



PROGRAMME MANUAL PART II IMPLEMENTATION MANUAL 1st CALL FOR PROPOSALS



**PL-BY-UA
2014-2020**

Please note that English version of the documents was approved by the Joint Monitoring Committee and takes precedence over working translation into other language versions (Polish, Russian or Ukrainian).

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IMPLEMENTATION MANUAL
1st CALL FOR PROPOSALS



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LIST OF ACRONYMS

AA	Audit Authority
AaE check	Administrative and eligibility check
AF	Application Form
BO	Branch Office
CBC	Cross-border Cooperation
CCP	Control Contact Point
EC	European Commission
ENI	European Neighbourhood Instrument
EU	European Union
GoA	Group of Auditors
JTS	Joint Technical Secretariat appointed as Intermediate Body
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
JMC	Joint Monitoring Committee
JOP	Joint Operational Programme
LB	Lead Beneficiary
MA	Managing Authority
PB	Project Beneficiary
NA	National Authority

Introduction

This is the Programme Manual Part II – Implementation manual.

The aim of this Manual is to describe and explain the rules of the ENI Cross-border Cooperation Programme Poland-Belarus-Ukraine 2014-2020 (Programme) which operates under the framework of the European Neighbourhood Instrument (ENI). The Manual provides a guidance on most important aspects of project implementation from the signing of the Grant Contract to the project's financial conclusion and ensuring its durability. It is an integral part of the Grant Contract and its provisions are mandatory and shall be abide by. Lead Beneficiaries and Project Beneficiaries are the main target group of the document.

1. Implementation of Projects – Basic Rules

1.1. PROGRAMME LANGUAGE

The official language of the Programme is English. Therefore, the communication between the applicants – Lead Beneficiary and all Project Beneficiaries – and the JTS or the MA is carried out in English. For convenience of the Beneficiaries some of the Programme documents have been translated into national languages. Also Programme trainings may be conducted in Polish, Russian or Ukrainian, so be sure to verify the language of the meeting on Programme website before signing up.

1.2. LEAD BENEFICIARY PRINCIPLE

The implementation of projects is based on the Lead Beneficiary principle. This means that for each project a Lead Beneficiary needs to be appointed and will be responsible for the submission and implementation of it in the “eyes” of the JTS and the MA. The main tasks of the Lead Beneficiary is specified below and described in detail in the Grant Contract. Be sure to read it and get to know what you’re getting yourself into.

1.2.1. MAIN RESPONSIBILITIES OF THE LEAD BENEFICIARY

The Lead Beneficiary is responsible for the drafting of the Concept Note and Full Application Form in cooperation with the Project Beneficiaries and submitting it within the set deadline to the JTS as well as providing clarifications upon request of the JTS.

After the approval of a project for financing from Programme funds, the Lead Beneficiary will sign a Grant Contract with the MA and launch the project implementation. During the implementation phase, the main task of the Lead Beneficiary is the coordination and management of the whole project, including sound financial management of the project budget.

The Lead Beneficiary needs to make sure that all partners are “in the loop” and communicate with each other and the JTS. Good exchange of information enables successful delivery of project outputs and its implementation.



Important!

Remember: the Lead Beneficiary is solely responsible to the JTS and MA for the timely implementation of the project as a whole.

1.2.2. MAIN RESPONSIBILITIES OF THE PROJECT BENEFICIARIES

Project Beneficiaries are mainly responsible for:

- delivering project outputs stipulated in the Full Application Form and specified in the Partnership Agreement;
- fulfilling all Programme requirements regarding monitoring and reporting in relation to implemented part of the project;
- ensuring good cooperation and communication with the Lead Beneficiary regarding realization of the project activities;
- assuming responsibility of any irregularity of the expenditure which they’d declared;
- repaying the Lead Beneficiary any amounts unduly paid in accordance with the Partnership Agreement;
- carrying out information and communication activities concerning the project activities;
- ensuring durability of the outputs of the project;
- keeping all documents related to the project available in a period of five years from the date of payment of the balance for the Programme.

**Important!**

The detailed division of tasks between the Lead Beneficiary and all Project Beneficiaries shall be laid down in the Partnership Agreement. Be sure to use the template provided at the Programme website (www.pbu2020.eu) and, if necessary, adjust it to the particular needs of your project.

1.3. GRANT CONTRACT

The Grant Contract is signed between the Lead Beneficiary and the Programme Managing Authority. It constitutes the legal framework for the implementation of the project, defining the responsibilities and obligations of both parties and stipulating the maximum Programme financing for the project as well as the payments options and the reporting obligations for the project and providing other key implementing arrangements. The key elements of the final version of the approved Full Application Form are an integral part of the Grant Contract.

**Important!****Grant Contract preparation and signature procedure**

After the approval of the project by the Joint Monitoring Committee and, where applicable, after the fulfillment of all conditions for approval, a personalized Grant Contract is signed by the legal representative of the MA. After that it is sent by the Joint Technical Secretariat on behalf of the MA to the Lead Beneficiary. The Lead Beneficiary has then **30 days** for accepting the contract (from the date of sending) and sending back three originals of the Grant Contract that are dated, signed and stamped by the authorized representative of the Lead Beneficiary.

1.4. PARTNERSHIP AGREEMENT

The Lead Beneficiary shall define arrangements for relations with the Project Beneficiaries in an agreement comprising a clear division of tasks and responsibilities concerning the implementation of the project, inter alia, provisions which guarantee the sound financial management of the project budget, including the recovery of amounts unduly paid. While the Grant Contract establishes a legal bond between the MA and Lead Beneficiary, the Partnership Agreement establishes a legal bond between Lead Beneficiary and all Project Beneficiaries.

**Important!**

The template of the Partnership Agreement is available at the Programme website www.pbu2020.eu and provides minimum compulsory requirements for this document. Additional elements may be included in order to tailor the agreement to the needs of the partnership. Additional provisions included in the document must in any case be in line with the Programme objectives and the legal framework constituted in the Grant Contract and in the Partnership Agreement template.

The Partnership Agreement must be signed by the Lead Beneficiary and all Project Beneficiaries, either in one single document or as bilateral documents between the Lead Beneficiary and each PB. If the bilateral option is chosen, all bilateral agreements must include a clause that interlinks them.

**Important!**

The Partnership Agreement shall be signed and submitted to the JTS within 60 days after the conclusion of Grant Contract.



The JTS/MA reserve the right to verify the Partnership Agreement as to its compliance with Programme requirements.

1.5. APPROVAL AND REGISTRATION OF PROJECTS IN BELARUS

In accordance with the Decree of the President of the Republic of Belarus date October 22nd, 2003 № 460 “About International Technical Assistance to the Republic of Belarus” in order to receive Programme funding and implement activities of the project the Belarusian Lead Beneficiaries and Beneficiaries are obliged to pass successively the procedure of national approval and procedure of national registration of international technical assistance (ITA) projects in Belarus. These procedures are necessary for all types of grants, regardless of numbers of events and amounts of financial resources.

Implementation of ITA projects in Belarus without their prior registration in the Ministry of Economy of Belarus is prohibited. At the same time fulfillment of Belarusian national procedures provides an opportunity to use the mechanism of tax and customs exemption.

Details of the procedures of approval and registration are set by the Resolution of the Council of Ministers of the Republic of Belarus date November 21st, 2003 No.1522 “On certain measures aimed at implementing the Decree of the President of Belarus No. 460 date October 22, 2003”.

Belarusian legislation lays down different methods of approval for various types of ITA projects. Regardless of the approval method, the scope of documents to be submitted to the Ministry of Economy of Republic of Belarus remains the same. Detailed requirements to the pack of documents as well as the documents templates are presented on the website of the Ministry (http://www.economy.gov.by/ru/mtp_1-ru/).

After national approval is obtained the project shall be registered in the Ministry of Economy of Republic of Belarus. Detailed requirements to the pack of documents are presented on the website of the Ministry (http://www.economy.gov.by/ru/mtp_2-ru/).

1.6. CONTRACT REGISTRATION IN UKRAINE

In accordance with the regulation of the Cabinet of Ministers of Ukraine No. 153 of 15.02.2002 and legislation of Ukraine, projects carried out in the framework of the cross-border cooperation Programme Poland-Belarus-Ukraine 2014-2020 must be registered by the Ministry of Economic Development and Trade of Ukraine.

State registration is the basis for the right to receive benefits provided by legislation and international treaties of Ukraine.

In order to register a project at the Ministry of Economic Development and Trade of Ukraine, the following documents should be submitted:

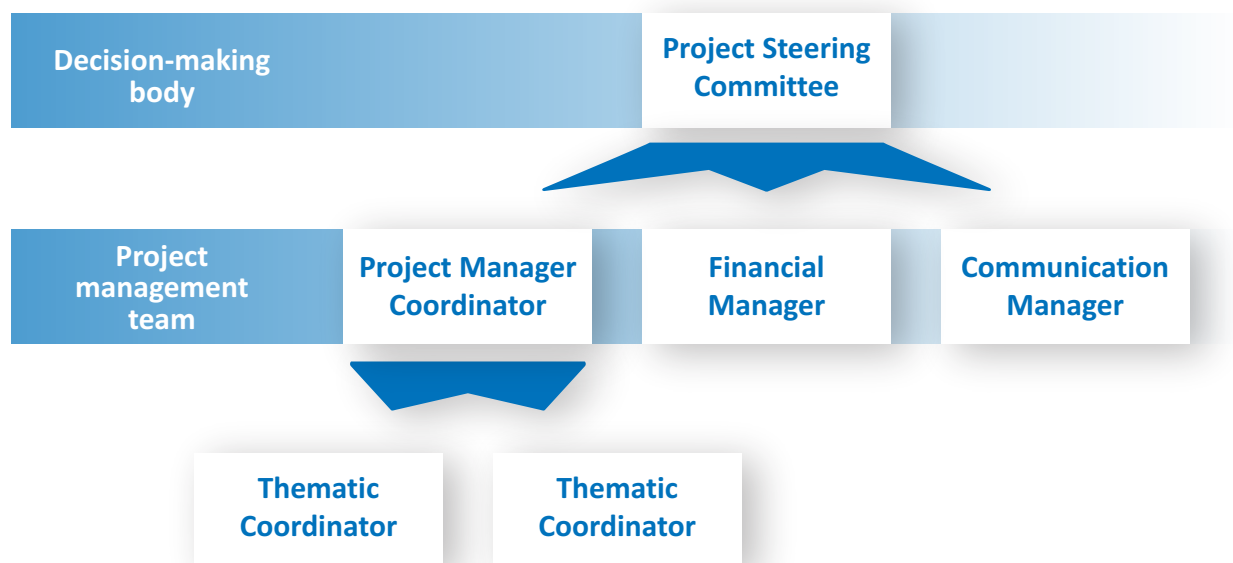
- letter-request (лист-клопотання) on the registration of the project from the Project Beneficiaries (the Ukrainian Lead Beneficiary and all Ukrainian Beneficiaries) in Ukrainian language;
- letter-request (лист-клопотання) on the registration of the project from the MA or the JTS (if authorised)- an original in English as well as the translation of the original into the Ukrainian language;
- letter-request (лист-клопотання) on the registration of the project from the Regional State Administration from the territory of the project realisation in Ukrainian language;
- a copy of the project Grant Contract (together with Annexes 1, 2 and 3) certified by the MA or the Lead Beneficiary as well as the translation into Ukrainian language;
- a copy of the Partnership Agreement as well as the translation into Ukrainian language certified by the translator or the Lead Beneficiary;
- procurement plan (Annex 5 to the regulation of the Cabinet of Ministers of Ukraine No. 153 of 15.02.2002) – two originals in Ukrainian language signed by the Lead Beneficiary and the appropriate

Regional State Administration. Preliminary, two originals of the Procurement Plan should be submitted in a package of documents to the appropriate Regional State Administration for signature.

