

*Implementation Manual*  
*July 2011*



Let's grow up together

**Adriatic IPA**

Cross Border Cooperation 2007-2013



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# List of acronyms

AA	Audit Authority
CA	Certifying Authority
CBC	Cross-border Cooperation
CC	Candidate Countries
EC	European Commission
EOI	Expression of Interest
EU	European Union
FB	Final Beneficiary
IPA	Instrument for Pre-accession Assistance
JMC	Joint Monitoring Committee
JTS	Joint Technical Secretariat
LB	Lead Beneficiary
MA	Managing Authority
NGO	Non-Governmental Organization
NUTS	Nomenclature of Territorial Units for Statistics
FLCO	First Level Control Office
OP	Operative Programme
PCC	Potential Candidate Countries
PRAG	Practical Guide to contract procedures for EU external actions
SME	Small and Medium-size Enterprise
TA	Technical Assistance

## INTRODUCTION

The Manual lays down the administrative and financial procedures and rules for the Programme implementation, and provides useful information for the Programme bodies and Project Beneficiaries, on the basis of the IPA Adriatic CBC Operational Programme (hereinafter OP).

The document describes:

- (i) tasks and duties of the Programme bodies;
- (ii) the main administrative and financial rules;
- (iii) the implementation and control procedures;
- (iv) the project typologies and the selection procedures.

The Manual has been approved by the JMC and could be integrated and/or modified during the Programme period, according to “governance” needs and in order to ensure and improve the effectiveness/efficiency/inexpensiveness of the Programme implementation.

The main reference documents for the Programme implementation are:

- Council Regulation (EC) n. 1085/2006 of 17 July 2006 establishing an instrument for pre-accession assistance (hereinafter “IPA Regulation”), and following amendments;
- Commission Regulation (EC) n. 718/2007 of 12 June 2007 implementing Council Regulation (EC) no. 1085/2006 establishing an instrument for pre-accession assistance (hereinafter “IPA Implementing Regulation”), and following amendments;
- IPA Adriatic CBC Operational Programme 2007-2013, amended and approved with the EC Decision n. C(2010)3780 of 30.06.2010;
- External aid rules for the award of service, supply and work contracts, established by the European Commission and indicated in the Chapter 3 of Part 2, Title IV of Regulation (EC, Euratom) n. 1605/2002 and Chapter 3 of Part 2, Title III of Regulation (EC, Euratom) n. 2342/2002, as well as Commission Decision C (2007) 2034 of 24 May 2007.

## 1. OVERALL PROGRAMME INFORMATION

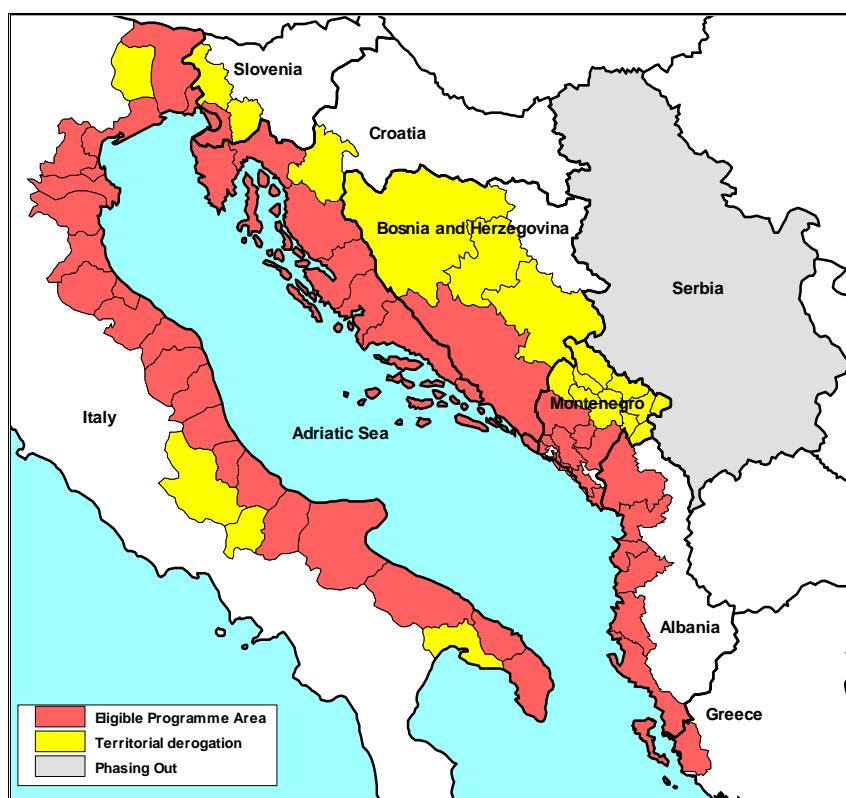
### 1.1. The Programme eligible area

The Programme eligible area consists of the NUTS 3 territories of the participating Member States (Italy, Greece and Slovenia) and the equivalent level territories of the participating Candidate Countries (Croatia and Montenegro), and the Potential Candidate Countries (Albania and Bosnia and Herzegovina) on the Adriatic sea.

According to the Article 97.1 of the IPA Implementing Regulation, 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 and other relevant Programme bodies will monitor that the Programme budget does not exceed the above-mentioned financial limit.

In spite of the lack of a coastal area, Serbia is admitted to the Programme under a *phasing out* condition until 31<sup>st</sup> December 2012 in order to give continuity to the results of the participation in the INTERREG IIIA CBC Adriatic 2002-2006 Programme. It means that Serbian beneficiaries shall participate only in projects that develop institutional cooperation initiatives, and their expenditures are eligible at the latest until 31<sup>st</sup> December 2015.

Fig. 1.1 - Eligible territories map



The following table lists all the territories of the Programme area (both eligible and in derogation):

Table 1.1 - Programme eligible areas

State	Territorial level	Programme Area	
		Eligible territories	Territorial Derogation
<b>Member States</b>			
Italy	Nuts III (Provinces)	Gorizia, Trieste, Udine, Padua, Rovigo, Venice, Ferrara, Forli-Cesena, Ravenna, Rimini, Ancona, Fermo, Ascoli Piceno, Macerata, Pesaro-Urbino, Chieti, Pescara, Teramo, Campobasso, Barletta-Andria-Trani, Bari, Brindisi, Foggia, Lecce.	L'Aquila, Pordenone, Isernia, Taranto
Greece	Nuts III (Prefectures)	Kerkyra, Thesprotia	
Slovenia	Nuts III (Region)	Obalno-kraška regija	Goriška regija, Notranjsko-kraška regija.
<b>Candidate Country</b>			
Croatia	Equivalent Nuts III areas (Counties)	Dubrovnik-Neretva, Istra;Lika-Senj; Primorje-Gorski kotar; Šibenik-Knin; Split-Dalmacija, Zadar.	Karlovac County
Montenegro	Equivalent Nuts III areas (Municipalities)	Bar, Budva, Cetinje, Danilovgrad, Herceg Novi, Kotor, Nikšić, Podgorica, Ulcinj, Tivat	Pljevlja, Bijelo Polje, Berane, Rožaje, Plav, Andrijevisa, Kolašin, Mojkovac, Šavnik, Žabljak, Plužine
<b>Potential Candidate Countries</b>			
Albania	Equivalent Nuts III areas (Prefectures)	Fier, Durrës, Lezhë, Shkodër, Tiranë, Vlorë	
Bosnia and Herzegovina	Equivalent Nuts III areas (Municipalities)	Bileća, Čapljina, Čitluk, Gacko, Grude, Jablanica, Konjic, Kupres, Livno, Ljubinje, Ljubuški, Mostar, Neum, Nevesinje, Posušje, Prozor/Rama, Ravno, Široki Brijeg, Stolac, Berkovići, Tomislavgrad, Trebinje, Istočni Mostar	Sarajevo Region, North-West Region, Central Region
<b>Phasing-out Country</b>			
Serbia		Whole territory	

## 1.2. Official Language of the Programme

The official Programme language is English. All official documents and communications shall be in English.

## 1.3. IPA Adriatic CBC Strategy

The IPA Adriatic Cross-Border Cooperation Programme<sup>1</sup> adopts a strategy basically shaped on EU pre-accession objectives and cohesion policy priorities.

The Programme is based on cooperation among Countries facing the Adriatic Sea and defines joint objectives, which may serve as a basis in carrying out the common actions for the development of their territories and the improvement of the institutional capacities of the CC/PCC. Furthermore, the Programme also aims at fostering closer contacts between the States (candidate and potential candidate countries) to get them more acquainted with Community rules and procedures and their application in the practice.

Strategy formulation took into account experiences from cooperation programmes previously implemented in OP Countries. Both results achieved and cooperation networks created were examined to the final identification of the *best practices* for implementation and management. The main criterion used to identify OP Priorities and specific objectives was to link the needs expressed by territorial realities involved in the OP with the necessary continuity and consistency of the initiatives and cooperation projects either completed or in progress.

The Programme aims at stronger links and institutional networks among the States involved to guarantee joint development of the entire Adriatic area, according to the renewed Lisbon strategy, EU Strategic Guidelines, Community Regulations.

The IPA Adriatic CBC Programme suggests a development strategy that aims at:

- improving research capacity and aptitude in entrepreneurial systems;
- promoting innovative investments also by assisting credit access;
- improving supply of services to people by exchanging good practices and promoting social cooperation networks;
- enhancing natural and cultural resources by protecting coastal areas, improving coastal facilities, implementing safety procedures (risk prevention) and through more effective managing systems for existing sites of natural and cultural interest;
- developing competitiveness of tourist destinations in Programme areas by improving services and facilities;
- developing renewable energy sources and promoting saving and rationalisation of the available ones;
- ensuring integration and inter-operability of existing transport networks by developing mainly air and sea transport and associated services;
- improving connections throughout the Adriatic area by promoting transport sustainability;
- developing communication networks and promoting easier IS (Information Society) access by the civil and productive systems in the OP territories.

### 1.3.1. Programme objectives and Priorities

The global objective of the IPA Adriatic CBC Programme is the ***strengthening of the sustainable development capacity of the Adriatic Region through an agreed strategy of actions among the partners of the eligible territories***<sup>2</sup>.

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<sup>1</sup> IPA pre-accession instrument was established with EC Regulation No. 1085/2006, in the framework of improving the efficiency of the Community external aid, in order to ensure an appropriate assistance to the four CC (Croatia, Montenegro, Turkey, Ex Yugoslav Republic of Macedonia), and to the four potential candidate countries (Albania, Bosnia and Herzegovina, Serbia and Iceland). Community assistance is addressed to the above mentioned countries for the gradual alignment with Community *standards* and European Union policies – including, if necessary, the *acquis communautaire* – with the view to membership. Adriatic Cross-border Cooperation Programme envisages to support the pre-accession of two candidates (Croatia and Montenegro) and two potential candidate countries (Albania and Bosnia and Herzegovina) through the IPA instrument, with the *phasing – out* participation of Serbia until the end of 2012, through cooperation initiatives with Member Countries (Italy, Greece and Slovenia).

<sup>2</sup> See § . 4.3 "Programme Goal" IPA Adriatic CBC Programme



The global objective links the aims of the pre-accession process with the EU cohesion regional policy and, through cooperation, focuses on the following issues:

- the requests of the CC/PCC to support the process of institutional growth and the managing capacities of Community financial instruments; and
- participating Countries sharing common aims to create new and useful forms of integration and relationships among the territories and in view of increased competitiveness of the Adriatic area.

The global objective is achieved through specific objectives, that aim at producing favourable outcomes and effects in terms of growth of competitiveness and territorial attractiveness. The four specific objectives correspond to the Programme Priorities.

*Table 1.2 – Programme specific Objectives and Priorities*

Specific Objectives	Priorities
Strengthening research and innovation to improve competitiveness and foster development in the Adriatic area through economic, social and institutional cooperation.	Priority 1 – Economic, Social and Institutional Cooperation
Promoting, improving and protecting natural and cultural resources also through joint management of technological and natural risks.	Priority 2 – Natural and Cultural Resources and Risk Prevention
Strengthening and integrating existing infrastructure networks; promoting and developing transport, information and communication services.	Priority 3 – Accessibility and Networks
Guaranteeing management, implementation, monitoring, control and evaluation of the Programme.	Priority 4 – Technical Assistance

**Priority I:** the strategy is structured over different types of intervention aiming at supporting added-value cross-border activities. This may include, for example, promoting public/private joint research through a stricter cooperation among the organizations and with the involvement of partners having specific competences, supporting innovative investments to brace up local productive systems, and increasing the capacity of promoting social policies.

This Priority is achieved through the following operational objectives:

- Improving research capacity by increasing competence levels, encouraging transfer of innovation by the creation of networks among the entrepreneurial, institutional, academic, training and research sectors, and principally by promoting joint activities;
- Encouraging the territorial and productive systems to invest in research and innovation by offering new and diversified financial instruments;
- Creating new and strengthening existing cooperation networks in social, labour and health policies;
- Promoting innovative services to the people through the exchange of technical and government expertise and best practice between governments and local/public authorities.

**Priority II:** the specific objective is pursued under the Goteborg Strategy of Sustainable Development, enhancing the synergies between sustainable development and economic growth.

This Priority is achieved through the following operational objectives:

- Improvement and protection of the coasts through joint management of the marine and coastal environment, and risk prevention;
- Development of renewable energy sources and energy conservation;

- Strengthening the institutional ability to preserve and manage natural and cultural resources through regional cooperation;
- Sustainable development of competitiveness of Adriatic tourist destinations by improving quality and market-oriented package tours to the area to get the best from cultural and natural resources.

**Priority III:** communications and infrastructure networks and transport services play an important role in Adriatic region development; the operations should capitalize the results of the previous Adriatic Programmes and promote the principle of the environmental sustainability.

This Priority is achieved through the following operational objectives:

- Development of port and airport systems and associated services that guarantee inter-functioning and integration between existing transportation networks.
- Promoting a system of sustainable transport services to improve links in the Adriatic area.
- Developing and enhancing communication and information networks and access thereto.

