



**ENI CROSS BORDER COOPERATION PROGRAMME
POLAND-BELARUS-UKRAINE 2014-2020**

LARGE INFRASTRUCTURE PROJECTS APPLICATION AND IMPLEMENTATION PROCESS

LIST OF ABBREVIATIONS:

CBC	Cross-border Cooperation
EC	European Commission
ENI	European Neighbourhood Instrument
EU	European Union
IR	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
JOP	Joint Operational Programme of the Cross-border Cooperation Programme Poland-Belarus-Ukraine 2014-2020
JMC	Joint Monitoring Committee
JPC	Joint Programming Committee
JTS	Joint Technical Secretariat
LIP	Large Infrastructure Project
MA	Managing Authority
PBU	Cross-border Cooperation Programme Poland-Belarus-Ukraine 2014-2020

CONTENTS

1. LARGE INFRASTRUCTURE PROJECTS.....	4
1.1. Definition	4
1.2. Direct award	4
1.3. Criteria	5
1.4. Duration	8
1.5. Budget.....	9
2. APPLICATION PROCESS.....	9
2.1. LIP summary (PS)	9
2.2. LIP full application form (FAF)	10
2.2.1 Submission requirements of the FAF.....	10
2.2.2 Required annexes to the FAF	10
2.2.3 Evaluation and approval procedure.....	13
3. IMPLEMENTATION.....	14
3.1. Tendering procedures	14
3.2. Monitoring of the projects implementation	17
4. ELIGIBILITY OF COSTS.....	17
4.1. Settlement of costs incurred by beneficiaries	17
4.2. Eligible Costs	18
4.2.1 General rules regarding the cost eligibility	18
4.2.2 Eligibility of preparatory costs	18
4.2.3 Eligibility of direct costs	19
4.2.4 Eligibility of indirect (administrative) costs	19
4.3. Non-eligible costs	20
4.3.1 List of non-eligible costs.....	20
4.3.2. Contribution in kind	20
4.4. Project Budget and Description of the Budget Headings.....	20
4.4.1 Staff costs.....	20
4.4.2 Travel and subsistence costs.....	23
4.4.3 Equipment and supplies.....	25
4.4.4 Services	26
4.4.5 Infrastructure component	28
4.4.6 Administrative costs.....	28
5. PAYMENTS.....	29
ANNEXES	30

1. LARGE INFRASTRUCTURE PROJECTS

1.1. Definition

According to art. 2 (p) of 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 (IR) a large infrastructure project (LIP) means *“project comprising a set of works, activities or services intended to fulfil an indivisible function of a precise nature pursuing clearly identified objectives of common interest for the purposes of implementing investments delivering a cross-border impact and benefits and where a budget share of at least EUR 2.5 million is allocated to acquisition of infrastructure”*.

1.2. Direct award

Within the Cross-border Cooperation Programme Poland-Belarus-Ukraine 2014-2020 (PBU 2014-2020) LIPs shall be selected only through a direct award procedure. The direct award procedure within the PBU may be applied only to the LIPs.

Therefore, other projects in which acquisition of infrastructure consumes more than 2.5 million EUR will not be selected in the regular call for proposals.

According to art. 41.1 of IR, projects may be awarded via direct award, i.e. without a call for proposals, only in the following cases and provided this is duly substantiated in the award decision:

- to bodies with a *de jure* or *de facto* monopoly;
- for actions with specific characteristics that require a particular type of body based on its technical competence, high degree of specialisation or administrative power.

For these purposes, *de jure* or *de facto* monopoly means that the beneficiary (which also may be a consortium):

- has exclusive competence in the field of activity and/or geographical area to which the grant relates pursuant to any applicable law; or
- is the only organisation operating or capable of operating in the field of activity and/or geographical area to which the grant relates by virtue of all considerations of fact and law.

Co-financing of LIPs shall be possible in all thematic objectives.

These projects have been selected and agreed by the Joint Programming Committee (JPC) before submission of the Joint Operational Programme (JOP) to the European Commission (EC). Therefore, a list of all the LIPs proposed for selection without a call for proposals has been included in the final version of the JOP of the Cross-border Cooperation Programme Poland-Belarus-Ukraine 2014-2020.

No further LIPs selected through direct award will be taken into consideration by the JMC and EC.

The projects proposed for selection without a call for proposals shall be approved by the Commission based on a two-step procedure, consisting in the submission of a project

summary (PS) followed by a full application form (FAF). For each step, the Commission shall notify its decision to the Managing Authority (MA) within two months of the document submission date. This deadline may be extended where necessary. Where the Commission rejects a proposed project, it shall notify the MA of its reasons (IR: Art 41.4).

1.3. Criteria

Each LIP which is to be implemented within the PBU 2014-2020 shall fulfil the following minimum criteria:

- delivers a clear cross-border cooperation impact and benefits and demonstrate added value to European Union strategies and programmes. It means that LIP shall be directly related to the PBU 2014-2020, its thematic objectives and priorities; be crucial for the development of the Programme area; have a clear cross-border effect, it has to benefit both sides of the EU border, even if the project activities are funded only on one side of the border and be coherent with national development strategic documents;
- is implemented in the Programme eligible area; in special cases, activities may take place in other regions from the outside Programme area, but on the territory of Poland, Belarus or Ukraine provided that activities outside the Programme area cannot be of investment and/or infrastructure character and the conditions indicated in art. 39 of IR are met.
- have an infrastructure component of at least EUR 2,5 million;
- have outcomes of a sustainable character (at least 5 years after the project completion);
- be compliant with the criteria defined by the Programme procedures in terms of the cross-border partnership, size of grant, eligibility of the applicant, eligibility of the action, eligibility of costs etc.;
- each beneficiary must be clearly identified and justified to be the only one being able to implement the LIP.

1.3.1. LIP partnership

Each LIP shall designate one lead beneficiary to represent the partnership. Other organisations participating in the LIP shall be regarded as beneficiaries. 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 the partnership agreement.

The lead beneficiaries and beneficiaries have the possibility to award contracts. Contractors are not regarded as beneficiaries and are subject to the tendering rules.

Responsibilities of the lead beneficiary

The lead beneficiary (representing the partnership) submits the LIP PS/FAF, signs a grant contract with the MA and shall:

- receive the financial contribution from the MA for the implementation of LIP activities;
- ensure that the beneficiaries receive the total amount of the grant as quickly as possible and in full in accordance with the arrangements of the 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;

- lay down the partnership arrangements with the beneficiaries in an agreement comprising, provisions that, inter alia, guarantee the sound financial management of the funds allocated to the LIP including the arrangements for recovery of funds unduly paid;
- assume responsibility for ensuring implementation of the entire LIP;
- ensure that the expenditure presented by the beneficiaries has been incurred for the purpose of implementing the LIP and corresponds to activities set in the contract and agreed between all beneficiaries;
- verify that the expenditure presented by the beneficiaries has been examined pursuant art. 32(1) of IR.

The lead beneficiary shall act as the direct contact between the LIP and the management bodies of the Programme. It is the responsibility of the lead beneficiary to create a well working consortium ensuring the proper and sound implementation of the LIP.