1.7. PROJECT MANAGEMENT STRUCTURES

The Lead Beneficiary plays a key role in the project partnership and is responsible for the entire project while Project Beneficiaries are responsible for implementing their activities and fulfilling their tasks as defined in the approved Full Application Form.

Project management is crucial for implementing a project successfully. It is a complex task and needs to be carefully planned, taking into account especially the design and cooperation of the project team. This will be a key factor in the success of the project.



1.7.1. PROJECT STEERING COMMITTEE

The project steering committee is the decision making body of the project. Each Project Beneficiary has to nominate its representative(s) who should actively take part in the decision making process. If the MA/JTS decide to participate in the meetings, they play a role of an observer. The rules of procedure and the decision making process should be established at the beginning of the steering committee's activity.

The tasks of the project steering committee concern strategic coordination, evaluation and decision making process and include the following:



MONITORING AND VALIDATION OF PROJECT IMPLEMENTATION AND ACHIEVEMENTS

VERIFYING IF PROJECT IMPLEMENTATION IS IN LINE WITH ACTIVITIES AND OUTPUTS
DEFINED IN THE APPROVED FULL APPLICATION FORM

VALIDATING THE QUALITY OF MAIN PROJECT OUTPUTS AND PROGRESS IN ACHIEVING
OBJECTIVES THAT HAVE BEEN SET





MONITORING OF PROJECT FINANCES

MONITORING OF THE PROJECT BUDGET, BUDGET FLEXIBILITY AND PROJECT SPENDING



MONITORING OF PROJECT COMMUNICATION

MONITORING OF THE BRANDING OF THE PROJECT AND REVIEW OF PROGRESS MADE TOWARDS REACHING COMMUNICATION OBJECTIVES



REVIEW OF THE MANAGEMENT PERFORMANCE AND OF THE QUALITY OF PROGRESS OF REPORTING TOWARDS THE PROGRAMME BODIES



DECISIONS ON REQUIRED PROJECT MODIFICATIONS (E.G. PARTNERSHIP, BUDGET, ACTIVITIES, AND DURATION)

SUBSEQUENTLY: MONITORING AND MANAGEMENT OF PROJECT MODIFICATIONS

In case of problems in the implementation of the project, the steering committee has to take action. The steering committee is usually supported by the project management team to facilitate the decision making process. Additionally, the steering committee can involve external key stakeholders to broaden its scope and impact, but they should not participate in decision-making. The stakeholders may be political representatives, representatives of local or regional administration, sector-specific experts, social partners and other regional actors (e.g. NGOs) to support the mainstreaming of results. The decision to involve external key stakeholders up to the partnership. It is recommended that the steering committee holds meetings at least once every six months. A JTS representative shall be invited to the meetings of the steering committee. Each steering committee meeting needs to be documented in minutes including a signed list of participants. The minutes have to be shared with the Project Beneficiaries.

1.7.2. PROJECT MANAGEMENT TEAM

The project management team consists of few core positions which should be, if possible, assigned to different people working in close coordination and cooperation. If the respective capacity or expertise for a position is not available at the Lead Beneficiary institution, it is possible that someone working for another

Project Beneficiary takes over a role. The other option is to sub-contract some of the tasks concerning such positions.



Important!

Even if you decide to sub-contract some tasks of the project management team the responsibility for the implementation of these tasks and the sound implementation of the project remains with the Lead Beneficiary.

The project management team is responsible for sharing relevant information and knowledge with the Project Beneficiaries, thus contributing to building or ensuring the necessary capacity of all Project Beneficiaries.

Coordination, especially in case of large partnerships, can be challenging and it is advisable to mirror the project management positions (project, finance and communication) in Project Beneficiaries' institutions in order to allow a good information flow.

The standard project management team consists of:

- Project Manager;
- Financial Manager;
- Communication Manager.

The implementation team shall be supported, if applicable, by thematic coordinators who are responsible for implementation of particular working packages of the activities. The thematic coordinator shall be an expert in implemented scope of the project and perform an assist for management team in close cooperation with project coordinator.

Project Manager

- coordinates and manages the project implementation;
- drives the partnership;
- monitors the progress of the project, including achieving the objectives that have been set and the work plan that has been prepared;
- ensures internal information flow and knowledge management;
- performs quality control of deliverables and outputs;
- prepares the Brief Narrative Reports and interim/final progress reports;
- communicates with the JTS;
- cooperates closely with the finance and communication managers as well as Independent Auditors.

Financial Manager

- ensures a sound financial management of the project;
- passes on relevant financial programme information (e.g. on rules and requirements regarding eligibility of costs, financial reporting, audits etc.) to all Project Beneficiaries;
- monitors financial project progress (including expenditure of Project Beneficiaries and payments);
- prepares the financial part of the interim/final progress reports;
- communicates with the JTS, whenever it is necessary;
- works in close contact with the project manager.



Communication Manager

- develops and implements the project communication strategy;
- coordinates all communication activities in the project among all Project Beneficiaries in close coordination with the project manager;
- builds the capacity of Project Beneficiaries to communicate project achievements effectively;
- communicates with the JTS, whenever it is necessary.

1.8. ACCESSIBILITY

European Union has ratified the Convention on the Rights of Persons with Disabilities - an international human rights treaty of the United Nations intended to protect the rights and dignity of persons with disabilities. The Convention stresses that persons with disabilities should be able to live independently and participate fully in all aspects of life. Therefore persons with disabilities should participate in and implement EU projects equally to other persons. As accessibility can be grouped into three main groups: physical accessibility, service accessibility and accessibility to communication and information, appropriate measures should be taken to ensure that persons with disabilities have access, to the physical environment, transportation, information and communications technology and to other facilities and services open or provided to the public.

Taking the rights of people with disabilities into account while planning and implementing projects would facilitate the social integration of persons with disabilities and the elderly and their mobility across member states, thereby also fostering the free movement principle. Therefore universal design, or design for all (the way of designing products, environments, programmes and services to serve the greatest possible number of people, including seniors, mothers and fathers with prams and all those who have various functional needs, resulting, e.g. from obesity, ski injury, pregnancy or impressive height) is the best choice for all project that receive EU funding. Everything financed from the European funds must be accessible to all citizens, including persons with disabilities.

Examples of best practices:

- each new building, service or other products, whose creation is financed by the European funds, should be accessible to all;
- websites of projects and institutions involved in the implementation of the European funds must be accessible to people with various disabilities;
- open meetings for which registration is not required should be organised in buildings accessible in architectural terms to persons with disabilities;
- new trains, museums, built road, places of care in kindergartens, computer labs must be accessible to people with disabilities.

2. Project Financing and Monitoring

2.1. GENERAL ISSUES

2.1.1. FINANCIAL GUARANTEE

The request for payment shall be supplemented with a financial guarantee in the following manner:

- a) Lead Beneficiary based in Poland, Belarus and Ukraine and being non-governmental organisation shall comply with the following principles:
- if one of the pre-financing paid under the Grant Contract is more than 1 MEUR, its payment must be fully covered by a bank guarantee or bill of exchange with relevant declaration financial guarantee;
 - the financial guarantee must be denominated in euro or local currency, must be in line with the model available in the Programme manual and, unless the MA agrees otherwise, provided by bank or financial institution established in one of the Member States of the European Union. This guarantee shall remain in force until its release by the MA when the total amount of pre-financing under the Grant Contract is settled or after payment of the final balance.
- b) In case of the pre-financing, the financial guarantee shall be submitted after signing the Grant Contract. The pre-financing will not be paid out before the document is received by the JTS/MA.

2.1.2. EURO EXCHANGE RATE

All payments from the Programme bank account to the Lead Beneficiary are made in euro. Any conversion in interim/final progress reports into euro of the real costs borne in other currencies shall be done at the rate published on the InforEuro for the month in which the payment was done.

The exchange rate risk resulting from the conversion of national currencies into euro and of euro to national currencies is borne by the Lead Beneficiary and all Project Beneficiaries.

2.1.3. PROJECT INDICATORS

Project indicators are monitored in the following manner:

- the achievement of the Programme indicators is monitored in the final progress report;
- the achievement of the outputs indicators is monitored in each interim progress report;
- the achievement of the indicators concerning project goal and objective is monitored in the final progress report.

The close cooperation between the Lead Beneficiary and Project Beneficiaries and the JTS is crucial for the successful implementation of each project. Within the scope of its duties the JTS will provide guidance on how to deal with implementation challenges and unforeseen situations. It is important to remember that the Lead Beneficiary bears overall responsibility for the project. Part of the overall responsibility is the delivery of the project outputs and results. Consequently, if challenges or the need for changes should occur during the course of project implementation, the Lead Beneficiary will contact and inform the responsible Project Manager at the JTS in due time. In particular, each Lead Beneficiary is advised to contact the JTS in case that their project might face the risk of underachievement of the project's main outputs and results, including the potential impact on the underachievement of the Programme indicators. The close dialogue between the JTS and the Lead Beneficiary and all Project Beneficiaries may allow both parties to discuss solutions and recommendations on how to deal with the situations mentioned above and to prevent the project from not achieving the project's indicators.

2.2. FINANCIAL MANAGEMENT OF THE PROJECT

Project expenditure incurred and paid out by each Project Beneficiary undergoes a number of verifications by different actors, in compliance with the management and control requirements set in the Programme. Therefore it is really important to settle an accurate and transparent accounting system of the project.

2.2.1. ACCOUNTING SYSTEM OF THE PROJECT

The Lead Beneficiary and all Project Beneficiaries shall keep accurate and regular accounts of the expenditure within the project, using an appropriate accounting and double-entry book-keeping system. These systems may either be an integrated part of the Beneficiaries' regular system or an adjunct to that system.



This system shall be run in accordance with the accounting and book-keeping policies and rules that apply in the country concerned.

Accounts and expenditure relating to the activities must be easily identifiable and verifiable. This can be done by using separate accounts for the activity concerned or by ensuring that expenditure for the activity concerned can be easily identified and traced to and within the Beneficiary's accounting and bookkeeping systems. Accounts must provide details of interest accruing on funds paid by the MA.

The Lead Beneficiary and all Project Beneficiaries shall ensure that all requests for payments which include financial reports as required under the Grant Contract are properly and easily reconciled to the Beneficiary's accounting and bookkeeping system and to the underlying accounting and other relevant records. For this purpose the Beneficiary shall prepare and keep appropriate reconciliations, supporting schedules, analyses and breakdowns for inspection and verification.

Accounting records (computerised or manual) from the Lead Beneficiary's and Project Beneficiaries' accounting system such as general ledger, sub ledgers and payroll accounts, fixed assets registers and other relevant accounting information may include:

- proof of procurement procedures such as tendering documents, bids from tenderers and evaluation reports;
- proof of commitments such as contracts and order forms;
- proof of delivery of services such as approved reports, time sheets, transport tickets;
- proof of travel;
- proof of attending seminars, conferences and training courses (including relevant documentation and material obtained, certificates), etc;
- proof of receipt of goods such as delivery slips from suppliers;
- proof of completion of works, such as acceptance certificates;
- proof of purchase such as invoices and receipts;
- proof of payment such as bank statements, debit notices, proof of settlement by the contractor;
- proof that VAT that have been paid cannot actually be reclaimed;
- for fuel and oil expenses: a summary list of the distance covered, the average consumption of the vehicles used, fuel costs and maintenance costs;
- staff and payroll records such as contracts, salary statements, time sheets. For local staff recruited on fixed-term contracts, details of remuneration paid, duly substantiated by the person in charge locally, broken down into gross salary, social security charges, insurance and net salary.