**Priority IV:** it supports the implementation of the Programme, in order to achieve an efficient management of operations by Programme Authorities and Project Beneficiaries, as well as the wide process of communication of the relevant information.

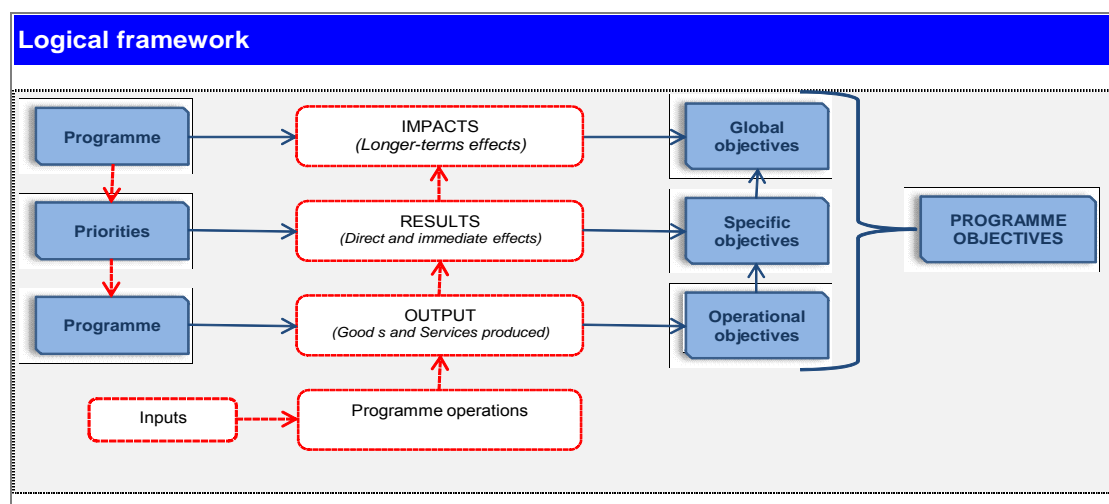
The Priority will be achieved through two operational objectives:

- Improving Programme administration and implementation;
- Guaranteeing information, publicity and evaluation activities.

### 1.3.2. Programme implementation framework

The state of achievement of the Programme objectives is monitored through a set of indicators, described in the OP<sup>3</sup>. The logical framework that measures the success of the Programme interventions takes into account the following principles and linkages between the implementation levels.

Fig. 1.2 – The logical framework<sup>4</sup>



<sup>3</sup> See § 5.5. "Quantified Targets and Indicators" IPA Adriatic CBC Programme.

<sup>4</sup> See "The New Programming Period 2007-2013 Indicative Guidelines on Evaluation Methods: Monitoring and Evaluation Indicators. Working Document No. 2"

## 1.4. Programme governance and Authorities

The three Programme Authorities (Managing, Certifying and Audit Authorities) are identified and described in the OP; their functions are described in detail in the IPA Implementing Regulation. They accomplish their tasks while fully respecting the institutional, juridical and financial systems of each Country.

The Managing, Certifying and Audit Authorities operate in a separate functions regime and are not hierarchically connected during their activities. The OP governance system is framed according to the general principles of the administrative organization of the Structures where they operate, and is committed to efficiency, efficacy and inexpensiveness. It distinguishes the political-administrative functions and checks the results of the administrative and management activities carried out by governmental bodies, of the adoption of administrative acts and measures, and of the financial, technical and administration management activities that exclusively pertain to the executives of the organizational structures.

This system respects the principles of separation and enhances individual responsibility through objective-based budget criteria for the single centres of administrative responsibility. It is based on the Community programming timeframe and, in addition, enhances the principles of coordination and teamwork in both expenditure and control functions. In the framework of the complex Programme implementation activity, taking place in a set time frame, which is binding for the expenditure, this approach guarantees full compliance with this obligation.

In addition to the above mentioned Authorities, the OP (according with the IPA Implementing Regulation) identified the Joint Monitoring Committee (with a possible Joint Steering Committee) and the Joint Technical Secretariat. All these structures operate at different levels of responsibility and are coordinated by and under the overall responsibility of the Managing Authority.

### 1.4.1. Managing Authority (MA)

The MA is responsible for managing and implementing the Programme in accordance with the Programme and European Regulations.

The MA of the Programme is the *pro tempore* executive body of:

<b>Responsible body</b>	Abruzzo Region "Direzione Affari della Presidenza, Politiche Legislative e Comunitarie Programmazione, Parchi, Territorio, Valutazioni ambientali, Energia - Servizio Attività Internazionali"
<b>Address</b>	Via Salaria Antica Est, 27- 67100 L'AQUILA – ITALY
<b>E-mail</b>	<a href="mailto:giovanna.andreola@regione.abruzzo.it">giovanna.andreola@regione.abruzzo.it</a> ; <a href="mailto:managing.authority@aderiaticpacbc.org">managing.authority@aderiaticpacbc.org</a>

### 1.4.2. Certifying Authority (CA)

The CA is responsible for correct certification of the expenses incurred by beneficiaries and payment authorizations in accordance with the Programme and European Regulations. The CA is competent for receiving the payments made by the Commission and transferring them to the beneficiaries.

The Certifying Authority is the *pro tempore* executive body of:

<b>Responsible body</b>	<b>Abruzzo Region</b> <b>Direzione Programmazione, Risorse Umane, Finanziarie e Strumentali</b> <b>- Servizio Autorità di Certificazione</b>
<b>Address</b>	Via Leonardo Da Vinci n. 6, Pal. Silone – 67100 L'AQUILA – ITALY
<b>E-mail</b>	servautcert@regione.abruzzo.it

### 1.4.3. Audit Authority (AA)

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

The AA is the *pro tempore* executive body of:

<b>Responsible body</b>	<b>Abruzzo Region</b> <b>Struttura speciale di supporto controllo ispettivo e contabile</b>
<b>Address</b>	Via Leonardo Da Vinci n. 6, Pal. Silone – 67100 L'AQUILA – ITALY
<b>E-mail</b>	<a href="mailto:servcontisp@regione.abruzzo.it">servcontisp@regione.abruzzo.it</a>










### 1.4.4. Joint Monitoring Committee (JMC)

In accordance with provisions of Articles 110 and 111 of the IPA Implementing Regulation, the JMC, in co-operation with the MA, shall assess effectiveness and quality of Programme implementation. In particular, it:

- a) shall consider and approve the criteria for selecting the operations financed by the Cross-Border Cooperation Programme and approve revisions, if any, of those criteria in accordance with programming needs;
- b) shall approve the Calls for proposals prior to their publication (by the MA);
- c) shall be responsible for selecting and approving operations;
- d) shall periodically review progress in achieving the specific targets of the Cross-Border Cooperation Programme on the basis of the documents submitted by the MA;
- e) shall examine the implementation outcomes, particularly achievement of the targets set for each priority and the evaluations referred to in Articles 57 (4) and 109 of the IPA Implementing Regulation;
- f) shall consider and approve the annual and final implementation reports referred to in Article 112 of the IPA Implementing Regulation;
- g) shall approve strategic project applications;
- h) shall be informed of the annual control report referred to in Article 105 (1) (c) of the IPA Implementing Regulation, and of relevant comments the Commission may make after examining those reports;
- i) may propose to the MA revisions or assessments of the Cross-Border Cooperation Programme likely to make it possible to attain the objectives referred to in Article 86 (2) of the IPA Implementing Regulation or to improve Programme management, including financial management;
- j) shall consider and approve proposals to amend the content of the Cross-Border Cooperation Programme;
- k) shall establish its rules of procedure according to the institutional, legal and financial frameworks of participating Countries.

The JMC is composed of representatives from the central and regional/local governments of the participating Countries. A representative of the European Commission shall attend the JMC meetings. Environmental and economic and social partnership representatives may also participate, whenever appropriate, as observers.

Fig. 1.3 - IPA Adriatic CBC Programme JMC composition<sup>5</sup>

JMC Members		Functions
	Albania	Voting Member
	Bosnia and Herzegovina	Voting Member
	Croatia	Voting Member
	Greece	Voting Member
	Italy	Voting Member
	Montenegro	Voting Member
	Serbia	Voting Member
	Slovenia	Voting Member
	EU Commission	Advisor
	Environmental representative ( <i>in accordance with the Art. 87 IPA Implementing Regulation</i> )	Observer
	Economic and social partnership representative	Observer

### 1.4.5. Joint Steering Committee (JSC)

In accordance with Article 110 (f) of the IPA Implementing Regulation, the JMC may delegate selection of operations to the Joint Steering Committee. The JSC function is to evaluate project proposals and present a ranking list of the projects to the JMC. In this task, the JSC is assisted by the JTS. The JSC shall evaluate project proposals according to the following criteria:

- Objectivity: unbiased opinions and condition in the project selection must be ensured;
- Transparency: the motivation of project rejection/approval shall be presented in a clear form;
- Professionalism: the assessment shall ensure an high quality of the project evaluation;
- Analysis: the assessment shall be based on the core Programme principle;
- Exclusive consideration of the information supplied in the project: the use of information and contents further that are included in the project application can give an unfair advantage, in the case the call for proposals does not clearly rule this aspect.

JSC composition can be decided upon by JMC members. The JSC could be formed by a JMC delegation that will be assisted, if needed, by external experts during the assessments of some projects.

### 1.4.6. Joint Technical Secretariat (JTS)

The JTS is appointed by the MA in agreement with the Countries participating in the Programme. It is the technical-administrative structure supporting the Programme and assists the MA, the JMC, the Joint Steering Committee (if appointed), the CA and the AA in performing their tasks.

The JTS is located in the town of L'Aquila (Italy):

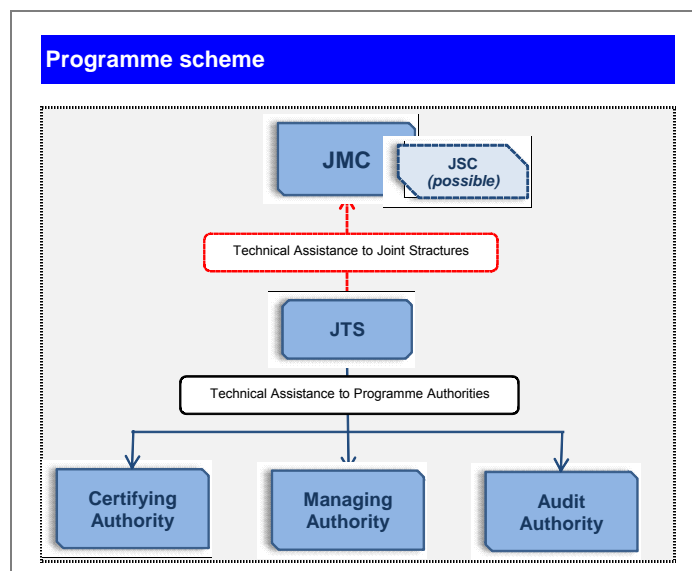
<b>Responsible body</b>	<b>Abruzzo Region</b>
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<sup>5</sup> See § 7.1.1. "Joint Monitoring Committee" IPA Adriatic CBC Programme.

<b>Address</b>	Via Salaria Antica Est, 27– 67100 L'AQUILA – ITALY
<b>E-mail</b>	<a href="mailto:info@adriaticpacbc.org">info@adriaticpacbc.org</a>

The following figure illustrates the separation of the functions and the positions of the three Authorities and joint structures in the Programme governance model:

*Fig. 1.4 - IPA Adriatic CBC Programme Scheme*



## 1.5. Financial Plan

The following financial plan illustrates the allocation of resources available until 2011<sup>6</sup>. Three-year planning is justified by the PCC/CC foreseeing this timeframe for their development programmes.

*Table 1.5 - Financial breakdown and funding source by Priority (Years 2007-2011)*

Priority	Community funds (85%)	National contribution (15%)	Total funding
1	€ 49,947,100	€ 8,814,194	€58,761,294
2	€ 49,947,100	€ 8,814,194	€58,761,294
3	€ 49,947,099	€ 8,814,194	€58,761,293
4	€ 16,649,033	€ 2,938,065	€19,587,098
<b>Total</b>			<b>195,870,980</b>

According to Article 90.2 of the IPA Implementing Regulation, the Community contribution for cross-border programme cannot exceed the maximum rate of 85% of the eligible expenditure. The

<sup>6</sup> See Article 5 Reg. (CE) 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA).

remaining 15% has to be covered by national co-financing<sup>7</sup>, conferred by each project participant depending on the national co-financing system of each participating Country.

- .

The co-financing rate of Priority 4 “Technical Assistance” is provided directly by all the participating Countries.

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<sup>7</sup> See the Commission Decision C (2010) 3780 , as amended by the Commission Decision C (2011) 3396

## 2. PROGRAMME PRIORITIES AND MEASURES TABLES

### 2.1. Programme structure

The following tables provide the main and overall information on the Programme Priorities and Measures. According to the Programme objectives and the state of progress, the JMC can approve call for proposals limited to specific issues, beneficiaries categories, etc., respecting the transparency principle.

*Table 2.1 - Programme structure by Priority and Measure<sup>8</sup>*

IPA Adriatic CBC Programme			
Priority 1 Economic, Social and Institutional Cooperation	Priority 2 Natural and Cultural Resources and Risk Prevention	Priority 3 Accessibility and Networks	Priority 4 Technical Assistance
<b>Measure 1.1</b> <i>Research and innovation</i>	<b>Measure 2.1</b> <i>Protection and enhancement of the marine and coastal environment</i>	<b>Measure 3.1</b> <i>Physical infrastructure</i>	<b>Measure 4.1</b> <i>Administration and implementation</i>
<b>Measure 1.2</b> <i>Financial support to innovative SMEs</i>	<b>Measure 2.2</b> <i>Natural and cultural resources management and prevention of natural and technological risks</i>	<b>Measure 3.2</b> <i>Sustainable mobility systems</i>	<b>Measure 4.2</b> <i>Information, publicity and evaluation</i>
<b>Measure 1.3</b> <i>Social, health and labour networks</i>	<b>Measure 2.3</b> <i>Energy saving and renewable energy resources</i>	<b>Measure 3.3</b> <i>Communication networks</i>	
<b>Measure 1.4</b> <i>Institutional cooperation</i>	<b>Measure 2.4</b> <i>Sustainable tourism</i>		

<sup>8</sup> See Chap. 5 "Intervention Priorities" IPA Adriatic CBC Programme.



