contribution to Programme	1. The project main objective and idea and contribution to achievement of Programme's output and result indicators as presented in the concept note has been maintained.	20%	5 pts	20%
	2. The project addresses common territorial challenges in the substantial part of Programme area or joint potential of the Programme area - there is a real demand for the project (also by the target groups and stakeholder). The justification is supplemented with a proper and concrete facts and statistics explaining and proving the territorial challenge and the need for the project.		4 pts	16%
	3. The project activities, outputs and results are clearly linked to Programme priority expected result, output and result indicator (-s) and activities supported under the Programme			

	<p>priority.</p> <p>4. Cross-border cooperation is essential for tackling common territorial challenges and the cooperation has an equal, balanced and significant added value for the project partners, target groups, project area and Programme area (the cross-border cooperation aspect is incorporated in and evident throughout the project activities, including investments, main outputs and results).</p> <p>5. Project main outputs and results will provide durable solutions (for example, the cross-border cooperation will be continued after the end of the project through concrete actions, project provides long-term solutions and has impact on region level not only county level; project outputs and results will be used and applied by project stakeholders).</p> <p>6. The project proposes innovative solutions and brings new knowledge to the region and project partners.</p> <p>7. Activities outside the Programme area clearly benefit the Programme area (if applicable).</p> <p>8. The project makes a positive or neutral contribution to the Programme cross-cutting issues: environmental sustainability, gender equality, HIV/AIDS, and democracy and human rights.</p>		3 pts	12%
			2 pts	8%
			1 pt	4%
Strategic regional relevance	<p>1. The project idea is relevant to particular needs and constraints of the target regions.</p> <p>2. The project idea is in line with strategic initiatives and sectoral needs.</p> <p>3. The project shows clear impact on development of the border regions and wider Programme area.</p> <p>4. The project takes into account the results of already implemented activities or activities under implementation in the respective regions on the same or similar topic and does not duplicate them.</p> <p>5. The proposed partners are relevant for addressing the identified problem, incl. that all partners are necessary for the project and all strategically important partners for solving the identified problem and reaching the defined objectives have been involved.</p>	30%	5 pts	30%
			4 pts	24%
			3 pts	18%
			2 pts	12%
			1 pt	6%

Methodology/ approach and activities, partnership and cooperation intensity	1. There is clear linkage among project overall objective, specific objective(s), activities, deliverables, outputs and results and general approach to project's methodology as stated in the concept note has been maintained.	30%	5 pts	30%
	2. Planned outputs and results are realistic (is it possible to achieve them with given resources and time – i.e. partners, budget - and they are realistic based on the quantification provided).		4 pts	24%
	3. Target group(s) are clearly described and involved in the project activities.		3 pts	18%
	4. All mandatory communication activities are included and in overall communication activities are appropriate to reach the relevant target groups and stakeholders and communication objectives.		2 pts	12%
	5. Management structures (e.g. project steering committee) and procedures are clear, transparent, efficient and effective, proportionate to the project size and needs and allow involvement of project partners in decision-making.		1 pt	6%
	6. Tasks and responsibilities are clearly defined and justified among the project partners.			
Budget	7. Project partnership is balanced with regards to the project objectives and all partners benefit and/or contribute from/to participation in the project.	20%	5 pts	20%
	8. Applicant/project partners have proven experience, sufficient capacity and have foreseen sufficient cooperation within partnership to reach project objectives.		4 pts	16%
	Project budget is coherent and proportionate to the proposed work plan and the main outputs and results:		3 pts	12%
	1. The project budget is reasonable and cost-efficient in regard to the project objective, activities, outputs and results;			
	2. Breakdown of costs is presented, costs are in line with the work plan and costs are sufficiently described;			
	3. Planned costs are eligible costs according to the requirements set in section 4 "Project			

	budget and eligible costs”;		2 pts	8%
			1 pt	4%
	4. The need for engaging external expertise is justified and the costs are realistic,			
	5. The need for equipment purchases is justified (e.g., prices, number of units, functionality is provided,) and the costs are realistic,			
	6. The need for (re)construction works is justified and costs are realistic.			

5.3.5 DECISION TAKING PROCEDURE AND NOTIFICATION OF THE DECISION

After the assessment of the received full applications is completed, applications that have received a score of at least “3” for every criterion are ranked according to scores given. In case several full applications have received the same evaluation score, priority will be given to those with higher score for criterion “Project context and contribution to Programme”. Full applications that have not received a score of at least “3” in every criterion will be recommended for rejection.