Responsibilities of the beneficiaries

Beneficiaries participate in designing and implementing of the project. The costs which beneficiaries incur are eligible in the same way as those incurred by the lead beneficiary.

Project beneficiaries have the following obligations and tasks to fulfill:

- Ensuring the implementation of the part of the project under its responsibility, according to the project plan and to the partnership agreement signed with the lead beneficiary;
- Cooperation with the lead beneficiary in the implementation of the project, reporting and monitoring;
- Delivering project outputs planned in the application and agreed in the partnership agreement;
- Ensuring durability of main outputs;
- Assuming responsibility of any irregularity in the expenditure which it has declared;
- Repaying the lead beneficiary any amounts unduly paid in accordance with the partnership agreement signed between the lead beneficiary and the respective project beneficiary;
- Carrying out information and communication measures for the public about the project activities according to the visibility rules laid down by the Programme and the relevant regulations;
- Keeping available all documents related to the project for five years from the date of payment of the balance for the project. In particular they shall keep reports, supporting documents, as well as accounts, accounting documents and any other document relating to the financing of the project;
- Facilitation of the audit trail by all relevant European Community authorities, Managing Authority, Audit Authority, national authorities and control contact points;
- Signing a Partnership Agreement.

Composition of the partnership

The lead beneficiaries and beneficiaries in every project must establish one of the following compositions:

- Poland-Ukraine or
- Poland-Belarus or
- Poland-Belarus-Ukraine.

There may be more than one beneficiary in the project from any of the abovementioned countries

The criteria „At least three out of four cooperation criteria are met by the proposal” are interpreted in the following way:

For each project at least three of the following four cooperation criteria must be met:

- **Joint project preparation (obligatory)**
 - All partners contribute to the creation of a project concept;
 - Partners determine how the project will be managed, e.g. through the establishment of common objectives and outcomes, financial plan, implementation schedule and the division of responsibilities for project activities in order to achieve the project objectives;
 - Each partner defines what knowledge and experience may be involved and what are partner’s expectations of project realization.
- **Joint project implementation (obligatory)**
 - The lead beneficiary is responsible for the implementation of the entire project. Beneficiaries assume responsibility for respective parts of the project implementation;
 - Each beneficiary responsible for some part of the project shall ensure the coordination and implementation of planned activities, reaching the objectives and solvency of unexpected problems;
 - Few beneficiaries may contribute to the implementation of one part of the project.
- **Joint project staff (optional)**
 - All project beneficiaries take over some roles in the project and engage staff for this purpose;
 - Employees of beneficiaries coordinate their tasks among themselves and exchange information on a regularly basis;
 - Unnecessary duplication of functions in partner institutions shall be avoided.
- **Joint project financing (optional)**
 - The project has a joint financial plan with funds allocated for beneficiaries according to their participation in the project;
 - At least one Polish and at least one Belarusian and/or Ukrainian beneficiary contribute to the financial plan through their own contributions;
 - The financial plan shall include the responsibilities of the beneficiaries.

1.3.2. Eligibility of lead beneficiaries and beneficiaries

In order to be eligible beneficiary of the LIP, the institution shall possess a *de jure* or *de facto* monopoly. It means that the beneficiary (which also may be a consortium):

- has exclusive competence in the field of activity and/or geographical area to which the grant relates pursuant to any applicable law; or
- is the only organisation operating or capable of operating in the field of activity and/or geographical area to which the grant relates by virtue of all considerations of fact and law.

In addition to that, in order to be eligible for a grant within the Programme, lead beneficiaries and beneficiaries **must**:

- a) be institutions of national, regional, local governments or association of such institutions;
- b) be bodies governed by public law or by private law established for the specific purpose of meeting needs in the general interest, not having industrial or commercial character, and having legal personality and financed for the most part by the state, regional or local authorities or other bodies governed by public law or that are subject to management supervision by those bodies or having an administrative, managerial or supervisory board with more than half of whose members are appointed by the state, regional or local authorities or other bodies governed by public law, or
- c) non-governmental organization with legal personality.

In case of Polish institutions falling within the category a) eligible are entities:

- having legal personality under the applicable national law;
- entities without legal personality:
 - if their superior unit (having legal personality) grants them power of attorney and also assumes financial responsibility for the project implemented;
 - on behalf of which the superior unit will apply for financing (with indication which entity will implement the project).

In addition to requirements mentioned above the lead beneficiary/beneficiary must:

- not fall under any of the exclusion situations set out in Article 106(1) and Article 107 of Regulation (EU, Euratom) No 966/2012;
- and
- be nationals¹ of any of the participating countries, or legal persons who are effectively established in the Programme area or international organisations²

Beneficiaries that do not meet establishment requirement shall fulfill all following conditions:

- they are established in Poland, Ukraine or Belarus;
- their participation is required by the nature and by the objectives of the project and as necessary for its effective implementation;
- the total amount allocated under the project to these beneficiaries does not overcome 20%.

1.4. Duration

1 Such nationality being determined on the basis of the organisation's statutes which should demonstrate that it has been established by an instrument governed by the national law of the country concerned. In this respect, any legal entity whose statutes have been established in another country cannot be considered an eligible local organisation, even if the statutes are registered locally or a "Memorandum of Understanding" has been concluded.

2 International organisations are international public-sector organisations set up by intergovernmental agreements as well as specialised agencies set up by them; the International Committee of the Red Cross (ICRC) and the International Federation of National Red Cross and Red Crescent Societies, European Investment Bank (EIB) and European Investment Fund (EIF) are also recognized as international organisations.

As a rule, the maximum duration of the LIP is 36 months. In exceptional cases, after the positive decision of the JMC, this duration may be longer, but in any case all project activities financed by the Programme shall end on 31 December 2022 at the latest.

1.5. Budget

According to the art. 38.4 of the IR the share of the Union contribution allocated to large infrastructure projects may not exceed 30%. Taking into account the regional and cross-border dimension of the PBU2014-2020 as well as the size of the budget, the Programme allocation for LIPs shall therefore amount up to 52 700 000 EUR.

2. APPLICATION PROCESS

The list of all the LIPs proposed for selection without a call for proposals has been included in the final version of the JOP. However, the inclusion of the LIPs in the JOP does not set the ground for any final approval of these projects by the EC. After adoption of the Programme, but not later than 31 December 2017, the MA shall provide the Commission with the PS and FAF including the information referred to in art. 43 of IR (Content of projects) together with the justification for a direct award.

2.1. LIP summary (PS)

PS shall be submitted on the relevant form as provided by the JTS (annex 1 to this Working paper). If available, together with the PS the lead beneficiary can submit additional documents which prove the readiness of the project implementations, e.g. Feasibility Study, economic and financial analysis, technical documentation. Submission of these documents at this stage is not obligatory but shall allow to analyse the stage of project preparation. At any rate, all these documents will be requested at the later stage to be attached to the FAF.

Lead beneficiaries of all LIPs (main and reserve lists³) shall submit the PS to the JTS in the period of 1.09 - 30.11.2016.

The JTS carries out the eligibility and quality assessment of LIPs PS. It may ask additional questions to the submitted documents and may ask for clarifications to ensure that the PS presented to the JMC is of the appropriate quality.