2.2.2. INVOICE DESCRIPTION

The description of invoice/other documents with equivalent value of proof is crucial in proper preparation of the financial documents for the settlement. Appropriate description of the invoice should clearly demonstrate that the document is settled within the project and Program. At the same time it should be also a guarantee that the same invoice was not financed within other EU programmes.

The correct description of the invoice should contain the following elements: On each invoice should be indicated "Financed by the European Union within the European Neighborhood Instrument in the framework of the Cross-border Cooperation Programme Poland-Belarus-Ukraine 2014-2020".

In addition, the following information shall be included:

1. Project title.
2. Grant Contract number.
3. Invoice number.
4. Budget line (the exact budget item), under which the invoice was paid.
5. Registration number in the Lead Beneficiary's (or Project Beneficiaries') accounting system.

6. Description of expenditure.
7. Tender procedure – in case of Polish Beneficiaries respective article number in accordance with the public procurement law shall be indicated, in case of Beneficiaries from Belarus and Ukraine the title of used tender procedure shall be indicated.
8. Amount of total eligible expenditure in national currency.
9. Approval of expenditure by authorized person.

The description shall be prepared in English and be placed on the other side of the original invoice/other documents with equivalent value of proof. If there is no possibility to place the full description on the invoice the description shall be prepared on the separate sheet of paper and permanently attached to the invoice in a way which ensures that both documents (invoice and description) are joint and cannot act individually. To that aim it is recommended to stamp the place of connection of the both documents with the Lead Beneficiary's or Project Beneficiary's seal.

2.3. MODELS OF PROJECT FINANCING

Please note that the verification and approval of each request for payment is carried out by several programme bodies (e.g. Independent Auditor, JTS, MA). Therefore when planning the project schedule the Beneficiaries shall take into the account the time required by each institution to perform its task. The MA transfers the financing using OUR option which means that financial charges concerning the transfer are on the side of MA.



Important!

The Programme offers two models of project financing (payments):

1. Option 1 – pre-financing tranches;
2. Option 2 – reimbursement (one payment at the end of the project);

You will need to choose the project financing option before the signature of the Grant Contract.

2.3.1. OPTION 1 - PRE-FINANCING



First pre-financing payment

A pre-financing of 30% of the grant foreseen in the Grant Contract will be paid by the MA within 30 days from the date of receipt of the signed Grant Contract by the MA.



Important!

In order to receive the first pre-financing, the Grant Contract needs to be accompanied by:

- a request for payment;
- the signed Partnership Agreement;
- a valid building permission or its equivalent (applicable only to Ukrainian Beneficiaries being non-budgetary entities), if applicable, in accordance with point 3.2.2 of the Programme Manual Part I - Applicant;
- and the financial guarantee, if required.



Interim payment

An interim payment, representing a maximum 50% of the grant, will be paid by the MA within 60 days as from the date of receipt by the JTS of:

- a request for payment;
- an interim progress report (narrative and financial parts with necessary attachments);
- expenditure verification certificates of all Project Beneficiaries;
- and the financial guarantee, if required.



Important!

The complete interim progress report is submitted to the JTS not later than 1 year after signing the Grant Contract. Be sure that you draw up a reasonable and manageable project implementation schedule which will allow you to acquire expenditure amounting to the necessary 70% of the pre-financing payment within the first year of project implementation.

If your project has not reached the 70% of the pre-financing payment ceiling after 12 months of implementation, you will need to submit the interim progress report and request for payment. This means that the payment made by the MA will be substantially lower than the maximum 50% of pre-financing and you will need to wait for the reimbursement with the final payment.

In duly justified cases the MA, upon the Lead Beneficiary's request, may allow a submission of a second interim report.

In general, the full interim payment may be given only if the part of the expenditure financed by the Programme (ENI co-financing), which has been actually incurred, stands **at least at 70% of the pre-financing payment** and is supported by the corresponding request for payment with all necessary attachments in line with the Grant Contract.

When request for payment and all necessary attachments are submitted but the consumption of the initial pre-financing is less than 70%, the amount of the interim payment shall be reduced by the amount corresponding to the difference between the threshold of 70% and the amount of the first pre-financing payment that has been actually consumed.

Final balance payment

The final balance payment will be paid by the JTS within 60 days as from the date of receipt by the MA of request for payment, final progress report (narrative and financial parts with attachments) and expenditure verification certificates of all Project Beneficiaries.



Important!

The request for payment of the balance shall be submitted to the JTS/MA not later than 3 months after the implementation period as defined in the Grant Contract.

The value of the final payment depends on the value of expenditures incurred within the project during its whole period of implementation and approved by the MA.

2.3.2. OPTION 2 – ONE PAYMENT AT THE END OF THE PROJECT (REIMBURSEMENT)



Under this financing option all activities of the project will be pre-financed by the Lead Beneficiary and all Project Beneficiaries and the expenditures incurred will be reimbursed.

The final balance (one-off) payment representing up to 100% of the sum foreseen in the Grant Contract as a balance payment will be paid by the MA within 60 days as from the date of receipt by the JTS of request for payment, final progress report (narrative and financial parts) and expenditure verification certificates of all Project Beneficiaries.

2.4. PROJECT MONITORING

2.4.1. WHY IS MONITORING IMPORTANT?

Good monitoring depends on reliable, relevant and timely information about the activities, outputs and outcomes of the project. The information needed for monitoring should be identified when the project is designed (and/or when reviewed) i.e. when the objectives, expected results and activities are specified.

The indicators to be used to reflect satisfactory project performance in terms of activities, outcomes and specific project objectives should be agreed by all Project Beneficiaries. The information system for collecting, analyzing and reporting information about activities, outputs and outcomes is at the core of the monitoring system.

Project monitoring is also relevant for:

- financial issues such as how much has been spent so far on project implementation and the comparison of the expenditure with the project budget. The information for financial monitoring should be easily available from the project accounts;
- providing a factual representation of what is happening in the project.

Monitoring activities should be performed on a regular basis and in a systematic way. This may be achieved by:

- setting up a shared, internet-based information tool, including the control of deadlines, activities, deliverables and indicators, using available project management software;
- obliging the project manager of each Project Beneficiary to submit a regular, short monitoring report to the Lead Beneficiary providing information about the progress in implementing the project. These reports will be an important source of information for the project managers and can be also used to provide the MA/JTS with the up-to-date status of the project on a regular basis.



2.4.2. PROJECT MONITORING FOR THE PROGRAMME – INDEPENDENT AUDITORS

In order to monitor project's progress, as well as to be able to pay the project the pre-financing and reimbursement tranches, your project will be requested to produce different types of reports, described in detail below:

- a start-up report (for all projects);
- brief narrative reports (for all projects);
- an interim progress report (for projects financed under Option 1 – pre-financing);
- a final progress report (for all projects).

The financial parts of the reports produced by the Lead Beneficiary and each Project Beneficiary (expenditure declared by each Beneficiary in the request for payment) need to be verified and certified by an Independent Auditor. The auditor should be independent from the Beneficiary as well as the programme bodies (MA/JTS/AA). The auditor shall examine whether the costs declared by the Beneficiary and the revenue of the project are real, accurately recorded and eligible in accordance with the Grant Contract.

The main scope of the Independent Auditor's duties is to verify at least that:

- expenditure relates to the eligible period and has been paid;
- expenditure relates to an approved project;
- expenditure complies with Programme conditions;
- expenditure complies with applicable eligibility rules;
- supporting documents are adequate and an adequate audit trail exists;
- in case of simplified cost options (flat rates and lump-sums): that conditions for payments have been fulfilled;
- expenditure complies with State aid rules, sustainable development, equal opportunity and non-discrimination requirements;
- expenditure complies with EU, national or Programme public procurement rules;
- the project physical progresses;
- the delivery of products/services is in full compliance with the content of the Grant Contract, including the valid application form (which is an integral part of the contract itself);
- an effectively functioning accounting system exists on the level of each Beneficiary allowing a clear identification of all project-related expenditure.



Important!

The Lead Beneficiary and each Project Beneficiary will need to select an Independent Auditor to verify and certify the expenditure incurred within their part of the project.

To ensure a proper verification of incurred expenditures the Lead Beneficiary and each Project Beneficiary shall conclude an agreement with Independent Auditors setting the scope of tasks and procedures which shall be fulfilled by them during the expenditure verification process.

Please note that expenditure incurred and paid by Lead Beneficiary or Project Beneficiary can be claimed within the project only after it was verified by their respective Independent Auditor.



Important!

Further information concerning the procedures performed by Independent Auditors is provided in the Expenditures Verification Manual available on the Programme website.

2.4.3. REPORTING SCHEDULE

Maximum reporting schedule for a project with a 24 months implementation period:

Month	Option 1 – pre-financing	Option 2 – reimbursement
1	Request for payment	
3	Start-up report	Start-up report
6	Brief narrative report	Brief narrative report
12	Interim progress report (inc. request for payment)	Brief narrative report
18	Brief narrative report ¹	Brief narrative report
24	Brief narrative report	Brief narrative report
27	Final implementation report (inc. request for payment)	Final implementation report (inc. request for payment)

2.4.4. START-UP REPORT

To ensure a timely and sound commencement of the project the Lead Beneficiary presents a start-up report including the information about setting up all necessary project management structures and procedures. The report shall be submitted to the JTS within 3 months after the Grant Contract has entered into force.

The main goal of the start-up report is to provide the Programme institution with information confirming the proper launch of the project.

The report shall be dated, stamped with the Lead Beneficiary's institution stamp and signed by the authorized person. One original version should be prepared and submitted to the JTS in a form of binded printout as well as electronic (scanned) version via e-mail.

The JTS executes the check of the report according to the internal checklist. If the content of report does not meet the Programme requirements, the JTS prepares a letter with remarks and requests for clarifications. Lead Beneficiary must provide the necessary clarifications within the deadline set in the abovementioned letter. Since the start-up report includes the description of project management structures and procedures, as a result of report's verification the respective recommendation can be made by the JTS.

The template of the report is provided at the Programme website (www.pbu2020.eu). The start-up report doesn't need to be verified by and Independent Auditor as it doesn't have a financial part.

2.4.5. BRIEF NARRATIVE REPORTS

Brief narrative reports are a regular and official source of information for MA/JTS on the progress of project's implementation. The report has a short form and includes mainly narrative information on the progress made in the reporting period (without financial details). Therefore, the brief narrative report doesn't need to be verified by and Independent Auditor.

¹ Upon a justified request by the Lead Beneficiary the Managing Authority may allow for this report to be and additional Interim progress report be supplemented with an additional request for payment. This will be possible only if the complete interim progress report has been submitted to the MA not later than 1 year after signing the Grant Contract but it covered expenditure amounting to less than 70% of the pre-financing payment within the first year of project implementation.



The Lead Beneficiary shall prepare the brief narrative reports covering each 6-months period of project implementation and should submit it to the JTS within 21 days after the end of each period.

The brief narrative report should provide the necessary information about the implementation of project activities during the each six-month period. An important part of this report is the preparation of a revised activity plan, which should include delayed activities (if any) from the first period and adjusted activity plan for the next period of project implementation.

The report shall be dated, stamped with the Beneficiary's institution stamp and signed by the authorized person. One original version should be prepared and submitted to the JTS in a form of a binding printout as well as in a form of an electronic (scanned) version via e-mail.

The JTS executes the check of the brief narrative report according to the internal checklist. If the content of the report does not meet the Programme requirements, the JTS prepares a letter with remarks and requests for clarifications. Lead Beneficiary shall provide the necessary clarifications within the deadline set in the abovementioned letter.

The template of the report is provided at the Programme website (www.pbu2020.eu).

