



Frequently Asked Questions - FAQ -

*Calls for strategic project
proposals
published on 03/09/2012*



Let's grow up together

Adriatic IPA

Cross Border Cooperation 2007-2013



The Programme is co-funded by the European Union, Instrument for Pre-Accession Assistance (IPA)

Potential applicants will be able to find in this documents answers to some of the questions frequently addressed to the JTS, published into the Programme website, concerning the 1st Calls for strategic project proposals published on 3/09/2012.

While JTS do their utmost to avoid any errors or omissions, the answers given are for general guidance and are not to be considered as legally binding. For this reason the reader is encouraged to consult the source documents when these are referred to.

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§. 1. THE PROGRAMME**Question 1.1. What is the IPA Adriatic Cross-border Cooperation Programme?**

The IPA Adriatic Cross-border Programme is a cross-border programme co-financed by the European Commission through the Instrument of Pre-accession Assistance (IPA), adopted with the EC Decision C (2008) No. 1073 as amended with Decision C (2010) No. 3780, Decision C (2011) No. 3396 and Decision C (2011) No. 3740.

The Instrument of Pre-accession Assistance (IPA) is the financial instrument established by the European Union to assist candidate Countries to adopt and to implement the full *acquis communautaire* and to assist the potential candidate Countries to promote a degree of alignment with the *acquis communautaire* and approximation with the Accession criteria.

The IPA Adriatic Cross-border Programme aims at “*strengthening the sustainable development capacity of the Adriatic Region through an agreed strategy of actions among the partners of the eligible territories*”.

Question 1.2. Which areas are eligible for the IPA Adriatic Cross-border Programme?

The eligible area of the Programme consists of the territories facing the Adriatic Sea. These are identified as NUTS III (or equivalent level) of

- three Member States (Italy, Greece, and Slovenia),
- one acceding Country (Croatia),
- two Candidate Countries (Montenegro and Serbia),
- two Potential Candidate Country (Albania and Bosnia and Herzegovina).

Although not being territorially eligible for the Programme because it lacks of costal area, but taking into account its eligibility in previous INTERREG IIIA NPPA Adriatic Cross-border Programme 2004 – 2006, Serbia participates in the Programme with the whole territory under a phasing out condition until 31st December 2015

The list of the eligible territories is showed in the text of the Calls, paragraph 7.

Question 1.3. Who is responsible for the management of the IPA Adriatic Cross-border Programme?

The Countries involved in the IPA Adriatic Cross-border Programme have appointed Abruzzo Region as Managing Authority. The Managing Authority is responsible for managing and implementing the Programme in accordance with the Programme and European Regulations.

The Managing Authority of the Programme is the Abruzzo Region of the Italian Republic “*Direzione Affari della Presidenza, Politiche Legislative e Comunitarie Programmazione, Parchi, Territorio, Valutazioni ambientali, Energia- Servizio Attività Internazionali*”.

Question 1.4. Which are the other relevant Programme’s bodies and Authorities?

The Joint Monitoring Committee verifies the effectiveness and quality of the implementation of the Programme. It is responsible for selecting and approving operations.

The Certifying Authority is competent for receiving the payments made by the Commission and transferring them to the beneficiaries.

The Audit Authority is responsible for the functioning of the management and control systems in accordance with the Programme and European Regulations.

The Joint Technical Secretariat assists the Managing Authority and all the other Programme bodies in performing their tasks. It receives and assesses the project proposals. It is the major technical-administrative structure of the Programme.



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Question 1.5. How much funding is available under each Priority in the Calls for strategic project proposals?

The total Programme contribution available for the Call for strategic project proposals under each Priority is broken down as shown in the table below:

Priority	IPA funds	National co-financing	Total Programme Contribution
Priority 1 - Economic, Social and Institutional Cooperation	€ 10.625.000,00	€ 1.875.000,00	€ 12.500.000,00
Priority 2 - Natural and Cultural Resources and Risks Prevention	€ 38.556.659,60	€ 6.804.116,40	€ 45.360.776,00
Priority 3 - Accessibility and Networks	€ 28.050.000,00	€ 4.950.000,00	€ 33.000.000,00
TOTAL	€ 77.231.660,45	€ 13.629.116,55	€ 90.860.776,00

§. 2. THE CROSS-BORDER PARTNERSHIP**Question 2.1. How many partners have to be involved in a project? Is there a minimum and/or a maximum number?**

The minimum partnership for an IPA Adriatic CBC project must involve **at least 6 partners** (Lead Beneficiary included) representing **at least 6 Participating Countries**.

A maximum partnership has not been established, but all projects need to consider the geographical balance in a larger partnership. It must be highlighted that a high number of partners may have implications on the efficiency of project implementation particularly on terms of reporting and financial management. In order to optimize the project management, it is recommended to build a partnership with no more than 18 Beneficiaries (included the Lead Beneficiary).

Applicants should keep into consideration that a high number of partners does not guarantee the submission of a good project proposal. It is significant to prepare a good project to show the real relation between the specific nature of the project objectives and the nature of the involved partners. It is even important that the partnership involves the right players, that is those organizations which can give a contribution relating to the aims and the expected results of the project and have benefit from them so that the project is effectively implemented and able to meet the set objectives. Moreover all project partners must have an active role in the project: any of them cannot act as an agent or as a supplier of another project partner.

Question 2.2. What is the minimum number of Countries that should be represented in the partnership?

The minimum number of Countries that should be involved in a partnership is **6 Participating Countries** among Member States and IPA beneficiary Countries. It is highlighted that during the quality assessment of project proposals, under the first and second steps, the assessors will check "*Cross-border character of intervention*" and will give the following scores: 6 Countries: 0 points; 7 Countries: 3 points; 8 Countries: 5.



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Question 2.3. Are there any restrictions on certain typology of partner?

First of all, a Final Beneficiary should be a **legal person**, which means that it could be a body or firm, whether public or private, with legal personality. Partner with not legal personality will be considered not eligible.

In addition, any partner should be established and therefore registered in one of the Programme Participating Countries, which means it has its registered office in one of the Countries and it is governed under the applicable national law of Country where it had been registered (see also question 2.5).

Question 2.4. What does Serbia participation under a phasing out condition imply?

Since the independence of Montenegro, Serbia is not anymore geographically eligible to the Adriatic Cross-border Cooperation Programme. However, building on the previous experience of the successful participation of Serbia and Montenegro in the Italy-Adriatic Neighbourhood Programme, a phasing out participation of Serbia in the IPA Adriatic CBC Programme has been foreseen, but limited to joint projects in the field of **institutional cooperation** (between universities, research centres, hospitals, some Ministries and cultural institutions, museums, theatres, etc.).

This means that the participation of Serbian Beneficiaries (both as Lead Beneficiary or Beneficiary) is open to all cross-border initiatives and to all kind of actions and activities concerning the institutional cooperation in the specific areas for each relevant Priority as indicated in the following list:

- *Priority 1: Science and Research, Innovation, Environment, Education, Culture, Tourism, Economy, Regional Development, Governance and Public Administration;*
- *Priority 2: Culture, Tourism, Science and Research, Environment, Water resources, Natural risk, Governance and Public Administration;*
- *Priority 3: Science and Research, Transport, Connectivity, Economy, Regional Development, Governance and Public Administration.*

In case Serbian Final Beneficiaries' participation does not regard one of the above mentioned areas of institutional cooperation for the concerned Priority, the JMC will reserve the right to require the exclusion of the Serbian partner from the project partnership.