The PS will be analyzed by the JTS regarding their compliance with the criteria approved and the LIP proposal submitted at the earlier stage. The comments of the JTS will be sent to the JMC members. The JMC will take a decision on approval of the submitted summaries either via written procedure or during the meeting. The decision may set recommendations to the submitted PS. Only the PS of LIPs from the main list approved by the JMC will be submitted to the EC.

The EC shall notify its decision to the MA within two months of the document submission date. This deadline may be extended where necessary. Where the Commission rejects a proposed project, it shall notify the MA of its reasons.

In case, where the EC does not approve a PS of any LIP from the main list, such LIP shall be substituted by the LIP from the reserve list submitted by the same region/authority.

³ Only the Project Summaries of LIPs included into the main list will be submitted to the EC for approval. However, the Project Summaries of LIPs included into the reserve list shall be requested and assessed in order to be ready for full application form submission in case the EC rejects any Project Summary of main LIP.

2.2. LIP full application form (FAF)

Once the LIP PS is approved by the EC, the appointed lead beneficiary will be invited to submit the LIP FAF.

2.2.1 Submission requirements of the FAF

1. The applicants shall fill in their FAF using the FAF e-application and submit them to the JTS in two ways:

- a) electronic files of the whole FAF – recorded on the mover (CD, DVD, pendrive etc.)
- b) one signed and stamped paper version. The paper version is considered as an official application.

The electronic version of FAF should be identical to the paper version.

2. The FAF shall be filled in only in English

3. A bound FAF must be submitted in one original and e-version together with all relevant supporting documents. The packages must be submitted in a sealed envelope by registered mail, by private courier service or by hand delivery (in case of hand delivery, a signed and dated certificate of receipt will be given to the deliverer by the JTS) at the JTS address.

2.2.2 Required annexes to the FAF

Each FAF should be provided with the Budget for the project and following supporting documents:

Annex A0 Information on contact details for the project purposes – Lead beneficiary/beneficiary

Annex A1 Partnership statements of beneficiaries

Annex A2 Statutes or other relevant documents e.g. internal regulations of the lead beneficiary and all beneficiaries included in the project – not applicable for public institutions from Poland and Ukraine. For Belarusian public bodies – a copy of relevant national resolution (relevant legislative act relating to establishing and functioning of the institution) should be provided. If necessary for conducting a reliable evaluation - the JTS and the PSC may ask for additional clarifications/documents regarding the legal status of each lead beneficiary/beneficiary;

Annex A5 If applicable, authorisation from the lead beneficiary that the person has the right to sign the FAF (if the FAF shall be signed not by the head of the organisation). In case of Polish entities without legal personality a written statement on having the capacity to undertake legal obligations (including signing the grant contract) issued by supervisory institution shall be provided;

Annex A6 Register document applicable for the lead beneficiary/beneficiaries:

FOR POLISH LEAD BENEFICIARIES/BENEFICIARIES: effective (up to date) extract from the National Court Register- Krajowy Rejestr Sądowy; (not applicable for public institutions)

FOR UKRAINIAN LEAD BENEFICIARIES/BENEFICIARIES:

for public and non-public institutions – one of the following documents:

- copy or the original of an extract (витяг) from the Unified State Register of legal entities and individuals, certified as true to the original by the beneficiary or
- copy or the original of excerpt (виписка) from the Unified State Register of legal entities and individuals, as true to the original by the beneficiary.

and for non-public institutions additionally:

- an extract from the Register of non-profit institutions issued by Tax Inspection of Ukraine.

FOR BELARUSIAN LEAD BENEFICIARIES/BENEFICIARIES: a copy of the Certificate of state registration of legal person certified as a true to the original by the beneficiary (not applicable for public institutions);

Annex A7 Declaration on the entitlement to the recovery of VAT (applicable only for Polish lead beneficiaries/beneficiaries). Please note that this annex will be generated automatically with the use of the Programme e-application;

Annex A8 – A full feasibility study to be prepared in line with Guidelines for drafting Feasibility Study. The document shall be submitted the original language (i.e. Polish, Ukrainian or Russian) together with the Summary in English. To be submitted also as an electronic file (doc or pdf format);

Annex A9 – shall be submitted before signature of the grant contract.

FOR POLISH LEAD BENEFICIARIES/BENEFICIARIES:

A self-declaration that either the building permission or its equivalent (e.g. notification of works component – zgłoszenie robot budowlanych) will be submitted in case of project award not later than 5 months after the date of the award notification letter. If the project implementation does not require a building permission or its equivalent a self declaration with the reference to the relevant national regulation should be annexed that the works activities are not the subject of a building permission or its equivalent.

FOR BELARUSIAN LEAD BENEFICIARIES/BENEFICIARIES:

a self-declaration that the following documents will be submitted in case of project award not later than 5 months after the date of the award notification letter:

“Decision of the local executive and administrative body on permission of the facility construction (Решение местного исполнительного и распорядительного органа о разрешении строительства объекта)”

If the project implementation does not require a building permission or its equivalent a self declaration with the reference to the relevant national regulation should be annexed that the works activities are not the subject of a building permission or its equivalent. In case of

successful beneficiaries, if the project implementation requires a building permission or its equivalent, it will have to be submitted once available after the grant contract signature.

FOR UKRAINIAN LEAD BENEFICIARIES/BENEFICIARIES:

A self-declaration that the following documents (depending on the construction object complexity as listed below) will be submitted in case of project award not later than 6 months after the date of the award notification letter:

- for construction objects of I- III category of complexity: positive Decision of expertise should be provided before signature of the grant contract, and then after the grant contract signature once available a registered Declaration on the beginning of construction works should be provided;

- for construction objects of IV and V category of complexity: positive Decision of expertise should be provided before signature of the grant contract, and then after the grant contract signature once available a Building permission should be provided.

If the project implementation does not require a building permission or its equivalent (Declaration on the beginning of construction works) a self declaration with the reference to the relevant national regulation should be annexed that the works activities are not the subject of a building permission or its equivalent.

Annex A10 – Declaration of the lead beneficiary/beneficiary on the right for the land/real estate disposal for the construction/supplies purposes. Please note that this annex will be generated automatically with the use of the Programme e-application software.

Annex A12

FOR POLISH LEAD BENEFICIARIES/BENEFICIARIES:

Decyzja o środowiskowych uwarunkowaniach. If not applicable – written statement issued by the relevant institution must be provided.

FOR UKRAINIAN LEAD BENEFICIARIES/BENEFICIARIES:

1. Conclusion of the State Ecological Expertise issued by the relevant public body (EN) Висновок державної екологічної експертизи виданий відповідним державним органом (UKR) and

2. Environmental Impact Assessment (EIA) as the part of Technical Documentation according to National Construction Standards A.2.2-1-2003 (ДБН А.2.2-1-2003) (EN) – Оцінка впливу на навколишнє середовище як частина технічної документації згідно ДБН А.2.2-1-2003 (UKR)

If not applicable – written statement issued by the relevant institution must be provided.