Final evaluation report will be prepared by the MA/JTS and approved by the JMC. After the JMC approves the final list of grants to be awarded the MA sends the decision letters to the applicants to finance the successful applicants (with conditions to be fulfilled within, if applicable) and the MA decision and afterwards to unsuccessful applicants with reasons for the negative decision.

The **conditions** referred to above are minor changes and clarifications to the project, which by no means alter or undermine the decision to award the project with the grant. The conditions include, **but not limited to** minor decrease of the total project budget or budget heading, provision of specification for the budget lines or planned project activities and outputs, clarification of the wording used in the application form, confirmation of non-duplication of activities with other projects, included those supported by other donors, where the applicant/project partner in question is involved.

The amount of the grant and the percentage of Programme co-financing as a result of fulfilment of conditions may not be increased. The assessment of fulfilment of conditions are entrusted to the MA by the JMC.

The MA first starts grant contract signing process with applicants whose full applications have been approved by the JMC without conditions.

In case the conditions are set for an applicant, the MA starts grant contract signing process after the decision regarding fulfilment of conditions is made by the MA. The JMC may create a reserve list of not approved applications to be considered for funding upon JMC decision.

Applicants that will not fulfil the conditions within set deadline will be proposed for rejection by the MA.

5.4. CONTRACTING

Contracting procedure will be started once the Agreement on Financing and Implementation of Latvia-Russia CBC Cross-Border Programme 2014-2020 is ratified by the Government of the Russian Federation.

With the MA decision to award a grant, the applicant will be offered to sign a grant contract. As soon as the grant contract is signed by lead beneficiary and MA, contractual relations and responsibilities between these two parties emerge. The lead beneficiary becomes responsible and accountable to the MA for efficient implementation of the project in compliance with the provisions of concluded grant contract and the application form annexed to grant contract.

Before the MA signs the grant contract, the following procedures shall be carried out (but not limited to):

- Applicant submits to the MA partnership agreement signed by all project partners. Partnership agreement has to lay down provisions for the distribution of tasks, responsibilities and financial contribution of all beneficiaries, including provisions guaranteeing financial management of the funds allocated to the project, including the arrangements for recovery of amounts unduly paid. Partnership agreement has to be concluded between the lead beneficiary and beneficiaries defining their rights and responsibilities, it will not be a part of or annex to the grant contract. The partnership agreement serves as legal ground regulating relationship within the partnership. The MA/JTS will provide partnership agreement template;
- Applicants have to provide original of financial identification form filled in by the bank with details of its banking account. In case the bank provides the documents in national language only, the form may be filled in and certified by the lead beneficiary, and supplemented by original bank statement containing all complying relevant and compliant data.

The MA reserves the right to require the applicant to provide any other documents relevant to signing of the grant contract.

By signing the application form, the applicant accepts that in case of award of a grant it agrees to fulfil the contractual conditions as laid down in the grant contract.

5.5. COMPLAINTS

Complaint procedure described in this section concerns complaints about decisions taken by the MA during project selection process. Complaints against the decisions of the MA taken during project implementation are subject of the grant contract between the MA and the lead beneficiary.

Complaints may be lodged against MA decision taken during project selection process. The MA takes decision based on the JMC decision on selection of projects for funding or takes final decision, if project had to fulfil conditions. If the applicant does not agree with the decision of the MA, it may lodge a complaint about this decision.

Submission of complaint and formal requirements

The complaint shall be prepared in English and submitted by the claimant (claimant can be applicant) representative with official letter to the MA. If complaint is lodged against MA decision, the complaint has to be submitted within one month as of the day when the decision, which serves as a reason for complaining, was received.

The complaint should include:

1. Name and postal address of the legal entity (e.g. applicant organisation);
2. Name of the respective authority;
3. Reference number of the project or application which is a subject of the complaint, if complaint is lodged against MA decision;
4. Clearly indicated reasons for the complaint, indicating decision against which the complaint is filed, listing all elements which are being complaint and/or failures in adherence with Programme or Programme related documents. If complaint is filed against

- MA decision taken during the project selection process, the applicant shall list all elements of the selection process which applicant is complaining about, including clear reference to the Programme document and specific documents of the call for proposals;
5. To what extent the administrative act is disputed (describing which part/article of the administrative act the complaint is about);
 6. The petition (explicitly stating what decision/action applicant's envisages to be taken with regard to the concrete decision taken);
 7. Signature of the legal representative of applicant;
 8. Supporting documents, if relevant.