### 2.1.1. Priority 1: Measures tables

<b>Priority 1: Economic, Social and Institutional Cooperation</b>	<h2 style="text-align: center;">Measure 1.1</h2> <h3 style="text-align: center;">Research and innovation</h3>
<b>Operational Objective</b>	<p>Improving research capacity, also by raising competence levels; encouraging transfer of innovation by creating networks among the entrepreneurial, institutional, academic, and training and research sectors, and mainly by promoting joint activities.</p>
<b>Description of the Measure</b>	<p>The Measure aims to improve research capacity in the Adriatic area by raising competence levels, to encourage transfer of innovation by creating networks among the entrepreneurial, institutional, academic, training and research sectors, and mainly by promoting joint research activities. The purpose is to facilitate initiatives aimed at a stronger scientific-technological research system by means of tighter connections among the entrepreneurial, institutional, and academic and research sectors and, above all, by promoting joint research activities between private companies and between the private and public sectors as well. Various sectors are involved, including construction. Environmental research and in the field of eco-innovations is also to be encouraged. Support aims at setting up closer cooperation of universities, research centres, private companies and public bodies to favour advanced research through financial support to strategic projects. In addition, exchange of researchers and technicians between companies and universities shall also be promoted. In the measure particular importance is placed on capacity building, transfer of know-how and the exchange of technical-scientific expertise.</p>
<b>Examples of relevant Beneficiaries</b>	<p>Research institutions, universities, enterprises, public authorities/bodies/organizations.</p>
<b>Examples of eligible activities</b>	<ul style="list-style-type: none"> <li>- Establishment of cooperation networks between university, research centres and other qualified organizations;</li> <li>- Development of competitive and cooperative mechanisms to guarantee funds to the most promising researchers;</li> <li>- Supporting and facilitating advanced research activities;</li> <li>- Fostering researcher mobility and, in particular, the exchange of researchers and technicians between enterprises and universities;</li> <li>- Reinforcement of systemic cooperation between research bodies and private/public companies;</li> <li>- Creating international technological platforms;</li> <li>- Capacity building and transfer of know-how;</li> <li>- Promoting best practice dissemination;</li> <li>- Creating scientific and technological networks in the Adriatic area for the exchange of information, data and experiences on research and innovation;</li> <li>- Creating ICT facilities to support SMEs and start-up processes, and supporting the creation of regional and interregional clusters of excellence;</li> <li>- Promoting joint research activities between enterprises and universities, developing partnerships for innovation, and supporting the creation of regional and trans-regional clusters of excellence.</li> </ul>

<p><b>Priority 1: Economic, Social and Institutional Cooperation</b></p>	<p><b>Measure 1.2 Financial support to innovative SMEs</b></p>
<p><b>Operational Objective</b></p>	<p>Encouraging the territorial and productive systems to invest in research and innovation by offering new and diversified financial instruments.</p>
<p><b>Description of the Measure</b></p>	<p>The Measure aims at creating incentives for the territorial and productive systems to invest in research and innovation by offering new and diversified financial instruments.</p> <p>The initiatives will focus principally on research, technology and science transfer, boosting entrepreneurial initiative and creating a productive environment where innovative capacity, even in traditional sectors, can grow and develop, in order to strengthen Europe's competitiveness.</p>
<p><b>Examples of relevant Beneficiaries</b></p>	<p>SMEs and Joint SMEs, public bodies, development agencies.</p>
<p><b>Examples of eligible activities</b></p>	<ul style="list-style-type: none"> <li>- Promote creation and growth of knowledge-based enterprises by promoting the process of start up, spin off, creation of business incubator networks and subsidiary factories and the use of seed capital;</li> <li>- Supporting investment in research and innovation and technological and scientific transfer;</li> <li>- Accelerating creation and strengthening of cluster systems, with particular attention to cooperation between entrepreneurs, institutions, the academic world and researchers in public and private sectors;</li> <li>- Internationalization of Joint SMEs;</li> <li>- Promoting innovation in traditional and non-productive sectors in terms of product, process, market, and organization;</li> <li>- Supporting ideas, innovation and knowledge;</li> <li>- Assistance to SMEs for the promotion of enviro-friendly products and production processes;</li> <li>- Investment in firms directly linked to research and innovation;</li> <li>- Improving access to business finance;</li> <li>- Providing support to investments in training and development activities linked to business improvement.</li> </ul>

<p><b>Priority 1: Economic, Social and Institutional Cooperation</b></p>	<p><b>Measure 1.3 Social, health and labour networks</b></p>
<p><b>Operational Objective</b></p>	<p>Creation of new and strengthening of existing cooperation networks in social, health and labour policies.</p>
<p><b>Description of the Measure</b></p>	<p>The Measure is targeted at the creation of new and strengthening of existing cooperation networks in social, labour and health policies.</p> <p>It aims at facilitating the exchange of experience and transfer of competence in the social, health and labour sectors.</p> <p>One of the top priorities is finding a balance between top quality services with equal access for all and a reasonable level of expenditure according to sound management practices.</p> <p>To reduce territorial inequalities, support will be given to the exchange of experience and capacity transfer in the social, labour and health sectors, and to improvement of quality and accessibility to social care and protection services. The initiative shall have an innovative character to better integrate what it is normally guaranteed by ordinary resources and national policies.</p>
<p><b>Examples of relevant Beneficiaries</b></p>	<p>Voluntary organizations in the public health and social services sectors, local and public authorities.</p>
<p><b>Examples of eligible activities</b></p>	<ul style="list-style-type: none"> <li>- Exchange of experience and transfer of competence in the social, health and labour sectors, also by enhancing the use of ICT;</li> <li>- Optimising exploitation of existing health care and social care infrastructures to improve quality of and accessibility to social and health services;</li> <li>- Increase in the number of employed immigrants, thereby strengthening their social integration;</li> <li>- Facilitation of geographical and occupational mobility of workers, and integration of cross-border labour markets;</li> <li>- Integration of social and health policies to harmonise the delivery of health services and reduce territorial inequalities;</li> <li>- Creation of international networks (e.g.: epidemiological monitoring centres, exchange of information to rapidly address health emergencies);</li> <li>- Action to improve integration of disadvantaged people;</li> <li>- Creation of integrated networks of voluntary work services and health services (hospital facilities, tele-medicine, tele-assistance and common service centres);</li> <li>- Creation of integrated networks to improve labour mobility;</li> <li>- Delivery of health and social services at home through the use of ICT;</li> <li>- Exchange of experience and transfer of competence in the labour market and training sector;</li> <li>- Harmonisation of academic qualifications and certificates.</li> </ul>

<b>Priority 1: Economic, Social and Institutional Cooperation</b>	<h2 style="text-align: center;">Measure 1.4 Institutional cooperation</h2>
<b>Operational Objective</b>	Promoting innovative services to the citizenry through the exchange of technical and government expertise, and the exchange of best practice between governments and local/public authorities
<b>Description of the Measure</b>	The Measure aims at promoting innovative services to the public through the exchange of technical and governmental competence and the spread of best practice across local government authorities
<b>Examples of relevant Beneficiaries</b>	Public Bodies, Business Support Organizations and Agencies, NGOs
<b>Examples of eligible activities</b>	<ul style="list-style-type: none"> <li>- Promotion of exchange of experience regarding technical and managerial competence, wide adoption of governance tools facilitating integration/cooperation between public authorities;</li> <li>- Promotion of permanent networks between public authorities for the dissemination of innovative services;</li> <li>- Best practice dissemination;</li> <li>- Dissemination of innovation processes among governments (e-government) to extensively simplify procedures and reduce the time needed to supply services to the citizens;</li> <li>- Promoting actions aimed at enhancing the European identity in a multicultural multi-ethnic context through territorial and social cooperation projects addressed mainly to young people.</li> </ul>

## 2.1.2. Priority 2: Measures tables

<p><b>Priority 2: Natural and cultural resources and risk prevention</b></p>	<p align="center"><b>Measure 2.1 Protection and enhancement of the marine and coastal environment</b></p>
<p><b>Operational Objective</b></p>	<p>Improvement and protection of the coasts, also through joint management of the sea and coastal environment, and of risk prevention.</p>
<p><b>Description of the Measure</b></p>	<p>This Measure is targeted at enhancement, prevention and protection of the coasts also through joint management of the marine and coastal environment, and of common risks.</p> <p>It aims at supporting protective actions to the coastal heritage to ensure revitalization and rebalancing of the coastal area and marine environment while pursuing sustainable tourism as a key to the development of the area.</p> <p>Support will include development of protected areas (Integrated Coastal Zone Management - ICZM) to protect the marine and coastal ecosystems which are fragmented, highly vulnerable and under considerable anthropomorphic pressure.</p> <p>The Measure is in line with the main policy guidelines for further promotion of ICZM in Europe as provided for by the EC in COM 2007 (308) of 7 June 2007. It will take account the INSPIRE System (Infrastructure for Spatial Information in Europe) and the GMES (Global Monitoring for Environment and Security) Programme.</p>
<p><b>Examples of relevant Beneficiaries</b></p>	<p>Public bodies, research centres</p>
<p><b>Examples of eligible activities</b></p>	<ul style="list-style-type: none"> <li>- Reinforcing the competence of Local Authorities in joint management of the marine and coastal environment also through the promotion of a common planning policy;</li> <li>- Specific studies of the coastal environmental system;</li> <li>- Developing common instruments for integrated coastal zone management;</li> <li>- Monitoring the marine-coastal environment also through a joint Geographical Information System (GIS);</li> <li>- Joint projects for the protection of inland water against widespread pollution and alien invasive species, and control of sea water quality;</li> <li>- Strengthening ecological systems and protecting biodiversity to improve environmental quality, and promotion of economic and social sustainable development;</li> <li>- Prevention of coastal erosion;</li> <li>- Scientific research to improve sustainable and responsible use of marine food resources to guarantee food supply quality;</li> <li>- Protection of the NATURA 2000 sites.</li> </ul>

<p><b>Priority 2: Natural and cultural resources and risk prevention</b></p>	<p style="text-align: center;"><b>Measure 2.2</b> <b>Natural and cultural resources management and prevention of natural and technological risk</b></p>
<p><b>Operational Objective</b></p>	<p>Strengthening institutional ability to preserve and manage the natural and cultural heritage through regional cooperation</p>
<p><b>Description of the Measure</b></p>	<p>This measure is targeted at strengthening institutional capacity of conservation and management of territorial resources, risk prevention and mitigation of accidents through territorial cooperation.</p> <p>It is important to propose promotion and conservation strategies for the natural and cultural heritage in the Area, this being a strategic resource of vast importance in view of increased sustainable tourism. The cultural and natural heritage of this territory is of particular environmental, historical, architectural and cultural interests and still not widely well known. Social and economic analysis of the area eligible under the Programme has nevertheless shown the presence of threats which, if not promptly dealt with, may be an obstacle to the development of the territory. Such resources provide an important chance for development, not only in terms of tourism.</p> <p>The measure is in line with the main policy guidelines for further promotion of ICZM in Europe as provided for by the EC in COM 2007 (308) of 7 June 2007. It will take account the INSPIRE System (Infrastructure for Spatial Information in Europe) and the GMES (Global Monitoring for Environment and Security) Programme.</p>
<p><b>Examples of relevant Beneficiaries</b></p>	<p>Public authorities, NGOs, SMEs.</p>
<p><b>Examples of eligible activities</b></p>	<ul style="list-style-type: none"> <li>- Strengthening the competence of Public Authorities in defining long-term environmental strategies (including the SEA use plans).</li> <li>- Innovation and dissemination of technology for preservation and management of the cultural and natural heritage.</li> <li>- Exchange of best practice on preservation and management of the environmental and cultural resources.</li> <li>- Establishing collaboration between agencies, organization and universities to create networks in the field of environmental and cultural heritage protection and risk management.</li> <li>- Exchange of management experience of the NATURA 2000 sites in compliance with the Council Directive 92/43/EEC on the conservation of natural habitats and wild fauna and flora, and Council Directive 79/409/EEC on the conservation of wild birds.</li> <li>- Exchange of experience in managing natural resources and protected areas.</li> <li>- Ballast water management.</li> <li>- Joint projects to check and remove pollution from the eligible area.</li> </ul>

<b>Priority 2: Natural and cultural resources and risk prevention</b>	<b>Measure 2.3 Energy saving and renewable energy resources</b>
<b>Operational Objective</b>	Development of renewable energy sources and energy conservation
<b>Description of the Measure</b>	<p>The Measure aims at developing renewable energy sources and energy conservation.</p> <p>The Measure, in line with EU objectives, aims both at improving energy efficiency by financing investment in new technologies, and encouraging SMEs to adopt them through awareness campaigns.</p>
<b>Examples of relevant Beneficiaries</b>	SMEs, Public Authorities
<b>Examples of eligible activities</b>	<ul style="list-style-type: none"> <li>- Promotion of centres of excellence for the development of renewable energy sources (sustainable use of sea water, solar energy, biomass &amp; biogas, abattoir refuse).</li> <li>- Dissemination of best practice on energy conservation and renewable energy sources.</li> <li>- Promotion of awareness campaigns on energy conservation and renewable energy sources.</li> <li>- Preparation of regional and local programmes for sustainable energy production and consumption.</li> <li>- Promotion of pilot projects and demonstrative actions on the use of renewable sources, especially by establishing small-scale renewable power plants.</li> </ul>