FOR BELARUSIAN LEAD BENEFICIARIES/ BENEFICIARIES:

1. Conclusion of the State Ecological Expertise issued by the Ministry (or its regional bodies) for Natural Resources and Environmental Protection of the Republic of Belarus (Russian: Заключение государственной экологической экспертизы, выданное Министерством природных ресурсов и охраны окружающей среды Республики Беларусь либо его

территориальными органами) and 2. Report on the Environmental Impact Assessment (Russian: Отчет о результатах проведения оценки воздействия на окружающую среду).

In case the above mentioned documents are not obligatory, the relevant letter, issued by the Ministry for Natural Resources and Environmental Protection of the Republic of Belarus (or its regional bodies), should be submitted.

ADDITIONAL REMARK FOR UKRAINIAN AND BELARUSIAN LEAD BENEFICIARIES/BENEFICIARIES: If the project is listed in Annex I to the Directive 2011/92/EU of the European Parliament and of the Council 13 December 2011 on the assessment of the effects of certain public and private projects on the environment, the following documents as proof of the compliance with the 2011/92/EU should be provided:

a) a copy of the non-technical summary- a document which has been used during the public consultations,

b) information about the consultation with the public (when, where, information about public hearings, etc) and the environmental authorities, as well as other Member States, if transboundary consultations are applicable;

c) a copy of the development consent, the information about mitigation and compensatory measures, and main considerations on which the decision is based including information about the public participation process.

EIA should be also in line with the UN/ECE Espoo Convention on Environmental Impact Assessment in a Transboundary Context of 25 February 1991.

If the project is covered by Annex II and the competent authority has determined that there is no need for the full EIA procedure for the project, the beneficiaries have to provide an explanation on the reasons and to give the thresholds, criteria or case by case examination carried out to reach the conclusion that the project has no significant environmental effects.

Annex A13 Declaration of the lead beneficiary/beneficiaries on maintaining the projects results and objectives for at least five years after project completion. Please note that this annex will be generated automatically with the use of the Programme e-application.

Annex A14 - a detailed description of the capacity building component. Please note that this annex will be generated automatically with the use of the Programme e-application.

Annex A15 Other necessary documents required by Polish/Belarusian/Ukrainian law – please specify and add next point e.g. A15, A16 etc.

All supporting documents must be supplied in originals or duly certified copies with appropriate e-version. In case of photocopies or scanned versions they must be certified as a true copy by the authorised person in lead beneficiary/beneficiary organisation.

2.2.3 Evaluation and approval procedure

All documents constituting the FAF shall be submitted to the JTS where administrative and eligibility assessment takes place. The JTS may ask additional questions to the submitted documents and may ask for clarifications to ensure that the LIP FAF presented to the JMC is of the appropriate quality.

At the next stage, the quality assessment together with the verification of the costs eligibility will be carried out by the JTS. During the quality assessment, among others, the following aspects will be verified:

- long-term project sustainability (organisational, financial, etc.);
- budget and economic aspects of the project (efficient use of allocated funds and value for money, sufficient sources of finance);
- quality of the partnership and lead beneficiary's capacities;
- environmental sustainability (the projects with negative impact on environment cannot receive funding within the Programme).

The LIP FAFs with the assessment results and comments made by assessors will be systematically (individually) sent to the JMC for its approval. Upon request the access to the full project documentation will be granted to the JMC members. During the JMC meeting (or request via written procedure, if applicable) the JTS shall present its remarks regarding the submitted LIP FAFs. After the discussion (or remarks made during the written procedure, if applicable) the JMC takes the decision on final version of each LIP FAF to be submitted to the EC.

The MA shall provide the Commission with the FAF of all the LIPs which were selected via direct award not later than 31 December 2017. This deadline concerns the submission of the FAF with all necessary supporting documents.

The EC shall notify its decision on selected projects to the MA within two months of the documents submission date. This deadline may be extended where necessary. Where the Commission rejects a proposed project, it shall notify the MA of its reasons.

The final JMC decision regarding approved LIPs may contain also recommendations to the quality and validity of all additional documents.

Before the grant contract signature, the lead beneficiaries of the projects approved by the EC will be asked to submit:

- the final budget of the project,
- updated schedule;
- The lead beneficiary declaration on ensuring the funds necessary to project implementation (one document for the total amount of project co-financing, including also co-financing provided by other beneficiaries);
- and other annexes necessary to conclude the grant contract.

All contracts for LIPs selected through direct award shall be signed before 30 June 2019.

3. IMPLEMENTATION

3.1. Tendering procedures

In accordance with art. 52 of IR, in general, contracts must be awarded in accordance with the following procurement rules and procedures:

- a) ensuring sufficient transparency, fair competition and adequate ex-ante publicity;
- b) ensuring equal treatment, proportionality and non-discrimination;
- c) avoiding conflicts of interests throughout the entire procurement procedure.

Contracts must not be split artificially to circumvent procurement thresholds.

Tendering procedures at the level of projects depend on the nationality and legal status of the beneficiary launching the tender.

Beneficiaries based in Poland have to comply with Polish law on public procurement. This law is compliant with the Union legislation applicable to procurement procedures.

Preparing and conducting public procurement, as well as awarding a contract within the project, should be carried out in a manner that guarantees compliance with the principle of transparency, fair competition and equal treatment of contractors, including potential contractors. In addition, with respect to all contracts awarded within the project, regardless of their value, the manner of selecting a contractor and awarding authority, it is required that the principle of sound financial management is complied with. Thus, this must be in accordance with the principles of economy, efficiency and effectiveness and the reasonability of spending public funds as well as with other conditions for the eligibility of expenditures as specified in the Programme.

In order to implement competition and public procurement principles referred to above, contracts within the project have to be awarded pursuant to EU and national regulations on tendering and awarding contracts if the regulations are applicable in awarding the given contract.

Beneficiaries from Belarus and Ukraine have to comply with rules set in Art. 52-56 of the IR, namely:

- a) the contract shall be 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 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 Art. 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 Art. 107 of Regulation (EU, Euratom) No 966/2012;
 - vii. procurement procedures set out in art. 53 to 56 of the IR shall be followed.

Special requirements for Beneficiaries from Belarus and Ukraine.

Depending on the nationality and form of ownership of the Beneficiary and **alongside with**

the relevant provisions of the sub-charter 3.1 the following special requirements shall apply:

- a) **all beneficiaries based in Belarus** have to comply with the requirements of the *General Rules of Procurement* set in the Annex 9 to this Manual.
- b) beneficiaries based in Ukraine:
 - public entities **have to comply with Ukrainian law on public procurement**. When procuring services, supplies and works **below the threshold stipulated in the Ukrainian law** on public procurement for the use of Prozorro, the contracting authorities have to comply with the *General Rules of Procurement* set in the Annex 9 to this Manual.
 - all private entities have to comply with the requirements of the *General Rules of Procurement* set in the Annex 9 to this Manual.

The conflict of interests

In order to avoid a conflict of interests, persons who conduct the activities associated with the procedure of selecting the contractor on behalf of the contracting party, including participating in the evaluation of tenders, may not have personal or capital ties with the contractors. They should be impartial and objective.