The relevant documentation shall be provided solely to support the complaint and may not alter the quality or content of the assessed application or other decision of the MA. No other grounds for the complaint will be taken into account during the complaint procedure.

Supplementing complaint and rejection without examination

If the complaint does not contain necessary information as referred above, the claimant is asked by the MA to supplement the complaint with the required information within 7 calendar days after the day on which the claimant receives the information from the MA. The term for completing the complaint is indicated in the official letter from the MA providing information about the type of shortcomings. In case the claimant does not eliminate discovered shortcomings within the above mentioned time, the complaint is left unexamined.

The complaint received after the time limit of one month as of the day when the decision, which serves as a reason for complaining, was received, is also left unexamined.

In case complaint is left unexamined, within 15 calendar days the MA informs the claimant by an official letter about the rejection of the complaint without examination, as well as electronically informs the JMC.

Handling of the complaint

The maximum duration for the whole complaint procedure (from the receipt of the complaint till the decision by the MA on complaint) is four months.

Complaints regarding decision MA decision:

The MA, assisted by the JTS, within one month reviews the complaint and prepares opinion which alongside with the complaint and supporting documents is provided to the JMC for final decision. If additional documents/clarifications are needed, the MA/JTS asks to provide them.

The JMC reviews the documentation and takes a final decision, based on which the MA issues its decision.

Depending on the legal status of the claimant, the MA issues its decision in the form of administrative act (if claimant is NGO) or administrative decision (if claimant is public authority or public equivalent body) in accordance with national legislation of the Republic of Latvia.

6. PROJECT IMPLEMENTATION, MONITORING, REPORTING AND CONTROL

In order all specific features of project implementation are taken into account already at the stage of elaboration of the application, applicants and project partners are highly recommended to study the information in this section of the Guidelines before submission of the application to the programme.

Please note that detailed information on project implementation rules is stipulated in the grant contract and its annexes as well as will be stipulated in Practical Guidelines for Project Implementation. It is advised to get familiarized with these documents as well once they are published on Programme website.

6.1. ADMINISTRATIVE MANAGEMENT OF THE PROJECT

6.1.1. START AND END DATE OF THE PROJECT

Starting date of the project is important for calculating the **end date of the project**. The start date and the end date set the project duration (i.e. project implementation period), and they are indicated both in the grant contract and in the approved application form. Project starting date is agreed between the lead beneficiary represented the common decision of the partnership and the MA. It can be either:

- the day following that on which the last of the two parties signs the grant contract;
- a later date agreed in the grant contract and no later than 6 months after the signing of the Grant Contract;
- before signing of grant contract but not earlier than one day after the JMC decision on project approval on project own risk.

The end date of the project is calculated by adding to this date the number of months indicated in the application form as the duration of the project.

6.1.2. MANAGEMENT OF THE PROJECT AND RESPONSIBILITIES WITHIN THE PARTNERSHIP

All projects must follow the **lead partner principle** in the project management. The principle includes components outlined in this section below: After grant award decision, the **lead beneficiary** is responsible for:

- taking responsibility for implementation of entire project and ensure coordination with all beneficiaries in project implementation according to the grant contract and the legal basis of the Programme;
- signing the partnership agreement with all beneficiaries;
- signing the grant contract with the MA;
- setting up and maintaining efficient and reliable project implementation system (strategic, daily and financial management), i.e. ensuring efficient use of the project resources; co-ordination of activities and tasks among the beneficiaries and ensuring that

these tasks are subsequently fulfilled; ensuring proper communication within and outside the partnership, including communication to wider public;