<p><b>Priority 2: Natural and cultural resources and risk prevention</b></p>	<p><b>Measure 2.4 Sustainable tourism</b></p>
<p><b>Operational Objective</b></p>	<p>Sustainable development of competitiveness of Adriatic tourist destinations by improving the quality of market-oriented package tours to the area with focus on cultural and natural resources</p>
<p><b>Description of the Measure</b></p>	<p>The Measure aims at increasing international competitiveness of tourist destinations in a sustainable way, by improving the quality of market-oriented tourist packages, particularly emphasising natural and cultural resources.</p> <p>The strategy shall ensure a joint approach to the promotion of the Adriatic basin as a whole. which may also be guaranteed by financing a principal strategic project.</p>
<p><b>Examples of relevant Beneficiaries</b></p>	<p>Tourism boards and organizations, public and private bodies developing or operating tourism and/or cultural facilities</p>
<p><b>Examples of eligible activities</b></p>	<ul style="list-style-type: none"> <li>- Enhancement of natural and cultural centres of excellence, strengthening of networks between museums, theatres, etc;</li> <li>- Creation of networks for developing tourism and sports infrastructures;</li> <li>- Strengthening territorial and landscape awareness through the promotion of cultural identity;</li> <li>- Improving management of tourist services through cross-border cooperation (exchange of experience and know-how, etc.);</li> <li>- Promotion and creation of Area trademarks (eco-labels, blue-flags);</li> <li>- Enhancement of new cultural products for the development of sustainable cultural tourism;</li> <li>- Tourist marketing action aimed at prolonging the tourist season;</li> <li>- Promotion of integrated tourist routes and packages;</li> <li>- Carrying capacity assessment in view of tourism development;</li> <li>- Improvement and integration of tourist information services;</li> <li>- Development and promotion of traditional craftwork trade through the creation of local consortia and joint territorial marketing actions;</li> <li>- Joint strategies for the diversification and differentiation of tourist destinations in the Adriatic area;</li> <li>- Studies and common strategies to enhance inland areas as tourist destinations.</li> </ul>



### 2.1.3. Priority 3: Measures tables

Priority 3: Accessibility and network	<b>Measure 3.1 Physical infrastructures</b>
<b>Operational Objective</b>	Development of port and airport systems and connected services, guaranteeing inter-operability and integration between existing transportation networks
<b>Description of the Measure</b>	An objective of the Measure is the development of sea and air transport and ancillary services to guarantee inter-operability and integration between existing transportation networks. Support aims at modernising and strengthening port and airport facilities, optimising existing potential through the improvement of service, security and the upgrade of existing facilities. Isolated actions with no demonstrable influence on overall interconnectivity of the area will not be financed.
<b>Examples of relevant Beneficiaries</b>	Public and public-equivalent authorities (port and airport authorities)
<b>Examples of eligible activities</b>	<ul style="list-style-type: none"> <li>- Modernization and strengthening of port and airport facilities;</li> <li>- Improving security/safety of goods and carriers.</li> </ul>

Priority 3: Accessibility and network	<b>Measure 3.2 Sustainable mobility systems</b>
<b>Operational Objective</b>	Promoting a system of sustainable transport services to improve links in the Adriatic area
<b>Description of the Measure</b>	The Measure is intended to promote sustainable transport services to improve links in the Adriatic area. The Measure supports an efficient, safe and sustainable transportation system in the aim of achieving integrated development of the Adriatic area and accessibility to bordering territories.
<b>Examples of relevant Beneficiaries</b>	Public authorities, public and private companies
<b>Examples of eligible activities</b>	<ul style="list-style-type: none"> <li>- Support to cross-border management of public transport services;</li> <li>- Promotion of links between ports and inland areas to enhance inter-operability networks;</li> <li>- Strengthening and promotion of transport services for both goods and people.</li> </ul>

<b>Priority 3: Accessibility and network</b>	<b>Measure 3.3 Communication networks</b>
<b>Operational Objective</b>	Increasing and developing communication and information networks and access thereto
<b>Description of the Measure</b>	<p>Information technology represents a vital factor of innovation and economic development as well as a basic instrument for social cohesion.</p> <p>The Measure aims at enhancing and developing information and communication networks and their accessibility as they are useful tools to exchange expertise.</p> <p>The measure also seeks to improve accessibility to information and services, while reducing traffic volume.</p>
<b>Examples of relevant Beneficiaries</b>	Public authorities, NGOs.
<b>Examples of eligible activities</b>	<ul style="list-style-type: none"> <li>- Innovative projects on use of new ICT, particularly to promote awareness and enhancement of the territory in culture and media.</li> <li>- Promoting ICT as a means to access public services (e-government, e-learning, e-procurement, etc.).</li> <li>- Using ICT as an instrument to reduce cross-border transportation needs (video-conferencing, websites, etc.).</li> <li>- Using ICT to develop efficient traffic management systems and traffic information systems regarding cross-border transport flows.</li> </ul>

### 3. PROGRAMME IMPLEMENTATION FEATURES

#### 3.1. The Beneficiaries

Projects Applicants (Lead Applicants and Partners) shall be considered Project Beneficiaries (Lead Beneficiaries and Final Beneficiaries) in case of the approval of the project for funding.

The following categories of Final Beneficiaries are eligible for project application and funding:

- **Public bodies:** national, regional, local authorities and other public bodies, established and governed under public law.
- **Bodies governed by public law:** pursuant to the Article 1.9 of Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004, 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.
- **Private organizations, including private companies:** any organization (non profit and profit making) funded by private law can be eligible partner and receive IPA funds.
- **International organizations.**

In the calls for proposals, the JMC can decide to limit the participation of the above mentioned Final Beneficiaries or apply more restrictive eligibility rules, according to the Programme's needs.

The Programme will not finance Final Beneficiaries that:

- are bankrupt or being wound up, whose are having their affairs administered by a court, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- have been convicted of an offence concerning their professional conduct by a judgement which has the force of res judicata;
- are guilty of grave professional misconduct that the MA can verify by any means;
- have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the Country in which they are established or of the Country of the MA, the country where the activities are implemented;
- have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal association or any other illegal activity detrimental to the Communities' financial interests;
- have been declared referring to another procurement procedure or other grant award procedure financed by the Community budget to be in serious breach of contract for failure to comply with their contractual obligations;
- it is currently subject to an administrative penalty for being in serious breach of its obligations under any subsidy contract covered by the EU budget, or for being guilty of misrepresentation in supplying the information required by the Programme MA as a condition to receive the grant, or fails to supply this information

Applicants are also excluded from participation in calls for proposals or the award of grants if, at the time of the call for proposals, they:

- are subject to a conflict of interests;
- are guilty of misrepresentation in supplying the information required by the MA or by other bodies of the Programme as a condition of participation in the call for proposals procedure and/or for the project approval;
- have attempted to obtain confidential information or influence the competent authorities' representatives during the evaluation process of current or previous calls for proposals;
- are punished by administrative and/or pecuniary penalties in pursuance of the Council Regulation (EC, Euratom) n. 1605/2002 of 25 June 2002 and national law dispositions

### 3.2. The Lead Beneficiary principle

According to the Article 96 of IPA Implementing Regulation, the Final Beneficiaries of an operation shall appoint a Lead Beneficiary among themselves which shall submit the project proposal.

According to art. 96.1 of Reg. (EC) 718/2007 the Lead Beneficiary shall be established in one of the participating Countries<sup>9</sup>

The Lead Beneficiary shall assume the following responsibilities:

- it shall lay down the arrangements for its relations with the Final Beneficiaries participating in the operation in an agreement comprising, inter alia, provisions guaranteeing the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid;
- it shall be responsible for ensuring the implementation of the entire operation;
- it shall be responsible for transferring the Community contribution to the Final Beneficiaries participating in the operation;
- it shall ensure that the expenditure presented by the Final Beneficiaries participating in the operation has been paid for the purpose of implementing the operation and corresponds to the activities agreed between the final Beneficiaries participating in the operation;
- it shall verify that the expenditure presented by the Final Beneficiaries participating in the operation has been validated by the controllers referred to in Article 108 of the EC Regulation n. 718/2007.

In addition to the requirements of Article 96 of IPA Implementing Regulation, the Lead Beneficiary shall provide Programme authorities with all information necessary for project progress reporting.

*Table 3.1 - Beneficiaries' responsibilities*

Phase	Responsibilities	
	Lead Beneficiary (LB)	Final Beneficiaries
<b>Project Application</b>	Elaboration and submission of the Application Form. Signature of the Application Form, the letter of intent, and the de Minimis Declaration.	Project joint elaboration Signature of the letter of intent and the de Minimis Declaration.
<b>Project selection</b>	Provides the documents and the information required by the Programme bodies in charge of the assessment.	Provide to Lead Applicant all the documents and the information required for the assessment.
<b>Project implementation</b>	Signature of the IPA Subsidy Contract with the MA. Signature of the Partnership Agreement with the Final Beneficiaries.	Signature of the Partnership Agreement. Responsibility for the assigned project activities.

<sup>9</sup> Art. 85 of Reg. (EC) 718/2007 defines "**participating countries**" as any Member States and/or beneficiaries countries which participate in a cross border Programme under Component II

	Overall responsibility for the project management and implementation. Implementation of its own project activities.	
<b>Project accounting and reporting</b>	LB checks that project Beneficiaries' expenditures have been duly certified by the competent FLCO. Responsible for the narrative and financial reports of the whole project to MA. LB receives payments of the IPA contribution and transfers funds to the other partners	Each FB is responsible for having its expenditures verified by the relevant FLCO . Each FB shall send all information on the progress status of the project to LB.
<b>Irregularities</b>	Should an irregularity be detected in any FB expenditure, LB has to pay back the Programme immediately. LB recovers these funds directly from the project FB with which the irregularity was detected. If the funds cannot be recovered from the FB, the State where the FB is located remains ultimately responsible.	Each FB is responsible for any of its own expenditures irregularities'.

### 3.3. The project partnership

The minimum project partnership shall involve at least one Final Beneficiary (FB) from a participating Member State and one from a CC/PCC.

As basic rule, partnership from only territories covered by other CBC programmes financed with EU funds are not allowed.

With regards to the participation of Slovenia, Greece, Albania and Croatia in the Programme, the following cross-border partnerships are not eligible:

- the Obalno–kraška region in Slovenia and the Istarska županija and/or the Primorsko–goranska županija counties in Croatia;
- the Thesprotia and/or the Corfu prefectures in Greece and the Vlore region (districts of Vlore and Saranda) in Albania.

In order to be considered eligible under the IPA Adriatic CBC Programme, a project with the above-mentioned partnership must involve also at least a FB either from another eligible Member State or another Candidate or Potential Candidate Country.

The JMC can decide to admit the participation in the projects of organizations without the Programme financial contribution (Associates). The call for proposals shall define the rules of this possible participation.

### 3.4. The Serbian beneficiaries

Serbian beneficiaries shall be eligible only in institutional cooperation projects. The participation of Serbian Beneficiaries is open to all cross-border initiatives concerning the institutional cooperation in the specific areas for each relevant Priority as indicated in the following table:

Priority	Serbian participation issues
1	<i>Science and Research, Health, Environment, Education, Culture, Tourism, Social Cohesion, Economy and Regional Development, Governance and Public Administration, Sport.</i>
2	<i>Culture, Tourism, Science and Research, Environment, Governance and Public Administration.</i>
3	<i>Science and Research, Environment, Economy and Regional Development, Governance and Public Administration.</i>

Serbian participation in Measures 1.1 and 1.4 of the OP is encouraged.

As foreseen in the “Multi-annual Indicative Planning Document (MIPD) 2009-2011 for Serbia” specifically for the IPA Adriatic CBC programme, “*The phasing out participation of Serbia in the programme should mainly concern universities, research institutes, hospitals, some line Ministries and cultural institutions, museums, theatres, etc. to participate in projects developed under specific priorities and measures.*” This means that Serbian private organizations having an industrial or commercial character (for profit) could not be considered as eligible for the aim of “institutional cooperation” in IPA Adriatic CBC Programme projects.

### 3.5. Eligibility of expenditure

In accordance with the Article 89 of the IPA Implementing Regulation, expenditures are eligible for Final Beneficiaries from Greece, Italy and Slovenia if incurred on or after the 1<sup>st</sup> January 2007, and for Final Beneficiaries from Albania, Bosnia and Herzegovina, Croatia, Montenegro and Serbia if incurred after the signature of the Financing Agreement between each of these Countries and the European Commission.

The table below shows the eligible, the non eligible, and the costs eligible under certain conditions, according to articles 34 and 89 of the IPA Implementing Regulation.

:

**Table 3.2 – Expenditures Eligibility**

Eligible costs	Not eligible costs
Value added taxes if: <ul style="list-style-type: none"> <li>- they are not recoverable by any means;</li> <li>- it is established that they are borne by the FB; and</li> <li>- they are clearly identified in the project proposal.</li> </ul>	Taxes, including VAT (if the requirements for eligibility are not respected)
Charges for transnational financial transactions.	Customs and import duties, or any other charges
The bank charges for opening and administering the accounts, where the implementation of an operation requires a separate account or accounts to be opened.	Bank charges (if the requirements for eligibility are not respected), costs of guarantees and similar charges.
	Conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses.
Legal consultancy fees, notarial fees, costs of technical or financial experts, and accountancy or audit costs, if they are directly linked to the co-financed operation and are necessary for its preparation or implementation.	Fines, financial penalties and expenses of litigation.
The cost of guarantees provided by a bank or other financial institutions, to the extent that the guarantees are required by national or Community legislation.	
The purchase of land for an amount up to 10% of the eligible expenditure of the operation concerned, office rental costs.	Purchase (if the requirements for eligibility are not respected), rent or leasing of land and existing buildings.
Overheads, provided they are based on real costs attributable to the implementation of the operation concerned. Flat-rates based on average costs may not exceed 25 % of those direct costs of an operation that can affect the level of overheads. The calculation shall be properly documented and periodically reviewed.	Operating costs
	Second hand equipment.
	Contribution in kind.
	Interest on debt.