2.4.6. INTERIM PROGRESS REPORT AND REQUEST FOR PAYMENT

70% threshold for the second payment

If at the end of the reporting period costs incurred are less than 70% of the first payment, the further pre-financing payment will not be paid in full. If the Lead Beneficiary presents a request for payment, the payment will be reduced by the amount corresponding to the difference between the 70% of the previous pre-financing payment and the part of the expenditure actually incurred (ENI value).

Example: An NGO has received an initial installment of euro 96 000 and submits a first interim report stating that euro 60 000 of this – 62.5 % - has been incurred (ENI part). The value of the next payment in Grant Contract is euro 87 000. However, the difference between the 70% threshold - euro 96 000 x 70% = euro 67 200 and the amount actually incurred (ENI part) - euro 60 000 – is euro 7 200. So the second payment will be reduced by euro 7 200 to euro 79 800.

Additional progress report

It should be noted that the Lead Beneficiary should fulfill the obligation of submitting of the interim progress report (narrative and financial parts) to the MA/JTS not later than 1 year after signing the Grant Contract. It may lead to the situation when expenditures presented in the interim progress report do not accede 70% of the advance payment transferred by the MA. In such case the Lead Beneficiary may, if agreed upon by the MA, submit an additional interim progress report to the JTS.

Interim progress reports (applicable for Option 1 – pre-financing projects only)

The preparation of the interim progress report is one of the most important aspects of project implementation. As far as the number of progress reports which are required in accordance with Programme rules is generally limited to 2 (interim and final) they have a crucial influence on the process of expenditures approval and transfer of the payments (excluding transfer of first tranche of pre-financing).

The entire process of preparation of the interim progress reports requires from the Lead Beneficiary good organization and coordination skills since the report compiles information on realization of the project from each project stakeholder.

The interim progress report consists of:

- the narrative part;
- the financial part.

The process of preparation of the interim progress report begins on the level of the particular Project Beneficiary who prepares the individual interim progress report concerning its scope of project's implementation. Lead Beneficiary and all Project Beneficiaries should provide individual interim progress reports and all necessary documents to their Independent Auditors by the end of reporting period.

Please note that there is no fixed reporting period in the Programme, however the interim progress report should be submitted no later than 1 year after signing the Grant Contract. All Beneficiaries shall decide about the reporting period having in mind their individual needs. Nevertheless the most important factors to be considered is the progress of the activities within the project and usage of pre-financing tranche.

Taking into consideration the role of the Independent Auditor in the system of verification of expenditure, the documents confirming the expenditures of the Beneficiaries should be submitted to the Independent Auditor in relevant advance. It is recommended that the individual progress report be submitted to the Independent Auditor not later than 14 calendar days from the end of the reporting period.

The Independent Auditor performs the tasks in line with Programme control requirements and procedures. Taking that into account, during the verification the Independent Auditor might request the Beneficiaries to provide supporting documents. Beneficiaries are advised to have all supporting documents at their disposal for possible clarification requests. The Lead Beneficiary and Project Beneficiaries should closely cooperate with their Independent Auditor during the reporting process.

For better organization, the deadlines for providing by Project Beneficiaries the individual interim progress report, documents and answers/clarifications to the questions of the Independent Auditor may be set out in the Partnership Agreement.

In exceptional cases, if the Lead Beneficiary or Project Beneficiaries are not able to deliver necessary explanations and additional documents as part of the clarifications to the Independent Auditor within the set deadline, related costs can be claimed in the next reporting period (as they will be deemed ineligible in a given reporting period and the Independent Auditor will finalize the work and certify only the costs that were not questioned).

When the verification of the Independent Auditor is finalized the Independent Auditor issues a certificate confirming that expenditures submitted in the financial report meet the eligibility requirements set within the Programme.

Later on, the individual interim progress reports with issued certificates are sent by each Project Beneficiary to the Lead Beneficiary. After receiving from all Project Beneficiaries their individual interim progress reports with the Independent Auditor's certificates confirming value of eligible expenditures the Lead Beneficiary prepares the interim progress report covering the whole project and fills in the request for payment. Please note that the amount of costs submitted in the interim progress report shall be the same as the sum of amounts in certificates issued by the Independent Auditors.

Please note that the most important factor which influences the time of report's verification by the Independent Auditors is the completeness and consistency of the submitted supporting documents. Therefore it is advised to keep special accuracy during the preparation of the supporting documents.

Supporting documents shall include all documents providing sufficient evidence that costs were actually incurred by the Lead Beneficiary or Project Beneficiaries and meet requirements of Grant Contract. Thus, the supporting documents are necessary for verification of eligibility of costs and are requested as a proof that eligibility criteria and other Programme requirements have been respected during the project's implementation.



Please find below examples of the supporting documents to the project's costs.

Supporting documents for personnel costs:

- documents that identify employment relationship with the organisation (e.g. working contract, civil law contract, etc);
- employment contract or job description, which specifies responsibilities and a clear assignment to the project including information on the time extent of involvement in the project;
- timesheets, indicating the hours actually worked and tasks implemented, which prove the overall working time and the time spent on carrying out activities for the project; the timesheet must include detailed description of the activities and be signed by the project's assigned employee and by his/her supervising officer or an employer;
- calculation evidence of the determination of the monthly rates of the staff of the project, including information on social security charges and other remuneration related costs;
- pay-slips, payroll records, proofs of payment (e.g. bank statements, cash receipt or payment order (debit notices)).

Supporting documents for per-diems:

- business trip confirmation;
- business trip report;
- expense reports;
- proof of settlements of trip costs, proof of payments;
- invitations, agenda of the event, participants list with signatures for each day, proof of attending seminars, conferences and training courses (including relevant certificates obtained).

Supporting documents for travel costs:

- participants list with signatures for each day, invitations, registration list, agenda of the event;
- for fuel and oil expenses, a summary list of the distance covered, the average consumption of the vehicles used, fuel costs;
- transport tickets, boarding passes, invoices, waybills, appropriate calculation of car expenses, proofs of payment (cash receipt, payment order (debit notices), bank statements) etc.

Supporting documents for purchased/rent equipment, supplies:

- tender documentation (tendering documents, public procurement notes, terms of references, offers/quotas, bids, evaluation reports, order forms, contracts);
- proof of purchase such as invoices and receipts;
- proof of receipt of goods such as delivery slips from suppliers, goods consignment note;
- proofs of payment (cash receipt, payment order, debit notices, bank statements) etc.

Supporting documents for other costs and services:

- proof of commitments such as contracts and order forms;
- tender documentation (all tender documents e.g. requests for offers, tender dossiers, bids from tenderers, tender/offer evaluation reports, purchase/service orders and contract signed between Lead Beneficiary and all Project Beneficiaries and contractors etc.);
- invoices;
- the result of the contract (e.g. one leaflet, publication, website address, sketches/photos of promotional materials, print-outs of web-sites, copies of articles, etc);
- confirmation that the service has been done/provided properly (e.g. according to the contract) and calculation of actual cost of the service provided – e.g. acceptance protocol, list of participants, hotel guest list etc;
- proofs of payment (cash receipt, payment order, debit notices, bank statements) etc.

Supporting documents for Infrastructure component (works):

- tender documentation (means all tender documents- e.g. requests for offers, tender dossiers, bids from tenderers, evaluation reports, contract signed between the Lead Beneficiary and all Project

Beneficiaries and contractors etc.);

- invoices;
- proof of completion of works, such as acceptance certificates, protocols confirming that the works has been done properly (e.g. according to the agreement);
- proofs of payment (cash receipt, payment order, debit notices, bank statements) etc.

The time of the verification of interim progress report by the JTS depends mainly on the quality of submitted documents. The time for verification of a “perfect” report is 21 days from the date of receiving the interim progress report from the Lead Beneficiary, but it will take longer if the report submitted is of poor quality. In case of necessity of report amendments/supplements the list of shortcomings is sent by the JTS to the Lead Beneficiary in writing. The period for the submission of clarification/amendments by the Lead Beneficiary should be about the 2 weeks.

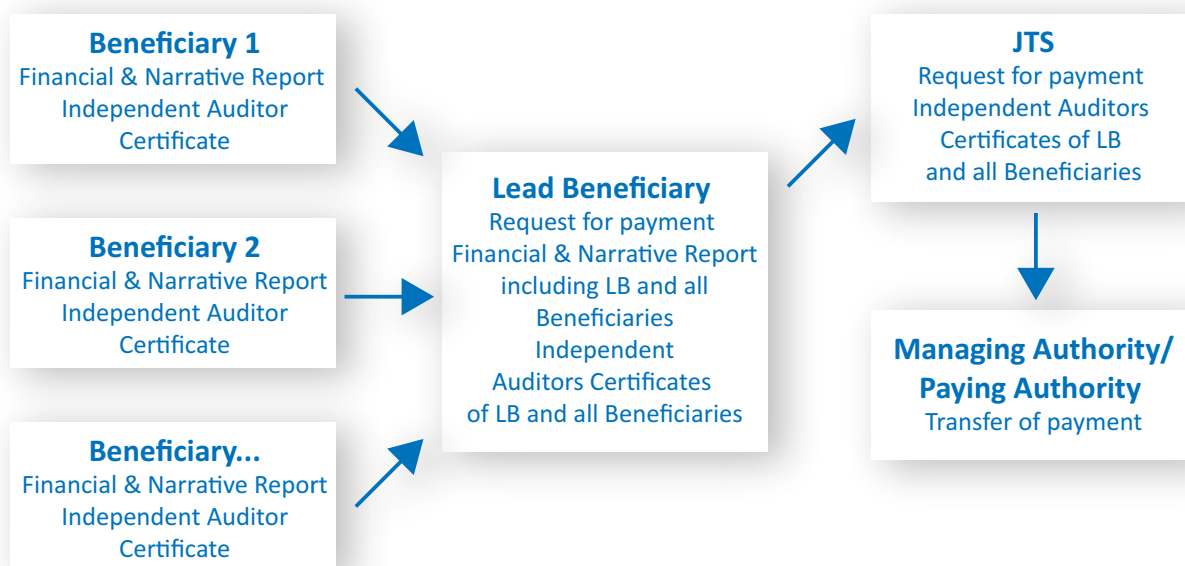
If the Lead Beneficiary or Project Beneficiary is not able to deliver necessary explanations and additional documents as part of the clarifications within the set deadline, related costs can be suspended and excluded by the JTS and claimed in the next reporting period by the Lead Beneficiary and all Project Beneficiaries.

When the interim progress report fulfills the Programme requirements the JTS approves the payment request and at the same time informs the Lead Beneficiary in writing if:

- any costs were suspended and excluded from the report, with justification;
- any costs were considered as ineligible, with justification;
- the approved amount was reduced by ineligible costs or financial corrections or the deductions resulting from the recoveries of amounts unduly paid.

The template of the individual interim progress report is provided at the Programme website (www.pbu2020.eu)

Scheme of reporting process (Interim progress report and Request for payment)



Request for payment

The **request for payment** is a formal document which is a basis for Programme authorities to transfer grant tranches from the Programme bank account to the bank account of the Lead Beneficiary. Excluding the payment of the first tranche of pre-financing, the request for payment is strictly connected with the interim/final progress reports and certificates issued by the Independent Auditors.



Please note that the request for payment shall be signed by authorized person (in accordance with the Grant Contract) and include specified bank account details, which should be in line with the Financial Identification Form attached to the Grant Contract.

The template of the request for payment is provided at the Programme website (www.pbu2020.eu).

2.4.7. PROJECT CLOSURE AND FINAL PROGRESS REPORT

Deadline for project implementation

The end date for the implementation of the project is indicated in the Grant Contract. The end date means the deadline for realization of the following activities:

- implementation of all activities within the scope of project;
- reception of all works, deliveries and services;
- payment for all project activities.