- representing the project – the lead beneficiary serves as a contact point to the MA/JTS concerning project implementation, and should disseminate relevant information to the beneficiaries;
- progress of the project as far as its financial and physical execution is concerned, and in particular, for ensuring the delivery of outputs and results in line with the approved application;
- timely and correct reporting to the MA in accordance with the provisions of the grant contract;
- requesting and receiving co-financing from the MA and ensuring that afterwards other project beneficiaries receive the total amounts of the grant as quickly as possible and in full further to the arrangements referred to in partnership agreement. No amount shall be deducted or withheld and no specific charge with equivalent effect shall be levied that would reduce these amounts for the beneficiaries;
- ensuring that the expenditures presented by the beneficiaries have been incurred/paid for the purpose of implementing the project and corresponds to activities set in the contract and agreed between all beneficiaries;
- verifying that the expenditure presented by the beneficiaries has been examined by auditor;
- ensuring that each beneficiary, including oneself is legally and financially responsible for its part of Project activities and for the share of its budget as defined in the application form;
- ensuring that the EU and national legislation concerning financial management and controls, public procurement, information and publicity and state aid rules and principles are respected and observed by the beneficiaries;
- observing of the project budget and ensuring project results are achieved in full;
- ensuring production and maintenance of all documentary evidence required for control and audit purposes on the lead beneficiary and other project beneficiaries' level;
- implementing of the project in accordance with the provisions of the partnership agreement and the grant contract;
- providing the beneficiaries with all the project relevant information, including the grant contract and amendments to it, application form and all its updated;
- repayment to the MA any amounts paid in excess or amounts unduly paid and if relevant request the concerned beneficiary to repay

After grant award decision, the **beneficiaries are** responsible for:

- signing the partnership agreement with all beneficiaries;
- implementation of the project in accordance with the provisions of the application, the grant contract and the partnership agreement, in particular on financial management and controls, public procurement, information and publicity;

- timely carrying out the activities and reaching results for which it is responsible according to the approved application;
- timely and correct reporting to the lead beneficiary according to the scheme agreed in the partnership agreement;
- ensuring that all project expenditures are made in strict compliance with the project budget and that all expenditures (1) are supported by invoices or accounting documents understandable to third parties; (2) have actually been paid out by the project within the reporting period for activities described in the approved application; (3) that the products or services have actually been delivered; and (4) are verified by an independent auditor for the beneficiaries from Russia and by a public officer for the beneficiaries from Latvia;
- ensuring production and maintenance of all documentary evidence required for control and audit purposes;
- providing all necessary information on project implementation to the lead beneficiary for the purposes of monitoring, reporting and audits;
- assuming the responsibility for the irregularities in its declared expenditure and repayment to the lead beneficiary amounts unduly spent or unduly received.

Even though the beneficiaries are not parties to the grant contract and are not directly accountable to the MA, they are responsible for implementation of their own part of project activities and should actively assist the lead beneficiary in efficient implementation of the project in line with the requirements of the application, the Programme and the partnership agreement and the grant contract.

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

Each beneficiary has the option of either assigning a project manager and financial manager from the existing staff or **subcontract** these employees. The beneficiaries must ensure continuous, effective and transparent cooperation between these subcontracted staff and the lead beneficiary/beneficiary(ies).

The beneficiaries may involve other experts into project implementation proportional to the project implementation needs.

Please, note that the **staff** appointed by lead beneficiary/beneficiary(ies) should remain in charge of the project for at least 6 months after the project end to enable a smooth closure of the project. Additionally, all the project beneficiaries (including the lead beneficiary) should ensure the storage of project related documents/information and succession of knowledge about the project within organisation for the control purposes, which may take place five years after the date of payment of the balance for the Programme. The MA will inform about this date.

Projects are recommended to establish a **steering group** consisting of all project beneficiaries representatives and other important stakeholders. The steering group is to be responsible for monitoring of project implementation in accordance with provisions of the grant contract, reviewing and approving project's work plans and reports.

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

6.1.3. OWNERSHIP OF THE PROJECT RESULTS

The ownership, title, intellectual and industrial property rights to the Project results, reports and other documents relating to it shall be vested in the beneficiaries of the project and may be transferred to the end users of the project.

All beneficiaries grant the MA, the participating countries and the EC the right to use freely and as it sees fit; in particular, to store, modify, translate, display, reproduce by any technical procedure, publish or communicate by any medium all documents deriving from the project whatever their form, provided it does not thereby breach existing industrial and intellectual property rights.

Any contract related to studies financed by the Programme shall include the right for the Russian Federation, the Republic of Latvia and the European Commission to use the study, to publish it or to disclose it to third parties.

In the event of transfer of ownership, industrial and intellectual property rights for outputs and results of the project during its implementation period and 5 years after its completion, the lead beneficiary shall submit a justified notification to the MA to receive prior consent before the transfer takes place.

6.1.4. PUBLICITY AND INFORMATION REQUIREMENTS

The beneficiaries must take all necessary measures to distribute information about the fact that the project is financed by the Programme.

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

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

These measures must comply with the applicable rules laid down in Communication and Visibility Guidelines for Project Implementation by lead beneficiaries and beneficiaries.

