Programme Manual

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Content

Glossary

AA	Audit authority
ACP	Alpine Space contact point
AF	Application form
ASP	Alpine Space Programme
IP	Interreg Programme
CB	Control Body
CPR	Common Provisions Regulation
EC	European Commission
ECA	European court of auditors
ERDF	European Regional Development Fund
ETC	European Territorial Cooperation
EU	European Union
EUSALP	European Union Strategy for the Alpine Region
GPP	Green public procurement
JEMS	Joint electronic monitoring system
JS	Joint Secretariat
LP	Lead partner
MA	Managing authority
NAPs	National Action Plans
NGO	Non-government organisation
PA	Partnership agreement
PC	Programme committee
PM	Programme Manual
PP	Project partner
PR	Progress report
SC	Subsidy contract

ToR	Terms of Reference
TSS	Technical support structure
UNEP	United Nations Environment Programme
VAT	Value added tax
WP	Work package

Introduction

The Programme Manual (PM) of the Interreg Alpine Space programme intends to provide project applicants, lead partners (LP) and project partners (PP) with information and guidance needed for a clear and timely implementation of their funded projects in compliance with the applicable legal framework.

The PM contains provisions concerning all phases of the project lifecycle, from the programme purpose and quality requirements, project generation, contracting through project implementation until closure. Some chapters present the compulsory programme requirements (e.g. eligibility rules) while others intend to guide, inform and support in order to ensure a sound project implementation and management at all levels.

The target audiences of this document are:

- Project managers, finance managers and communication managers appointed by the beneficiaries, which are participating in the approved projects;
- National controllers in charge of validating the expenditure incurred and paid by the beneficiaries;
- Programme bodies.

All interested applicants are recommended to consult this document when preparing their project proposals, since this document sets the conditions for receiving funding from the European Regional and Development Fund (ERDF) in the framework of the Interreg Alpine Space programme.

If necessary, the information provided in this document will be further developed and updated during the programme implementation. The programme will also provide beneficiaries and national controllers with training and exchange opportunities from early-on in project implementation.

Furthermore, project officers of the Joint Secretariat (JS) will give personalised assistance to beneficiaries (mainly to LPs).

A. Programme purpose and project quality requirements

This chapter is divided in four parts: the first part of the chapter outlines the programme's expectations for quality partnerships, the result orientation focus and how projects can position themselves in the policy context. All elements developed in this first part are to be understood as transversal and applicable for all project proposals.

The second part of the chapter explains some required features in order to have quality projects and have to be taking into consideration when planning to apply and work within the programme.

The third part of the chapter explains the typology of the projects. Here, the applicants can see the expectations for "classic" and "small-scale" projects in the period 2021-2027.

The fourth part of this chapter provides guidance on simple greening measures projects should apply to contribute to tackle the climate change issues and sustainability goals in the European Union.

A.1 Programme purpose

Through its cohesion policy the European Union (EU)[1] works to reduce disparities in the levels of development, growth and quality of life in European regions. It promotes actions designed to make the European territory more innovative, more sustainable, and more inclusive. While the large majority of the funds designated to reduce these disparities are managed nationally, the EU and its Member States believe that regional development can be improved through cooperation across borders.

In 2015 the Alpine States and Regions gave themselves a common strategy: the EU Strategy for the Alpine Region (EUSALP). In order to enable the involvement of relevant partners from the entire EUSALP area in the development of the Alpine Region, the perimeter of the Alpine Space programme 2021-2027 shall be aligned to the perimeter of EUSALP. This is meant to strengthen the coherence between programme and strategy goals and to support the path towards a carbon neutral and climate resilient territory. The focus

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[1] More on European Union Cohesion Policy: https://ec.europa.eu/regional_policy/en/2021_2027/

of activities and interventions on the functional and geographic specificities of the Alps and peri-alpine areas will be maintained. The programme continues to play a key role in implementing the strategy and facilitating transnational cooperation in the area financed by ERDF. Through transnational cooperation, the Alpine Region is striving for joint solutions and exchange in this regard.

A.1.1 Programme bodies and functions

Programme committee (PC)

Consisting of representatives of all Partner States (national and regional level) and a representative of the European Commission (EC) in monitoring and advisory capacity. Relevant Alpine organisations can be members in advisory capacity (the Alpine Convention and other transnationally-relevant non-governmental bodies (NGOs)). Decisions are taken by consensus. Every year another country chairs the PC. The PC is the decision making body of the programme. It monitors its implementation, adopts the terms of reference of calls for project proposals and selects projects for co-funding.

Managing authority (MA)

Appointed by the Partner States it is represented by the Land of Salzburg (Austria), the 'Department for economy, tourism and municipalities, Sub-department regional development and EU regional policy' acts as Managing Authority (MA). The MA bears the overall responsibility of managing and implementing the programme.

Audit authority (AA)

Performed by the Federal Chancellery of Austria, Department IV/3 Financial Control of the ERDF. The Audit Authority (AA) ensures that audits are carried out on the management and control systems, on an appropriate sample of operations and on the annual accounts. The AA is be assisted by a Group of Auditors (GoA) comprising representatives from each Member State.

Joint Secretariat (JS)

It consists of an international team, often representing the involved Alpine countries. It is the main contact point for the public and for people who want to get involved (together with the Alpine Space contact points on the national level). It provides expertise and assistance to the MA and the PC and is in charge of the day to day implementation of the programme i.e. assessment of project applications, monitoring of co-funded project, public relations and communications.

Alpine Space contact points (ACP)

Each Partner State has a contact point, usually hosted within a public institution. It provides a link between the transnational and national/regional level. ACPs are the first contact person for project applicants and partners in their countries, and raise awareness on the programme in their country.

A.2 Required features for quality projects

Transnational approach

The projects shall clearly demonstrate why and how the transnational approach adds value in tackling the defined topics. The genuine transnational character and the transnational added value shall be explained, as well as in how far the challenges addressed and the solutions proposed are answering a need identified in the Interreg Programme (IP) and/or in other supranational documents.

It shall be explained why the transnational level is the right level to address the issue tackled by the project, compared to the national, regional or local levels. The benefits and advantages of a transnational approach for the project and for the planned objectives must be clearly demonstrated.

Project Partnership

There are different requirements for setting up a partnership depending on the type of project (see next chapter). Projects shall consider that it is not the number of partners that makes a project good but the appropriateness and relevance of the partners and the quality of the partnership. The project shall demonstrate, that the partnership includes key/competent actors able to address the defined project objectives. It must also be balanced in terms of geographical coverage and between relevant sectors and administrative levels (e.g. sector-specific expertise, multi-level and multi-sectorial composition).

The partnership should enable knowledge transfer and capitalisation of project results or relevant groups (e.g. business, practitioners, academia or administrations). The involvement of representatives of key target groups as partners is an asset. Relevant stakeholders shall already be involved in the preparation phase of the project proposal to ensure shared project ownership and a project set up addressing demand in terms of needs and supply. Those stakeholders can join the partnership as project partners or as observers (see next chapter).