A conflict of interests exists where the impartial and objective conducting the activities associated with the procedure of selecting the contractor by the project partner and persons authorised to incur liabilities on behalf of the project partner or persons performing actions connected with preparing and conducting the contractor selection procedure on behalf of the project partner is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other interest shared with the contractors.

Capital or personal ties are understood as mutual ties between the project partner and persons authorised to incur liabilities on behalf of the project partner or persons performing actions connected with preparing and conducting the contractor selection procedure on behalf of the project partner and the contractor which consist in particular of:

- a) acting as a partner in a civil partnership or a partnership,
- b) holding at least 10% of stocks or shares,
- c) acting as a member of the supervisory or management board, proxy, plenipotentiary,
- d) being a spouse, relative by lineal consanguinity or affinity, secondary relative in the second degree of consanguinity or the second degree of affinity, in a relationship of adoption, care or guardianship.

The financial corrections

In case of breach of the regulations or principles on the award of public contracts (this applies to all project partners) or the Programme procurement principles, the relevant expenditure will be deemed, in whole or in part, ineligible and the financial correction will be made. According to the Art. 71 of the IR the Managing Authority shall make the financial corrections taking into account the nature and gravity of the irregularities and the financial loss and shall apply a proportionate financial correction. The criteria for establishing the level of financial correction to be applied are laid down in *Guidelines on Financial Corrections in the Cross-Border Cooperation Programme Poland - Belarus - Ukraine 2014-2020*.

Following Art. 48 point 3 of the IR, according to which the grant may be awarded retroactively, the beneficiaries **who launch the project before signing the grant contract** are obliged to follow the above regulations and principles on the award of public contracts. In case of breach

of the regulations or principles on the award of public contracts the rules regarding the financial corrections mentioned above also apply.

Please be advised that public procurement procedures have to be well documented. Documents such as public procurement notes, terms of reference, offers/quotes, order forms, and contracts have to be available for financial control and audit purposes.

3.2. Monitoring of the projects implementation

LIPs shall be monitored through 6 month-basis narrative reports. However, they will be implemented in closer cooperation with the JTS and JMC than regular projects. A person from the JTS will be appointed as a contact person to each LIP. LIPs and their progress will be presented regularly at the JMC meetings and written information may be provided if needed.

4. ELIGIBILITY OF COSTS

The budget headings and related eligibility rules of the Programme are structured according to the requirements of the applicable EU regulations, in particular the Regulation (EU) No 236/2014, The Regulation (EU) No 232/2014 and the Regulation (EU) No 897/2014. The eligibility rules laid down in the LIP Application and Implementation Process on the basis of art. 4 of the Regulation (EU) No 897/2014 cannot be overruled.

4.1. Settlement of costs incurred by beneficiaries

In order to simplify implementation of projects, the following forms of settlement of costs incurred by beneficiaries may be used:

- a) settlement of the eligible costs actually incurred (real costs). Eligible costs shall be calculated in advance in the project budget on the basis of costs which will be actually incurred by the beneficiary. When claiming those costs beneficiaries shall prove by relevant supporting documents that the expenditures have been incurred and paid;
- b) flat-rate financing. Indirect (administrative) costs shall be clearly identified in advance in the project budget based on calculations made by the applicant. Appropriate justification of the percentage rate of the flat rate will need to be provided in the Full Application Form, i.e. description of applied methodology. When claiming those costs beneficiaries will not need to prove by relevant documents that the expenditures have been incurred and paid;
- c) lump sums. Grants shall cover certain specific categories of eligible costs (staff costs or preparation of strong partnerships) which shall be clearly identified in advance in the project budget. Beneficiaries can claim those costs only up to the certain threshold, in this case beneficiaries will not need to prove by relevant documents that the expenditures have been incurred and paid;

In any case, grants shall not have the purpose or effect of producing a profit within the framework of the project

4.2. Eligible Costs

Only “eligible costs” can be financed by the grant. The costs must be presented in the project budget. The categories of costs considered as eligible and non-eligible are indicated below. The budget is both a cost estimate and a ceiling for “eligible costs”. Please note that the eligible costs must be based on real costs based on supporting documents.

4.2.1 General rules regarding the cost eligibility

Eligible costs are costs actually incurred by the lead beneficiary/beneficiary which meet all of the following criteria:

- a) they are incurred during the implementation period of the project. In particular:
 - i. 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 lead beneficiary and the other beneficiaries may not be considered as costs incurred;
 - ii. costs incurred should be paid before the submission of the final reports. They may be paid afterwards, provided they are listed in the final report together with the estimated date of payment;
 - iii. 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;
 - iv. procedures to award contracts, as referred to in Art. 52 of the IR10 and following, may have been initiated and contracts may be concluded by the beneficiary(ies) before the start of the implementation period of the project, provided the provisions of Art. 52 of the IR and following have been respected;
- b) they are indicated in the project’s estimated overall budget;
- d) they are necessary for the project implementation;
- e) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary (separate accounts shall be created for the project purpose) and determined according to the accounting standards and the usual cost accounting practices applicable to the beneficiary;
- f) they comply with the requirements of applicable tax and social legislation;
- g) they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency;
- h) they are supported by invoices or documents of equivalent probative value.

4.2.2 Eligibility of preparatory costs

Only beneficiaries with whom a grant contract is signed, could claim the reimbursement of preparatory costs. No grant may be awarded retroactively for projects already completed.

In order to support beneficiaries in financing the preparation of studies and documentation related to infrastructure component, a grant may be awarded retroactively to cover such costs. However, these costs could be considered as eligible where the beneficiary can demonstrate the need to start the project before the contract is signed.

To allow the preparation of strong partnerships, costs incurred before submission of the grant application by projects to which a grant has been awarded are eligible provided that the following conditions are also met:

- they are incurred after the publication of the call for proposals;
- they are limited to travel and subsistence costs of staff employed by the beneficiaries, provided they meet the conditions of point 4.2.3 (b) below;
- they do not exceed 5 000 EUR (they can be claimed in the amount of 5 000 EUR).

Preparation of strong partnerships costs may be claimed as a lump sum only- 5000 EUR per project.

4.2.3 Eligibility of direct costs

The following direct costs of the beneficiary shall be eligible:

- a) the costs of staff assigned to the project under the following cumulative conditions:
 - I. they relate to the costs of activities which the beneficiary would not carry out if the project was not undertaken;
 - II. they must not exceed those normally borne by the beneficiary unless it is demonstrated that this is essential to carry out the project;
 - III. they relate to actual gross salaries including social security charges and other remuneration-related costs;
- b) travel and subsistence costs of staff and other persons taking part in the project, provided they exceed neither the costs normally paid by the beneficiary according to its rules and regulations nor the rates published by the Commission at the time of the mission if reimbursed on the basis of lump sums, unit costs or flat rate financing;
- c) purchase or rental costs for equipment (new or used) and supplies specifically for the purpose of the project, provided they correspond to market prices;
- d) the cost of consumables specifically purchased for the project;
- e) costs entailed by contracts awarded by the beneficiaries for the purposes of the project;
- f) costs deriving directly from requirements imposed by the IR and the project (such as information and visibility operations, evaluations, external audits, translations) including financial service costs (such as costs of bank transfers and financial guarantees).