For the beneficiaries implementing the projects on the territory of Russia "Practical Recommendations for Project Participants on the Information Coverage of the Russian Federation Participation In Cross-Border Cooperation Programmes between Russia and the EU" elaborated by the Russian National Authorities are obligatory.

In order to carry out effective, concise and consistent communication, the beneficiaries must plan communication and promotion activities already at the stage of drafting the full application and should plan these activities and needed funds and specify them in their full application.

The beneficiaries should work in close cooperation with the JTS information managers starting from the stage of drafting the full application.

During the project implementation period the lead beneficiary should inform the JTS about major or public events in due time (preferably 2 weeks before the event).

Use of the Programme logo

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

6.2. FINANCIAL MANAGEMENT OF THE PROJECT

6.2.1. PAYMENTS TO THE PROJECT

The total amount to be paid by the MA to the **lead beneficiary** may not exceed the maximum grant laid down in the grant contract neither in terms of absolute amount nor in percentage of the total eligible project budget. If the total eligible costs of the project at the end of the project are less than the estimated total eligible costs, the MA contribution will be proportionally reduced, except preparatory and retroactive costs as referred to in section 4.1. of the Guidelines.

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

The following payment procedures will be applied to the projects

Option 1:

If the overall duration of the project does not exceed 18 months **and** if the grant does not exceed 300,000 EUR, the pre-financing is paid in two instalments - (1) initial pre-financing instalment, which will be transferred to the account of the lead beneficiary within 30 days after signing the grant contract and submission the request for advance will be maximum 40% of the grant; (2) together with the interim report the lead beneficiary may submit the request for further pre-financing instalment not exceeding 40% of the project grant.

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

The MA will pay the balance within 45 days following the approval of the final report and receipt of the request for payment in accordance with the grant contract.

Option 2:

If the overall duration of the project exceeds 18 months **or** if the grant exceeds 300,000 EUR, the initial pre-financing instalment will be 40% of the forecast budget for the first 12 months of the project. It will be transferred to the account of the lead beneficiary within 30 days after signing the grant contract and submission the request for advance.

The MA shall pay further pre-financing instalment for each twelve-month period of implementation of the project after approval of the 6-monthly interim reports. Further pre-financing instalment may only be given if the part of the expenditure actually incurred which is financed by the MA (by applying the percentage set out in the grant contract) stands at least at 70% of the previous payment (and at 100% of any previous payments) as supported by the corresponding interim report and expenditure verification report.

If the consumption of the previous payment is less than 70%, the amount of the further pre-financing instalment shall be reduced by the unused amounts of the previous payment. The total sum of the pre-financing (initial pre-financing instalment and further pre-financing instalments) may not exceed 80% of the grant costs as referred to in the Article 4.2 of the grant contract.

The MA will pay the balance within 45 days following the approval of the final report in accordance with the grant contract.

6.2.2. USE OF EURO

Payments to the project will be made in Euro only.

For the reporting of real costs borne in **national currencies** (other than Euro) the conversion into Euro shall be done at the monthly accounting exchange rate of the EC in the month during which that expenditure was incurred/paid from project bank account, as stipulated in Article 67(1) (a) of the Regulation (EU) No 897/2014: <http://ec.europa.eu/budget/inforeuro/index.cfm?language=en> and Section 6.12 of Latvia–Russia Cross Border Cooperation Programme 2014-2020.

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

6.2.3. KEEPING THE PROJECT ACCOUNTS

The beneficiaries shall keep accurate and regular accounts of the implementation of the project using an appropriate accounting and double-entry bookkeeping system. In order to ensure it the beneficiaries involved in the implementation of the project and receiving funds from the Programme must maintain:

- a separate accounting system **or**
- a suitable accounting code

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

Accounts and expenditures relating to the project must be easily identifiable and verifiable.

6.2.4. BUDGET REALLOCATION, CHANGES IN THE PROJECT

Please, note that the lead beneficiary must inform the MA/JTS on changes in the project. Changes in the project are regulated by Practical Guidelines for Project Implementation and grant contract.

The MA can modify the concluded grant contract as long as the purpose, outputs and results of the project are not altered and there are no consequences on the eligibility or the results of the project.

Examples of changes in the project:

1. changes in the project budget detailed information will be provided in the Practical Guidelines for Implementation of Projects;
2. dropping out, addition or replacement of the beneficiaries of the project including the lead beneficiary

3. changes in activities, which affect the basic purpose of the project, but do not put into question the grant award decision and do not oppose the principle of equal treatment.