Results durability and transferability

The project shall ensure that its outputs are specific, measurable, realistic, durable and transferable. The project's outputs and results should be clearly linked to the identified target group's needs and should bring an added value to those already in place. The long term use of the project results and the expected impact on target areas (geographically and thematically) and target groups, shall be made explicit. The stakeholders for whom the tackled problem, the intended solutions and proposed project results are relevant shall be clearly identified. A strategy for their involvement, already in the project preparation phase, but also during project implementation shall be foreseen. Further, concrete and solid measures demonstrating that the long term use of project results by the identified target groups is secured shall be planned.

Positioning projects in their policy context

The projects should be aware of the policy context in their field of activities. When developing a project idea it might be helpful to reflect on the following questions: What is the policy background and status? How is the profile of policy development and what are the (project) challenges? Are there already achieved agreements (on national or transnational level)? Being aware of all this will directly influence the factors such as the set-up of the partnership, the structure of the project and the type of the transnational problem that is tackled (political, financial, technical). The structure of the partnership and its consistency must be carefully assessed. Which is the institutional role of the partners in the specific policy field addressed? What is the relevance of the partnership and the ability and know-how of the partners to perform joint transnational actions and achieve the expected results? These are questions projects must ask themselves.

Intervention logic

The principle behind the intervention logic is that projects should lead to a territorial change, at least in the regions involved in the project. This means that projects are required to demonstrate the context in which the debate should be set, including the underlying causes that influence it. On this basis the change that the project wants to achieve will emerge more clearly. In order to do so projects must define specific objectives and results that are needed to achieve the change. These specific objectives and results need to be defined in relation to the programme, thereby also contributing to the achievement of the programme priority specific objectives and results. These and other terms are defined as follows:

- The **overall project objective** explains what the project intends to achieve for the benefit of the involved regions and points to the planned project results. The overall project objective has to be broken down into one or more project specific objectives.

- The **project specific objective** defines an immediate goal that the project can realistically achieve within the project lifetime through its planned activities and related outputs and deliverables. The project specific objective needs to contribute to the overall project objective. The project should specify up to three specific objectives. At the end of the project, it should be verifiable whether the specific objective has been reached or not.

- The **project activity** is the main implementation step or task in the work package that may or may not result in a deliverable or an output.

- The **project output** is the product that results from the implementation of one or more project activities. All project activities and outputs need to be consistent with and contribute to the attainment of one or more project specific objectives. All project outputs need to contribute to the programme output indicators.

- The **project deliverable** capture the implementation of project activities through reports, studies or working documents. This means that all deliverables should be able to explain the outcome of intermediate steps of a certain activity.

- The **project result** is the immediate effect and change compared to the initial situation in the regions subject to cooperation, which the project intends to achieve through its outputs. All project results are to contribute to the programme result indicators.

- The **work plan** is structured around work packages, which are broken down into one or more activities and deliverables. The number of work packages per project should not go beyond what is necessary to achieve the overall project objective. Our recommendation for classic projects is up to three thematic work packages. As for small-scale projects, applicants should focus on one single work package. Both dissemination and knowledge transfer activities should be embedded in one or more thematic work packages. Any work package or activity on project management or communication will be found irrelevant and disregarded from assessment. The same applies to deliverables, such as project management handbooks or project steering committee meetings, just to name a few.

The relationship between project and programme objectives that leads to the territorial change is depicted in the figure below.
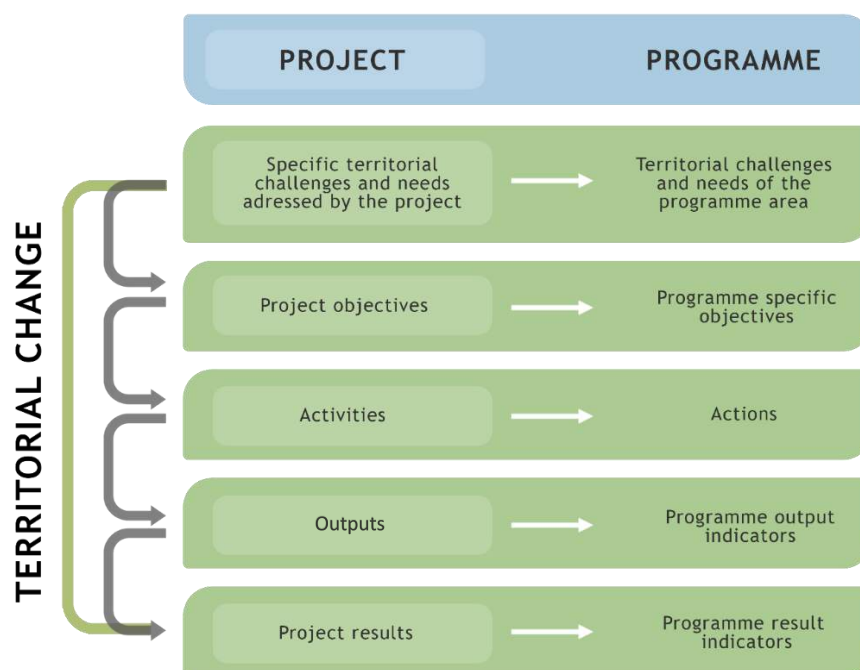
Output and result indicators

The programme has identified a set of indicators to capture outputs and results achieved by projects. The primary source of information for this exercise was the European Commission's working staff document *"Performance, monitoring and evaluation of the European Regional Development Fund, the Cohesion Fund and the Just Transition Fund in 2021-2027"* (SWD(2021) 198 final). On top of this, the programme has also adopted one programme-specific result indicator (PSR1)[2] whose definition is the result of exchanges with other transnational programmes under the facilitation of the Interact programme. Most of these indicators apply to all programme priorities but there are a few exceptions as demonstrated in the table below.

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[2] Formally known as RCR Interact.

	PRIORITY 1		PRIORITY 2		PRIORITY 3		PRIORITY 4
INDICATOR	**Climate Change SO iv**	**Biodiversity SO vii**	**Energy SO vi**	**Circular economy SO vi**	**R&I SO i**	**Digitization SOii**	**ISO 1**
OUTPUT — RCO84 Pilots	●	●	●	●	●	●	
RCO116 Solutions	●	●	●	●	●	●	●
RCO118 Organisations							●
RESULT — RCR104 Solutions	●	●	●	●	●	●	●
PSR1 Organisations							●

Output indicators are products delivered by projects to support beneficiaries to reach the territorial change while result indicators measure the direct effects of project outputs for beneficiaries or users, i.e. target groups.

Projects have to follow the logical correspondence between output and result indicators. This means that according to the type of outputs and results projects want to achieve, the relevant indicators have to be selected in the application form and the related targets need to be quantified. In this regard, the implementation of pilot activities (RCO84) or joint solutions (RCO116) will help lead to the result that the project wants to achieve, which will correspond to solutions taken up or up-scaled by organizations (RCR104). In the same way, the number of organizations cooperating for the multi-level governance of macro-regional strategies (RCO118) should help increase the institutional capacity of these and other relevant organizations that actively took part in cooperation activities (PSR 1). For further information about the linkages between types of outputs and the respective outputs and result indicators please refer to annex VII. The same applies to the definition of each indicator.