To be considered eligible according to EU rules, expenditure shall be:

- necessary for carrying out the project activities, paid out directly by FB and made in compliance with the specific eligibility criteria
- actually paid (principle of real cost) by the respective FB;
- incurred within the period of eligibility of the project;
- reasonable, justified, and in compliance with the requirements of a sound financial management, in particular with economy, efficiency and effectiveness principles;
- included in the estimated total budget and closely linked to any action or output of the approved work plan and is necessary for its implementation;
- identifiable and verifiable, in particular must be recorded in the accounting records of the FB and determined according to the applicable accounting standards of the Country where the FB is established and according to the usual cost-accounting practices of the FB;
- in compliance with all the relevant EU, national and Programme rules;
- in compliance with the requirements of applicable tax and social legislation;
- accompanied by the necessary documents proving that the expenditure is real and that the action has been implemented and/or the output has been delivered

As general principle, the operation must be implemented in the Programme eligible area (derogation areas included).

At project level, in exceptional cases, expenditure incurred outside the Programme eligible area may be eligible, if the project could only achieve its objectives with that expenditure and the activities are carried out for the benefit of the Programme area.

IPA project expenditures are eligible for the implementation of operation, under the following budget lines:

- Staff costs;
- Overheads;
- Travel and Accommodation;
- External Expertise;
- Meetings and Events;
- Promotion costs;
- Equipment;
- Investments;
- Financial charges and guarantee costs.

The JMC can decide to consider eligible also project proposals preparatory costs, and define the rules to be applied (costs categories, financial limits, accounting procedures, etc.) in the call for proposals or other procedure.

### **3.6. The state aid and the *de minimis* rule**

According to the Article 90.6 of the EC Regulation n. 718/2007, “for State aid in the meaning of Article 87 of the Treaty, public aid granted under cross-border programmes shall observe the ceilings on State aid”. It means that State aid rules must be applied under the IPA Adriatic CBC Programme both in Member States and non Member States.

The point of departure of EU State aid policy is laid down in Article 87(1) of the Treaty establishing the European Community (hereinafter the “Treaty”). This article provides that State aid is, in principle,

incompatible with the common market. Under Article 88 of the Treaty, the Commission is given the task to control State aid. This article also requires Member States to inform the Commission in advance of any plan to grant State aid ("*notification requirement*")<sup>10</sup>.

It is important to define when the Programme contribution can be considered a State aid. The following conditions are established by the Art. 87 of the EU Treaty:

Condition	Explanation	Check under IPA CBC Adriatic Programme
<b>Transfer of public resources</b>	The resources come from public bodies (EU, national, regional and local authorities, public banks, etc). Financial transfers that constitutes aid can take many forms: not just grants or interest rate rebates, but also loan guarantee, accelerated depreciation allowances, capital injections, tax exemptions, etc.	YES
<b>Economic advantage</b>	The aid should constitute an economic advantage that the undertaking would not have received in the normal course of business.	To be evaluated case by case
<b>Selectivity</b>	A contribute is considered "selective" if the authorities administrating the funds enjoy a degree of discretionary power.	YES
<b>Effect on competition and trade</b>	Aid must have a potential effect on competition and trade between Member State. The nature of the FB is not relevant in this context (even a non-profit organization can engage in economic activities) .	To be evaluated case by case

According to Article 87(1) of the Treaty, aid measures that satisfy all the criteria outlined above are, in principle, incompatible with the common market. However, the principle of incompatibility does not amount to a full-scale prohibition. Articles 87(2) and 87(3) of the Treaty specify a number of cases in which State aid could be considered acceptable (the so called "*exemptions*"). The existence of these exemptions also justifies the vetting of planned State aid measures by the Commission, as foreseen in Article 88 of the Treaty. This article provides that Member States must notify to the Commission any plan to grant State aid before putting such plan into effect. It also gives the Commission the power to decide whether the proposed aid measure qualifies for exemption or whether the "*State concerned shall abolish or alter such aid*".

For the majority of State aid cases, the most relevant exemption clauses are those of Article 87(3)(a) and 87(3)(c) of the Treaty:

- Article 87(3)(a) covers "*aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment*";
- Article 87(3)(c) refers to "*aid to facilitate the development of certain economic activities or certain economic areas, where such aid does not adversely affect trading conditions contrary to the common interest*".

The European Commission distinguishes three main aid categories under Articles 87(3)(a) and 87(3)(c) of the Treaty:

#### **a. Regional aid**

Articles 87(3)(a) and 87(3)(c) of the Treaty both provide a basis for the acceptance of State aid measures aimed at tackling regional problems:

- Article 87(3)(a) of the Treaty applies to State aid to promote the development of "*areas where the standard of living is abnormally low or where there is serious underemployment*". This is why Article 87(3)(a) status is granted on the basis of an EU criterion (NUTS II regions with a GDP/cap. (PPS)

<sup>10</sup> For further information, please refer to Vademecum – Community Law on State Aid, European Commission, 30 September 2008.



lower than 75% of the EU-25 average<sup>3</sup>). For the period 2007-2010, regions with less than 75% of the EU-15 average GDP/cap (PPS)<sup>4</sup> are also eligible under Article 87(3)(a).

- Article 87(3)(c) of the Treaty covers aid to other types of (national) problem regions “to facilitate the development of certain economic areas”. This article gives Member States the possibility to assist regions which are disadvantaged compared to the national average. The list of regions qualifying for this exemption is also decided by the Commission, but on a proposal by Member States. Member States can use national criteria to justify their proposal. The criteria used for the assessment of regional aid are brought together in the “Guidelines on national regional aid for 2007-2013”.

#### **b. Other Horizontal rules**

Cross-industry or “horizontal” rules set out the Commission’s position on particular categories of aid which are aimed at tackling problems which may arise in any industry and region.

The Commission Regulation (EC) n 800/2008 of 6 August 2008 declares certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty (*General block exemption Regulation*)” (Official Journal L 214, 9.8.2008, p. 3-47) (hereinafter only the “GBER”).

The GBER<sup>11</sup> applies to all sectors of the economy except for fisheries and aquaculture, agriculture and coal<sup>12</sup>, and except for regional aid in the steel, shipbuilding and synthetic fibers sector as well as regional aid schemes targeted at specific sectors of economic activity (except tourism). It does not apply to export-related activities or to prefer use of domestic over imported goods. It does not apply to ad hoc aid to large undertakings, with the exception of regional investment and employment aid.

The GBER authorises the following aid types:

- aid in favour of SMEs;
- aid for research and innovation;
- regional development aid;
- training aid;
- employment aid;
- aid in the form of risk capital;
- environmental aid;
- aid promoting entrepreneurship.

Other horizontal aids are ruled by specific regulations.

#### **c. Sectoral rules**

The Commission has also adopted industry-specific or “sectoral” rules defining its approach to State aid in particular industries. The most relevant in this context are the following:

- General sectors (audiovisual production, broadcasting, coal, electricity, postal services, shipbuilding);
- Agriculture, forestry, fisheries and aquaculture;
- Transport.

The Commission Regulation (EC) n. 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the Treaty to *de minimis* aid” rules the *de minimis* regime. The Regulation covers small amounts of State aid (“**de minimis aid**”) which do not constitute State aid in the sense of Article 87(1) of the Treaty and which are therefore not subject to the notification requirement. The *de minimis* Regulation is an instrument which allows Member States to grant subsidies of limited amount to undertakings and particularly SMEs very rapidly, without notification to the Commission and entering into any administrative procedure. The rule is based on the assumption that, in the vast majority of

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<sup>11</sup> For a detailed description of the GBER, please refer to Vademecum – Community Law on State Aid, European Commission, 30 September 2008.

cases, subsidies of a small amount do not have an effect on trade and competition between Member States and therefore do not constitute state aid pursuant to Article 87(1) EC.

The *de minimis* Regulation specifies that aid measures up to EUR 200,000 per company over any period of 3 fiscal years do not constitute State aid within the meaning of the Treaty which means that Member States can grant these amounts of aid without any procedural burden. The *de minimis* rule does not apply to the undertakings active in the fishery and aquaculture sectors, in the coal sector, and in the primary production of agricultural products listed in Annex I to the Treaty. It applies, with a certain number of additional conditions, to undertakings active in processing or marketing of agricultural products. In the transport sector, *de minimis* aid cannot be used for the acquisition of road freight transport vehicles. Finally, undertakings in difficulty are not covered by this Regulation.

To benefit from the *de minimis* rule, aid has to satisfy the following criteria:

- The ceiling for the aid covered by the *de minimis* rule is in general EUR 200,000 (cash grant equivalent) over any three fiscal year period. The relevant period of three years has a mobile character, so that for each new grant of *de minimis*, the total amount of *de minimis* aid granted during three consecutive fiscal years (including the then current fiscal year) needs to be determined.
- The ceiling will apply to the total of all public assistance considered to be *de minimis* aid. It will not affect the possibility of the recipient obtaining other State aid under schemes approved by the Commission, without prejudice to the cumulation rule described below.
- The ceiling applies to aid of all kinds, irrespective of the form it takes or the objective pursued. The only type of aid which is excluded from the benefit of the *de minimis* rule is export aid.
- The regulation only applies to “transparent“ forms of aid which means aid for which it is possible to determine in advance the gross grant equivalent without needing to undertake a risk assessment.

Possible state aid regime under the IPA OP will be decided by the JMC (under a call for proposals or other project procedure) and granted in accordance with the relevant Community rules. Beneficiaries must ensure observance of the law about “the State Aide” and “de minimis aid”. This respect will be checked in any time from the Authorities. The JMC can decide to grant an enterprise under a selected project, also requiring a financial contribution by the undertaking.

## 4. THE PROGRAMME IMPLEMENTATION: THE PROJECTS

### 4.1. Projects typologies

The Programme shall be implemented through projects and operations that can be very different in terms of budget, number of beneficiaries and realization modalities. Only joint projects involving at least one FB belonging to a MS and one belonging to a CC/PCCC will be eligible for funding.

The Programme foresees 2 typologies of projects:

- **Ordinary projects:** see § 4.1.1
- **Strategic Projects:** see § 4.1.2

The Programme allocates the 60% of its budget for Ordinary Projects and reserves the 40% of the resources for Strategic Projects.

#### 4.1.1. Ordinary projects

Ordinary projects are selected throughout calls for proposals. The JMC and other Programme bodies shall determine the contents of each call for proposals.

Ordinary projects are the main modality for the Programme implementation. They shall be referred to a single Measure within one of the Programme Priority.

Ordinary projects are characterized by financial thresholds lower than the budget ceilings of Strategic Projects. The minimum project budget is set up at 500,000 Euros and the maximum at 5,000,000 Euros. Maximum implementing period of Ordinary projects is 36 months.

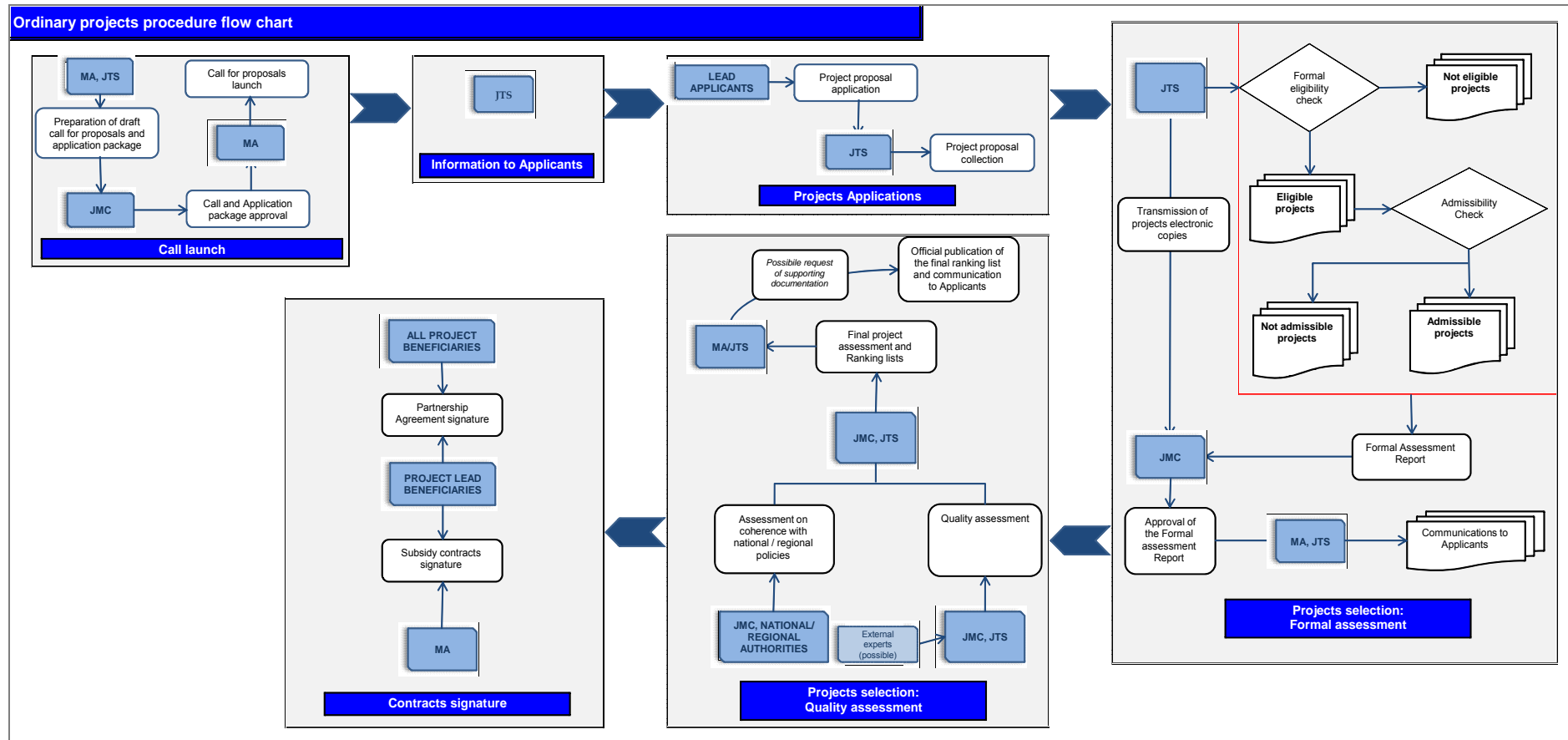
An Ordinary Project cannot allocate more than 60% of its total budget to a single FB . The minimum total budget for a FB is 100,000 Euros.