An exception from the rules mentioned above concerns the costs relating to final reports, including expenditure verification, audit and final evaluation of the project. These costs may be incurred after the implementation period of the project.

The execution period of the Grant Contract is the period from the beginning of the implementation of the Grant Contract to the moment when final payment is made by the MA and in any case at the latest 18 months as from the end of the implementation period. The Grant Contract can be modified only in the execution period.

FINAL PROGRESS REPORT



Important!

The final progress report shall be submitted to the JTS not later than 3 months from the end of implementation period as defined in the Grant Contract.

The procedure of preparation of the final progress report is similar to the procedure of preparation of the interim progress report. Nevertheless the scope of the final progress report is wider, since it includes the information which summarizes the whole project's implementation. The special attention shall be put on the reporting on achievement of project's goal, objectives and specific indicators.

The balance of the final amount of the grant will only be payable after the end of implementation, when the request for payment together with final progress report has been approved by the JTS/MA. If total final expenditure is less than originally foreseen, the balance to be paid will be less than the amount stated in the Grant Contract, as the MA's contribution is limited to the percentage of eligible and accepted costs.

If the total amount of transferred pre-financing is higher than the amount of eligible and accepted cost (ENI value) the difference shall be paid back by the Lead Beneficiary to the Programme bank account. To that aim the JTS/MA issues and sends to the Lead Beneficiary a recovery order which includes the amount of recovery and deadline for the financial transfer.

The template of the final progress report is provided at the Programme website (www.pbu2020.eu).

3. Other Implementation Aspects

3.1. PRE-FINANCING

3.1.1. HOW TO USE IT?

The pre-financing payment is transferred from the Programme bank account to the Lead Beneficiary's account defined in the Grant Contract (Financial Identification) after the approval of the request for payment.



Important!

The Lead Beneficiary needs to set a separate bank account for the project.
The account needs to be run in euro.

The pre-financing tranches can be used only for the purpose of the project implementation. Any transfers not connected to the implementation of the grant can be considered as an irregularity (as defined in the Grant Contract). The Lead Beneficiary and all Project Beneficiaries need to keep transparent accounting to prove that the use of the pre-financing is correct.

The Lead Beneficiary and all Project Beneficiaries can use the received pre-financing in accordance with their needs in the project. There are no obligations regarding the terms of exchange of pre-financing in euro into national currency for the project purposes.



Important!

You will receive the pre-financing in EUR to the Lead Beneficiary's bank account. The decision on when to convert them to your national currency in order to make payments is up to you, in accordance with the national legislation, of course.

To avoid any issues concerning the pre-financing transfers between all project participants it is recommended that details of tranches division and conditions of financial transfers shall be set in the Partnership Agreement.

3.1.2. INTERESTS FROM PRE-FINANCING

Any interest or equivalent benefits from the pre-financing paid by the MA to the Lead Beneficiary and transferred to the Project Beneficiaries will not be due to the MA and may be used by the Lead Beneficiary or Project Beneficiaries for the activities. However, for the purpose of monitoring, the interest obtained will need to be mentioned in the interim and final progress reports.



Important!

We recommend that you set up a non-interest bearing bank account in euro.

3.2. NO-PROFIT PRINCIPLE. HOW TO DEAL WITH PROJECT REVENUES?



Important!

The grant cannot produce a profit for the Lead Beneficiary or any of the Project Beneficiaries. **Profit** is a surplus of the receipts over the eligible costs approved by the MA when the request for payment of the balance is made.



The final amount of the MA's contribution will take into account the no-profit principle, i.e. the financial contribution is limited to the amount required to balance the receipts and the approved eligible costs of the activities. The application of the no-profit principle should be made globally, at the project level (consolidated), not at the level of the each Project Beneficiary.

Any payment received by any of the Project Beneficiaries or the Lead Beneficiary arising from contractual penalties as a result of a breach of the contract between the respective Beneficiary and a third party(-ies) or which has occurred as a result of the withdrawal of an offer by a third party chosen under public procurement rules (the 'deposit') will not be considered as revenue and will not be deducted from the eligible expenditure in the project.



Important!

Net revenue generated during project implementation is defined as:

- ✓ Cash in-flows directly paid by users for the goods or services provided by the project, such as charges borne directly by users for the use of infrastructure, sale or rent of land or buildings, or payments for services.

decreased by

- ✓ Any operating costs and replacement costs of short-life equipment incurred during the corresponding period (at the same time these costs are not eligible within the project).

Revenues generated by the project are monitored throughout the whole project life cycle in monitoring and financial reports. The revenues to be potentially generated within the project implementation may constitute the Lead Beneficiary's or the Beneficiaries co-financing (at least 10% of the project). Any revenues above the threshold of the Lead Beneficiary's and Beneficiaries' co-financing shall be deducted from the reported eligible expenditures at the latest in the final payment claim submitted by the Lead Beneficiary. Each Beneficiary is responsible for keeping account and documenting all revenues generated during and after (within the durability period) the project's implementation for control purposes.

The revenues generated within the project in a period of 5 years after its completion (durability period) should be monitored by stating them in the durability reports. They should be prepared by the Lead Beneficiary and sent to the JTS once a year in a period of 5 years after the completion of the project.

3.3. VAT (APPLICABLE ONLY FOR POLISH LEAD BENEFICIARY AND PROJECT BENEFICIARIES)

The Lead Beneficiary or Project Beneficiaries will declare only non-recoverable VAT, as recoverable VAT is not eligible.

VAT is actually incurred when it is paid in full (in the price of acquired goods or services). If the Beneficiary has the possibility to fully recover VAT, which has been paid in relation to the project costs by whatever means (e.g. by reclaim from national tax authorities), the VAT cannot be reported as an eligible cost in the Programme. The Beneficiaries should be aware of their VAT status in relation to the planned project's activities.

Beneficiaries will be obliged to confirm their VAT status during the preparation of the project by confirming it in the Declaration on the entitlement to the recovery of VAT which is attached to the Full Application Form.

If the VAT status of the Beneficiaries changes during the course of the project implementation, the Beneficiaries are obliged to inform the JTS and relevant Independent Auditor about the mentioned change. If costs that are subject to recoverable VAT have been reported and reimbursed from the Programme the Lead Beneficiary is obliged to pay back the amount in question in accordance with the terms specified in the Grant Contract.

3.4. IRREGULARITIES

The Lead Beneficiary is obliged to inform the JTS on any irregularities or any other issues which can have influence on the proper project's implementation. The information should be submitted as soon as the Lead Beneficiary acquires the knowledge about the irregularities or any other issues mentioned above.

In accordance with IR "irregularities" means any infringement of a financing agreement, a contract or of applicable law resulting from an act or omission by an economic operator involved in the implementation of the Programme, which has, or would have, the effect of prejudicing the budget of the Union by charging an unjustified item of expenditure to the budget of the Union.

The information on the possible irregularity shall be sent to the JTS in a form of official letter with specific description of the situation and its influence on the project.

3.5. RECOVERY / OFFSETTINGS

When the award procedure or performance of the Grant Contract is vitiated by substantial errors or irregularities or by fraud attributable to the Lead Beneficiary or where is estimated that there has been a breach of national or union regulation, or the principles concerning project implementation, the MA may recover the amount already paid in proportion to the seriousness of the errors, irregularities or fraud.

If the project is still in the implementation period and there is a possibility to deduct the ineligible expenditure found in the approved interim progress reports from the next payment, the JTS or the MA shall conduct the deduction.

If the project is at a final stage of implementation, the final payment, if possible, will be reduced by the amount of the irregularity found by the JTS or the MA. The JTS/the MA will inform the Lead Beneficiary about the amount of the reduction of the payment.

Where the deduction of the amount unduly paid from the next payment is not possible, or the amount to be deducted is larger than the amount to be paid, the MA issues a debit note and sends it to the Lead Beneficiary.

If the ineligible expenditure has been discovered after the final payment for the project has been conducted, the MA issues a debit note, sends it to the Lead Beneficiary and recovers the amount(s) unduly paid.

The Lead Beneficiary undertakes any possible measures to repay any amounts mentioned above or any amounts paid in excess of the final amount due to the MA within 45 days of the issuing of the debit note. In justified cases the MA may extend the deadline for recovery.

Should the Lead Beneficiary fail to make repayment within the deadline set by the MA, the MA should increase the amounts due by adding interest at the rate applied by the European Central Bank to its main refinancing transactions in euro, as published in the Official Journal of the European Union, C series, where payments are in euro, on the first day of the month in which the time-limit expired, plus three and a half percentage points. The default interest shall be incurred over the time which elapses between the date of the payment deadline set by the MA and the date on which payment is actually made.

Amounts to be repaid to the MA may be offset against amounts of any kind due to the Lead Beneficiary. Bank charges incurred by the repayment of amounts due to the MA shall be borne entirely by the Lead Beneficiary.

If the Grant Contract is terminated for any reason whatsoever, the guarantee securing the pre-financing may be invoked forthwith in order to repay the balance of the pre-financing or interim payment still owed by the Lead Beneficiary and the guarantor shall not delay payment or raise objection for any reason whatever.



The Lead Beneficiary has to set up the procedure of recovering the irregularities/amounts unduly paid from the Beneficiaries in the Partnership Agreement. If the Lead Beneficiary does not succeed in securing repayment from the concerned Project Beneficiary, he shall inform the JTS about this matter immediately. The MA shall formally notify the latter to concerned Beneficiary to repay the amount unduly paid to the Lead Beneficiary. If the concerned PB does not repay, the MA shall request the participating country in which the concerned PB is established to reimburse the amounts unduly paid in accordance with Article 74(2) to (5) of the IR.

Where the recovery relates to a claim against a Project Beneficiary established in Poland and the MA is unable to recover the debt, the MA shall pay the due amount and claim it back from the Project Beneficiary. Where the recovery relates to a claim against a Beneficiary established in Belarus or Ukraine and the MA is unable to recover the debt, the level of responsibility of the respective country in which the Project Beneficiary is established shall be such as it is laid down in the relevant financing agreements between the EC and that country as referred to in Articles 8 and 9 of the IR.

The EC may at any time take over the task of recovering the amounts directly either from the Beneficiary or from concerned country.

4. Public Procedures and State Aid – Additional Information

4.1. PROCUREMENT RULES – EXAMPLES OF BREACHES

As a supplement to the information included in Programme Manual Part I the examples of breaches have been listed below.

The most common breaches in the area of awarding public contracts are related to the:

- a) dividing or underrating the estimated value of the contract in order to avoid the application of the law;
- b) conducting the procedure in the wrong manner (e.g. the award of contracts using non-competitive procedures where there are no grounds for applying such procedures; in the case of priority services, the application of the procedure dedicated to non-priority services);
- c) non-competitive description of the subject of the contract by the groundless indication of trademarks, patents or the origin of goods, without allowing the equivalent tender submission and description of equivalence;
- d) setting improper deadlines for tender submission or illegal shortening of deadlines for the tender submission;
- e) determining improper conditions of participation in the public contract award procedure, leading to discrimination of contractors;
- f) determining the conditions of participation in the public contract award procedure that exceed the needs necessary to achieve contract objectives;
- g) demanding from consortium members to jointly meet all conditions of participation in the procedure;
- h) demanding submission of documents not required by the regulations;
- i) demanding proof of experience in the performance of contracts co-financed from EU or national funds where it is not necessary to confirm the contractor's abilities to perform the contract;
- j) non-compliance with the regulations on publishing the contract notice or any amendments thereto;
- k) illegal restriction of subcontracting;
- l) setting the improper tender evaluation criteria;
- m) conducting the procedure in breach of the principle of transparency, fair competition or equal treatment of contractors;
- n) illegal amendment of the content of the agreement concluded with the contractor.