The contribution that projects make to the programme output indicators varies according to the typology of project. Classic projects may contribute to all programme output indicators. There are however some exceptions depending on the priority. RCO84, RCO116 and RCR104 apply to all priorities, whereas RCO118 and PSR1 apply to priority 4 only. Equally important is the fact that pilots (RCO84) cannot be dissociated from solutions (RCO116). In other words, one must design and deliver pilots if the ultimate intention is to contribute to RCO116. This principle also applies to setting-the-scene projects. The nature of roll-out projects is not suitable for pilots or solutions. If project outputs do not fit the purpose of solutions or pilot activities, applicants must select "other". This hold true for strategies or action plans in both classic and small-scale projects.

Coupled with this is the fact that projects must attach a great deal of importance to communication activities in order to capitalize on the knowledge generated by outputs and results, and thereby support the roll out into policies, strategies or action plans. All projects, from classic to small-scale, must be able to identify and engage target groups in the development of deliverables and outputs, and plan how to encourage them to use these deliverables and outputs in their daily work. For further information about project communication please refer to chapter D.4 of this manual.

Project heritage

Applicants are expected to research and take into account existing outputs and results delivered by previous projects co-financed by Interreg Alpine Space as well as other Interreg programmes and EU financing instruments, from LIFE to Horizon 2020. This exercise will help increase the efficiency of the co-financing provided by the programme as it ensures that project ideas are innovative and, at the same time, improve the effectiveness and impact of cooperation through transnational actions build on past achievements. Equally important is the fact that such efforts reduce the risk of double funding.

There are many databases providing information about project outputs and results. The Interreg Alpine Space website is the gateway to all websites of the Interreg Alpine Space projects in the 2014-2020 period. Another source of interest are the ARPAF projects whose results are accessible from the EUSALP website. The KEEP database offers fact sheets about Interreg project across Europe. The EC website also provides access to a database in which users can search for regional projects co-financed by various regional policy programmes over the last 20 years. Other EC databases of interest are CORDIS or LIFE.

A.3 Typology of the projects

For the 2021-2027 period, the programme partner states will follow distinctive approaches to cooperation depending on the thematic priorities (priorities 1, 2 and 3) and multi-level governance (priority 4).

For the thematic priorities, the programme will offer the possibility to submit both classic and small-scale projects. In relation to multi-level governance, the programme will provide funding for the EUSALP technical support and for small-scale projects.

Classic projects

Classic projects have been in place for several years already and offer a result oriented approach, helping to identify the expected contribution of projects in a defined policy field. Classic projects can tackle a wide

range of challenges, and depending on the maturity of the topic subject to cooperation, they may address one or more phases of the policy cycle (see Figure 1).

The three phases are summarised below:

- **Strategic policy development** activities through the elaboration of common strategies or methodologies;
- **Explorative and piloting** activities to test models or tools and validate solutions that are applicable to different contexts;
- **Dissemination and capitalisation activities** to encourage **policy implementation** across sectors and regions.

Figure 1: Three phases of the policy cycle

Classic projects apply a result-oriented approach and deliver tangible results to the challenges identified in the IP.

Project applicants are strongly encouraged to consider the characteristics and reference values of classic projects as outlined below:

The total financial size of each project shall range between EUR 1 and 3 million;
Eligible expenses from EU Members States are co-financed and reimbursed up to 75 %;
The duration of classic projects shall range between 24 and 36 months;

Classic projects shall involve from 7 to 12 partners from at least four different countries of the programme area.

Deviations may be accepted in well-justified cases only.

Small-scale projects

To better respond to the objectives of the new programme and to offer a new form of cooperation this new strand of shorter and smaller projects is offered.

As the name suggests, small-scale projects are shorter and involve less partners compared to classic projects. Small-scale projects diversify into three different strands: 'set the scene', 'roll-out' and 'governance', characterised by different aims, key features and cornerstones.

'Set the scene' and 'roll-out' project

This typologies allows the beneficiaries to address innovative subjects from a thematic and/or territorial perspective and to deliver knowledge be it through analysis, experimentation or fieldwork.

Applicants may submit proposals to **"set the scene"** on themes that are rather new to transnational cooperation, such as biodiversity in urban areas or digitisation in relation to social innovation or circular economy. Another option is to test instruments, tools or policies, through exploratory activities, such as new mobility solutions, application of training tools for risk prevention **or the development and testing of digital applications to foster local democracy and the participation of youngsters in decision-making.**

> **Example:** The 'Alps4GreenC' project will set the scene for the transnational utilization of biomass residues through investigation of biomass conversion opportunities in project partner countries and the proposal of transnational biochar-based value chains.
>
> Along the programme objectives, the project is tackling the challenges of the Alpine area pertaining to adverse effects of energy dependency and high-energy prices, biodiversity losses and high vulnerability to climate change, while offering solutions for the use of greatly available biomass in the region.
>
> For 18 months, the 6 project partners from 3 countries will be dedicated to practical testing, pilot production of green carbon to evaluate the potential of its utilisation for steel and agriculture industry and will actively promote policy recommendations to public stakeholders.
>
> This way, the project will contribute towards creating the conditions for energy sufficiency and climate-protection of Alpine space showcasing the innovation and resource potentials already present, but currently disconnected.

These and other examples could open up new perspectives for cooperation and the development of projects proposals, which could be submitted under the Alpine Space programme or other funding schemes.

Roll-out

Small-scale projects may also result in capitalisation actions to bring and **"roll-out"** available tools and solutions into boosting their implementation and use in the territories. Such measures aim at widely promoting the up-take of project achievements among identified target groups for greater impact and added value both at local and regional level. These actions predominantly focus on mature fields of cooperation where a body of knowledge is already available and tested by stakeholders. Just to name a few, concrete examples are the transfer of policy recommendations meant to improve the climate change adaptation in the region, make use of the cultural heritage to improve climate resilience, the wide promotion of local energy plans across the territory, or the application of smart solutions for local governance or services to citizens. Such follow-up and spin-off activities are also opportunities to explore complementarities with other projects and initiatives.

Example: A consortium of 6 PP from 6 regions in 5 countries develop a project in the field of renewable energy source (RES) and energy communities. They plan to make use of the outcome of the Interreg AS project "ALPGRIDS" (call 4). They will use the final and ready-made project results like a 'microgrid policy package' and a 'microgrid replication guide'. Each PP will involve all energy agencies, 15 communities, engaged citizens and stakeholder networks in each participating region (or sometimes country) to promote and increase the uptake of RES in the Alps through microgrid solutions. The expected result would be measurable, visible and would make a considerable change in the programme area, effective as soon as possible.

The programme is eager to reach as many target groups as possible with roll-out projects to ensure widest possible uptake. Therefore applicants are advised to cover larger parts of the programme area with their activities.