*Table 4.1.- Ordinary projects submission and selection procedure*

Phases		Bodies
<b>Call launch</b>		
<b>Call approval</b>	The MA, with the support of the JTS, prepares the Call documents and the Application package, in accordance with the contents of the Programme and the JMC indications. The Call can concern all the Programme Priorities or single Priority. The JMC checks and approves the Call and the application package.	MA, JMC, JTS
<b>Call launch</b>	The MA is responsible for the launch of the call for proposals, the publication of the call and the application package on the official journal of the MA and on other relevant journal and web-site (EuropeAid, participating Countries and regions, etc.).	MA
<b>Project application</b>		
<b>Project application</b>	The Lead Applicant (that, in case of approval, shall be the project Lead Beneficiary) submits the project proposal, in accordance with the deadlines, terms and conditions stated in the specific Call and Application package.	Lead Applicants
<b>Projects collection</b>	All the proposals will arrive at JTS, in paper or/and electronic version, depending on the Call requirements	JTS
<b>Project selection</b>		
<b>Formal assessment</b>	Under the responsibility of the MA, the JTS will perform the formal assessment of the project proposals. This procedure consists of 2 levels of control: A) the <i>Formal admissibility check</i> , made against the <i>formal admissibility criteria</i> ; B) the <i>Formal</i>	JMC, JTS, MA (JSC, if appointed)

	<p><i>eligibility check</i>, made against the <i>eligibility criteria</i> and only for projects that have passed the <i>Formal admissibility check</i>.</p> <p>The JTS communicates the results of the formal assessment to the JMC, with a Report on Formal Assessment. The JMC approves the report and the MA, with the support of the JTS, communicates to the Lead Applicants the results of the assessment.</p> <p>Supporting documents proving the Final Beneficiaries eligibility can be required.</p> <p>Only projects that pass the formal assessment are admitted to the quality assessment.</p>	
<b>Quality assessment</b>	<p>The projects are assessed against the criteria of the evaluation grid. The JMC is responsible for selecting and approving operations, while the quality assessment is carried out by JTS, the IPA Adriatic CBC National or/and Regional Authorities/Coordinator, and, if necessary, by the external experts. The JMC shall decide the specific procedure of each call for proposals (priority criteria, minimum and maximum scores, additional documents), according to the Programme actual needs. At the end of the quality assessment, the JMC elaborates and approves a ranking list of the eligible projects.</p> <p>The JMC may appoint a Joint Steering Committee to carry out the projects assessment; anyway, the responsibility for the approval of the projects final ranking list still remains of the JMC.</p>	JMC, JTS, National /Regional Authorities, External expert (JSC, if appointed)
<b>Communication to Applicants</b>	The final ranking list will be published by the MA. The MA, through the JTS, informs the Lead Applicants on the project evaluation results.	MA/JTS
<b>Contracts signature</b>		
<b>Subsidy Contract signature</b>	After the conclusion of the evaluation procedure, the Lead Beneficiaries of projects selected for funding will sign the IPA Subsidy Contract with the MA. The IPA Subsidy Contract shall determine the rights and responsibilities of the Lead Beneficiaries and the MA, the reference of the activities to be carried out, terms of funding, requirements for reporting and financial control.	MA, Lead Beneficiaries
<b>Partnership Agreement</b>	The Lead Beneficiary shall sign a Partnership Agreement with the other projects Partners (or Beneficiaries). The Partnership Agreement will rule the administrative, financial and technical relationships among all Project Partners.	Final Beneficiaries

Fig. 4.1 – Ordinary projects procedure flow chart



### 4.1.2. Strategic projects

**Strategic projects** can concern one or more Measures and one or more Priorities, according to the JMC decisions. They are operations aiming at producing a wide impact and optimising the effects of the Programme on the Adriatic basin. A strategic project shall have the following characteristics:

- be based on a high level of co-financing;
- be a long-term project because of the complexities of organization, partnership and content;
- have an active high-quality partnership;
- meet particular requirements in terms of content. Strategic Projects shall show how they will contribute to implement the Lisbon strategy and/or the Gothenburg agenda. When required, they shall also show that they include the opportunity or possibility of opening new areas of the European policy. Strategic Projects shall meet the integration requirements promoted by Community policies regarding cooperation;
- have a positive outcome in the cooperation area. This aspect is closely linked to the project's territorial area. A project may be "strategic" because, even though it affects a limited territory, it rebuilds or completes networks or deals with matters of general interest to the entire area, thus encouraging overall cooperation;
- produce long-lasting effects. Strategic Projects shall produce durable changes and effects that extend beyond the territory and beyond current project contents, such as:
  - producing a lever effect on financial resources to catalyse other private and/or public financing and human resources;
  - fostering consolidation and stabilization of the partnership as to strategy development priorities in the territories;
  - creating permanent opportunities for cooperation;
  - inducing positive changes in the behaviour of stakeholders.

The minimum amount for strategic projects exceeds 5,000,000 Euros and goes up to a maximum of 12,500,000 Euros. In order to obtain adequate financial project coverage, however, the maximum amount for the single strategic projects can be increased by the JMC upon consensus.

The procedure for **strategic projects** is slightly different compared to that for the ordinary ones. The Programme divide strategic projects into the following categories:

- **Strategic projects Type A**, selected by call for proposals.
- **Strategic project Type B**, selected outside call for proposals.

#### 4.1.2.1. Type A: Strategic Projects selected by calls for proposals (open or restricted):

**Strategic projects "Type A"** can be selected by open or restricted call for proposal. These kinds of operations can be:

- **Type A.1:** on a top down approach, if the JMC states up specific inputs and rules (i.e. eligible beneficiaries, special sectors of interventions, etc.) to encourage high level and selective cross-border projects.
- **Type A.2:** on a bottom up approach, where local actors propose a list of topics to JMC through JMC members.

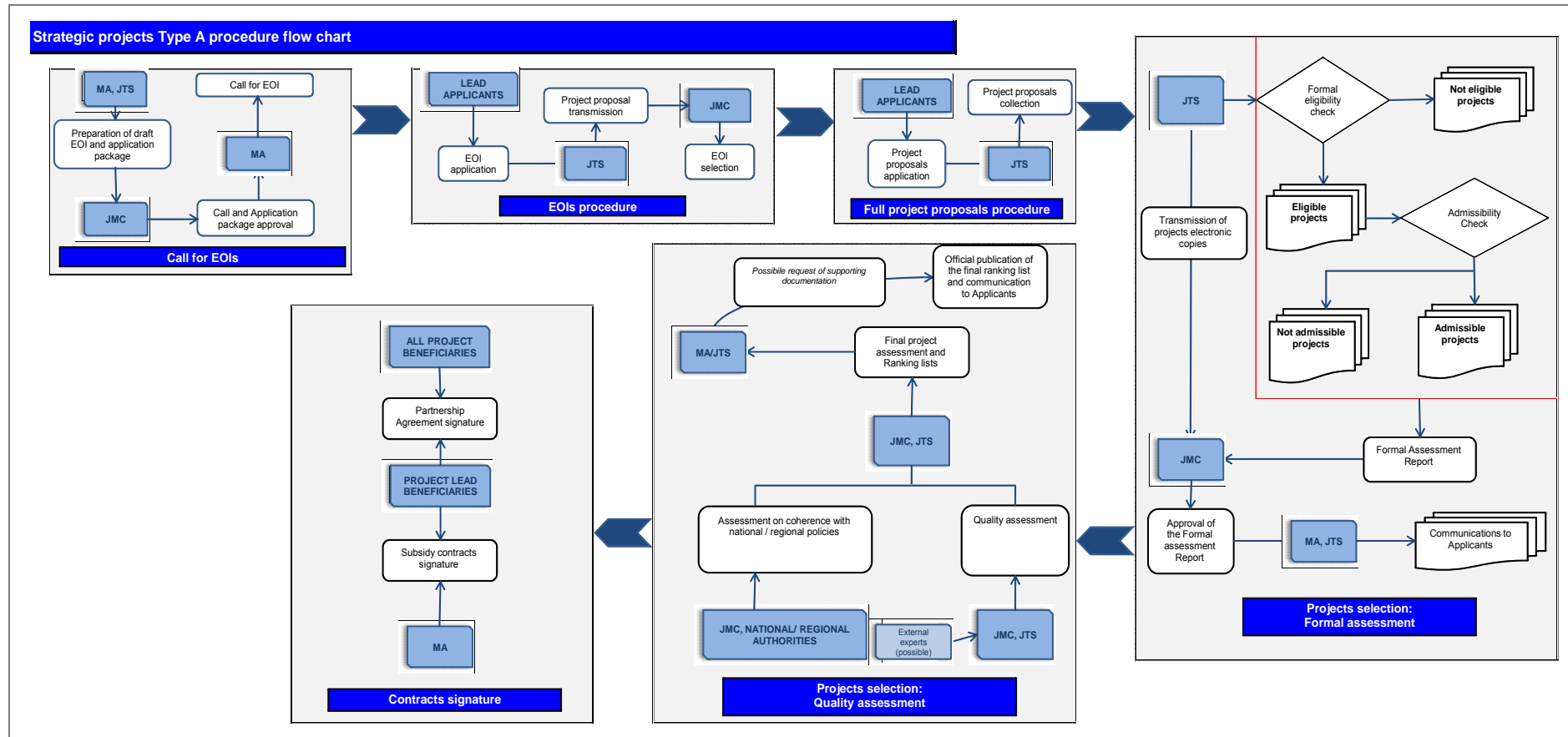
The selection of Strategic Projects can be carried out throughout the following 2 steps procedures:

- a) open call for the Expression of Interest (encouraging all potential applicants to submit project ideas relevant to Programme Priorities);
- b) restricted calls for project proposals; they:
  - focus on Programme Priorities (developing detailed project descriptions);
  - narrow the target group of potential project partners;
  - set specific eligibility and quality criteria on the number and type of partners, activities, etc.

Table 4.2 - Strategic projects Type A procedure

Phases		Bodies
<b>Call for EOIs</b>		
<b>Strategic topics generation</b>	The JMC (eventually supported by Local Actors) indicates a list of important topics to achieve the OP objectives and develop the Adriatic area.	JMC ( <i>Local Actors</i> )
<b>EOI launch</b>	The MA, with the support of the JTS, prepares the Expression of Interest (EOI) format and other call documents. The JMC approves the formats and authorizes the official publication. The MA is responsible for the launch of EOI, by the publication of the call and the application package on the official journal of the MA and other relevant journal and web-site (EuropeAid, participating Countries, etc.).	JMC, MA, JTS
<b>EOI procedure</b>		
<b>EOI application</b>	The Lead Applicant (that, in case of approval, shall be the project Lead Beneficiary) submit the EOI, according to deadlines, terms and conditions of the specific Call. All the EOIs will arrive at JTS, in paper and electronic version.	Lead Applicants
<b>EOI selection</b>	The JMC selects the EOIs and requests the MA, throughout the JTS, to invite the Lead Applicants to submit a Technical plan (project proposal) of the operation.	JMC, MA, JTS
<b>Full project proposals procedure</b>		
<b>Project proposals application</b>	The Lead Applicant of the selected EOI (that, in case of approval, shall be the project Lead Beneficiary) submit the project proposal to the JTS, according to deadlines, terms and conditions stated by the JMC.	Lead Applicants
<b>Project selection</b>		
<b>Formal assessment</b>	Under the responsibility of the JMC, the JTS will perform the formal assessment of the project proposals. This procedure consists of 2 levels of control: A) the <i>Formal admissibility check</i> , made against the <i>formal admissibility criteria</i> ; B) the <i>Formal Eligibility check</i> , made against the <i>eligibility criteria</i> and only for projects that have passed the <i>Formal admissibility check</i> . The JTS communicates the results of the formal assessment to the JMC, with a Report of assessment. The JMC approves the report and the MA, with the support of the JTS, communicates to the Lead Applicants the results of the assessment. Only projects that pass the formal assessment are admitted to the quality assessment.	JMC, JTS, MA ( <i>JSC, if appointed</i> )
<b>Quality assessment</b>	The JMC is responsible for the projects quality assessment, against the criteria of the evaluation grid. The JMC is responsible for selecting and approving operations, while the quality assessment is carried out by JTS, the IPA Adriatic CBC National or/and Regional Authorities/Coordinator, and, if necessary, by the external experts. The JMC shall decide the specific procedure of each call for proposals (priority criteria, minimum and maximum scores, additional documents), according to the Programme present needs. At the end of the quality assessment, the JMC elaborates and approves a ranking list of the eligible projects. Supporting documents proving the Beneficiaries eligibility can be required. The JMC may appoint a Joint Steering Committee to carry out the projects assessment; the responsibility for the approval of the projects final ranking list remains of the JMC.	JMC, JTS, National /Regional Authorities, External expert ( <i>JSC, if appointed</i> )
<b>Communication to Applicants</b>	The final ranking list will be published by the MA. The MA, throughout the JTS, informs the Lead Applicants on the project evaluation results.	MA/JTS
<b>Contracts signature</b>		
<b>Subsidy Contract signature</b>	After the conclusion of the evaluation procedure, the Lead Beneficiaries of projects selected for funding will sign the Subsidy Contract with the MA. The Subsidy Contract shall determine the rights and responsibilities of the Lead Beneficiaries and the MA, the reference of the activities to be carried out, terms of funding, requirements for reporting and financial control.	MA, JTS, Lead Beneficiaries
<b>Partnership Agreement</b>	The Lead Beneficiary shall sign a Partnership Agreement with the other projects Partners (or Final Beneficiaries). The Partnership Agreement will rule the administrative, financial and technical relationships among all Project Partners.	Final Beneficiaries