The most common breaches in the area of awarding contracts in accordance with the principle of competitiveness (below the threshold) are related to the:

- a) dividing or underrating the estimated value of the contract in order to avoid the application of the principle of competitiveness;
- b) failure to publish the request for quotation on a dedicated website if such website was created;
- c) if no website dedicated to the publication of requests for quotation was created, failure to send the request for quotation to the required number of potential contractors, or failure to publish the request for quotation on the contracting authority's website, if the contracting authority has such website;
- d) failure to define the tender evaluation criteria;
- e) setting deadlines for tender submission in the manner preventing potential contractors from submitting their tenders;
- f) execution of an agreement with an entity having personal or capital ties to the contracting authority, if other potential contractor for a given public contract exists on the market;
- g) failure to publish or improper publishing of information about the selection of the best tender;
- h) concluding a verbal agreement.

4.2. RULES OF NATIONALITY AND ORIGIN

In all cases, the rules of nationality and origin set forth in Art. 8 and 9 of 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 shall apply.

Threshold for application of the rule of origin for supplies contracts

Regulation 236/2014 makes reference to the threshold of the competitive negotiated procedure, which corresponds to euro 100 000. This indeed means that when the value of the supplies to be purchased is below euro 100 000 per purchase, the supplies do not have to originate from an eligible country. It shall also be mentioned that the regulation provides that in the case of actions implemented under shared management with a Member State, as it is the case in the PBU ENI CBC Programme, countries that are eligible under the rules of that Member State are also eligible.

4.3. STATE AID

State aid is not granted by the Programme and **cannot be granted by the Beneficiaries**. All Project Beneficiaries are expected to be familiar with the relevant State aid rules to ensure that their activities do not constitute State aid.

A key step of the Programme approach towards State aid is made already at the application stage, i.e. when project's proposals are submitted in response to calls for proposals. Submitted Application Forms go through a "State aid assessment" which excludes projects which constitute a State aid.

4.4. ENSURING EQUAL OPPORTUNITIES

In line with the EU policies the Programme promotes equal opportunities and nondiscrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. Lead Beneficiary and PB have to consider their project's impacts regarding these principles and follow them through in project implementation. In addition, projects should also apply the principle on the operational level. Namely, projects should ensure that no discriminative activity is carried out within the projects and vis-à-vis any third parties (e.g. contractors, suppliers, external speakers). Furthermore, when selecting service providers, suppliers or contractors projects have to ensure equal opportunities for all interested parties.



4.5. ENVIRONMENTAL ISSUES

Lead Beneficiary and PB should consider the impacts of the project on economical, ecological and social aspects within the region targeted. As a general principle, all stakeholders should strive to promote the sustainable development as far as possible both via the approach they take and the solutions and outputs they develop. Among other things this means that projects should consider environmental impacts when taking decisions on investments and their location. Projects have to comply with the respective rules and regulations on the environment and sustainable development. They should also make sure the selected investment does not cause any environmentally negative effects.

4.6. CONFLICT OF INTERESTS

The Lead Beneficiary and the PB undertake all necessary precautions to avoid conflicts of interests and shall inform the JTS without delay of any situation constituting or likely to lead to any such conflict. If such a conflict occurs, the Lead Beneficiary and/or the PB shall take all necessary steps to resolve it immediately. The definition and conditions for occurring the conflict of interest are described in Part I of the Programme Manual (chapter 6.4.6).

The MA/JTS reserves the right to verify if the measures taken by the Lead Beneficiary and the Project Beneficiaries to avoid conflicts of interests are appropriate and may require additional measures to be taken, if necessary.

Failure to take all necessary steps to eliminate the situation constituting the conflict of interest results in ineligibility of expenditures within the project or termination of the Grant Contract.

4.7. ANTI-CORRUPTION MEASURES

In accordance with the Grant Contract the MA and Lead Beneficiary and all Project Beneficiaries share a common concern in the fight against corruption, which jeopardises good governance and the proper use of resources needed for development and, in addition, endangers fair and open competition based on price and quality. Therefore they declare their intention of combining their efforts to fight corruption and, in particular, declare that whoever asks for, lets himself/herself be promised or accepts an advantage for acting or refraining from acting in the context of a mandate or contract within the framework of this Grant Contract will be considered to have committed an illegal act which shall not be accepted. Any actual case of this kind shall constitute sufficient grounds to justify termination of the Grant Contract, the annulment of the procurement or resulting award, or taking any other corrective measures laid down by the applicable law. In order to prevent the occurrence of corruption and fraud the MA will issue a manual on combatting fraud in the Programme, addressed at all institutions involved in Programme and project's implementation, including Beneficiary's institutions. The manual will be available on the Programme web pages.

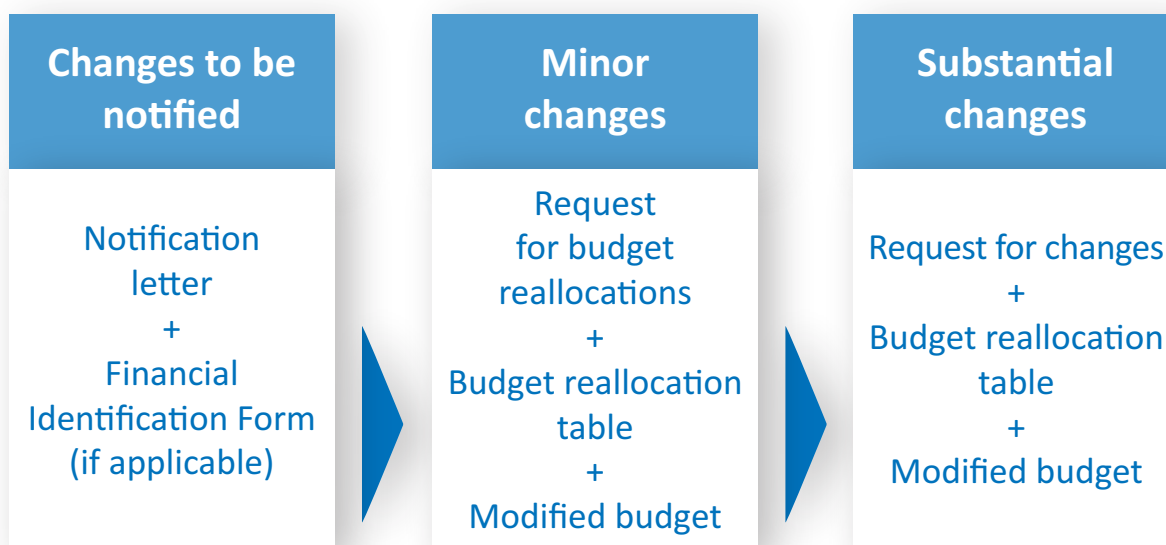
5. Project Modification

5.1. CHANGES CONCERNING THE IMPLEMENTATION OF PROJECTS

As a rule, each project should be implemented in line with the concept presented in the approved application and Grant Contract. Any modifications to the scope of the project, the planned activities and to the partnership should be avoided. The budget planned in the Application Form should be as precise as possible. The changes introduced should not result in substantial changes to the project objectives unless they are clearly justified by the change of external circumstances under which the project is implemented.

Contracts may need to be modified during project's implementation if the circumstances affecting project's implementation have changed since the initial contract was signed. There are two types of project modifications, minor and substantial, described below, as well as in the Grant Contract. Some modifications can simply be notified in writing by the Lead Beneficiary to the JTS.

Documents to be submitted for different types of changes:



5.1.1. CHANGES REQUIRING NOTIFICATION: CHANGES OF ADDRESS, BANK ACCOUNT OR AN INDEPENDENT AUDITOR

Changes of address, bank account or an Independent Auditor may simply be notified, although this does not influence the right of the MA to oppose the Beneficiary's choice of bank account or an Independent Auditor. The MA reserves the right to require that the auditor be replaced if considerations which were unknown when the Contract was signed cast doubt on the auditor's independence or professional standards.

How to make changes requiring notification only?

To introduce the abovementioned changes the Beneficiary needs to submit to the JTS written information (letter) regarding the scope of the change of data.

To change the bank account number, you also need to provide a validated Financial Identification Form (in 3 originals).

The JTS will then verify the submitted documents and informs MA on the change.



5.1.2. MINOR CHANGES



Important!

This method may not be used to amend the heading for administrative costs.

When:

- the amendment to the Budget or Description of the Action does not affect the basic purpose of the activity

and

- the financial impact is limited to a transfer between items within the same main budget heading including cancellation or introduction of an item;

or

- a transfer between main budget headings involving a variation of 15% or less of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs;

the Beneficiary may amend the budget and inform the JTS in writing without delay on introduced changes.

How to make minor changes?

You need to submit to the JTS the following documents:

- *Request for budget reallocations in the project (up to 15% of budget lines value)*
- *Budget reallocation table*
- *Amended budget of the action*

in 1 original versions signed by authorized representative of the Lead Beneficiary.

After the verification of submitted documents the Lead Beneficiary is informed (within three weeks from receiving of the request by the JTS) on the results of proceedings (acceptance or remarks to submitted documents).

5.1.3. SUBSTANTIAL CHANGES

Substantial modifications to the contract must be made in the form of an addendum. The addendum must be signed by both the MA and the Lead Beneficiary.



Important!

An addendum introducing the changes needs to be signed by both parties before the expiry of the execution period of the contract.

The purpose of the addendum must be closely connected with the nature of the project covered by the initial contract. No modification to the contract may alter the award conditions prevailing at the time the contract was awarded. The changes cannot be contrary to the principle of equal treatment of projects.

Any amendment to the Grant Contract, including the annexes thereto, must be set out in writing in an addendum.

If an amendment is requested by the Lead Beneficiary, they must submit that request to the JTS at least **30 days before the date on which the amendment should enter into force**².

How to make substantial changes?

Introducing substantial changes submitting to the JTS the following documents:

- *Request for changes in the project*
- *Budget reallocation table*
- *Modified budget of the action*
- *Description of the Project, if applicable*

in 3 original versions signed by authorized representative of the Lead Beneficiary.

The JTS will verify the submitted documents and prepares a draft of the contract's addendum to the MA. The addendum is prepared and signed in three originals.



Important!

Please note that all changes submitted within one request will be verified as a one package of changes without a division on changes which can be introduced individually in under 15% procedure and those which require a contract addendum.

6. Project savings

The savings identified in the project's budget during its implementation can be used to broaden the scope of planned activities and/or undertake additional complementary activities.



Important!

In principle, the use of the extra funds should cause an increase of values the planned project's indicators.

All the additional activities, financed from the saved funds, should have a complementary character to the implemented project, ensure a stronger contribution to the project's results and objectives and guarantee greater benefits to the identified target groups across the borders.

In order to utilize the savings the Beneficiary shall follow the regular procedures of project's modification which are described in this Manual.

² In special and duly justified cases the MA may agree to proceed within a shorter period.



7. Project Information and Promotion Activities

7.1. OBLIGATIONS

Beneficiaries also bear responsibility for ensuring that appropriate information is communicated to the public and must ensure adequate visibility of the EU contribution to Programmes and projects so that public awareness of the EU action is strengthened and a consistent image of EU support is created in all participating countries.

Project's communication needs to contribute to the Programme's communication strategy included in the Joint Operational Programme.

7.2. WHY VISIBILITY REQUIREMENTS ARE SO IMPORTANT?

Remember that even the best project will not have the same impact if it is not effectively communicated outside.

Of course, the implementation of the project and achieving all objectives and goals is the most important task. However, without a well-planned and coordinated promotion of your work, almost nobody will know about its results and outputs and they will not be used by the target groups of your project, as smart and needed they may be.