Additionally, the phasing out condition implies that the expenditures of Serbian Beneficiaries must be incurred and actually paid **at the latest until 31st December 2015**.

Finally, Serbian private organizations having an industrial or commercial character (SME) **ARE NOT** eligible as Final Beneficiary under any of the Calls for strategic project proposals since their participation could not be considered for the aim of "institutional cooperation".

Question 2.5. Can partners located outside the Programme eligible area participate in project proposals submitted under these Calls for proposals? (updated 8 October 2012)

As general rule, Final Beneficiaries must be established in one of the Programme participating Countries (and thus have their registered office located in one of the Programme Participating Countries). Therefore, Final Beneficiaries who are established (are national of) in any Country other than **the Programme participating Countries CANNOT** participate in these Calls for strategic project proposals, whilst Final Beneficiaries whose registered office is located outside the Programme eligible area but **within one of the Programme Participating Countries are eligible** and can then participate to projects financed under the Calls for Strategic project Proposals (even though some of - their expenditure may not be eligible). Such nationality is determined on the basis of the organisation's statutes which should demonstrate that the organization has been established by an instrument governed by the national law of the Country concerned.



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Thus, according to the above explained conditions, partner/s for instance established in France cannot participate in a project as Final Beneficiary because France is not a Participating Country in the IPA Adriatic CBC Programme; whereas a body established in Ljubljana can participate in a project even if Ljubljana is not in the Programme eligible area, because Slovenia is a Participating Country of the Programme

In the case of Final Beneficiaries located outside the Programme eligible area but **within one of the Programme Participating Countries**, the following situations may occur:

- (a) the Final Beneficiary has a **branch office** (branch" office means any "fixed establishment", which, according to Reg. (EC) No 282/2011, is other than the registered office, "characterized by a sufficient degree of permanence and a suitable structure in terms of human and technical resources to enable it to receive and use the services supplied to it for its own needs"), with **at least one year of operation**, located in the Programme eligible area;
- (b) the Final Beneficiary has a **branch office**, with **less than one year** of operation, located in the Programme eligible area;
- (c) the Final Beneficiary has no branch office located in the Programme eligible area.

Case (a): these Final Beneficiaries are considered as located **in the eligible area** and **all their expenditures** (incurred in the Programme eligible area according to the Programme general rule) are eligible.

Cases (b) and (c): these Final Beneficiaries are considered located **OUTSIDE the Programme eligible area** and thus their expenditures will be considered incurred outside the eligible area too (with the exception of those located in the eligible area according to the Programme general rule). In case **the expenditures (or part of them) they incur outside eligible area will be considered not** planned by those Final Beneficiaries **are necessary** to achieve the project objectives, these expenditures will not be considered as eligible and then asked for reimbursement to the Programme. The motivation of the necessity of these expenditures, thus of the related activities, must be clearly explained in the Final Strategic Project Proposal at 2nd step of the selection procedure.

Refer to the paragraph "Location of activities" of the Applicants' Manual (§ 5.6.1.) for additional information.

Question 2.6. What does "registered office" mean?

In order to be eligible for grants in the Calls for strategic project proposals, potential Beneficiaries must be entities with legal personality (under the applicable national law) ESTABLISHED (thus having their the registered office) in one of the Programme Participating Countries.

The registered office is the official address of an entity (public or private) where the body or firm is established, where registers and records are normally kept and may be inspected, and where the official correspondence is sent; in other words, registered office is the "Head office", i.e. legal address of the legal residence of an entity.

Question 2.7. How can I find partners?

You can look for partners or projects through different means:

- the Info Points of each participating Country
- the national authority/regional office competent for ETC/IPA Programmes in every participating Country
- through the section "partner search" on the IPA Adriatic CBC Programme web site (www.adriaticpacbc.org)
- other programmes data bases in the relating cooperation area.

The Joint Technical Secretariat of the IPA Adriatic CBC Programme will provide also support in delivery information gathering from Info Points/national and regional authority regarding organizations searching for partners.



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§. 3. FINAL BENEFICIARIES**Question 3.1. Who is eligible as Final Beneficiary for project application and funding under the Calls for strategic project proposals?**

Any institution **having legal personality** can be involved in a project proposal as a Final Beneficiary. In order to be eligible Final Beneficiaries must be **established in one of the Participating Countries** to the Programme and be classified as one of the following:

1. **Public bodies:** Legal entities established under public law,
2. **Bodies governed by public law:** This is a conceptual category of entities established under private law but governed by public law if they meet all the criteria required under Article 1.9 of Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004.
3. **Private organizations, governed by national private law.** They include:
 - a. non-enterprise organizations (for i.e., non-profit organizations, foundations, research centres and other similar institutions); and
 - b. small and medium sized enterprises¹

Serbian SMEs are not eligible as Final Beneficiaries.

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Question 3.2. How can I demonstrate that my organization has “legal personality”?

The proof of acquisition of legal personality has to be provided in compliance with the national law where the organization is established, as registration act in a specific public Register of Legal Persons at the competent authority, such as a Civil or Commercial Court, a Chamber of Commerce, Ministry, Region...

The registration of a body to the Tax Register is not a proof of legal personality, as well as the registration of its establishment deed to the Register Office of State. These kinds of registrations have no effect for the Calls eligibility criteria.

As general rule, public bodies are not registered in a public register since they enjoy the legal personality directly by the act of establishment.

Question 3.3. Who can submit a project?

All partners have to choose among themselves a Lead Partner/Applicant who will be the only responsible for collecting information and required documents from other partners, for filling in the Application Form on behalf of all partners and for submitting the project proposal (both in the first and in the second step). It will be also responsible for sending additional supporting documents required during the assessment. Application form and/or documents submitted by partners other than the Lead Applicant will not be taken into consideration.

Only public bodies and bodies governed by public law can act as the Lead Beneficiary of a project, with the exception then of private organizations that are eligible only as Final Beneficiaries.

Lead Beneficiary cannot be eligible for grants if it falls under the “de minimis” regime as ruled in the Section 5 of the Calls for strategic project proposals.

Question 3.4. What does ‘Body governed by public law’ mean?

According to Article 1.9 of Directive 2004/18/EC of the European Parliament and the Council (31 March 2004), a ‘body governed by public law’ means any body:

¹ A private organisation has to be considered an enterprise if it complies with the considerations of the whereas n. 3 of the Commission Recommendation (2003/361/EC) of 06/05/2003 (notified under document number C(2003) 1422). For more details, see § 5.1.1 “Partner legal status” of the Applicants’ Manual.



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- (a) established for the specific purpose of meeting needs in the general interest², not having an industrial or commercial character;
- (b) having legal personality and
- (c) financed, for the most part, by the State, regional or local authorities, or other bodies governed by public law; or subject to management supervision by those bodies; or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.