Fig. 4.2 – Strategic projects Type A flow chart





#### 4.1.2.2. Type B: Strategic Projects outside call for proposals

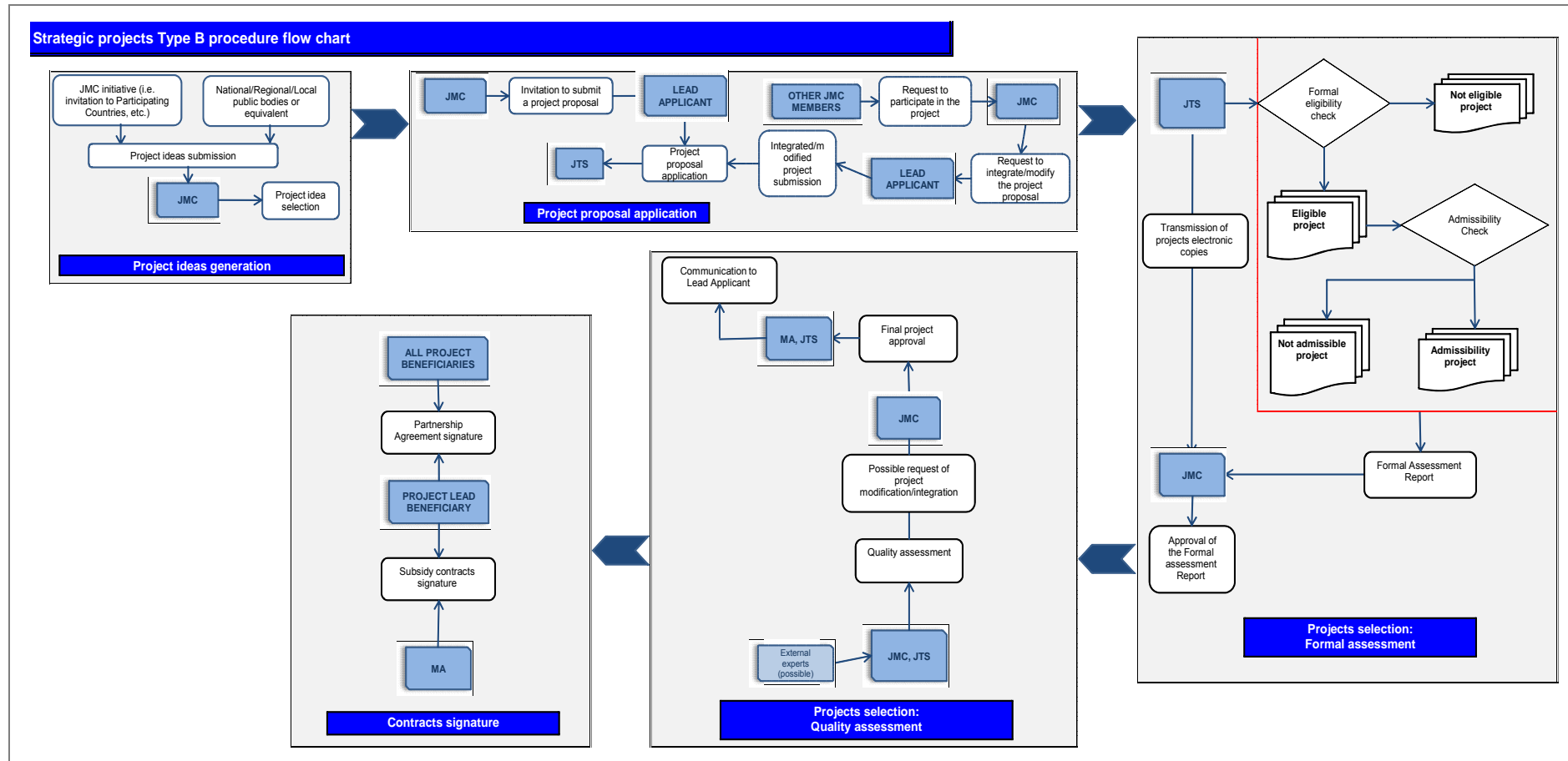
The JMC, with the Strategic projects Types B<sup>12</sup>, stimulates a pro-active approach of the Programme participating Countries, in order to facilitate cooperation and interactivity. The topics relating to strategic projects are agreed upon by JMC members, but potential partners and representatives of the Countries could develop project ideas to be submitted to the JMC together.

Table 4.3 - Strategic projects Type B procedure

Phases		Bodies
<b>Project idea generation</b>		
<b>Project ideas proposals</b>	The JMC members shall present at the JMC meeting strategic project ideas, proposed by the Programme Participating Countries and/or other national, regional, local authorities.	JMC (other Authorities)
<b>Project ideas selection</b>	The JMC selects the strategic project idea.	JMC
<b>Project proposal application</b>		
<b>Project proposal application</b>	The JMC invites the potential Lead Applicant to submit a project proposal. The JMC can require to use the formats prepared by the JTS and/or establish special rules for the project application. The project shall be submitted to the JTS.	JMC, Lead Applicant
<b>Project proposal modification</b>	Any other Countries that want to join the strategic project proposal shall inform the MA and the JMC (at least 60 days in advance of the JMC meeting). In this case, the JMC invites the Lead Applicant to integrate and modify the project proposal. The Lead Applicant shall submit the modified/integrated project proposal at least 50 days in advance of the JMC meeting. The JTS shall assess the project proposals (Formal assessment), in order to verify the new beneficiaries eligibility.	Programme participating Countries
<b>Project selection</b>		
<b>Formal assessment</b>	Under the responsibility of the JMC, the JTS will perform the formal assessment of the project proposals. This procedure consists of 2 levels of control: A) the <i>Formal admissibility check</i> , made against the <i>formal admissibility criteria</i> ; B) the <i>eligibility check</i> , made against the <i>eligibility criteria</i> and only for projects that have passed the <i>Formal admissibility check</i> . The JTS communicates the results of the formal assessment to the JMC, with a Report of assessment. The JMC approves the report.	JMC, JTS (JSC, if appointed)
<b>Quality assessment</b>	The JMC is responsible for the projects quality assessment, against the criteria of the evaluation grid. The JMC is responsible for selecting and approving operations, while the quality assessment is carried out by JTS, the IPA Adriatic CBC National or/and Regional Authorities/Coordinator, and, if necessary, by the external experts. The JMC may appoint a Joint Steering Committee to carry out the project assessment; the responsibility for the project approval remains of the JMC.	JMC, JTS, National /Regional Authorities, External expert (JSC, if appointed)
<b>Communication to Applicant</b>	The MA, throughout the JTS, informs the Lead Applicant on the evaluation results.	MA/JTS
<b>Contracts signature</b>		
<b>Subsidy Contract signature</b>	After the conclusion of the evaluation procedure, the LB will sign the Subsidy Contract with the MA. The Subsidy Contract shall determine the rights and responsibilities of the LB and the MA, the reference of the activities to be carried out, terms of funding, requirements for reporting and financial control.	MA, JTS, Lead Beneficiaries
<b>Partnership Agreement</b>	The LB shall sign a Partnership Agreement with the other projects Partners (or Beneficiaries). The Partnership Agreement will rule the administrative, financial and technical relationships among all Project Partners.	Final Beneficiaries

<sup>12</sup> See the Article 95 IPA Implementing Regulation.

Fig. 3.3 – Strategic projects Type B flow chart



## 4.2. Project selection and evaluation criteria

The JMC is responsible for the projects selection and approval. The JMC may appoint a Joint Steering Committee (JSC) to carry out the project assessment (both formal and quality assessment); anyway, the responsibility for the project approval still remains of the JMC.

Projects (Ordinary and Strategic)<sup>13</sup> evaluation consists of 2 steps:

- **Formal assessment:** the formal assessment is made by the JTS, under the responsibility of the MA. This procedure foresees 2 levels of control: the *Formal Admissibility check* and the *Formal Eligibility check*.
- **Quality assessment:** the JMC is responsible for the quality assessment of the project proposals, on the base of the evaluation grid.

### 4.2.1. Formal assessment

#### 4.2.1.1. Formal admissibility check

- A** *Formal Admissibility check:* Firstly, the JTS will check the applications against a set of **formal admissibility criteria**, as follows:

Admissibility criteria	§§ of the Call
A) The Project Proposal has been submitted in all its parts in due time according to the deadlines set in the Call for proposals.	§ 11
B) The Project submission Receipt is stamped and signed in original by the legal representative of the Lead Applicant or by a duly authorised representative.	§ 11
C) All the documents required for the Lead Applicant and the Final Beneficiaries have been provided in the duly forms	§ 11

Project Applications not fulfilling **all** the above-mentioned formal admissibility criteria will be immediately rejected.

#### 4.2.1.2. Formal eligibility check

- B** *Formal Eligibility check:* the formally admissible projects will be checked by the JTS against a set of **eligibility criteria**, as following:

Eligibility criteria	§§ of the Call/Other documents
A) Project fulfils the minimum cross-border partnership required by the Programme	§ 7
B) The project budget is within the financial thresholds established by the Call and all the costs have been expressed in EUR.	§ 8 - 9
C) Beneficiaries have secured the national co-financing shares, according to Call rules, and own contribution (where required)	§ 8 - Letter of intents
D) The project proposal clearly indicates the Measure to which it is referred	§ 9

<sup>13</sup> In case of Strategic Projects, the procedure is referred to the assessment of the Full application form of the project proposals, and not to the phase of approval of the EOIs (Type A) or the project idea (Type B).

E) The Lead Beneficiaries and all Beneficiaries are eligible, according to the rules of this Call for proposals.	§§ 6
F) All the documents required for the Lead Applicant and the Final Beneficiaries have been filled in all their parts and are consistent with each other.	§ 11
G) The project proposal is in English language in all its parts and sections	§ 9 / 11
H) Beneficiaries acting under a State aid regime respect the relevant disciplines and the financial limits ( <i>de minimis</i> regime)	§ 6/8 –The “ <i>de minimis</i> ” Declaration
I) Location of activities implementation has been clearly indicated and when a FB is located outside the Programme area, its nationality and its registered office have been clearly indicated.	§ 5
J) Project partners cooperate in at least one of the ways foreseen in the Art. 95.2, Reg. (EC) n. 718/2007	§ 9
K) The project duration of the project does not exceed 36 months.	§ 9
L) The project does not duplicate already financed project	Letter of intent
M) The project excludes double financing	Letter of intent

Project applications not fulfilling **all** the above-mentioned eligibility criteria will be rejected.

Lead Applicants will be informed about the reasons of rejection at the end of the formal assessment phase.

If necessary to better achieve the formal assessment, the JTS might require, also to the Programme National Authorities/Coordinator, to provide documents that might integrate the evidential documents provided by the Final Beneficiaries in order to finalize the examination of the fulfilment of the formal assessment criteria.

Once the formal check is concluded, the JTS communicates the results to the JMC, with a Report on the formal assessment of all the project proposals. Once the JMC approves the report, the MA will publish on the Programme website the list of the projects admitted to the quality assessment, according to the principle of transparency and publicity of the selection procedure.

## 4.2.2. Quality assessment

The JMC is responsible for the quality assessment of the project proposals, on the basis of the following evaluation grid and general criteria:

**Table 4.6 – General evaluation criteria**

Sections/ criteria n.	Criteria
<b>A</b>	<b>Consistency with the Programme Strategy</b>
a.1	Is the project in compliance with the Programme strategy, objectives and Priorities?
a.2	Are the project objectives in compliance with the relevant EU policies and the horizontal issues of the Programme, and are the activities and results in accordance with the relevant EU rules (regulations, directives, etc.)?
a.3	Are the project objectives coherent with the national policies of the Countries participating in the operation?
a.4	Are the project objectives coherent with the sub-national public policies relevant for the involved territories?
<b>B</b>	<b>Cross-border character of the intervention</b>
b.1	How many Adriatic Countries are present in the project?

b.2	What are the project impacts on the Adriatic cooperation area?
b.3	What is the joint cooperation level of the project, according to the cross-border cooperation criteria (joint development, joint implementation, joint staffing, joint financing)?
<b>C</b>	<b>Financial and management capacity</b>
c.1	Does the Lead Beneficiary have experience in cross-border or other international project management and sufficient capacities (human resources, equipment, etc.) to ensure the good functioning of the project and coordination of a cross-border partnership?
c.2	Do the project Beneficiaries have technical capacities and expertise in the field of action of the project?
c.3	Do the Beneficiaries have the experience and the capacity to manage the allocated budget for the implementation of their activities?
<b>D</b>	<b>Quality of intervention</b>
d.1	Are the objectives and expected results of the project clearly defined and addressed to solve specific problems of the area?
d.2	Are the activities, the work plan and the timetable clear, realistic and appropriate to achieve the expected results and the objectives of the project?
d.3	Are all Beneficiaries adequate for achieving the foreseen objectives and are tasks and activities clearly and appropriately distributed among the Lead Beneficiary and the partners?
d.4	Does the project establish an organized and operational management system, able to ensure the adequate coordination of the partnership, the monitoring and evaluation of the activities progress, and the communication and publicity of the operation?
d.5	Is the project innovatory and what added value does it develop?
d.6	Do the project activities and results have the concrete and realistic possibility to have a follow up after the end of the Programme contribution?
d.7	Does the project represent a capitalization of previous cross-border cooperation experiences?
<b>E</b>	<b>Budget of the project</b>
e.1	Does the project budget represent value for money?
e.2	Are the estimated expenditures rationally quantified for the full and satisfactory implementation of the foreseen activities?
<b>Total score</b>	

The maximum score to be assigned to each criteria will be defined through the calls for proposals.

For Ordinary projects, the JMC can add to the above listed general criteria, the specific Priority criteria in the calls for proposals.

Due to their characteristics, the strategic projects selected through the expression of interests include specific criteria in addition to general criteria. Such specific criteria are established in the Expression of Interest.