A first step for project partners could be to act even stronger as multipliers, work across regions by opening invitations to events/activities offered by the project to neighbouring regions that are not part of the partnership.

Not only the number of project partners is relevant but also the number and kind of activities, the communication activities, the involvement of target groups, observers etc.

Example: A PP from the Autonomous Province of Bolzano extends invitations to project events not only within the own region but also involves target groups in the neighboring provinces of Trento and Tyrol which are not part of the project area. Regional actors often have well established networks in other regions due to previous or ongoing mutual project work (also in cross-border Interreg projects, for example). This would not unduly increase the PPs effort and costs but could make a much greater impact for the project.

Relevant project partners for **roll-out projects** are all institutions like business support organisations or regional economic development agencies that are dedicated to the daily, direct cooperation with the final target groups of SMEs, public institutions, authorities, etc. R&D institutions and universities are not primarily addressed for this strand. Their participation would have to be justified in the application.

As the programme aims to encourage experimentation, set the scene and roll-out projects will be also a laboratory for new ideas, which draws on experience from a variety of disciplines. Regardless of the approach to cooperation, projects need to demonstrate tangible and realistic outputs. With this approach to cooperation, the programme is also equipped with a tool to react flexibly in a responsive way to any unexpected and/or emerging trend challenging the programme area.Project applicants are strongly encouraged to consider the characteristics and reference values for set the scene and roll-out projects as outlined below:

- Projects shall involve from 3 to 6 partners from at least three different countries of the programme area, including the lead partner;
- Eligible expenses from EU Members States are co-financed and reimbursed up to 75 %;The total financial size of each project shall range between EUR 250.000 and 750.000;
- The indicative budget per partner for small-scale projects with smaller consortia should be around EUR 80.000 (ERDF) for a project duration of 18 months;
- The duration of projects shall range between 12 and 18 months.

Deviations may be accepted in well-justified cases only.

Governance

Small-scale projects may also result in project ideas dedicated to **"governance"**, under the priority 4 "cooperatively managed and developed Alpine Space". The aim of governance projects is to improve coordination and cooperation in the Alpine Space between different public administrations and authorities at different levels, also involving other relevant public bodies, the private sector, NGOs and citizens' groups

in the area of intervention. Projects may relate to the other three priorities of the programme in terms of general themes, as well as contribute to current cross-cutting issues and priorities, such as those identified by the EUSALP Action Groups.

In order to provide a meaningful contribution to the priority, the proposals under the governance strand should focus on:

- Improving coordination between organisations at all levels of government and governance, as well as different policy sectors, thus reinforcing multi-level governance and cross-sectoral cooperation;
- Developing and implementing place-specific action responding to territorial needs, in order to foster integrated place-based approaches;
- Involving relevant stakeholders and citizens throughout the policy cycle. The project should adopt bottom-up and participatory approaches, engaging with communities and ensuring sustainability and local ownership of results through co-creation processes.
- Strengthen the skills, abilities and processes of the stakeholders, with the aim to develop their capacities.

The ideal project partnership should be coherent and reflect these concepts (e.g. represent different sectors and different levels of governance; ensure an active role of communities and local authorities; involve relevant stakeholders; take into account new methodologies emerging from civil society movements, etc.). The partnership should also have sufficient capacity to implement these approaches (e.g. partners with expertise in civil society and civic engagement, capacity building activities, etc.). A good mix of project partners is expected, including implementation-oriented organisations, in particular at local and regional level, as well as multipliers.

Given the specificities of mountain territories, it is advisable to identify project intervention areas that are linked by geographical and sectoral interactions and interdependencies (e.g. education, health, employment, leisure activities), going beyond mere administrative boundaries. For transnational cooperation with not necessarily adjacent cooperation areas, functionalities can be found especially from joint characteristics, joint challenges and development potentials.

Project applicants are strongly encouraged to consider the reference values for governance project as outlined below:

- The partnership must involve 4 to 7 partners from at least three different countries of the programme area (including the lead partner);
- Eligible expenses from EU Members States are co-financed and reimbursed up to 75%;

- The total budget per project shall range between EUR 250.000 and 750.000. The whole range shall be used. Projects with budgets close to the lower range are welcome;
- The duration shall range between 12 and 24 months.

Deviations may be accepted in well-justified cases.

HINT BOX

The output and result indicators contributing to the programme for projects under Priority 4 can be found in the table at page 14 of this manual. Please note that although in this case the output indicator "RCO84 Pilot actions jointly developed and implemented in projects" is not included in the indicators contributing to the programme, projects must still include at least one pilot action among the outputs in order to achieve a jointly developed solution. Detailed descriptions of the indicators can be found in Annex VII of the programme manual.

A.4 Project greening

Why project greening?

One of the three horizontal principles stated Interreg Alpine Space programme document is "sustainable development". It is considered carefully in the evaluation of project proposals, which means that all co-financed Alpine Space projects shall be neutral or positive on sustainable development. Nevertheless, the daily project implementation itself has an impact on the environment.

In line with Article 9 of Regulation (EU) No 1060/2021, the Alpine Space programme strives to adopt eco-friendly practices for all its daily activities, especially concerning events and meetings. Both for the programme and for its projects it is a matter of credibility to get aware of the environmental impact of their activities and to reduce their ecological foot print. Project participants are thus strongly encouraged to apply energy efficient and sustainable principles to their activities. In fact, reducing the impact on the environment can not only add value to a project in terms of credibility, but it can also result in lower costs. This chapter provides guidance on simple greening measures projects can apply to contribute to sustainable growth in the European Union. Its contents are based on the United Nations Environment Programme's (UNEP) publications on the topic, namely the UNEP guide to climate neutrality: "kick the habit" and the UNEP Green meeting Guide (see reference documents at the end of this chapter).

A.4.1 Recommendations for project greening

Greening does not necessarily lead to an increase of costs or, where this is the case, public procurement allows for such a solution, if greening ambitions are integrated ex-ante in the procurement process .Below are some practical hints for incorporating sustainability into project activities (i.e. events, meetings and travels). Project participants are invited to implement all or as many as possible of these simple actions and to communicate this accordingly. Projects are encouraged to check and apply their national/regional guidance (if available).

Project publications and promotional products

Publications can be disseminated electronically. Printing of publications and production of promotional material should be foreseen only if strictly necessary and only if following a sound dissemination plan.

Short, clear and "to-the-point" publications should be preferred to long ones and images should be reduced to save printing space.

Publications should be printed for external communication purposes (if needed only) on both sides and on recycled paper. For electronic publications, a "printer-friendly" version (less colours, more compact text, less pages) should be made available.

Recycled or natural material should be preferred for the production of promotional products. Only useful products should be produced (further information about promotional material in Chapter D.4 Project communication).

Publications and promotional products should be produced where they are going to be distributed in order to minimise transportation distances.

Events and meetings

Applying greening principles for the organisation of meetings and events (cf. Checklist for organising green meetings/events at the end of the chapter) provides high visibility for the project's commitment to sustainability and climate change mitigation.