4.2.4 Eligibility of indirect (administrative) costs

Indirect costs may be calculated on a flat-rate of up to 7 % of eligible direct costs per project, 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.

As indirect costs for a project shall be considered those eligible costs which may not be identified as specific costs directly linked to the implementation of the project and may not be booked to it directly according to the conditions of eligibility as defined in Article 48 of IR. For example, administrative costs may include costs of running the beneficiary's office (or part of the office) that is in his possession and is used for the day-to-day implementation of the project. Administrative costs may not include ineligible costs or costs already declared under another cost item or heading of the budget of the project.

4.3. Non-eligible costs

4.3.1 List of non-eligible costs

The following costs relating to the implementation of the project shall not be considered eligible:

- a) debts and debt service charges (interest);
- b) provisions for losses or liabilities;
- c) costs declared by the beneficiary and already financed by the Union budget;
- d) purchases of land or buildings for an amount exceeding 10% of the eligible expenditure of the project concerned;
- e) exchange-rate losses;
- f) 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;
- g) loans to third parties;
- h) fines, financial penalties and expenses of litigation;
- i) contributions in kind (as defined in Art. 14(1) of the IR);
- j) other costs specified as ineligible in the budget heading description.

4.3.2. Contribution in kind

Any provision of non-financial resources free of charge by a third party shall be considered as contributions in kind at project level. Contributions in kind are not eligible costs and may not be considered as a part of the minimum 10 % co-financing by the lead beneficiary/beneficiary.

The cost of staff assigned to a project shall not be considered a contribution in kind and may be considered as a part of the minimum 10 % co-financing presented in the budget when paid by the lead beneficiary/ beneficiaries.

Notwithstanding the above, if the description of the action as proposed by the lead beneficiary foresees the contributions in kind, such contributions have to be clearly presented in the application form but must not be presented in the project budget.

4.4. Project Budget and Description of the Budget Headings

4.4.1 Staff costs

Definition

Budget Heading “Staff costs” shall include costs related to the project management (e.g. costs of project coordinator, project manager, financial manager, project manager assistant etc).

It includes costs of management staff members employed by the lead beneficiary/beneficiary organisation, who are formally engaged to work on the project on:

- Labour contract- full-time basis (an individual dedicates 100% of his/her working time to the project);
- Labour contract- part-time basis:
 - part-time with a fixed percentage of time dedicated to the project per month (an individual dedicates a fixed percentage of his/her working time to the project);
 - part-time with a flexible number of hours worked on the project per month (an individual dedicates a flexible share of his/her working time to the project);
- Contracts other than a labour contract.

Staff already employed in the organisation on the basis of labour contracts could be assigned to action by written orders of head of organization to carry out new tasks related to the project.

Specific requirements:

- Staff costs must relate to activities which the partner organisation would not carry out if the project was not undertaken.
- Costs must not exceed those normally borne by the beneficiary unless it is demonstrated that this is essential to carry out the project.
- Staff costs cover real costs paid out based on supporting documents.
- The following costs are eligible components of staff costs:
- Salary payments fixed in the labour contract, or an appointment decision/contract considered as an employment document or by law.
- Any other costs directly linked to the salary payments, incurred and paid by the employer, such as employment taxes and social security as long as they are obligatory in accordance with the legislation in the employer’s country.
- The salary payments must relate to responsibilities specified in a job description of the individual staff member.
- Holidays and sick leaves covered by beneficiaries as resulting from the labour legislation in the employer’s country are eligible.
- In exceptional duly justified cases overtime is eligible, provided it is in conformity with the national legislation and the employment policy of the beneficiary organisation, and it is actually paid to the staff member. Number of hours and information on tasks related to the project shall be clearly indicated in the written order to work in overtime.
- Staff costs must be calculated and reflected in the project budget individually for each staff position. If staff are not working full time on the project, the percentage should be indicated alongside the description of the item and reflected in the number of units (not the unit rate).
- Salaries of project management staff (project coordinator / project manager and financial manager) incurred during 3 months after the implementation period of the project shall be treated as costs relating to final reports and are eligible.
- Bonus payments are non-eligible, excepting cases when they are an obligatory component of salary in accordance with the employment policy of the beneficiary organisation or legislation in the employer’s country.

- Unpaid voluntary work is non-eligible.
- Service contracts with legal entities cannot be concluded under this budget line.

Forms of reimbursement

Staff costs can be settled by the Programme either on the basis of:

- I. Lump sum (staff costs up to 50 000 EUR of eligible costs per project), or
- II. Real costs

Every beneficiary must decide on the reimbursement option and indicate the choice in the project budget. The same reimbursement option will apply to all project management staff members employed by all beneficiaries. It will be set for the entire project duration. The level of staff costs assigned to the every beneficiary participating in the project (including the lump sum share) should be stipulated in the Partnership Agreement.

I. Lump sum

Beneficiaries may indicate an amount of up to 50 000 EUR of eligible costs per project as the project management staff costs in the budget line 1.1 Salaries of project management staff. By applying the lump sum option, beneficiaries do not need to prove by relevant documents that the expenditure has been incurred and paid, or that the lump sum corresponds to the reality.

II. Real costs

In case the project management staff costs exceed 50 000 EUR they shall be settled on the basis of real costs. All the positions of management staff shall be indicated in project budget in a separate line providing number of units and unit cost. Depending on type of staff assignment beneficiaries shall prove that the expenditures have been incurred and paid by supporting documents as provided below. In such case, the following documents must be available for control purposes (examples of supporting documents):

Full-time assignment

- Labour contract or an appointment decision.
- Job description providing information on responsibilities related to the project.
- Payslips, payrolls or other documents of equivalent probative value.
- Written order to work in overtime.
- Proof of payment of salaries and the employer's contribution.
- No registration of the working time (e.g. timesheets) is required.

Part-time assignment with a fixed percentage of time worked on the project per month

- Labour contract or an appointment decision.
- Document setting out the percentage of time to be worked on the project per month (if not specified in the contract).
- Job description providing information on responsibilities related to the project.
- Payslips, payrolls or other documents of equivalent probative value.
- Written order to work in overtime.
- Proof of payment of salaries and the employer's contribution.
- No registration of the working time (e.g. timesheets) is required.

Part-time assignment with a flexible number of hours worked on the project per month

- Labour contract or an appointment decision/contract considered as an employment document (including information on the monthly working time).
- Job description including information on tasks related to the project.
- Payslips, payrolls or other documents of equivalent probative value.
- Written order to work in overtime.
- Data from the working time registration system, e.g. time sheets, providing information on the number of hours spent per month on the project. The time registration system must cover 100% of the actual working time of the individual.
- Proof of payment of salaries and the employer's contribution.

Contract other than a labour contract

- Evidence of the procurement process (announcement, selection, award) in line with the national procurement rules (in case of beneficiaries from Poland) or procurement rules set up in the Art. 52.2 of the IR (in case of beneficiaries from Ukraine and Belarus) depending on the amount of the contract.
- Contract with clear reference to the project and the Programme.
- Invoice providing all relevant information in line with the applicable accountancy rules.
- Service acceptance note.
- Proof of payment

4.4.2 Travel and subsistence costs

Definition

Expenditure on travel and accommodation costs of the management staff of the lead beneficiary/beneficiary organisation related to the project implementation.