The JMC is responsible for selecting and approving operations, while the quality assessment is carried out by JTS, the IPA Adriatic CBC Programme National or Regional Authorities/Coordinator and, if necessary, by the external experts

The maximum score is 100, resulting from the sum of the points assigned for each section of the evaluation grid.

A project proposal will not be eligible for funding if:

- it achieves a score lower than 70 points for Ordinary projects, or lower than 80 points for Strategic projects.
- it does not achieve at least half the points foreseen in each section of the evaluation grid.

In case 2 or more projects have the same scores, priority will be given to projects that enhance the higher score under the Section D "Quality of the intervention" of the evaluation grid. In case of further equality, the priority will be given to projects with the higher score under the other Sections of the evaluation grid, taking into account the following order of precedence: Section A "Consistency with the programme strategy"; Section B "Cross border character of the intervention"; Section C "Financial and management capacity"; Section E "Budget of the project".

At the end of the evaluation procedure, the JMC elaborates and approves a ranking list of all the projects eligible for funding (for Ordinary projects and Strategic projects Type A). The project ranking list is approved by the JMC and then published by the MA according to the procedure foreseen by the relevant Community and national regulations<sup>14</sup>.

In the call for proposals, the JMC can decide to require to Lead Applicants of the selected projects additional documents to verify the eligibility of the project Final Beneficiaries (statutes, budget, etc.).

The projects are financed according to the available budget of the call for proposals and/or other conditions set by the JMC.

### 4.3. Contracts signature and projects start

After the conclusion of the evaluation procedure, the Lead Beneficiaries of the projects selected for funding will sign the Subsidy Contract with the Programme MA.

The Subsidy Contract shall determine the rights and responsibilities of the LB and the MA, the reference to the activities to be carried out, terms of funding, requirements for reporting and financial controls, etc. The LB will conclude a Partnership Agreement with all other projects Final Beneficiaries. The reimbursement of national co-financing shares will follow the rules and procedures established by each Programme Participating Country.

The Partnership Agreement signed by all the projects Final Beneficiaries shall be sent to the MA immediately as soon as possible (more precise provisions can be established by the JMC). If the document is not subscribed by all the Final Beneficiaries, the funding decision will be revoked.

The JMC can decide to foresee particular conditions to grant some categories of Final Beneficiaries (i.e. financial guarantees, etc.).

As general rule, the grant payments follow a reimbursement system. Payment claims are transmitted by the LB to the MA on behalf of the partners. Payments will be made as soon as possible to the Lead Beneficiary's account by the CA of the Programme. Payments are made in Euros only. The LB is responsible to distribute the Community funding among the partners according to the expenses incurred by each partner and validated by the competent FLCO.

The JMC can decide to foresee the possibility to assign an advance payment to funded projects. Anyway, the advance payment is granted to Lead Beneficiaries under the condition that the MA has yet received by the European Commission the Programme pre-financing, according to the Article 128 of EC Regulation 718/2007.

The Lead Beneficiaries have to communicate to the MA the start up date of the activities. If the project time plan is not respected, the MA can decide to cancel and/or reduce the allocated funds and ask for the possible reimbursement of the amount already paid.

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<sup>14</sup> See Article 62 of IPA Implementing Regulation

## 5. FINANCIAL AND CONTROL PROCEDURES

### 5.1. Programme managing and control

The Article n. 114 of the IPA Implementing Regulation states:

1. *Participating countries shall be responsible for the management and control of cross-border programmes in particular through the following measures:*
  - a) *ensuring that management and control systems for cross-border programmes are set up in accordance with Articles 101 and 105 and function effectively;*
  - b) *preventing, detecting and correcting irregularities and recovering amounts unduly paid together with interest on late payments where appropriate. They shall notify these to the Commission, and keep the Commission informed of the progress of administrative and legal proceedings.*
2. *Without prejudice to the participating countries' responsibility for detecting and correcting irregularities and for recovering amounts unduly paid, the CA shall ensure that any amount paid as a result of an irregularity is recovered from the LB . The final beneficiaries shall repay the LB the amounts unduly paid in accordance with the agreement existing between them. If the LB does not succeed in securing repayment from a FB , the participating country on whose territory the relevant FB is located shall reimburse the CA the amount unduly paid to thatFB.*

In order to comply with Community provisions on managing and control, the MA has developed the Programme Management and Information System, **MIS**, a multi-user system, developed specially for the needs of the Programme, based on a web technology The M.I.S. is then a common Programme integrated system for the whole Programme area which permits to manage:

- the Programme and its configuration;
- project's submission;
- Final Beneficiaries participating in a project;
- expenses made by Final Beneficiaries of financed projects;
- certification of expenditures (Declaration on Validation of Expenditures) and related Application for Reimbursement;
- multi-level controls of expenses;

thus allowing the recording and keeping of the accounting data as well as the financial management, control, checks, audit and evaluation of each Project approved within the framework of the Programme (ordinary and strategic).

### 5.2. Reimbursement procedure

The Certifying Authority (CA) collects the periodical payment requests from the projects Lead Beneficiaries and send a single Payment Claim to European Commission. The CA carries out an independent evaluation on samples of first level expenditures certifications.

The European Commission pays the Community IPA Contribution (equal to 85% of the expenditure declared by the CA) to the IGRUE, that transfers this amount to theCA . The CA pays the Community IPA Contribution to the Lead Beneficiaries through the Programme Treasury (at the Treasury of the Abruzzo Region, on the bearing account bound by the Programme).

The MA (through the JTS - Financial Management and Monitoring Unit), authorizes, with the Reimbursement Orders, the Programme Treasury to reimburse to the LB the validated expenditures of Final Beneficiaries with IPA Community Contribution.

The LB reimburses the due Community IPA funds to other project Final Beneficiaries.

The national co-financing reimbursement, if due, will instead follow the rules established by each participating Country, according to the specific national co-financing system set up.

### 5.3. The First level control system

According to the Article 108 of the IPA Implementing Regulation, the IPA Adriatic CBC Programme foresees the establishment of First Level Control Offices in each participating Countries.

The First Level Control Office (FLCO) verifies the soundness of the expenditure declared for operations or parts of operations implemented by Final Beneficiaries, located in its territory, and the compliance of such expenditure and of related operations, or parts of those operations, with Community, when relevant, and its national rules.

To this purpose, controls shall focus on:

- administrative inspection of all expenditure declarations (Progress Reports) submitted by the Final Beneficiaries, and
- on-the-spot-checks on sample of reported expenditures .

The administrative inspection of Progress Reports is carried out on the entire expenditure (100%) paid by Final Beneficiaries, under the following principles:

- principle of effectiveness, to ensure that the expenditure has actually been incurred by the Final Beneficiaries for project implementation;
- principle of legitimacy, to ensure that the expenditure is in accordance with the EU and national rules;
- principle of the localization of the operation, to ensure that the expenditure has been paid for an operation realized in the eligibility area of the Programme;
- principle of documentary evidence, to ensure that expenditures paid have been proven by adequate accounting documents.

The whole First Level Control process shall be carried out effectively and timely.

Each participating Country shall ensure that the expenditure can be validated by the controllers within a period of three months from the date of the Progress Report's submission by the FB to controllers.

The procedure starts with the preparation of the Progress Report by each FB for their own activities and costs. Each FB shall perform an administrative and accounting self-evaluation on the expenditures documentary evidence and shall register this activity and the related expenditures in the system (the programme's Management and Information system – MIS).

The Progress Report contains project references, period of reporting, specific items of expenditure and the related supporting documents, expenditures regularly paid within the period of reporting specified, accounting documents of equivalent probative value and any other specific document required for reporting.

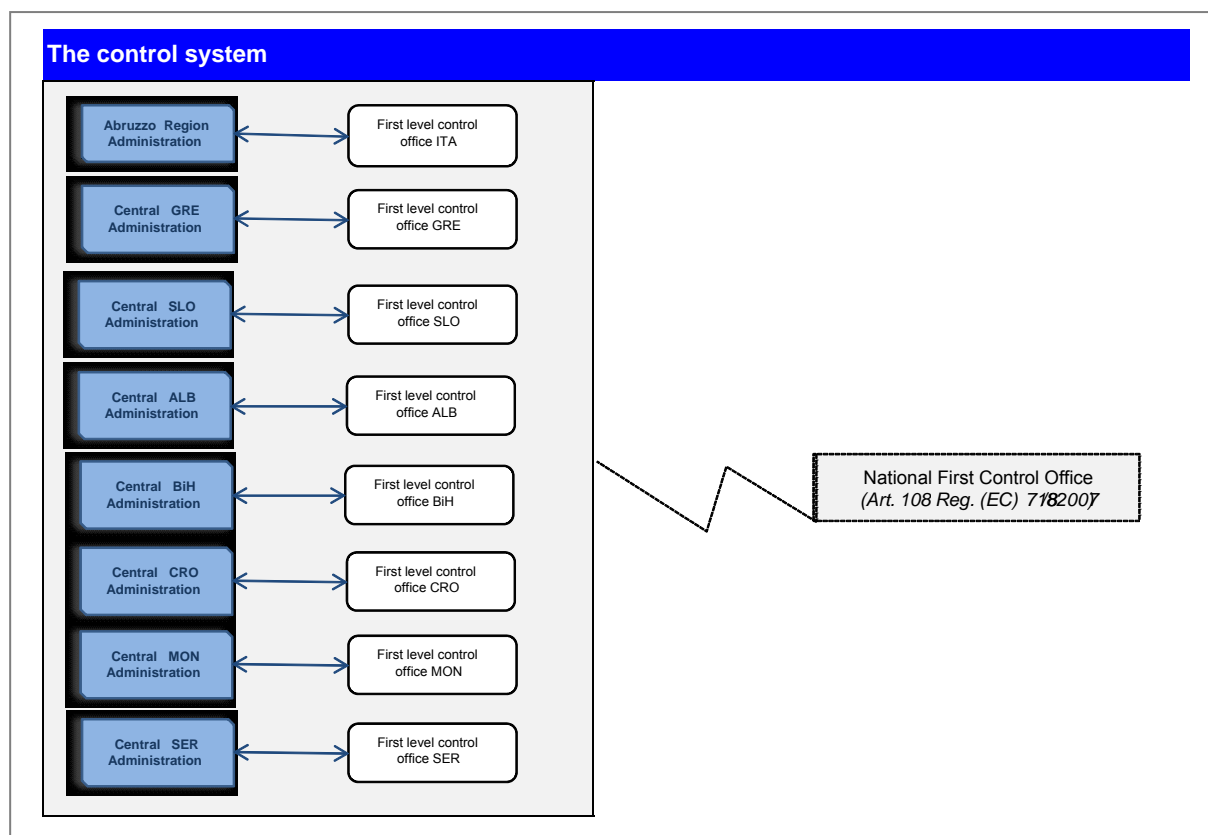
The FB sends the completed Progress Report to its national FLCO, only after the LB has checked that the FB had paid the declared expenditures for the purpose of implementing the project operation and that the implemented activities correspond to the activities agreed between the Final Beneficiaries<sup>15</sup>, by verifying its Activity Report .

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<sup>15</sup> Article 96 of the IPA Implementing Regulation.



Fig. 5.21 - Structure of control systems



### 5.3.1. Second level control system

The AA will select a sample of projects and submit them to a second level control to check whether the declared expenditures have been correctly stated in the progress reports. The purpose of these checks is to detect any mistakes in the accounting records of single projects.

This check will help to achieve an overall picture about how management and control procedures and document set-up are being applied at Programme level. It will also assist the Authorities in preventing and correcting potential weaknesses and errors.

Final Beneficiaries of selected projects shall cooperate with the Audit Authorities and produce all documents and information requested to assess the correct accounting procedures. For audit purposes, the Final Beneficiaries must keep the documents in good condition up to three years after the Programme closure (at least 31.12.2021) unless stricter national rules do not state a later date.

### 5.3.2. Procurement rules

According to the Article 121 of EC Regulation n.718/2007, for the award of service, supply and work contracts, all Final Beneficiaries (public as well private, independently of their nationality or location) of the approved and funded projects must apply the procurement procedures for the "External aid rules" established in the Chapter 3 of Part 2, Title IV of Regulation (EC, Euratom) No 1605/2002 and Chapter 3 of Part 2, Title III of Regulation (EC, Euratom) No 2342/2002, as well as Commission Decision C (2007) 2034 of 24 May 2007 on the rules and procedures applicable to service, supply and work contracts financed by the general budget of the European Communities for the purposes of cooperation with third countries. These procedures will be available on the Programme website.

The External aid rules for the award of service, supply and work contracts shall apply in the whole area of the Programme, both in Member States and in IPA beneficiary Countries.

## 6. IMPLEMENTATION DOCUMENTS

The principle and rules established in the OP and in the Implementation Manual will be carried out throughout documents and instruments, that will discipline all the Programme implementation issues, in accordance with the present needs and objectives.

The main documents for the Programme implementation are:

- Calls for proposals and application packages, including Applicants' Manual: they give the essential information for the project application, also providing the application forms and other documents templates. The call and Applicants' Manual will provide, in particular, the following information:
  - the eligible typologies of interventions;
  - the list of eligible beneficiaries;
  - the eligible expenditures;
  - the general and, where requested, the specific evaluation criteria;
  - the project application procedure;
  - the financial rules for projects funding;
  - the Beneficiaries responsibilities;
  - any other necessary information.
- Programme Management and Control Manual: it gives all the information for the project implementation, the correct management of the funds and the cross-border partnership, and the realization of the activities. The Manual provides, in particular, the following information, :
  - rules and procedures for the project management;
  - definitions of Beneficiaries' duties and responsibilities (financial and technical reporting, Programme visibility, etc.);
  - rules and procedures for the expenditures accounting (eligible costs, proving documents, etc.);
  - rules and procedures for the information input to the Programme monitoring system by the lead beneficiaries and its the relations with the single beneficiaries;
- The Guidance for First Level Controllers: It will describe rules and procedures for the functioning of the First and Second Level Controls systems, established by the Programme and within the Participating Countries.