It is important to communicate effectively, what kind of greening measures the project applies, so that the event participants are made aware of the results achieved in this domain. Some countries offer a green meeting certification (e.g. in Austria: http://en.umweltzeichen-meetings.at) for venues and event organisation companies. Certified service providers should be preferred in the meeting preparation phase.

You will find a checklist, which could help facilitate the organisation of green project events and meetings in line with the programme eligibility rules.

Checklist for organising green meetings and events

Before the meeting

1. Explore if a phone or a video conference could be organised instead of a meeting.

Setting up and running the event/meeting

1. Electronic means (e.g. e-mail, website) are used rather than printed materials for pre-meeting and follow-up communications.
2. Participants are encouraged to use sustainable ways of travelling by providing the following information:

   - For short trips favour train to coach/plane and if train is not an option, favour car/coach to plane.
   - Participants are encouraged to share the drive with other participants: a platform is provided for them to communicate and organise ride-sharing.
   - Website addresses to offset the environmental costs of travel are provided.

3. Information on the greening efforts made at the meeting/event is provided electronically prior to, and after the meeting.
4. Paper used is recycled paper and any necessary material is printed at the local venue rather than shipped from elsewhere.
5. Participants' bags/packs are avoided or produced locally using recycled material, and are reusable.
6. Pens are provided only upon request, are made of a high content of recycled material, and are refillable.
7. In case participant's packs cannot be avoided, only strictly necessary material is included.

8. Copying/printing is available upon request at the venue for the participants to print the information received by e-mail beforehand. Recycled or certified paper is available.

9. All material produced for the event (such as banners, posters, signs, etc.) is designed and written in a generic way to allow them to be reused for other events.

10. The start and end of the meeting are adjusted to the schedules of environmentally sound transportation means.

11. A dedicated area is provided for participants to return material that can be re-used (such as badges).

12. The use of decorative elements such as flowers, banners etc. is minimised.

Venue

1. Priority is given to locations available in the premises of one of the project participants in order to reduce the need for staff to travel.

2. The venue gives clear indications on the use and handling of the environmental duties in place (reduction of waste, use of reusable dishes instead of disposable ones, tap water etc.).

3. The venue has good access to the main public transport connections and town centre.

4. If possible, all waste produced at the venue is sorted for recycling and sufficient, well-marked bins are provided in both participants and staff areas.

5. It is possible to regulate the temperature within the building. Use of natural light is preferred and the use of stage lights is kept to the strict necessary.

Accommodation

1. The hotels are located near public transportation and as close as possible to the conference facilities (preferably within walking distance).

2. Hotels certified with recognised green building system or EMS and/or having environmental policy and action plans are preferred.

3. The hotel should give clear indications on the use and handling of the environmental duties in place (waste reduction, use of reusable dishes instead of disposable ones, refillable soap dispenser etc.).

Catering

The following aspects are taken into account when procuring services, in the specification of services, the criteria for selection or award, as well as in clauses of the contract to be concluded with the caterer.

1. The use of reusable dishes, cutlery, glassware and linens is ensured and aluminium foil avoided.

2. If disposable items are essential, it is ensured that they have a high content of recycled or plant-based material, are recyclable and that appropriate recycling systems are in place.

3. Paper products used for catering have a high recycled content and are totally or elementary chlorine free (TCF or ECF).
4. The use of single-use bottles for beverages is avoided.
5. If possible, all waste produced is sorted for recycling and sufficiently numerous, well-marked bins are provided in catering areas.
6. The caterer is informed on the exact number of participants and is able to re-evaluate the quantities needed to avoid waste.

Food and drinks

1. Locally grown and produced food and drinks are used and menus reflect the seasonal products of the region.
2. The use of organically produced food and drinks is preferred.
3. For products like sugar and coffee, the use of fair trade labelled products is preferred.
4. The quantity of meat products offered is minimised and at least one vegetarian option is offered (as the production of meat produces considerably more CO_2 than non-meat products).
5. Tap water is used and served in jugs instead of in single-use bottles.

Public transport

1. Clear instruction is provided to participants on appropriate public transport and/or walking arrangements from point of arrival/departure (railway station, airport) to the venue, accommodation, town centre, etc. This is provided by e-mail shortly before the event and can be additionally displayed at the venue.
2. A member of staff or local volunteer is provided to accompany the participants from hotel/station to the venue on foot or public transport. If public transport is not available, a shuttle service is organised.

A.4.2 Promoting the project´s environmental achievements

We encourage you to promote the environmental achievements of your project. Beyond the objectives of your project, you can also communicate on the sustainable practices of your daily work within the partnership, such as the adoption of a sustainable practices charter, travelling by train to a partner´s meeting, a partners´ challenge to reduce the carbon footprint of your project etc. Show how you contribute to making the European Union climate neutral by 2050 by using the hashtag #EUGreenDeal on social media for example. Promoting environmental initiatives or achievements will encourage your partners and yourself in this sustainable approach and provide inspiration to others to do the same.

Sustainable practices charter

Besides green events and meetings, why not integrate the sustainable dimension into the daily office life of the project and its partners? Simple actions or alternatives can be put in place to ensure that the environmental impact of the project is as small as possible. You could consider adopting some of the suggestions in the checklist to your daily office habits, for instance prefer electronic communications, use a sustainable means of transport to come to the office if possible, sort and recycle waste produced in the office etc.

Based on existing examples, the JS-MA have developed a sustainable practices charter for their daily office work. The sustainable practices were discussed in the team to ensure that everybody is on board and willing to adopt green alternative habits on a voluntary basis. The charter covers different aspects, from transportation to the digital footprint to daily office habits. You can find the JS-MA sustainable practices charter in annex for inspiration. You are welcome to contact us for further information or suggestions on this charter! We would love to know which sustainable practices you have adopted for your workplace.

Digital carbon footprint

Digital pollution has no smell, no colour and no apparent trace, but it very much exists. It might seem invisible, but its carbon footprint is so high that if it were a country, it would be the third largest energy consumer in the world.

Nowadays, it is quite normal to communicate via digital tools. We have social media platforms to chat, video telephone services to conduct job meetings and, of course, the good old email. One would think that sending information via email is the "green alternative" to using a physical letter. Each action we perform online has an environmental impact: every time we send an email, use the Internet or social media, a small amount of carbon is emitted.

Sending an email is, in the end, more environmentally sustainable than delivering a physical letter, and uses only 1.7% of the energy. It does, however, still come at a cost.

Every email (taking into account all the processes behind hitting send) equates to carbon emissions: 0.3 grams of CO_2 for a spam email, 4g for a regular email, and 50g for an email with a photo attached.

HINT BOX

There are a few different ways to reduce your digital carbon footprint:

- Save on electricity by powering down devices when not in use;

- Go through your clouds service you use – Google Drive, Dropbox, etc. – periodically and delete files you no longer need;
- Limit unnecessary streaming;
- Manage emails more efficiently, delete old emails cluttering your inbox, and unsubscribe from mailing lists you do not need;
- Disconnect more often (unplug your modem or router at night, disable mobile notifications, remove unused applications).