Budget sub-heading	Examples of eligible costs
2.1 Per diems for missions	
2.1.1. Abroad missions	Cost of accommodation, daily allowance and/or meals of staff employed by the beneficiaries related to abroad missions
2.1.2. Local missions	Cost of accommodation, daily allowance and/or meals of staff employed by the beneficiaries related to missions within the beneficiary country
2.2 International travel	Cost of transportation (e.g. bus tickets, train tickets, flight tickets - economy class (first/business class is eligible just in exceptional duly justified cases), other travel tickets for the use of public transport (taxi is non-eligible), checked baggage, travel insurance, car insurance, fuel, parking fees) and visa cost (if needed) of staff employed by the beneficiaries related to abroad missions.
2.3 Local transportation	Cost of transportation (please see above) of staff employed by the beneficiaries related to missions within the beneficiary country

2.4 Preparation of strong partnership	Cost of transportation, visa, accommodation, daily allowance and/or meals of staff employed by the beneficiaries related to joint preparation of the project.
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Specific requirements:

As for the budget sub-heading 2.4.: Preparation of strong partnerships – see chapter 4.2.2.

Budget sub-headings (except no 2.4):

- Travel and accommodation costs must clearly link to the project and be essential for effective implementation of the project activities.
- Costs must be borne by the lead beneficiary/beneficiary organisation. Direct payment by a staff member of the partner organisation must be supported by a proof of reimbursement from the employer.
- The principles of sound financial management and cost-efficiency 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 funding is allowed.
- Travel and accommodation costs of external experts and service providers as well as natural persons (e.g. speakers, teachers, etc.) engaged in the project events cannot be included under this budget line; they must be reported as service costs.
- Travel and accommodation costs must be justified by activities carried out within the project, e.g. participation in project meetings, project site visits, meetings with the Programme bodies, seminars, conferences, etc.
- In duly justified cases costs of travel and accommodation related to activities outside the Programme area⁴ are eligible.
- Maximum daily rates for hotel and subsistence should be respected, in accordance with the national legislation or internal policy of the beneficiary organisation. In any case, per diem rates cannot exceed the rates published by the EC. To be comparable with EC rates⁵, per diems reflected in the project budget shall cover accommodation, meals and local travel within the place of the mission and sundry expenses and should be understood as “overnight stays”, that is, “per night”.
- Travel and accommodation cost should be properly documented in line with the national legislation or internal policy of the partner organisation.

Examples of supporting documents.

The following documents must be available for control purposes:

- Agenda of the event (e.g. meeting/seminar/conference).
- Paid invoices (e.g. hotel bills, travel tickets).
- Appropriate calculation of daily allowance.
- Boarding passes.
- Appropriate calculation of car expenses (in case of travelling by company car).
- Mission report.
- Proofs of payment.
- Proofs that staff was assigned to the project activities (applicable in case of lump sum option for the staff costs settlement).

⁴ Please note that activities may take place in other regions from the outside Programme area, but on the territory of Poland, Belarus or Ukraine.

⁵ http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm_en

4.4.3 Equipment and supplies

Definition

Expenditure for the financing of equipment purchased or rented by a partner, necessary to achieve objectives of the project.

Budget sub-heading	Examples of eligible costs
3.1 Purchase or rent of vehicles	Purchase or rent of vehicle (including rent of vehicle for local and abroad missions), fuel to run vehicles, maintenance and repair of vehicles, re- placement/spare parts for vehicles needed for the project, cost of insurance.
3.2 Furniture	Furniture (including office furniture).
3.3 Computer equipment	Desktop computers, laptops, tablets, monitors, keyboards, mice, printers, scanners, IT software, digital projectors, digital/video cameras, mobile phones, maintenance and repairs of computer equipment, replacement/ spare material for computer equipment needed for the project.
3.4 Other (please specify)	Laboratory equipment, machines, instruments, tools, exhibition equipment, chemicals for a research activity, other goods needed for the project (not necessarily assimilated to equipment)

Specific requirements:

- All costs are subject to applicable public procurement rules and each lead beneficiary/beneficiary is responsible for ensuring that these rules have been respected.
- Purchase cost of equipment is eligible, if it is used solely for the purpose of the project or the target group in line with objectives of the project and incurred within the eligible period.
- Full purchase cost of equipment (including cost of delivery and installation) is eligible, i.e. depreciation is non-eligible.
- Purchase cost of used equipment is eligible, provided the equipment complies with applicable norms and standards.
- Provision of equipment as in-kind contribution is non-eligible.
- Equipment cannot be purchased or rented from another project beneficiary.
- Beneficiaries shall ensure that equipment is used in accordance with the project aims within five years of the project closure. Beneficiaries shall repay the Union contribution if 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 Managing Authority in proportion to the period for which the requirement has not been fulfilled.

Examples of supporting documents.

The following documents must be available for control purposes:

- Evidence of the procurement process (announcement, selection, award) in line with the national procurement rules (in case of beneficiaries from Poland) or procurement rules set up in the Art. 52.2 of the IR (in case of beneficiaries from Ukraine and Belarus) depending on the amount of the contract.
- Supply contract
- Invoice providing all relevant information in line with the applicable accountancy rules.
- Delivery note.
- Proof of payment.

4.4.4 Services

Definition

Cost of expertise and services related to the project implementation, with exception project management costs, provided by a public or private law body or a natural person other than the beneficiary.

Budget sub-heading	Examples of eligible costs
4.1 Salaries of technician staff (gross amounts)	Salary payments and other costs directly linked to the salary payments of technician staff assigned by the lead beneficiary/beneficiary for the project purpose.
4.2 Publications	Publication of strategies, handbooks, research reports etc <u>not related to visibility actions</u> .
4.3 Studies, research	Evaluations (other than the evaluation of the project), external research, design plans, technical documentation (except in case when both design and execution of works are foreseen within the same project, in such case cost of technical documentation shall be included under the budget sub-heading 6. Infrastructure component), environmental impact assessment of an investment, investment feasibility study, other external expertise and services related to investments, travel and accommodation for service providers, etc.
4.4 External audit costs	Cost of project expenditure verification
4.5 Evaluation costs	Evaluation of the project
4.6 Translation, interpreters	Translations (written or oral) not related to conferences, meetings and seminars
4.7 Financial services (bank guarantee costs etc.)	Provision of guarantees by a bank or other financial institution, bank fees for opening and administrating the account(s) where the separate account is opened
4.8 Costs of conferences/seminars	Services related to organisation and implementation of events or meetings (e.g. rent of venue; catering, interpretation, external speakers), travel and accommodation for participants and speakers.

4.9 Visibility actions	Services on promotion, communication, publicity, information (e.g. design, edit, print, distribution of brochures, leaflets, publications, etc., publishing of promotion articles, inserts in newspapers, press releases, visibility items, etc.), website development, modifications and update.
4.10 Other (please specify)	Notarial services, intellectual property rights, other services related to the project activities.