Communication is a very important tool to:

- *inform about the existence of the project;*
- *provide the necessary information to all project stakeholders;*
- *inform about project's achievements;*
- *enhance the transparency of EU funding.*

It is necessary to promote a cross-border cooperation project throughout its whole duration to spread the effects of the project through the border by:

- informing about the start of the project and planned results will bring attention to the activities within the project;
- updating information on the state of play during the implementation will keep the audience interested – this is especially important if the Lead Beneficiary or any of the Project Beneficiaries plan to organise events and receive as many participants as possible;
- widely sharing the information on the outputs will make people use them/visit them/share them further and thus the general objective and indicators will be achieved – this is crucial for such project's results as any guidebooks, strategies, toolkits or reports as well as generally accessible services (including e-services) or objects, sites and monuments.

Communication activities should be an integral part of the project and should not be a set of separate additional activities that the Beneficiary is implementing to fulfil the visibility requirements. Only an effective promotion plan can help the Lead Beneficiary or any of the Project Beneficiaries in getting a significant attention from media and final beneficiaries.

7.3. HOW TO PLAN EFFECTIVE PROJECT PROMOTION

7.3.1. STRATEGY – INFORMATION AND COMMUNICATION PLAN

A clear strategy of the implementation and management of promotion activities is extremely important and should be planned together with the overall management plan of the project. This is why already at the stage of the preparation of the Full Application Form the Lead Beneficiary and Project Beneficiaries need to provide a brief information and communication plan which is included in the section 5.2 of the form. The Lead Beneficiary and Project Beneficiaries should work together on the layout of the plan and, if necessary, elaborate more detailed version of it later on.

How to get to it?

7.3.2. DEFINING THE OBJECTIVES – WHY ARE YOU COMMUNICATING?

The project communication objectives are not the same as the overall project's objectives. Communication is a tool which can help you achieve a project's aims. Think of what effect your promotion should bring, what you expect, what is relevant to project activities and goals.

Some examples of project communication objectives:

- *to change the perceptions/behaviours;*
- *to attract participants/users;*
- *to build awareness;*
- *to promote project results/outputs;*
- *to show transparency etc.*

7.3.3. CHOOSING TARGET GROUPS – WHO SHOULD HEAR YOUR STORY?

Your different communication objectives might be directed to different target groups, e.g. mainstream media users, project's stakeholders, project activities' participants, project outputs' users, local authorities, institutions, general public etc.

7.3.4. ADJUSTING TOOLS AND ACTIVITIES – WHAT TOOLS SHOULD BE USED FOR WHICH TARGET GROUPS?

Identify the best channels that will enable you to reach out to a specific target group you've identified in the previous step.

The communication channels should be chosen based on:

- the audience;
- the message that you want to convey;
- and the cost-effectiveness of the channel.

Repeating your message and using a mix of several communication channels can help your message actually reach your audience. More on specific tools can be found in the following chapters.



Examples of *communication tools*:

- *events;*
- *publications;*
- *press releases/conferences;*
- *website;*
- *social media channels;*
- *videos;*
- *media relations etc.*

7.3.5. INDICATORS AND RESPONSIBILITIES – HOW TO MEASURE THE RESPONSE?

As the last step you will need to estimate specific values of indicators for defined tools. This will help you to evaluate and measure the achievement of specific communication goals and the outcome of communication strategy. You can choose quantitative or/and qualitative indicators.

Examples of *quantitative indicators*:

- *number of website visits, events/participants, publications, articles, etc.*

Examples of *qualitative indicators* – feedback from communication activities you realised:

- *questionnaires, surveys, tone and position of articles, most visited pages etc.*

You will also need to decide which Beneficiary will be responsible for specific communication objective.

7.3.6. BUDGET

The amount allocated to the budget of communication activities in the project should be well balanced. It should at least be enough to have an impact in line with the objectives of the communication plan. According to the tools you have chosen in the previous step and planned quantitative indicators, you should set the amounts which will enable you to implement that plan. Budget for communication should be estimated carefully as each project varies in size, subject, scope, partners and impact.

OBJECTIVE

Why and what do I want to communicate?

TARGET GROUP

To whom do I want to address my message?

TOOLS

What is the best way I can reach my audience?

EVALUATION

What are the indicators that will tell me if I succeeded?

BUDGET

What resources I should have to make all of it possible?

7.3.7. HOW TO ENSURE PROJECT VISIBILITY?

Mandatory visual elements

The Programme logo and EU emblem are mandatory in all project communication products. There are separate guidelines (available at the Programme website www.pbu2020.eu) on how to use the mandatory elements.

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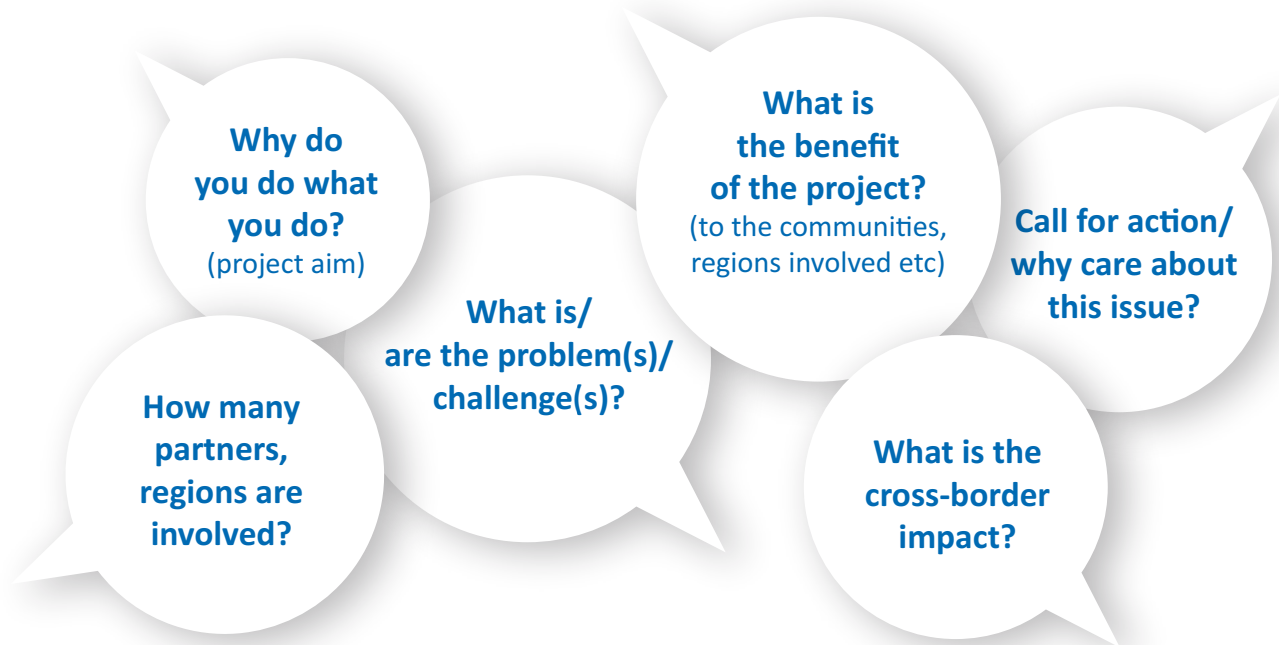


Project messages

During the implementation of the project beneficiaries will be often asked by media or Programme bodies to present briefly their project. From the beginning it is recommended to be ready and have 2-3 key messages which are short, simple and give a clear idea of what it is about. They should be flexible enough to be used across all communication tools frequently and consistently.



Messages could answer some of the following questions about a project:



Elements adapted from the BSR 2007-2013 communication guidelines for projects

7.3.8. VISIBILITY ACTIVITIES AND TOOLS

Different activities may be appropriate at different stages of the project cycle. The following list contains an overview of possible examples of communication activities. These elements should be carefully analysed and chosen when drafting the Information and Communication Plan of the project.

In case of **infrastructure and investment activities** within project, the Beneficiary is obliged to prepare adequate **information panels** during the construction **and commemorative plaques** after the end of infrastructure activities or equipment supply in case of investment actions. Following general rules should be taken into account:

- should be of appropriate size to be clearly visible so that those passing are able to read and understand the nature of the action. Both EU flag and Programme logo should be of adequate size to be seen from far;
- should be produced from solid materials of good quality, resistant to the weather conditions. This concerns also the plaques for the equipment such as vehicles;
- information panels should be at the place of infrastructure activities from their start;
- permanent plaque should be placed in the most visible part of the building;
- in case of smaller equipment, it is acceptable to produce one visible enough plaque at the entrance of the equipped space (e.g. room, ward etc.).

If there are any **soft activities** planned within the project (e.g. seminar, training, conference etc.), remember that the appropriate visibility should be ensured, i.e. information banner (e.g. roll-up), handouts, publications, invitations, flyers etc. – all properly marked with EU flag and Programme logo and information on the project. All participants should be made aware that the Programme funded by the EU is financing the event.

The tools listed below can be used by the project of any character, according to the communications objectives and target groups:

✓ **Websites**

- consider if there is a reason and necessity to invest sources into a new, project's website or if adding new sections within existing websites is a better solution;
- multilingual websites are strongly recommended – pay attention to correct and good quality translations;
- maintain a project website or a dedicated project section on partners' websites throughout the project lifetime and for 5 years beyond the end of the project.

✓ **Publications (e.g. leaflets, brochures, newsletters etc.)**

- should be adapted to the planned audience in terms of text, used language, visual design;
- paper publications should be available in electronic form;
- carefully plan needed number of copies of each publication and if the paper version is necessary at all;
- all written outputs but also the website and audiovisual materials developed by projects must include the following disclaimer: "This document has been produced with the financial assistance of the European Union, under the Cross-border Cooperation Programme Poland-Belarus-Ukraine 2014-2020. The contents of this document are the sole responsibility of <Lead Beneficiary's/Beneficiary's name> and under no circumstances can be regarded as reflecting the position of the European Union, the MA or the Joint Secretariat of the ENI CBC Programme Poland-Belarus-Ukraine 2014-2020".

✓ **Media relations (e.g. articles, press conferences/visits etc.)**

- mass media are a good option for target groups with a larger number of people (such as general public);
- think of the cooperation with local and regional media.

✓ **Project events**

- carefully plan what kind of events are needed in order to reach chosen target groups with project promotion;
- be sure to inform all interested parties about possible participation – ensure equal access and planned audience;
- remember about people with disabilities who might like to participate in the event, think about their needs while planning the event;
- think of events in a larger context – this may range from project participation in the annual events of the Programme to organisation of European Cooperation Day.

✓ **Promotional materials**

- choose carefully promotional items to be produced – if they are needed, how will you distribute them, who will receive them and plan number of items; take into account the quality of produced items and remember that the logos should be permanent (avoid stickers).

✓ **Photographs and videos**

- it is mandatory to archive all the main activities (major steps, events, positive changes introduced by the activities, results, etc.) within the project;
- photos and videos may be subsequently used for other promotional activities;
- plan well in advance photo and video sessions/services.

✓ **Social media**

- this tool is in most cases available for free and is effective when you want to reach a wider audience;
- think which social media are relevant to your needs and targets groups of your communication strategy.



- ✓ **Joint communication activities with other projects**
 - communication focused on the same thematic issues could be beneficial for Programme's and projects' capitalisation purpose;
 - the Programme shall seek thematic strands to help to cluster the communication efforts of projects which share similar target groups, the same can be done by Project Beneficiaries;
 - projects may take advantage of a central database of projects www.keep.eu to find a similar initiatives from a selected area.
- ✓ **Storytelling:** how to convey information through stories - stories not only make the content more interesting to the audience, they make it much more likely that they will remember it. Storytelling may give the Programme and projects a human face.