Question 3.5. How should be intended the term of “management supervision” in the case of “body governed by public law”, as ruled by art. 1.9 c) of Directive EC/2004/18, required to identify the beneficiary of Adriatic IPA CBC Programme public funds?

Article 1 “Definitions” of EC/2004/18 Directive, in the meaning to identify the “Body governed by public law”, in its paragraph n. 9, requires the contemporary presence of the following requirements:

“A ‘body governed by public law’ means any body:

- (a) established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character;
- (b) having legal personality; and
- (c) financed, for the most part, by the State, regional or local authorities, or other bodies governed by public law; or subject to management supervision by those bodies; or having an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.”

The criteria at bullet c) of the definition above shall be interpreted in a restrictive sense, which means that:

- 1) more than 50% of the budget of the body has to come from State, regional or local public authority/ies or other body/ies governed by public law as promoter/s, partner/s or stakeholder/s; or
- 2) the management of the body shall be supervised by personnel charged by the bodies described above as controllers or auditors; or
- 3) more than 50% of the members of the board in charge of managing the body or to supervisory the body has to be appointed by a State, regional or local public authority or body/ies governed by public law.

Moreover, the compliance with national public law in the matter of employment and procurement contracts is another criterion that confirm the nature of “body governed by public law”.

Out of these hypotheses, the body should not claim any rights and privileges linked to the quality of “body governed by public law”, in the contest of rules settled by these Calls for strategic project proposals.

Question 3.6. An economic body should be qualified, in the Calls as a “Body governed by public law” (if all the requirements are respected) or as a profit private organization?

According to the Article 1.9 of EC/2004/18 Directive, recalled in the current Calls for strategic project proposals of Adriatic IPA CBC Programme, in order to be considered a body governed by public law, beside the other two requirements, a body must be “established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character”.

² The meaning of the term is referred to the definition used in Annex 1 “Definition of Terms” of White Book of European Commission on Services of General Interests - COM(2004) 374 def. For more details, see § 5.1.1 “Partner legal status” of the Applicants’ Manual.



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In order to be sure if the organisation is pursuing a "general interest" and not an economic aim, please refer to the definitions given by Annex I of EC COM (2004) 374.

Thus any entity which is engaged in an economic activity cannot be considered a body governed by public law but an enterprise in compliance with EC Recommendation C (2003) 1422.

Question 3.7. Can private organizations participate as partner? And as Lead Beneficiary?

Under the Calls for strategic project proposals, private organizations regulated by private law can apply as Final Beneficiaries (not as a Lead Beneficiary).

Organizations which are pursuing economic aim (making or not making profit) are considered "Enterprises" in compliance with EC Recommendation C (2003) 1422. Although, only Small and Medium Enterprises (SMEs), which also include micro sized enterprises, may participate as Final Beneficiaries to the Call.

In order to verify the status of SME of your organisation, we suggest to fill in a status declaration under the format provided by the European Commission (EC COM 118 of 20.5.2003, pages 5-15. See, also, <http://smetest.uwe.be/>).

Non-enterprise private organization (most of them are known as non-profit organization) are eligible to participate as Final Beneficiaries and not as a Lead Beneficiary in strategic projects.

Serbian Profit-making organizations (SMEs) are not eligible at all under the Calls for strategic projects proposals.

Question 3.8. Who is eligible to be Lead Applicant/Lead Beneficiary and which are its responsibilities?

Only public bodies and bodies governed by public law should assume the role of Lead Beneficiary in the strategic projects admitted to this Call.

Lead Beneficiary cannot be eligible for grants if it falls under the "de minimis" regime as ruled in the Section 5 of this Call.

Where a Lead Applicant is not eligible or admissible to these Calls, the whole Application will be rejected.

Partners choose among themselves the Lead Applicant, which must have financial and administrative capacities to perform that role. After the project approval, the Lead Beneficiary will represent the link between the Programme and the partnership. The Lead Beneficiary is responsible for the assignment of the tasks and co-ordination of activities among partners. In other words, the Lead Beneficiary ensures the implementation of the whole operation within the given timeframe and the budget. Lead Beneficiary should appoint (internally) or contract (externally) a project coordinator and a financial manager.

The roles of the Lead Beneficiary can be summarized as follows:

- lays down the arrangements for its relations with the final Beneficiaries participating in the operation in an agreement (Partnership Agreement) comprising, inter alia, provisions guaranteeing the sound financial management of the funds allocated to the project, including the arrangements for recovering amounts unduly paid;
- guarantees the sound financial management of the funds allocated to the project, including the arrangements for recovering amounts unduly paid;
- it shall be responsible for ensuring the implementation of the entire project and support the Final Beneficiaries in carrying out the overall project implementation in accordance with the programme documents and the pertinent EU regulations;
- is responsible for transferring the Community contribution to the final Beneficiaries participating in the project;



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- ensures that the expenditure presented by the final Beneficiaries participating in the project has been paid for the purpose of implementing the project itself and corresponds to the activities agreed between the final Beneficiaries participating in the project;
- verifies that the expenditure presented by the final Beneficiaries participating in the project has been validated by the competent First Level Control Offices established in each participating Country.

For teams from different Countries working together over long distances it is essential to establish good communication flows, that have to be constant, adequate, clear and timely throughout the project lifetime.

Question 3.9. Can international organization take part in project proposals?

International organizations are not eligible as Final Beneficiaries and can participate in a project only as Associated partners, not entitled to receive funds from the Programme.

In the meaning of the Programme rules (article 43.2 of Commission Regulation (EC, Euratom) No. 2342/2002) international organizations are:

- a) the international public sector organisations set up by intergovernmental agreements, and specialised agencies set up by such organisations;
- b) the International Committee of the Red Cross (ICRC), the International Federation of National Red Cross and the Red Crescent Societies;
- c) the European Investment Bank and the European Investment Fund.

Question 3.10. Can the partnership change from the 1st step to the submission of the Final strategic project proposal 2nd step?

The strategic partnership should be identified already at the 1st step and must remain unchanged in the Final Strategic project proposal.

Only in duly justified cases, Lead Applicants invited to the 2nd step procedure may replace former Final Beneficiary under the condition that such replacing is taken within the same Participating Country originally involved.

A new Final Beneficiary can be added ONLY where an improvement is expected from the JMC in compliance with the specific objectives, activities and results proposed by the Lead Applicant and this aspect is highlighted after the 1st step evaluation.

Question 3.11. Is it possible to form a sort of temporary joint venture to take part in project partnership?

The Beneficiaries that can apply to the Programme calls are:

1. Public bodies;
2. Bodies governed by public law;
3. Private bodies, including SMEs.

Therefore, **only juridical entities** can be granted by the IPA Adriatic CBC Programme.

As the temporary joint venture or temporary consortium of above category of Beneficiaries is not a juridical entity, being only a partnership contract, it cannot be considered an eligible Final Beneficiary for the Calls for strategic project proposals.

Question 3.12. The eligible derogation territories of Bosnia and Herzegovina are Sarajevo Region, North-West Region, and Central Region. Which are the municipalities included in these Economic regions?