B. Project generation & application

B.1 Project generation

In this chapter potential project applicants can find information related to the process of project generation and the support services that are offered by programme bodies in the phase of project development.

The Interreg Alpine Space programme supports project applicants in the project generation process. The aim of this support is to ensure the development of efficient and high quality projects.

The support is provided through the network of ACPs and the JS, by the means of the following services and tools:

- Thematic workshops at transnational level;
- Info days at national level;
- Project generation services.

The JS has a coordinating function and provides mainly technical information. The ACPs are the main contact at this stage. They provide information on content and consistency of the proposal and its overall coherence to the implementation programme. It includes information on the suitability of the selected thematic objective, the transnational relevance, the clarity of the intervention logic, the selection of target groups and the suitability of the partnership as well as general advice on the preparation of project proposals.

B.1.1 Thematic workshops

The JS organises transnational thematic workshops focusing on the priorities and informing about the opportunities offered by the programme. The events physical or online bring stakeholders, project applicants and project participants together and offer the occasion to network and exchange on project ideas. Matchmaking and project development sessions may be organised when suitable. Information on planned thematic events can be found on the programme website and national sub-websites, in the newsletter and on social media.

B.1.2 Info days

At national level, ACPs regularly (at least before each call for project proposals) carry out information days. These combine three different strands:

- information on project generation, such as the programme intervention logic, partner search, durability and transferability of results;
- information on application procedures and (national) requirements for upcoming calls;
- information on project implementation, such as reporting procedures and forms, eligibility rules, national control system requirements etc.

Meetings with ACP/JS staff and potential applicants can be organised in the frame of the national info days, provided that project ideas are submitted in advance.

Information on national info days can be found on the programme and national sub-websites, the national and programme newsletters and on social media.

B.1.3 Project generation services

Aiming to steer the project generation process and improve the relevance, focus and quality of the submitted project proposals, the JS and ACPs offer different services to potential applicants.

- Feedback by ACPs and JS

Upon request, ACPs provide feedback on project ideas as well as on the chosen project type and offer support in terms of partner search. The JS provides mainly technical and general information. Feedback by JS and/or ACP can only be given on a project idea. No feedback will be provided on prefilled application documents.

The feedback of an ACP and/or the JS is non-binding and should be considered only as guidance for the improvement of the project idea. It includes information on the suitability of the selected programme, on transnational relevance, choice of project type, coherence with the selected objective, clarity of the intervention logic, selection of target groups and suitability of the partnership.

Feedback by the JS can be provided either at face-to-face meetings arranged alongside national info days or via telephone conference. The ACP network can be contacted anytime (see further details below).

- Bilateral support by ACPs

At any stage of the project generation process, project applicants are welcomed to get in contact with their respective ACP for information and specific support. Information in national language will be provided and appointments for bilateral exchange can be arranged.

Above-mentioned support services and tools are optional and not linked to the timing of the calls for project proposals. They can be called upon at any time. The bilateral support given by ACPs is non-binding and should be considered only as guidance for the improvement of a project idea.

  ~ Online thematic sessions and video tutorials

The applicants may also be assisted by JS in the form of video tutorials and online trainings (taking place when a call for proposal is open). The objective of these sessions is to guide applicants, clarify the programme expectations in different AF sections (e.g. intervention logic, output definition, communication strategy, etc.), provide technical support with regard to the Jems platform (electronic monitoring system used by the programme for the application and monitoring of projects) but also offer them the opportunity to raise questions.

B.1.4 Contacts

Contact details of all ACPs, JS and MA can be found on the Interreg Alpine Space website:

- ~ ACP: https://www.alpine-space.eu/contacts/js-ma-acp/#contactpoints
- ~ JS: https://www.alpine-space.eu/contacts/js-ma-acp/#joint
- ~ MA: https://www.alpine-space.eu/contacts/js-ma-acp/#managing

B.2 Who can participate

In this chapter you can find the information regarding the type of actors that can participate in the Interreg Alpine Space programme (ASP) in the period 2021-2027 and the ways how they can contribute to project activities.

The Interreg Alpine Space programme welcomes the participation of organisations from both the public and private sector that bring added-value to the implementation of projects. These organisations may participate as PPs but may also contribute as observers or external experts. In the following different roles and its prerequisites are laid down.

B.2.1 Project partners

Project partners (PPs) are organisations that are directly participating in the preparation and implementation of an Alpine Space project and are officially listed in the application form (AF) of the project.

Organisations have to fulfil certain conditions as regards their legal character and geographical location.

The following bodies may act as PPs:

- public bodies and bodies governed by public law;
- private organisation.

Natural persons are not foreseen to act as PP in the ASP 2021-2027.

Public bodies and bodies governed by public law are defined in the Directive 2014/24/EU, Article 2, on public procurement as:

- the State, regional or local authorities, associations formed by such authorities;
- bodies governed by public law and their associations. According to this Directive, a 'body governed by public law' is anybody:

    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) being:

- 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 organisations are those organisations having legal capacity, that are not included in the definition of public bodies and bodies governed by public law as set out above.

Only public bodies and bodies governed by public law can act as lead partner (LP). The role as project manager and liabilities of the LP are fixed in the subsidy contract Article 5 and 6.

HINT BOX

Each project will have to identify a LP whose primary task is to assume the responsibility for the preparation and implementation of the project. The LP is representing the partnership and is acting as contractual partner of the MA. In case the lead partner is an organisation from Liechtenstein or Switzerland, an ERDF lead partner must ensure the financial management of the project. In this situation, the ERDF lead partner must also be a public body or a body governed by public law.

As a general rule, PPs shall be located inside the programme area. The programme area for the Interreg Alpine Space Programme 2021-2027 comprises the following territories:

- Austria: the whole territory
- France - NUTS 2: Alsace, Franche-Comte, Provence-Alpes-Côte d'Azur, Rhône-Alpes
- Germany – NUTS 2: Oberbayern, Niederbayern, Oberpfalz, Oberfranken, Mittelfranken, Unterfranken, Schwaben; Stuttgart, Karlsruhe, Freiburg, Tübingen
- Italy – NUTS 2: Lombardia, Friuli Venezia Giulia, Veneto, Provincia Autonoma di Trento, Provincia Autonoma di Bolzano / Bozen, Valle d'Aosta / Vallée d'Aoste, Piemonte, Liguria
- Liechtenstein: the whole territory
- Slovenia: the whole territory
- Switzerland: the whole territory

Considering that the programme area is only partially covering the territory of France, Germany and Italy, there are exceptions to this rule on the geographical location of PPs. They concern those cases where a partner is located outside the programme area but still on the territory of a Member State involved in the Interreg Alpine Space programme. French, German and Italian organisations outside the programme area may act as PP if at least one of the following two prerequisites is met:

- The project participant has a competence covering the whole country or participating region (e.g. national/ regional ministries located in the capitals/ regional capitals of France, Germany and Italy) and this is demonstrated in the relevant sections of the AF.
- The contribution of the project participant is for the benefit of the cooperation area and this is demonstrated in the relevant sections of the AF.