Remember that the choice of appropriate promotion tools and budget should be well thought and is just a part of the whole strategy reflected in the Information and Communication Plan. It is crucial to design this plan carefully and make it one of the management tasks because successful promotion is directly affecting the final result of the whole project.

7.3.9. COOPERATION WITH THE JOINT TECHNICAL SECRETARIAT

Remember that the Joint Technical Secretariat is there to assist you with any doubts regarding your communication strategy and activities. Do not hesitate to contact Communications Managers of the JTS and ask them for help. During the implementation of your project active cooperation with them can boost the results of your efforts:

- assign a person responsible for communication and provide the JTS with her/his contact data from the beginning of the project;
- deliver relevant news about the progress in the project for communication purposes;
- inform in advance on planned events – it can be included in the calendar on the Programme website and thus it will have a stronger promotion;
- share any video, photo gallery and written publication in electronic version with Communication Managers; all foreground intellectual property, i.e. outputs created within the project must be made publically available;
- render physical and immaterial contributions to cluster network sessions, trainings and thematic events as well as to Programme annual events and other publicity measures;
- assist in photo and video sessions organized by the JTS (aimed at promoting the projects);
- maintain an archive with photographs, videos and media coverage about the project and / or cluster activities;
- contribute to the Programme impact investigation (e.g. success stories that bring about positive change).

7.3.10. WHERE TO LOOK FOR ADDITIONAL INFORMATION AND INSPIRATION?⁴

This chapter was elaborated with the use of the content of the following publications which you might find helpful:

- Communication and Visibility Manual for EU External Actions:
<http://ec.europa.eu/europeaid/node/17974>
- ENI CBC Communication Guide 2014-2020:
http://www.interact-eu.net/library?field_fields_of_expertise_tid=3#395
- Communication Toolkit version 2.0 of Interact
<http://www.interact-eu.net/library#798>

⁴ Links are subject to change

Please consult also these documents:

- Graphics guide to the European emblem:
http://ec.europa.eu/regional_policy/en/information/logos/
- Graphics guide to the Programme logo:
www.pbu2020.eu
- About the European Cooperation Day campaign:
<https://www.facebook.com/CooperationDay/?fref=ts>

8. Complaints to the implementation of the Grant Contract

A complaint against the decision of the MA regarding the implementation of the Grant Contract is lodged pursuant to the provisions of the Grant Contract. Only the Lead Beneficiary is entitled to file objections on the findings of the MA regarding the implementation of the Grant Contract. After you lodge the complaint, the JTS and the MA will analyze your arguments and reevaluate the matter.

The MA and Lead Beneficiary shall do everything what is possible to settle amicably any dispute arising between them during implementation of the project. In the event of failure to reach an amicable agreement, the dispute may by common agreement of the MA and Lead Beneficiary be submitted to the conciliation of the European Commission. In the event of failure of the above measures, each party may submit the dispute to the courts of the country of the MA.

9. Audits, On-the-spot checks and Monitoring Visits of the Projects

9.1. PROJECT AUDITS

Except the verifications of expenditures carried out by the Independent Auditors and on-the-spot checks carried out by the JTS/BO the Lead Beneficiary and all Project Beneficiaries shall allow the Audit Authority, European Commission, the European Anti-Fraud Office, the European Court of Auditors and any authorized institution to perform audits. The audit may be carried out, if necessary, on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the activities.

The Beneficiary provides auditors with an access to sites and locations at which the activity is implemented, including its information systems, as well as all documents and databases concerning the technical and financial management of the activity. The Beneficiary is obliged to take all steps to facilitate the work of the auditors. This access shall be given on the basis of confidentiality with respect to third parties, without prejudice to the obligations of public law to which they are subject. Documents must be easily accessible and filed so as to facilitate their examination and the Beneficiary must inform the MA of their precise location.

Audits on projects are performed during the entire Programme lifetime. When a project is selected for an audit, the Lead Beneficiary as well as one or more Project Beneficiaries may be audited. The same Beneficiary might be audited more times if the same project is selected more than once or if the Beneficiary is involved in more than one project. During the audit, auditors analyses a number of processes related to the implementation of the project, including the following:

- compliance of the project with the Application Form;
- compliance with obligations set in the subsidy contract and Partnership Agreement;
- confirmation of eligibility of expenditure certified by Independent Auditors;
- actual payment of expenditure;
- compliance with EU and national rules (including public procurement);
- existence and soundness of the audit trail.



Audits may be carried out on the premises of the Beneficiary and/or in any other place where the project is being implemented. In case of detected non-compliances/infringements, audit findings are raised, which may result in financial corrections for the project.

9.2. ON-THE-SPOT CHECKS AND MONITORING VISITS

The on-the-spot checks and monitoring visits are conducted by the JTS's staff which monitors project implementation process on a daily basis. Additionally the Branch Office (BOs) may perform monitoring visits with the prior approval of the JTS. On-the-spot checks are performed by the controller at the premises of the Beneficiary as well as in any other place where the project is being implemented.

On-the-spot check means verification of the project undertaken by the JTS on the premises of a Beneficiary or any other project-related site. During on-the spot check the entire project's implementation process is reviewed, especially original documents confirming expenditures, such as invoices and other probative financial documents. During on-the-spot check the existence of the project is verified, especially the items to which the budget lines refer to, as well as the equipment and infrastructure/works and accounting documents forming part of the audit trail. Furthermore the existence of an accounting system on the level of the controlled Beneficiary is checked.

The aim of the on-the-spot check is to provide a reasonable level of assurance that the project is implemented effectively and the objectives are achieved, and also to prevent errors and irregularities within the project.

The on-the-spot check is carried out by the JTS. The Beneficiary will be informed about the date of the on-the-spot check at least 5 working days in advance. The information will be sent by letter, by email or by fax.

Within 10 working days after the on-the-spot check the JTS prepares a report and sends it to the Beneficiary accompanied by respective documents (if any) and recommendations (if any). All weaknesses and errors detected during the on-the-spot check shall be included in the report (if applicable).

The **monitoring visit** can be carried out to monitor the implementation stage of the project and its effectiveness but also in case of any difficulties or problems arising during the implementation of the project. The scope of the monitoring visit is limited. The JTS /BO staff members performing the monitoring visit verify only selected elements of project's implementation (e.g. promotional event, conferences, workshops, seminars, action workgroup meetings, location of investment, tender documentation etc.).

Since the monitoring visits concern mostly the participation of the JTS /BO in projects' events or working meetings with project representatives the written information (letter or email) on findings shall be prepared by the JTS/BO only in case of identification of errors in project's implementation process.

9.3. AUDIT TRAIL

In order to enable an efficient process of audit as well as expenditures' verification an audit trail shall be set by the Lead Beneficiary and all Project Beneficiaries. An audit trail is to be understood as a chronological set of accounting records that provide documentary evidence of the sequence of steps undertaken by the Beneficiaries and Programme bodies for implementing the project. According to this definition, the proper keeping of accounting records and supporting documents plays a key role in ensuring an adequate audit trail.

At the level of each Lead Beneficiary and Project Beneficiary, an adequate audit trail includes the following elements:

- the Grant Contract (and its amendments);
- the Partnership Agreement;
- the latest version of the approved application form;
- adequate documentation of all outputs and deliverables produced during the project lifetime;
- documents proving, for each cost item claimed within the project, the expenditure incurred and the payment made (invoices or other equivalents, extract from a reliable accounting system of the Beneficiary, bank statements, etc.);
- adequate documentation of all procurement procedures implemented for selecting experts, service providers and suppliers (from the planning of the procedure until the signature of the contract and its possible amendments);
- any other supporting document applicable to each budget line (staff reports, timesheets, contracts with providers, etc.);
- physical and financial reports submitted to the Independent Auditor with the purpose of validating project expenditure;
- documents issued by the Independent Auditor validating all expenditure claimed within the project;
- a copy of all project's requests for payments including interim progress reports and final progress report submitted and approved by the JTS.

All documents composing the audit trail shall be kept either in the form of originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only. The certification of conformity of documents held on commonly accepted data carriers with original documents shall be performed in compliance with national rules on the matter. In case of Beneficiaries using e-archiving systems, where documents exist in electronic form only, the systems used shall meet accepted security standards that ensure that the documents held comply with national legal requirements and can be relied on for audit purposes. As a good practice, e-archiving or image processing systems (original documents are scanned and stored in electronic form) should ensure that each e-document scanned is identical to the paper original and that the accounting and payment process for each e-document is unique (it should not be possible to account for or pay the same e-document twice).

Lead Beneficiary and all Project Beneficiaries shall keep all documents related to the project for five years from the date of payment of the balance for the Programme. 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. Additionally records pertaining to audits, appeals, litigation or pursuit of claims arising from the project performance shall be retained until such audits, appeals, litigation or claims have been completed.

9.4. AVOIDING OF DOUBLE FINANCING

The most important element to be taken into account when setting up the audit trail is the need to avoid the double funding from different co-financing sources of the same expenditure item.

Whereas analytical accounting systems help in this respect, more straightforward measures must also be foreseen, as for instance the annulling of invoices and other probative documents. The practice of annulling the originals of invoices and other probative documents is compulsory in the framework of the ENI Cross-Border Cooperation Programme Poland-Belarus-Ukraine 2014-2020.

Where available, the annulling of originals of expenditure documents should be carried out by the use of a stamp bearing at least the following information:

- the information that the expenditure has been co-funded by the Programme;
- the number and the name (acronym) of the project;



- if applicable (e.g. same document covering different cost items), a statement on the share of expenditure claimed in the concerned project.

More requirements concerning the marking of documents submitted within requests for payment are described in part Invoice description.

10. Project Durability and Ownership

Ownership, title and intellectual and industrial property rights in the results of the project, reports and other documents relating to it shall be vested in the Lead Beneficiary and all Project Beneficiaries responsible respectively for implementation their part of project. The Lead Beneficiary and all Project Beneficiaries shall grant the MA/JTS the right to use freely and as it sees fit all documents deriving from the project without prejudice to existing industrial and intellectual property rights.

Unless otherwise determined in the Partnership Agreement, where several Beneficiaries have jointly carried out work generating outputs and where their respective share of the work cannot be ascertained, they shall have joint ownership of it/them.

For the duration of the project, goods procured under the Contract shall remain at the unrestricted disposal of the project and shall not be transferred without prior written approval of the MA. No ownership transfer not foreseen in the project is allowed within 5 years after the completion of the project, unless the contracting parties agreed otherwise.



Important!

No ownership transfer of outputs having the character of investments in infrastructure within the project is allowed for at least five years following the final payment to the Lead Beneficiary.

If a depreciation period for an equipment item is shorter than the durability period for the project, the durability period for equipment lasts as long as the depreciation period in accordance with the applicable national law.

The occurrence of any of the following situations would result in a violation of rules concerning durability:

- change in the ownership of an infrastructure;
- substantial change affecting the nature, objectives or implementation conditions of the investment, which would result in undermining its original objectives.

Should any of the above conditions not be met at a certain point of time, the MA/JTS must be immediately informed by the concerned Lead Beneficiary. The MA will recover the unduly paid ENI contribution in proportion to the period for which the requirements have not been fulfilled.

In case of the activities which have different character than the investment, the durability of outputs shall be kept in line with the description in application form which is attached to valid contract.

In the light of the Programme's responsibility for efficient and effective ENI implementation, projects should strive to achieve the target values and quality of Programme indicators, main outputs and indicators concerning project goal and objective in accordance with the Application Form. The Programme anticipates certain flexibility in terms of achievement of the project indicators and outputs – both in the form of deviations and project changes.