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Sarajevo Region: MUNICIPALITIES: Breza, Sarajevo Centar, Čajniče, Foča, Ustikolina, Fojnica, Goražde, Hadžići, Ilidža, Ilijaš, Istočna Ilidža, Istočni Stari Grad, Istočno Novo Sarajevo, Kalinovik, Novi Grad, Novo Goražde, Novo Sarajevo, Olovo, Pale, Pale Prača, Rogatica, Rudo, Sokolac, Stari Grad, Trnovo, Trnovo RS, Vareš, Visoko, Višegrad, Vogošća. Further information at: <http://www.serda.ba>

Northwestern Region: MUNICIPALITIES: Velika Kladuša, Buižm, Cazin, Bihać, Bosanska Krupa, Krupa na Uni, Novi Grad, Kostajnica, Kozarska Dubica, Prijedor, Oštra Luka, Gradiška, Srbac, Derвента, Doboj, Prnjavor, Laktaši, Čelinac, Banja Luka, Kotor Varoš, Sanski Most, Bosanski Petrovac, Ključ, Drinić, Ribnik, Mrkonjić Grad, Kneževo, Jajce, Šipovo, Drvar, Glamoč, Bosansko Grahovo.

Central Region: MUNICIPALITIES: Usora, Doboj Jug, Tešanj, Teslić, Maglaj, Zavidovići, Žepče, Zenica, Travnik, Novi Travnik, Vitez, Kakanj, Busovača, Donji Vakuf, Bugojno, Gornji Vakuf/Uskoplje. Further information at www.rez.ba

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§. 4. EXPENDITURES

Question 4.1. Where can I find the Programme rules on eligibility of expenditure?

The Programme Management and Control Manual is one of the Programme's documents specifically devoted to the project implementation, mainly to the eligibility of expenditure, their reporting and payment, and, then, is aimed at providing further and/or complementary information on provisions laid down in the IPA Adriatic CBC Operational Programme, in the Implementation Manual and in the Applicants' Manual for strategic project proposals.

Specifically, **Chapter 5** of the Programme Management and Control Manual provides all the explanations concerning project expenditure and applicable rules.

The amendment version of this document can be downloaded from the Programme website, at the time of the opening of the Calls, [from](#) the "Archive news" section.

Question 4.2. Are preparation costs eligible?

Yes, they are, but only for those projects finally approved for funding.

They must be clearly identified in the project proposals [2nd step](#) (costs foreseen in WPO) and show the direct connection to the approved project activities.

The preparation costs must be incurred only for the following activities:

- finalization of the application documents (staff costs and external expertise);
- joint meetings for the preparation of the project (travels, accommodation, meeting and events costs);
- preparatory studies, analysis and researches for activities to be carried on within the project (staff costs, external expertise).

Question 4.3. Is there any limit for preparation costs?

The Calls for strategic project proposals do not establish any ceiling for preparation costs.

Anyway, not all expenditure incurred in the preparation phase may be claimed for reimbursement. namely, overheads, promotion costs, investments, equipments and financial charges costs are not eligible in the preparation phase.

In case Beneficiaries fall into the de minimis regime, preparation costs are not eligible at all.



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Question 4.4. Since when costs for preparation activities are meant as eligible?

Preparation costs are those carried out between the starting date of eligibility defined for each participating Country and the date on which the final Application package for 2nd Step procedure has been submitted.

Preparation costs are eligible if related to activities carried out:

- for Beneficiaries from Member States, from the 1st January 2007 to the day of submission of the project proposal (hard copy submission included),
- for Beneficiaries from (potential) Candidate Countries, from the date of the signature of the financing Agreement between each of these Countries and the European Commission to the day of submission of the project proposal (1st step and 2nd step).

However they could be paid also after the submission of the Application Form, on the understanding that the related expenditure must be reported within the first Progress Report costs and must be foreseen in the first spending forecast period.

Question 4.5. Since when costs for implementation activities are meant as eligible?

As general rule implementation costs are eligible from the starting date of the project to its closing date, as defined in the Application form approved by the JMC. However Final Beneficiaries may decide at their own risk to start the project before it will be finally approved for granting, taking into consideration that, at the earliest, implementation costs are eligible from the first day after the closure of the relative Call for proposals, provided that this day is the official start of the project.

The closing date of the project indicates when all the project activities will end, the related expenditures have been all actually paid and the last Progress Report has been submitted to the competent First Level Control Office. This means that the end date stated in the Application Forms will be also the last month within which all payments must be done otherwise the related expenditures will not be eligible for reimbursement. It is suggested not to envisage activities in the last month or pretty nearer but to reserve a feasible time to make all the payments and close the project (send the last Progress Reports) within the indicated project end.

In any case, expenditure incurred by Serbian Final Beneficiaries must be paid within December 31st, 2015 otherwise they will not be eligible.

Question 4.6. When expenditures are considered "incurred" in the Programme eligible area?

As a general rule, expenditures are considered to be incurred in the place where the Final Beneficiary's registered office or the branch office involved into the project is located. By derogation to the abovementioned rule, for meeting/event and expenditure in tangible assets (as equipment or investments) the place of location of the meeting/event and of the tangible asset will be taken into consideration.

Consequently, according to this rule, the following expenditures will be **considered incurred in the Programme eligible area** if **the Final Beneficiary IS LOCATED** (with the registered office or with a branch office from at least one year) in the Programme eligible area: staff, overheads, external expertise, promotion, financial guarantees and bank charges.

Equipments, investments, meetings and events and travel and accommodation costs will be instead **considered incurred in the Programme eligible area** if the **place where they are located is** in the Programme eligible area.

Refer to the paragraph "Location of activities" of the Applicants' Manual for strategic project proposals (§ 5.6.1.) for additional information.



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Question 4.7. Are expenditures of Final Beneficiaries located in territorial derogation areas of the Programme eligible and what happens when the limit of the 20% of the amount of the Community contribution to the Programme is reached?

The Programme admits derogations to the territorial eligibility rule for adjacent areas to eligible territories up to the limit of 20% of the amount of the Community contribution to the Programme. The MA/JTS will monitor the percentage of funds allocated to derogation areas at the level of the Programme in order to ensure that the 20% rule is respected. This means that in case this limit is reached, the JMC will not finance, totally or partly, expenditures incurred in territorial derogation areas. In such case, Final Beneficiaries located in derogation areas will be promptly informed before the Lead Beneficiary signs the IPA Subsidy Contract with the Managing Authority.

According to the Programme general rule, expenditures are considered to be incurred in the place where the Final Beneficiary's registered office or the branch office involved into the project is located. By derogation to the abovementioned rule, for meeting/event and expenditure in tangible assets (as equipment or investments) the place of location of the meeting/event and of the tangible asset will be taken into consideration.

Consequently, expenditures incurred by Final Beneficiaries located in derogation areas are considered incurred in the Programme derogation areas, whilst expenditures for meeting/event and for equipment/investments will be instead considered incurred in the place where they are located (thus in derogation areas if located in the place where these Final Beneficiaries are located).

A list of territorial derogations areas - adjacent to the eligible ones - is defined in the Applicants' Manual for strategic project proposals).

Question 4.8. Is VAT to be considered eligible expenditure? How does it have to be declared?