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

In case of small changes in the approved project (e.g. changes in the address, bank account), lead beneficiary should inform the MA/JTS immediately.

6.2.5. COMPETITION AND PUBLIC PROCUREMENT

The procurement of goods, supplies, works and services carried out in the framework of project should comply with the following rules.

- For procurement carried out by lead beneficiaries and beneficiaries located in the **Russian Federation**,
 - which are **public entities** or **public equivalent bodies** should apply the legislation of the Russian Federation;
 - which are **private entities** should follow provisions of the document "Award of procurement contracts by Russian private beneficiaries" (annex II of Agreement on Financing and Implementation of Cross Border Cooperation Programme "Latvia-Russia" 2014-2020).

Beneficiaries located in the Russian Federation should ensure that services, works and goods that are not originating from the Russian Federation receive the same treatment as compared to its own services, works and goods in accordance with Rules of nationality and origin and provisions of Agreement on Financing and Implementation of Cross Border Cooperation Programme "Latvia-Russia" 2014-2020. Failure to comply with the above may lead to ineligibility of incurred expenditures.

For procurement carried out by lead beneficiaries and beneficiaries located in **the Republic of Latvia** – in accordance with national public procurement legislation, irrespective of their legal status, as compliant with EU directives applicable to procurement procedures.

The general rule for all contracts is that they should be awarded to the tender offering best value for money or as appropriate to the tenderer offering the lowest price. The beneficiary shall avoid any conflict of interests and respect the principles of equal treatment, non-discrimination, fair competition, transparency.

Rules of origin and nationality

In all cases the rules of nationality and origin set forth in Articles 8 and 9 of Regulation (EU) No 236/2014 and of the Financing Agreement shall apply.

Participation in the award of procurement contracts shall be also open to

1. all natural persons, who are nationals of, and
2. legal persons, which are effectively established

in countries eligible under the applicable legislation the Republic of Latvia and of the Russian Federation.

All purchased supplies financed by the Programme shall originate from an eligible country. However, they may originate from any country when the amount of the supplies to be purchased is below EUR 100 000. National preferences are prohibited, except for contracts with a value not exceeding EUR 20 000 in order to promote local capacities, markets and purchases under condition that it is allowed by the national legislation.

6.2.6. REVENUE IN THE PROJECT

The project co-financed by the Programme **should not result in production of profit** for any of the beneficiaries of the project.

In the case of a grant, profit is defined as a surplus of receipts over the costs incurred/paid by the beneficiaries when the request for final payment is made.

Any interest or equivalent benefits accruing from pre-financing paid by the MA to the lead beneficiary should be treated as revenue and be subject for indication in the final report. Any such revenues from the pre-financing shall be assigned to the project and deducted from the final payment.

6.2.7. STATE AID RULES AND PRINCIPLES

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

Please note that **state aid relevant activities are supported on the basis of the *de minimis* regulation only for Latvian beneficiaries**. The *de minimis* aid within the Programme will be granted by the MA.

Latvian project beneficiaries are requested to check their project activities for state aid relevance when preparing the application. As a general principle, all project activities will have to be assessed at beneficiary level whether they are state aid relevant or not. In case beneficiary(-ies) have identified state aid relevant activities, they have to submit declaration on state aid relevant activities. Declaration form is available on the Programme website (www.latruscba.eu).

During project assessment MA/JTS will assess project activities for state aid relevance (conditions for project can be set to provide additional clarifications or information on activities that are considered state aid relevant).

If state aid relevant activities will be identified for **a beneficiary**, Programme financing will be granted under the *de minimis* aid. This means that an organisation can receive support (all kinds of support whether from national or EU sources) **up to EUR 200 000** for a period of three fiscal years. **The organisation receiving the *de minimis* aid bears all responsibility for following the limits**. During implementation of conditions before final approval of the project, beneficiary(ies) with state aid relevant activities will be asked to provide declarations on use of granted *de minimis* aid within period of three fiscal years (declaration form is available on the Programme website www.latruscba.eu). If organisation has used *de minimis* aid in full, the state aid relevant activities will be considered ineligible and will be taken out from the application form.

6.2.8. DOUBLE FINANCING

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

carry out measures (including consultations with the NAs and the European Commission) to prevent duplication of activities among projects funded by Programme.