Specific requirements:

- Costs shall be strictly related to the project activities or derive directly from requirements imposed by the IR.
- Cost must be specifically incurred for the project, clearly identifiable and not covered by any other heading of cost.
- Costs are eligible if they have been approved in the project budget.
- Service costs are subject to applicable public procurement rules and each lead beneficiary/beneficiary is responsible for ensuring that these rules have been respected.
- Communication and visibility activities should be properly planned and budgeted at each stage of the project planning. These activities shall be in line with the relevant EU information and publicity requirements, set up in the Communication and Visibility Manual for EU External Actions⁶.
- Service contract cannot be awarded to another project beneficiary.
- Unpaid voluntary work is non-eligible.

Examples of supporting documents.

The following documents must be available for control purposes:

- Evidence of the procurement process (announcement, selection, award) in line with the national procurement rules (in case of beneficiaries from Poland) or procurement rules set up in the Art. 52.2 of the IR (in case of beneficiaries from Ukraine and Belarus) depending on the amount of the contract.
- Contract laying down the service to be provided, with clear reference to the project and the Programme.
- Invoice providing all relevant information in line with the applicable accountancy rules.
- Service acceptance note.
- Proof of payment.
- Sample of service contract results (e.g. visibility item, publication, handbook, published article etc.).
- Proofs of organised event (e.g. agenda, list of participants signed for the each day of event, photos, sample of distributed materials, presentations etc).
- Examples of supporting documents related to the technician staff employed by beneficiaries on the basis of labor law are listed in the chapter 4.4.1 „Staff costs” (applicable for the “real costs” option).

⁶ http://ec.europa.eu/europeaid/work/visibility/index_en.htm

4.4.5 Infrastructure component (works, services, other activities related to planned works)

Definition

Expenditures for the financing of infrastructure and construction works. “Infrastructure and construction works” also covers costs related to creation of infrastructure that do not fall into the scope of other budget lines. This includes costs for site preparation, delivery, handling, installation, renovation, and purchase of land or building, other costs related to planned works, e.g.: costs of preparation of the technical documentation (applicable only in case when both design and execution of works are foreseen in the same project, in other cases cost of technical documentation shall be included under the budget line 4.3. Studies, research), costs of supplies including purchase of fixed assets etc, when applicable.

Specific requirements:

- All costs are subject to applicable public procurement rules and each lead beneficiary/beneficiary is responsible for ensuring that these rules have been respected.
- Full costs of infrastructure and construction works that form part of the project 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.
- Purchase of land or buildings cannot exceed 10% of the total eligible expenditure of the project.
- All compulsory requirements set by the EU and national legislation related to the respective investment in infrastructure must be fulfilled (e.g. feasibility studies, environmental impact assessments, building permission, etc.).
- EU visibility requirements regarding infrastructure-related actions shall be respected.
- Any project including an infrastructure component shall repay the Union contribution if, within five years of the project closure 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.

Examples of supporting documents.

The following documents must be available for control purposes:

- Evidence of the procurement process (announcement, selection, award) in line with the national procurement rules (in case of beneficiaries from Poland) or procurement rules set up in the Art. 52.2 of the IR (in case of beneficiaries from Ukraine and Belarus) depending on the amount of the contract.
- Contract laying down the works/infrastructure to be provided, with clear reference to the project and the Programme.
- Invoice providing all relevant information in line with the applicable accountancy rules.
- Proof of works acceptance (interim and final).
- Proof of payment.

4.4.6 Administrative costs

Definition

Expenditure on office and administration costs. They cover operating and administrative expenses of the lead beneficiary/beneficiary organisation that support delivery of project activities.

Examples of eligible administrative costs: office rent, utilities (e.g. electricity, heating water), office supplies (e.g. pens, paper-clips, binders, paper, photocopy toner coffee/biscuits for small project meetings), archiving of documents, data archiving and storage, maintenance and cleaning of office premises, security, license fee for the use of software (e.g. accounting system), communication costs (e.g. telephone, mobile phone subscription, fax, Internet, postal services, charges to use Skype or other online applications for communication) etc.

Specific requirements:

- Administrative costs will be reimbursed by the Programme on the basis of 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.
- As indirect costs for a project shall be considered those eligible costs which may not be identified as specific costs directly linked to the implementation of the project and may not be booked to it directly according to the conditions of eligibility as defined above. They may not include ineligible costs listed below or costs already declared under another cost item or heading of the budget of the project.
- Office equipment, IT hardware and software, and furniture cannot be included under this budget line; the cost must be reported as equipment expenditure. This does not include IT system support of an administrative nature; the cost falls under the services budget heading.
- Costs of control and audit of the project cannot be included under this budget line; they must be reported as services costs.

As a rule the flat-rate funding in respect of indirect costs does not need to be supported by accounting documents. However the lead beneficiary shall justify the requested percentage in the FAF in accordance with methodology adopted by the Programme.

5. PAYMENTS

Lead beneficiaries of projects selected for financing will have to choose one of the following options of receiving funds from MA.

Option 1

Prefinancing EUR representing maximum 30% of the grant foreseen for the implementation of the Project will be paid by the MA within 30 days as from the date of receipt by the JTS of correct documents provided along with the signed Contract:

- i) request for payment conforming to the model provided in the Programme Manual (available on the Programme website);
- ii) Partnership agreement signed by all Beneficiaries;
- iii) the financial guarantee if required.

Interim payment: EUR representing maximum 50% of the grant foreseen for the implementation of the Project will be paid by the MA within 60 days as from the date of receipt by the JTS of correct:

- i) request for payment conforming to the model provided in the Programme Manual (available on the Programme website);
- ii) interim progress report (narrative and financial parts) submitted to the JTS not later than 1 year after signing Contract;
- iii) expenditure verification certificates of all Beneficiaries declaring expenditures;
- iv) the financial guarantee if required.

Final balance payment:EUR representing at least 20% of the grant as a final balance will be paid by the MA within 60 days as from the date of receipt by the JTS of correct:

- i) request for payment conforming to the model which will be provided on the Programme website;
- ii) final progress report (narrative and financial parts) submitted to the JTS not later than 3 months after the implementation period as defined in the Grant Contract;
- iii) expenditure verification certificates of all Beneficiaries.

Option 2

In case of all activities the Project will be pre-financed by the Lead Beneficiary/Beneficiaries and the expenditures incurred will be reimbursed (applicable only at the request of the Lead Beneficiary).

Final balance (one-off) payment:EUR representing 100% of the grant foreseen for the implementation of the Project will be paid by the MA within 60 days as from the date of receipt by the JTS of :

- i) request for payment conforming to the model which will be provided on the Programme website;
- ii) final progress report (narrative and financial parts) submitted to the MA not later than 3 months after the implementation period as defined in the Grant Contract;
- iii) expenditure verification certificates of all project Beneficiaries.

ANNEXES

Annex 1	LIP Project Summary
Annex 2	LIP PS assessment grids
Annex 3	LIP FAF
Annex 4	Project Budget (Annex to the FAF)
Annex 5	Methodology of administrative costs calculation
Annex 6	Other annexes to the FAF
Annex 7	LIP FAF assessment grids
Annex 8	Full list of indicators
Annex 9	General Rules of Procurement by Beneficiaries within the PBU Projects