When actually incurred by Final Beneficiaries (according to the applicable national law), value added taxes shall be eligible if all the following conditions are fulfilled:

- (i) they are not recoverable by any means;
- (ii) it is established that they are borne by final beneficiary; **AND**
- (iii) they are clearly identified in the "Budget breakdown" form of the project proposal.

According to the Framework Agreement signed between the EC and Croatia, Montenegro, Albania, Serbia and Bosnia and Herzegovina, Community financed contracts for services, supplies or works carried out by contractors registered in one of these Countries or by external contractors shall not be subject to value added tax, documentary stamp or registration duties or fiscal charges having equivalent effect, whether such charges exist or are to be instituted. Consequently, EC contractors registered in one of these Countries shall be exempted from VAT for services rendered, goods supplied and/or works executed by them under EC contracts with the right of the contractors to offset or deduct input VAT paid in connection with the services rendered, the goods supplied and/or the works executed against any VAT collected by them for any of their other transactions. For VAT exemption, concerned Final Beneficiaries must refer to the applicable national/local law.

Question 4.9. Is there a limit for the Overheads?

The budget line "Overheads" includes **direct general costs** (i.e. costs deriving exclusively from the project) and **indirect general costs** (overheads related to the project's activities, based on real costs and calculated on a pro-rata basis according to a duly justified, fair and equitable method).

These costs are related to office costs (i.e. electricity, heating, water, cleaning, office supplies, office rent), administrative costs, (i.e. telephone, fax, internet, mailing..) or other administration expenditure absolutely necessary for the successful completion of the project.

Whilst for direct general costs there's no limit, **indirect overheads cost** charged on the project (independently of the chosen apportionment methodology/ies) **must not exceed 25%** of the total amount of the following project costs:



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- Staff costs (with the exclusion of administrative staff expenditure, such as: management costs, recruitment expenses, costs for the general accountant of the institution...);
- Travel and accommodation;
- External expertise;
- Meetings and events;
- Promotion costs;
- Equipment;
- Investments;
- Financial charges and guarantee costs.

Question 4.10. Is there a budgetary limit for 'External expertise'?

The Programme has not established a ceiling for the external expertise budget category. As even explained in the Programme Management and Control Manual, these expenses are anyway eligible if within the partnership there are no necessary competences to carry out project activities, the external experts is essential to the project and its charges are reasonable and proportionate to level of experience.

Question 4.11. Under which budget line shall translation and interpretation expenses be budgeted?

Translation and interpretation expenses could be budgeted in three different budget lines depending on the aim:

- "Meetings and events" for expenses related to interpretation at events and translation of documents linked to specific events;
- "Promotion Costs" for translation and interpretation costs not linked to specific events, but necessary for the implementation of promotion activities (e.g. translations of promotional project documents);
- "External expertise" when the translation or interpretation is not linked to other specific budget lines.

Question 4.12. Is there a limit for investments, e.g. up to a maximum percentage of the total budget of the project? For construction works that require a specific permission, the subject who issues this permission must be partner of the project or could be even an Associate?

As the projects should strive for high levels of tangible and strategically relevant outcomes, the Programme can allow the co-financing of investments. Investments can constitute integrated aspects of projects activities, provided these investments have a trans-national character and a potential territorial impact. In order to be eligible, they must be listed and specified in the Budget and show a clear cross-border added value. This cost category refers to two types of costs:

- construction works,
- purchase of land.

Keeping in mind rules of eligibility for investments clearly explained in paragraph 5.3.8. of the Programme Management and Control Manual, for construction works the Programme has not established a ceiling, whilst costs for purchase of land are eligible up to a limit of 10% of the total budget of the project.

In case a valid and legally effective construction permit and/ or other document are required by national law for investment (as for construction works), the owner of the permit must be partner in the



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project. The concerned Final Beneficiaries must produce the required documents before signing the IPA Subsidy Contract.

Question 4.13. Are bank charges eligible?

Bank charges for opening and managing a bank account expressly opened for the project's purposes are eligible and must be included under the "Financial charges and guarantee costs" budget line.

Any other charge *NOT related* to a bank account specifically opened for the project, must instead be budgeted under the "Overheads" budget line.

The following bank charges costs are *NEVER* eligible:

- o stamp duty for the bank statement, as it is a current account holding fee (tax);
- o possible charges for current account maximum overdraft (commissions that are charged by the bank on the current account maximum overdraft).

§. 5. STATE AID RULES

Question 5.1. What is State Aid under the IPA Adriatic Programme?

The only State aid permitted by the IPA Adriatic Programme is the ones falling into the "de minimis" regime, as defined by the EC Regulation 1998/2006. It is permitted with a simple procedure: it is not necessary to notify to the European Commission; it is not necessary to respond to any derogation act. Thanks to its nature of financial aid of little proportion, it is not classified as really State aid, with sensitive impact on markets of the European and Programme area .

Question 5.2. Who has to apply the "de minimis" Declaration form?

All Final Beneficiaries have to fill this Declaration (which is required only in the 2nd step of the selection procedure), but only who is acting into the project as undertaking (thus as an "entity engaged in an economic activity, regardless of its legal status and the way in which it is financed") has to specify, also, the subsidies in "de minimis" regime obtained in the last three financial years (point 6 of the "de minimis Declaration").

Question 5.3. When activities fall into the "de minimis" regime?

Within the domain of competition law, an undertaking is identified as **any entity which exercises an activity of an economic nature and which offers goods and services in competition (actual or potential) with other operators active in the market, carrying out activities of an economic nature, devoted to the production and marketing of goods and services in the market.**

This is a very wide concept of undertaking, that also includes all private and public bodies or firms. Activities carried out within the framework of statutory tasks normally performed by public authorities do not fall within the concept of an undertaking, in view of their non-business purposes and procedures, but in many cases, however, local public or administrative bodies may be considered to be similar to undertakings. When assessing the whole range of activities of these bodies a pragmatic approach that takes into account the activities that will be implemented within the market is required. Waste disposal or treatment, for example, which in the past was the prerogative of local administrations or was provided by them outside the market logic, is now largely considered a business activity with a State aid relevance.

In general, a **private** (in particular who is making profit) body has to justify in the Declaration **why it is not acting** in the project as an undertaking having a commercial or industrial character, in while a **public entity and/or a body governed by public law** has to specify and motivate in the Declaration **if it is acting** in the project as an undertaking and therefore why not for general interest (which means in the interest of the national or local community).



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Question 5.4. How Beneficiaries should calculate the maximum grants permitted?

In order to calculate the amount permitted only the “*de minimis*” aid received from any public institution (local, national or community) during the last three financial year, including the current year, is relevant. The total sum permitted during this period is Euro 200.000. This threshold, following the EC regulations and if the activity is anyway admissible in the IPA Adriatic CBC Programme, is reduced to EUR 100.000 in the road transport sector; to EUR 3.000 in the fishers and aquaculture sectors; to EUR 7.500 in the primary production of agricultural products. In compliance with EC Regulation 360/2012, for enterprises operating in the economic general sectors is possible to grant the “*de minimis* aid” up to 500.000 Euro per three year period.