6.3. REPORTING, MONITORING AND CONTROL

6.3.1. REPORTING REQUIREMENTS AND DEADLINES

After the projects have been approved and the grant contract between the MA and the lead beneficiary has been signed, the implementation of activities must be carried out in accordance with the conditions of the grant contract.

The lead beneficiary must draw up **interim report(s)** and **the final report**. All reports will be drafted in English. They will be submitted to the JTS.

Interim reports have to be submitted:

- a) for projects with the implementation period not exceeding 18 months and grant not exceeding EUR 300,000 **interim report** has to be submitted in support of the request for further pre-financing;
- b) for projects with an implementation period exceeding 18 months or grant exceeding EUR 300,000, **interim report** has to be submitted each 6 months.

Each interim report must provide a full account of all aspects of the project's implementation for the period covered has to be accompanied by expenditure verification reports.

Reports have to be submitted not later than 2 months after the end of each reporting period stipulated in the grant contract. The MA and JTS may request additional information and this information must be supplied within 30 days of the request in accordance with the grant contract.

The **final report** is a prerequisite for requesting the balance payment. The final report consists of a technical report and a financial report and an expenditure verification reports of all the beneficiaries. The final report shall contain a detailed description of the conditions, in which the project was carried out, information on the steps taken to ensure the visibility of national and EU financing, information with which to evaluate the project impact, including factual and analytical information on indicators set in the application form, the proof of the transfers of ownership and a final statement of all the eligible costs of the project, plus a full summary statement of the project's income and expenditure and payments received. The final report has to be submitted to the JTS no later than 3 months after the finalization of the project implementation.

6.3.2. AUDIT AND FINANCIAL CONTROL

The controls and audits referred in this section can be performed at any stage of the project implementation and for five years from the date of payment of the balance for the Programme.

As a general rule, the beneficiaries are responsible for and should allow auditor to carry out expenditure verification on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the project as well as on-spot-checks. The beneficiaries shall give access to all documents and databases concerning the technical and financial management of the project.

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

The beneficiaries must keep all documents of the project and supporting document for all expenditures (contracts, receipts, invoices, payment documents etc.). Originals of these documents in accordance with the requirements of the grant contract must be kept in the accountancy files of the beneficiaries for **five years** from the date of payment of the balance for the Programme.. Copies of accountancy do not need to accompany the financial report unless specifically requested by the MA/JTS.

Expenditure verification

All projects implemented within the Programme are subject to expenditure verification for projects, and the compliance of such expenditure with the provisions of the grant contract signed between the MA and the lead beneficiary. For beneficiaries from the Republic of Latvia expenditure verification will be carried out by Investment Supervision Department of MEPRD, for beneficiaries from the Russian Federation expenditure verification will be carried out by auditors approved by the Control Contact Point in the Russian Federation. The description of selection procedure of an auditor in the Russian Federation will be provided in the "Practical Guidelines for Implementation of Projects".

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

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

Requirements for expenditure verifications in addition to mentioned above are:

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

Based on the results of the performed check, the public officer/auditor issues an expenditure verification report.

As set above, each beneficiary is separately responsible for having its expenditures validated by the public officer/auditor. Each beneficiary is required to submit to the lead beneficiary the expenditure verification report for its part, produced by the public officer/auditor. The lead beneficiary is responsible for collecting all expenditure verification reports of the beneficiaries, drafting the financial section of report for the respective project implementation period of the whole project.

Costs for the expenditure verification in the Russian Federation shall be included in the project budget.

Expenditure verification reports shall be attached to any request for an interim payment for the projects, as well as to any request for balance payment and shall be submitted to the JTS.

The expenditure verification report accompanying a request for the balance payment covers all expenditures, which were not covered by any of the previous expenditure verification reports.

Based on the expenditure verification report the MA determines the total amount of eligible expenditure, which may be deducted from the final payment or the sum total of pre-financing under the grant contract (clearance). The beneficiaries shall grant the auditor all access rights mentioned in the grant contract.

Audits (sample checks) in the projects

Audits shall be conducted by examining the documents and conducting on-the-spot checks of a sample of projects selected by the AA in consultation with the Group of Auditors established in the Programme. The audit verifications will be carried out by the AA and the Group of Auditors or by the auditors authorised by them. The audits shall be performed in the projects selected based on a random sampling method taking account of internationally recognized audit standards, in particular having regard to risk factors related to the projects' value, type of projects, type of beneficiary or other relevant elements. The sample checks will be carried out on annual basis, according to the annual plan.