HINT BOX

Institutions from other countries than the programme states cannot participate as project partner, but they can participate as observer or external expert in the project.

B.2.2 Beneficiaries

Beneficiaries are those partners receiving ERDF co-financing from the Interreg Alpine Space programme. ERDF co-financing may be granted to partners coming from the EU member states Austria, France, Germany, Italy and Slovenia. Partners from Switzerland and Liechtenstein are in general not entitled to receiving ERDF co-financing and are consequently no beneficiaries in the meaning of the programme.

B.2.3 Observers

Project partners may involve observers in the implementation of the project. These observers may provide valuable expertise and support to the project and may play different roles such as multipliers, financiers (in bringing in national co-financing), policy-makers and local implementers. Observers contribute on a voluntary basis and are not eligible to ERDF support. Moreover the participation of observers has no impact on the assessment and scoring of project applications (see chapter B. 5 project selection).

B.2.4 External expertise

In the framework of the project implementation, partners may contract external experts and service providers. Each beneficiary[3] must ensure that the involvement of external expertise and services complies with the national public procurement rules and the respective programme rules (for more details please consult chapter B.3.9).

B.3 Eligibility rules

In this chapter you can find the information on eligibility rules to be respected by all Interreg programmes and the eligibility rules that the Alpine Space programme (ASP) has defined valid for all beneficiaries (LP and PPs receiving ERDF funds) in the period 2021-2027.

The EU regulations include common eligibility rules to be respected by all European Interreg programmes (see especially Articles 63 to 67 of CPR Regulation (EU) 2021/1059, Articles 5 and 7 of the ERDF Regulation (EU) 2021/1058 and Articles 37 to 43 of the Interreg Regulation (EU) 2021/1059). In addition to the rules

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[3] Beneficiary is a LP and PP receiving ERDF funds.

outlined in the EU regulations the Interreg Alpine Space programme (ASP) has defined programme eligibility rules valid for all beneficiaries (meaning LP and PP receiving ERDF funds).

The ASP eligibility rules specify and complement the eligibility rules laid down by the respective EU regulations.

According to Article 37(3) of the Interreg Regulation for matters not covered by the eligibility rules laid down in the regulations or specified and complemented by the programme in this document, the national rules of the country in which the expenditure is incurred shall apply.

Beneficiaries are herewith strongly recommended to seek advice at the respective Control body, the Alpine Space Contact Points or the Joint Secretariat if there is any issue related to the eligibility of expenditure that is not answered by the present eligibility rules.

B.3.1 General principles of eligibility

The main preconditions for eligibility of all expenditure incurred are the following:

1. The **expenditure is essential for the implementation** of a project and would not have been incurred if the project had not been carried out **(additionally)**.
2. **Costs incurred by public authorities** (e.g. staff costs relating to the implementation of a project) **shall be eligible only if these costs do not arise from their statutory responsibilities or day-to-day management, monitoring and control tasks.**
3. **Only expenses incurred by the respective beneficiary are eligible.** Expenses based on invoices that are not addressed to the beneficiary respectively expenses based on payments that have not been initialised by the beneficiary itself and costs that are not finally borne by the beneficiary itself are not eligible.
4. The expenditure must comply with the principles of **efficiency, economy and effectiveness**. Especially the cost/benefit ratio has to be ensured.
5. **Double and over financing is not allowed.** In case of financial contributions of third parties specifically assigned to the project or any of its actions, the following rules shall apply:

   - Expenditure which is already co-financed from another EU-funding source shall not be reported to and cannot be co-financed by the programme.
   - Expenditure that is already financed in total by any public subsidy (other than EU) shall not be reported to and cannot be co-financed by the programme.
   - Expenditure that is co-financed partially by any public subsidy (other than EU) can be considered for co-financing only if the financial contribution of the latter is not exceeding the share of the national contribution to the project expenditure according to the

approved AF. In any other case the ERDF contribution shall be reduced accordingly (so that the total funding is not exceeding the beneficiary's expenditure).[4]

6. Financial contributions (e.g. national grants) that are not dedicated to the specific project approved by the programme are not of any relevance for the calculation of the ERDF co-financing.

7. The expenditure must comply with the principle of real costs except for specific cases such as flat rate, lump sum or depreciation based on simplified costs options as further detailed in this document.

8. **Financing based on simplified cost options (such as flat rates) has to be chosen already in the application phase of a project proposal** (i.e. to be indicated already in the AF) and cannot be selected after the approval of the project.

9. Beneficiaries are responsible for **minimising** any possible **risk of conflicts of interest**.

10. Expenses related to **contracts between project partners** of the same project concerning the delivery of services, supplies or works among themselves **cannot be co-financed**.

11. **Expenses of organisations contracted via in-house procurement** according to Article 12 (3) of Directive 2014/24/EU can be considered as eligible as long as based on verified actual and eligible costs without any additional fees charged. The respective expenses shall be reported in the cost categories they would normally belong to if directly incurred by the beneficiary. The present eligibility rules therefore apply in full to organisations contracted via in-house procurement too (i.e. staff costs calculation for an employee of such an organisation is the same as the one for an employee of the project partner). The same rule shall apply to contracts concluded between public bodies falling outside the scope of the EU public procurement directive (Article 12 (4) of Directive 2014/24/EU).

12. All **expenditure shall be supported by invoices and proofs of payment** or documents of equivalent probative value (except for flat rates or lump sums). **Invoices can only be accepted if these meet the requirements** set out in national law and include information on the funding programme and the reference number and/or name (acronym) of the project. If applicable (e.g. same document covering different cost items), a statement on the share claimed as eligible has to be indicated too.

13. When applicable, the **relevant public procurement procedures have to be respected**.

14. For projects the total cost of which is below 5.000.000 Euro (including VAT) **VAT is eligible**.

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[4] Explanatory example: Beneficiary Alps planned a total budget of EUR 100.000 (75 % and therefore EUR 75.000 ERDF, and a fixed national subsidy from federal level amounting to EUR 25.000). After implementation the beneficiary reported eligible expenditure in the amount of EUR 95.000 only. As the national subsidy was granted in the total of EUR 25.000, the ERDF co-financing rate decreases and the final ERDF co-financing will amount to EUR 70.000 only.

15. For projects the total cost of which is at least 5.000.000 Euro (including VAT) VAT is eligible where it is non-recoverable under national VAT legislation.

16. Any expenditure reported must be in euro. Therefore, expenditure incurred in a currency other than the euro will be automatically converted by the JEMS into Euro by using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification (see Article (38(5) of the Interreg Regulation).