Question 5.5. What happens when the maximum grants permitted to Beneficiaries under the “*de minimis*” regime exceeds the threshold?

If a Final Beneficiary had already benefit from the maximum sum permitted under the “*de minimis*” regime, the activity that falls into the “*de minimis*” regime cannot be supported by the public funds of the IPA Adriatic CBC Programme.

The Beneficiary could benefit from the IPA Adriatic CBC Programme public funds, until the grants obtained reach the maximum sum allowed under the “*de minimis*” regime. When an overall subsidy required by a Final Beneficiary acting as an undertaking into the project will exceed this ceiling, that aid amount cannot benefit from the “*de minimis*” Regulation, even for a fraction not exceeding that ceiling. In such a case, the benefit of this Regulation cannot be claimed for this aid measure either at the time the aid is granted or at any subsequent time.

To avoid that the fixed threshold will exceed during the project implementation, the Final Beneficiary assignee of the Programme Contribution under the *de minimis* regime shall monitor the total grants registered in its accounting system, which are “*de minimis*” relevant” and have been obtained during the project implementation period.

In order to avoid circumvention of maximum aid intensities provided by different Community instruments, the “*de minimis*” subsidy should not be cumulated with State aid in respect of the same eligible costs if such cumulating would result in an aid intensity exceeding the ones fixed in the specific circumstances of each case by a block exemption Regulation or Decision adopted by the Commission.

Question 5.6. Referring to the “*de minimis*” regime, if a private entity is beneficiary of a public call for tender, called either by a local, national or community authority, does the amount allowed to the private company has to be considered State aid relevant? If yes, can you explain us which is the norm/law this rule refers to?

Grants are financial contributions from the EU budget awarded directly by Commission or by any other national, regional local public entity. Grants are based on the reimbursement of the eligible costs, in other words, costs effectively incurred by the beneficiaries that are deemed necessary for carrying out the project activities. A Grant is then different from a public contract (tender). In the case of a public contract, the company/tendering is hired to run products or service in return for payment. Thus in case of a grant, the Beneficiary receives a contribution for the activities carried out (directly or through third parties) since those activities contribute to Community policy aims. A public contract is concluded instead after a public procurement procedure, which are generally launched when an entity wants to purchase service, goods or work in exchange for remuneration.

This being said, in compliance with Article 3(1) of Regulation (EC) 1998/2006, any Final Beneficiary acting into the project under the “*de minimis*” regime must fill in and declare in the list of bullet 8) of the “*de minimis*” and legal status Declaration form, all the amounts of gross equivalent “*de minimis*” aid received in the last three fiscal years, including the present year.



Question 5.7. Shall a contractor of a Final Beneficiary be subject to the Programme rules on State aid (“de minimis” regime)?

Since such **contractors are not beneficiaries of grants** awarded by the Programme, being providers of Final Beneficiaries, they are not subject to the Programme rules on State aid (and thus to the “de minimis” regime).

Grants are financial contributions from the Programme to a public or private beneficiary and are based on the reimbursement of the eligible costs, in other words, costs effectively incurred by the Final Beneficiaries according to the Programme rules. Instead, in a procurement contract, the contractor is hired to run products or service in return for payment.

Question 5.8. Can municipalities be affected by the state aid regime?

The public or private legal status of the Final Beneficiaries is not relevant in this context since even a non-economic organization can be engaged in industrial or commercial activities. The main requirement to consider is the nature of the activities (for general interests or having an industrial or commercial character) that the Final Beneficiary is going to carry out in the project.

Additional information about the state aid and the de minimis regime can be found in the Applicants' Manual, section 4.5.1 and in the Programme Management and Control Manual, section 4.4.

§. 6. THE APPLICATION PROCEDURE**Question 6.1. In which language shall the project proposal be submitted?**

The Strategic project proposal (1st step), the Final Strategic project proposal (2nd step) and the commitment and information documents of the Application Pack which have to be provided in the two steps of the selection procedure should be submitted in English in all their Sections unless another language is specifically required (e.g. name of the institution in original language). In fact national language may be used only where it is allowed within the forms required by the Calls.

The supporting documents may be provided in the national language of the Final Beneficiary.

Question 6.2. Will scanned documents submitted in the 1st and 2nd steps be accepted ?

No, they will not. The Strategic project proposal, Declaration of the Lead Applicant and the Expression of interest in the 1st step, and the final Strategic Project Proposal, de minimis Declaration and Expression of interest in the 2nd step, must be provided only in original paper, no scan, fax or photocopy will be admitted.

Question 6.3. Will documents with scanned/image/stamp signature be accepted?

No, they will not. Only calligraphic signature is allowed even though it is not the sole modality of signature in compliance with national law.

§. 7. HOW TO FILL IN THE APPLICATION FORM AND ITS ANNEXES**Question 7.1. What happens if there have been some changes in the name, registration number or legal representative name of an institution partner as indicated in the 1st step when the Final Strategic project proposal is submitted?**

Changes such as name of the legal representative or in some cases registration number due for example to the merge of an institution with a pre-existing one, are allowed provided that these are fully explained through the supporting documents to be sent for the verification of eligibility.

All changes should be indicated in a letter addressed to the MA attached to the documents to be sent with the Application Pack to be submitted for the 2nd step selection procedure.

It is not possible the change of project title and its acronym, as well as the name of LB out of hypothesis of legal succession.



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Question 7.2. One of the Project partners is making an economic activity into the project and thus, according to the Programme rules, it has to declare that it is acting "under the de minimis regime" into the Project. Where shall this declaration be made?

The project partners have to declare if they act in the project as undertakings or not, filling in the "de minimis" Declaration form as well as answering accordingly YES or NO in the box of the de minimis condition in the section of the Application Form of 2nd step where the description of the Beneficiary shall be done.

It is important that the option indicated in the Application Form 2nd step is coherent with what declared in the "de minimis" Declaration.

Question 7.3. What are the documents to be submitted for 1st step?

For 1st step Lead Applicants should submit only:

- a) the Strategic project proposal;
- b) the Declaration by the Applicant for Strategic project proposal duly filled in and originally handwritten signed and stamped;
- c) the Expressions of interest of all Final Beneficiaries duly filled in and originally handwritten signed and stamped

No, additional documents (other than those mentioned above) shall be attached.

In addition to the abovementioned documents and only if the Lead Applicant is a body governed by public law must provide also:

- d) Certification of the legal personality status
- e) Statue
- f) Balance sheet.

A CD-Rom or DVD or other electronic device with the word/excel format of the filled forms abovementioned.

Question 7.4. What are the documents to be submitted for 2nd step and when do they have to be submitted?

Only the successful Lead Applicants that pass 1st step will be asked to provided documents under the 2nd step In particular it will request the submission of the following documents within 60 calendar days from the date of notification:

- g) the Final Strategic Project Proposal with the Declaration by the Lead Applicant duly filled in and originally handwritten signed and stamped;
- h) the "de minimis" Declaration of all Final Beneficiaries (excluded Lead Beneficiary) duly filled in and originally handwritten signed and stamped
- i) the Final Beneficiary Bank Account Identification Notice of all Final Beneficiaries included Lead Beneficiary to be provided in electronic or paper form
- j) the Expression/s of interest of possible new Final Beneficiaries duly filled in and originally handwritten signed and stamped
- k) (if in case) Letter of Associate
- l) Budget breakdown and in case of investments the Investments details form
- m) Certification of the legal personality status, Statue and Balance sheet of each Final Beneficiary (Lead Applicant and public bodies excluded).