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

The lead beneficiary and beneficiaries shall be informed in case the project is selected for the sample check before the check is performed.

Any further controls

The NAs may conduct additional checks on the use of Programme financing each on its respective territory. If the NAs, MA, JTS or the European Commission, the European Anti-Fraud Office, Court of Auditors and any external auditor authorised by these institutions or bodies carries out or commissions evaluation or a monitoring mission, all beneficiaries should undertake to provide access to the premises, documents and information irrespective of the medium in which they are stored.

Furthermore, beneficiaries should allow the European Anti-Fraud Office to carry out verifications in accordance with the procedures set out in the European Union legislation for the protection of the financial interests of the European Union against fraud and other irregularities. The verifications shall be performed in accordance with the provisions of the Financing agreement.

The MA and the AA, with the support of the Group of Auditors and, where required, with assistance of the CCPs, may conduct documentary and on-the-spot checks of the projects and carry out a full audit on the basis of supporting documents of accounts and accounting documents and any other documents relating to the financing of the Programme/projects, throughout the duration of the Programme and for the period of record-keeping.

6.3.3. MONITORING OF THE PROJECT BY THE JOINT TECHNICAL SECRETARIAT

The monitoring of implementation of the project shall be carried by the MA and the JTS. The practical monitoring of project implementation is carried out by the JTS.

The main tools to be used during monitoring are interim reports, final report and on-the-spot checks, as well as during the result-oriented monitoring performed by the MA in addition to the day-to-day monitoring in accordance to the Regulation (EU) No 897/2014 (Article 78.3). Moreover, regular communication between the JTS and the lead beneficiary is to be ensured

during the project implementation. The beneficiaries are requested to inform the JTS about any major upcoming event in advance.

Interim reports and final report are the key source for monitoring the progress of the project implementation. The interim reports and final report together with the request for pre-financing/balance instalment are the basis for transferring the payments to the lead beneficiary.

In order to monitor the progress of project implementation, the JTS will also carry out on-the-spot checks; it will also provide advice or tackle the problems in partnership, monitor the delivery of outputs and results. If needed, the authorised external auditor might carry the task on behalf of JTS. Upon necessity also involvement of construction expert shall be ensured.

If the information delivered in the reports is insufficient, the JTS will ask for further information or clarification from the lead beneficiary that must be provided within 30 days, unless otherwise specified. If necessary, the JTS/ MA or its authorised third parties may also ask the lead beneficiary to provide more in-depth documentation, such as the checklist on the controls performed at the level of the project, the documents listed in the expenditure verification report, copies of invoices, timesheets, etc. The lead beneficiary should provide the answers to the JTS within the set timeframe. If there are no further questions concerning the respective report or other outstanding issues regarding the project, the report and request for the payment shall be considered approved by the JTS and transferred to the MA for the payment procedure.

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

6.3.4. RECOVERY

As a general rule, the Recovery procedure is regulated by the Financing Agreement and Articles 74 and 75 of Regulation (EU) No 897/2014.

If any amount is unduly paid to the lead beneficiary, or if recovery is justified under the terms of grant contract, the lead beneficiary undertakes to repay the MA these amounts together with any interest on late payments. The lead beneficiary should repay its own amounts unduly spent and/or to assist the MA in recovering the unduly spent amounts from the beneficiaries of the project. In latter case the beneficiary(-ies) should repay the lead beneficiary the amounts unduly paid in accordance with the partnership agreement.

The repayment to the MA should be done within 45 days of the issuing of the written debit note, by which the MA requests the amount owed by the lead beneficiary or by other beneficiaries of the project. If the lead beneficiary does not succeed in securing repayment from the beneficiary(-ies), the MA will formally notify the latter to repay to the lead beneficiary. Should the lead beneficiary or beneficiaries fail to make repayment within the set deadline, the MA may increase the amounts due by adding interest referring to the grant contract.

According to the Article 39(3) of the Commission Implementing Regulation (EU) No 897/2014 any project including an infrastructure component shall repay the Programme contribution if, within five years of the project closure or within the period of time set out in state aid rules, where applicable, it is subject to a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives. Sums unduly paid in respect of the project shall be recovered by the MA in proportion to the period for which the requirement has not been fulfilled.

6.3.5. CLOSING OF THE PROJECT

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

All project related documents are to be kept for **five years** from the date of payment of the balance for the Programme.

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

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