.A CD-Rom or DVD or other electronic device with the word/excel format of the forms/documents abovementioned.

Question 7.5. How many copies of the Strategic Project Proposal and of the Final Strategic Project proposal must be sent?

In the first step, the Strategic Project Proposal must be submitted in one (1) original paper signing in original each page of the paper version and bound together all the sheets in one single document. The Strategic Project Proposal be submitted also in electronic format (CD-ROM or USB). The electronic



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format must contain exactly the same information as the paper version enclosed. In case the two version are not identical, the paper version will prevail.

The Declaration by the Lead Applicant must be stapled separately and enclosed in the same envelope. It must be provided in one (1) original paper.

In the second step, the Final Strategic Project Proposal must be submitted in one (1) original paper signing in original each page of the paper version and bound together all the sheets in one single document. The Final Strategic Project Proposal be submitted also in electronic format (CD-ROM or USB). The electronic format must contain exactly the same information as the paper version enclosed. In case the two version are not identical, the paper version will prevail.

Question 7.6. Should any on-line registration or submission through the M.I.S. be made?

No, any registration on line should be made. The submission of the application pack both in the first and in the second step must be done only by post, registered letter of express courier (no personal delivery).

Question 7.7. Is the project proposal rejected if the copy of an ID document of the signatory is not attached? (added 8 October 2012)

A photocopy of the identification document of the signatory person needs to be included to the Final Strategic Project Proposals Application Pack. In case the signatory is well-known, because he/she is a Ministry, President of a region/county, Mayor of a Municipality, that is any representative of a public institution, the ID document is not needed.

However in case the photocopy of the identification document of the signatory person is missing, the project will not be rejected, as well as the concerned partner. If needed, during the formal assessment the ID document will be required.

§. 8. THE PROJECT CONTENT

Question 8.1. Can a project focus on more than one Priority or topic?

No, a Strategic Project Proposal shall be submitted in the framework of one single Priority and one single strategic theme within the chosen priority even if there are cross-over effects.

Question 8.2. How long does a project run?

The duration (project implementation) of a strategic project proposal project must be at least of 24 months and not going over **March 31st 2016**.

Question 8.3. How to calculate the project start date? Is the preparation phase included?

The 'start date' of the project indicates when the project implementation begins and consequently from when the expenses incurred for the project activities are eligible. **Preparation phase** (the one related to the submission of the project proposals for activities such as the finalization of the application documents, the organization of joint meetings, the development of preparatory studies, analysis and researches for activities preliminary to the project) is then before the 'start date'.

The project 'start date' is the date indicated in the Final strategic project proposal (2nd step) as approved by the JMC. The implementation of the project can start as soon as it is finally selected. Beneficiaries should be aware that the duration of the entire evaluation process depends on the number of applications received. However it is likely that projects ranking list will be published at the beginning of September 2013. Partners may decide at their own risk to start project activities before the project is finally selected for grant provided that this day is the official start of the project. In this case the 'start date' can be at the earliest the day of closure of the [second step](#).



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Question 8.4. Is accounting period included in the 'end date' (project closure)?

The project ends when all activities are completed, the last expenditures have been paid out, and the Final Progress report has been submitted to the competent First Level Control Office. Since the end of the project is also the end of the eligibility of expenditure, the partners should consider also the time necessary to close the project, meaning that the end date stated in the AF will be also the last month within which all payments must be done, otherwise the related expenditures will not be eligible for reimbursement.

Question 8.5. Can the project duration change from 1st step to Final Strategic Project Proposal 2nd step?

Provided that the duration of projects submitted under the 1st Calls for strategic projects cannot be lower than 24 months, the duration originally foreseen in the 1st step can be increased or decreased taking into consideration the suggestions indicated at the end of the evaluation process 1st step.

Question 8.6. Once approved, when can the project start?

All the planned projects have to be able to start working immediately without the risk of delay. On the understanding that partnership can decide to start project activities before it is approved (as explained in the previous FAQ), the activities must start no later than the official start of the project as defined in the Application Form approved by the JMC (and eventually revised upon request of the MA).

Question 8.7. Will there be a second call for strategic project proposals?

A second call for [strategic](#) project proposals will not be launched, since there are no more funds available for strategic projects.

Question 8.8. Are there any limits in number of projects to be submitted as Partner or Lead partner/Applicant?

A Final Beneficiary can be Lead Applicant only for one submitted project to each Call. This means that in case a Lead Applicant had submitted more than one proposal under the same Call, only the first proposal, in terms of time of delivery, will be taken in consideration. The other proposals delivered afterwards will be automatically rejected.

There are no limitation instead in the number of projects in which it is possible to be involved as partner.

Question 8.9. Is there a limited number of work packages?

The work plan of the strategic project proposal has to be structured in work packages. The minimum work packages are 4: the 3 compulsory work packages (Project Management and Coordination, Communication and Dissemination, Capitalisation and sustainability) and at least one of the technical work package where project activities are described.

Maximum number of work packages is not defined. However it is suggested to defined a properly number of WPs according to the complexity and the financial resources under 10 work packages (included the compulsory ones).

Question 8.10. Should a project achieve all the compulsory specific objectives for the relevant strategic theme?

Each project proposal has to be aimed to at least two of the compulsory specific objectives identified in each related Term of Reference. Additional specific objectives can be identified as well provided that they are consistent with the general objective of the chosen strategic theme.

The specific project objectives should be limited to a reasonable, manageable and meaningful number.



Question 8.11. Should a project deliver all the "compulsory outputs" for the relevant specific objective?

The compulsory outputs of the addressed two compulsory specific objectives aimed by the strategic project proposal have to be delivered. Project proposal can also introduce other outputs that might best contribute to the achievement of the compulsory specific objectives and/or to the possible additional specific objectives defined.

Question 8.12. Should a project implement all the suggested activities for the relevant specific objective

The activities defined in the Terms of Reference of the concerned strategic theme are considered as indicative suggestions in order to achieve the addressed specific objective. Proposals might consider them all or even only one, or might not consider them at all. Projects can also introduce own activities that might best contribute to the achievement of the compulsory specific objectives and (if in case) of the identified additional specific objectives.

Question 8.13. Can specific objectives be change between the 1st and 2nd step?

The specific objectives have to be consistent with the ones indicated in the first step. Upon the JMC decision, the project specific objectives can be modified in the 2nd Step. If it is not this the case, objectives shall not be modified but only better explained and/or clarified.

Question 8.14. How can a project capitalise the results? Should the project implement the capitalisation through the activities during the project implementation or just describe how it capitalized the previous ?

It is important that Strategic projects are built on the basis of a thorough knowledge of existing state of the art, that they take into account public policies as well as the experiences and results from past and running projects from different Programmes implemented in the geographical area concerned

Capitalisation should refer to concrete activities implemented within the project timeframe and aimed at the identification, organisation and enhancement of experiences, knowhow or operational results. Moreover Capitalization together with sustainability is foreseen as an horizontal work package, therefore its description is compulsory.

§. 9. PROJECT SIZE AND CO-FINANCING RATE**Question 9.1. Is there a minimum and/or maximum project budget?**

Yes, the total budget of a Strategic project proposals must respect the following thresholds:

- Minimum total budget: 5.000.000,00 EUR.
- Maximum total budget: 12.500.000,00 EUR.

Question 9.2. Is there a minimum and/or maximum budget per partner?

Each Final Beneficiary must participate with a minimum total budget of 150.000,00 EUR and cannot receive more than 40% of the total project budget. If partner's budget does not respect these minimum and maximum thresholds the project will be rejected.

Partners have to calculate project budget with the "total budget" planning approach. "Total budget" is always 100% of the financial resources needed to implement project activities. It includes the Programme contribution (IPA funds and national co-financing) and, when applicable, any contribution required by the Calls for undertaking activities (in case of "de minimis" subsidies).



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Question 9.3. *May the required co-financing (national co-financing or de minimis contribution to the project budget) consist of contributions in kind? If not, what is eligible?*

Contributions in-kind (such as provision of land or real estate, equipment or raw materials, or unpaid voluntary work) do not represent actual expenditure and, consequently, are not eligible costs and cannot be considered as co-financing by the Beneficiary.

Instead, the cost of staff assigned to the Project is not a contribution in kind when paid directly by the Final Beneficiary, since it is an "in-cash" contribution. Staff not paid by the Final Beneficiary (as the one paid by the "sponsor") would be considered a contribution in kind. In that case, Final Beneficiaries should pay particular attention to ensure that these are real costs based on standard rates.

Question 9.4. *Do the project partners have to contribute financially to the project?*

According to the Country's national co-financing system, when national co-financing is not covered (or is partly covered) by the Participating Country (f.i. by a National Fund), partners must provide the national co-financing with their own contribution.

According to the Commission Decision C(2011) 3396 of 18th May 2011 amending the Decision which approved the Operational Programme, the national co-financing may be provided also with private resources. Consequently, all private partners may cover the national co-financing with their own private resources.

In such case, Final Beneficiaries can also find other (public or private) resources from other organization (throughout a "sponsor") which can cover the national co-financing share.

Besides, when project activities are considered state aid relevant partners must contribute with at least 15% to their total project budget with their own resources. Please note that national co-financing is different from the funding that the partner has to guarantee if it falls under the "de minimis regime".

Question 9.5. *What is accepted as "other national sponsors" if state funds are not applicable to ensure the national co-financing?*

According to the applicable national co-financing system, Final Beneficiaries may be required to ensure the national co-financing with own resources or, in case they succeed in finding national "sponsors", with other (public or private) resources from other organizations which can cover the national co-financing share.

In such case, the co-financing by third parties is acceptable only if guaranteed by cash, thus no guarantees nor in-kind contributions by such "sponsors" may be considered eligible as national co-financing, not being an eligible expenditure.

Question 9.6. *How can Beneficiaries located outside the Programme eligible area cover the national co-financing?*

Beneficiaries located outside of the Programme area but anyway located in the Programme Participating Countries, cover the national co-financing in the same way as Beneficiaries located in the area, where the national co-financing share of 15% of the Programme contribution is ensured by Final Beneficiary according to the national co-financing system.

Question 9.7. *In which currency must be the estimated budget indicated?*

The estimated budget must be always indicated in Euro, also for partners located in Countries with different currency.



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§. 10. THE EVALUATION PROCEDURE**Question 10.1. Who is responsible for the project evaluation and approval?**

In compliance with article 110.5.f) of the IPA Implementing Regulation, the Joint Monitoring Committee (JMC) is responsible for the selection of projects previously admitted to the quality assessment phase. The JMC carries out its functions with the assistance of the National/regional authorities and of external experts selected from a roster of expert.

The Managing Authority is responsible for whole application formal checks and is supported by the Joint Technical Secretariat (JTS).

Question 10.2. How long does the instruction last?

For the selection procedure, the duration of the instruction is based on the number of applications received.

Question 10.3. Can the MA/JTS give a prior opinion on the eligibility of the Applicants and partners if supporting documents are sent in advance?

No, in the interest of equal treatment of Applicants, it is not possible to give a prior opinion on these issues that will be examined during the verification of eligibility.

§. 11. PUBLIC PROCUREMENT**Question 11.1. Which procedures must the final Beneficiaries follow for the award of service, supply and work contracts?**

According to Article 121 of Regulation (EC) n. 718/2007 final beneficiaries from Member States as well as from candidate/potential candidate Countries have to follow the procurement procedures for the award of service, supplies and works contract foreseen by the "EU External aid rules".

Additional information on procurement rules may be found in the section "Implementation documents" of the Programme website.

The External aid rules guidelines (PRAG) can be even downloaded from the following website:

http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

Question 11.2. Can a partner participate in procurement for the implementation of the project?

No, it cannot. A partner cannot act as an external provider (contractor or sub-contractor or agent or intermediate) of other Final Beneficiaries of the same project. All project partners are final Beneficiaries of the Programme funds and must have an active role in the project.

Question 11.3. What is the difference between a service provider and a partner of a project?

A service provider is the contractor in a procurement contract, obliged to ensure the results required by the (procurement) contract which provides counterpointed duties (*do ut des, facio ut des*) for both contracting parties (contracting administration and contractor).

A partner of a project (Final Beneficiary) is instead one **member of a Partnership Agreement** where partners are not obliged to counterpointed duties among them for ensuring project results but where all together are, with similar rights and duties, in charge of carrying out project activities with the aim to obtain common benefits.

For this reason, **consultancy companies** having both, in their business activities and within the project, as main scope the provision of project coordination, management, communication or knowledge management services (i.e.: activities to be implemented within the Work Package 0, 1, 2, 3, etc.) should not be involved as project partner.



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Question 11.4. Is there a budgetary limit for contracting external providers?

In the implementation of the project, Final Beneficiaries are free to pursue project activities themselves or to assign them to external providers (services, supplies or works). Even though the Programme **has not established** a ceiling for contracting to external providers, only a limited portion of the Project activities may be contracted to third parties (providers) and thus the bulk of the Project must be undertaken by the Project partners internal organisation.

For instance, as far as concerns the external expertise budget category, according to the Programme Management and Control Manual, these expenses are acceptable if within the partnership there are not the necessary competences to carry out the related activities. The added value of this kind of service must be clearly proved as external expertise costs may change the nature of the partnership essential purpose.

Question 11.5. Can a contracting authority undertake the procurement process in-house?

In the implementation of the project, Beneficiaries are free to pursue project activities themselves or through a controlled body in an "inter-organic" relationship. Stated this, final beneficiary may assign to its controlled body a limited portion of the action, thus the bulk of the project activities must be undertaken by the final beneficiary internal organization (personnel directly employed).

Specifications as regards the in-house providing procedure are given in section 4.2.1 of the Programme Management and Control Manual.