Additionally, the **expenditure shall incur in the eligible period**. Following the programme's definition, each project consists of three project phases.
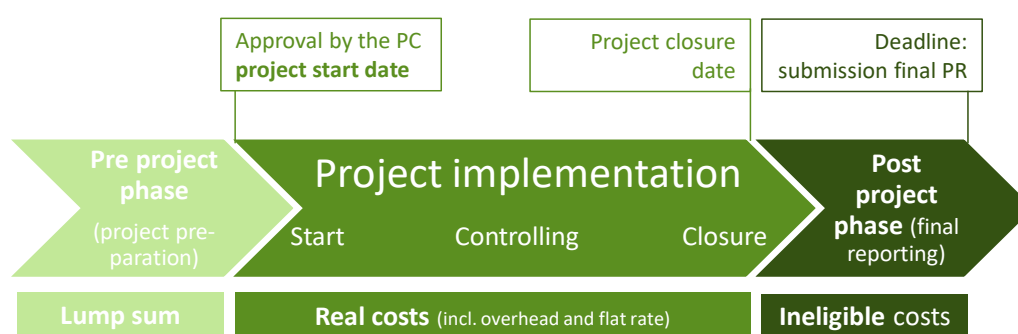
Project preparation: It comprises all activities related to the elaboration of the Application Form step 1 (AF step 1) and AF and ends with the approval of the project by the PC.

For the preparation activities, the programme grants a lump sum for classic projects of maximum EUR 17.250 ERDF (corresponding to EUR 23.000 total eligible costs) if the project is approved. Therefore, costs incurred during the preparation phase cannot be claimed on a real costs basis (even if paid after the project approval). This lump sum covers all project preparation costs and shall be shared among the ERDF/EU beneficiaries in proportion to their involvement in the preparation of the project (to be detailed in the AF). If a single beneficiary receives any public subsidy from national or regional level for project preparation or application (e.g. seed money) it shall be excluded from the lump sum for project preparation (i.e. lump sum to be shared among the other ERDF/EU beneficiaries only). The lump sum can only be claimed if selected in the initial version of the AF.

No further documentation is necessary, i.e. beneficiaries do not need to document that the expenditure has been incurred and paid, or that the lump sum corresponds to the reality. Please be aware that the lump sum for project preparation cost can be claimed by classic projects only. Small scale projects cannot claim ERDF co-financing for project preparation costs.

Project implementation: The implementation period starts with/after the project approval and lasts until all activities related to the approved work packages of the project are completed. **Costs related to the project implementation and incurred between the project start date and the project closure date (both dates to be specified in the AF) are eligible as long as they are in line with the eligibility rules as outlined in the regulations, this paper and respective national regulations.**

The beneficiaries are recommended to foresee sufficient resources for the administrative project closure (e.g. for the reporting to the LP, the drafting of the final report, preparation of the control) in this period.

Post project phase: Any costs related to activities implemented in this phase are ineligible with the exception of the costs related to the controller of the last reporting period (to be invoiced by the control body and paid by the beneficiary before the issuing of the certification).

HINT BOX

When planning your project, please foresee enough time for the preparation of the project closure within the last reporting period and consider the time and financial resources needed for the closure when doing the calculation of the assignment percentage for the last assignment period.

B.3.2 Cost categories

In accordance with the regulatory framework, eligibility rules are defined for the following five cost categories:

- ✔ Staff costs
- ✔ Office and administration costs
- ✔ Travel and accommodation costs
- ✔ External expertise and services costs
- ✔ Equipment costs

All cost not falling under the scope of one of the cost categories as specified later in this document are generally ineligible. In line with Article 38 of the Interreg Regulation **costs related to infrastructure and works shall not be eligible within the Interreg Alpine Space programme.**

As summarised in the table below costs for the single cost categories can be determined eligible as follows:

cost category	real cost options	flat rate options	
staff costs	calculation as a fixed percentage of the gross employment costs	flat rate of 20 % on basis of external expertise and services costs as well as equipment costs	
office and administration costs	-	flat rate of 15 % of eligible direct staff costs	flat rate of 40 % of eligible direct staff costs to cover the remaining costs
travel and accommodation costs	-	flat rate of 10 % of eligible direct staff costs	
external expertise and services costs	real costs	-	
equipment costs	real costs	-	

The following table demonstrates how these different calculation options can be combined on project level. It shall be stressed that the differentiation between so-called classic projects and small scale projects (as described in chapter A.3) is of relevance in this context, too.

For classic projects all combination options are possible, whereas small scale projects should use flat rate options as far as possible. Therefore for small scale projects only the combinations b) or c) can be applied.

cost categories	option a)		option b)		option c)	
	real costs	flat rate	real costs	flat rate	real costs	flat rate
staff costs	fixed percentage method			20% of external expertise/services and equipment costs	fixed percentage method	
office and administration costs		15% of staff costs		15% of staff costs		
travel and accommodation costs		10% of staff costs		10% of staff costs		40% of staff costs
external expertise and service costs	real costs		real costs			
equipment expenditure	real costs		real costs			

B.3.3 Staff costs

Staff costs cover gross employment costs of persons employed by the beneficiary and working full or part time on the project in line with their respective employment contracts.

Staff costs of beneficiaries can be co-financed by the programme

    a) on the basis of a flat rate (see detailed description below) or

    b) on the basis of real costs (called „fixed percentage method").

Each beneficiary shall decide separately on whether to apply the real costs calculation method or the flat rate in the project application phase (i.e. when elaborating the AF). Its choice is valid for all staff members of the beneficiary and cannot be modified during the entire project duration.

> **HINT BOX**
>
> Carefully analyse the planned cost structure of your partner budget (e.g. high staff costs or high external expertise and service costs?). On this basis choose the most appropriate option to combine real cost calculation or flat rates for your cost categories (see table above!).

a) Staff cost calculation based on a flat rate

Staff costs are calculated as a flat rate of 20 % of the direct costs other than the direct staff costs. The eligible amount for staff costs is thus equal to 20 % of the total eligible amount reported under the following cost categories:

- external expertise and services costs as well as
- equipment costs.

The flat rate can only be requested if selected in the initial version of the AF. The flat rate calculation of staff costs can be used provided that the **beneficiary has at least one employee.** A sole proprietor/one-man business cannot claim staff costs.

Audit trail

Beneficiaries do not need documented that the expenditure was incurred and paid, but the eligible expenditure will be calculated automatically in the programme´s monitoring system (JEMS). It must be anyhow ensured and documented, that the beneficiary employs staff during the whole project implementation phase (e.g. by providing a registration at the social insurance agency or annual payroll account).

b) Staff cost calculation based on real costs by using the fixed percentage method

The fixed percentage method is the only staff costs calculation method based on real costs offered by the Interreg Alpine Space programme.

According to Article 39 of Interreg Regulation, staff costs shall be limited to the following:

a) salary payments related to the activities which the entity would not carry out if the project concerned was not undertaken, fixed in an employment or work contract, an appointment decision (both hereinafter referred to as 'employment document') or by law, relating to responsibilities specified in the job description of the staff member concerned;

b) any other costs directly linked to salary payments incurred and paid by the employer, such as employment taxes and social security including pensions as covered by Regulation (EC) No 883/2004 of the European Parliament and of the Council, provided that they are:

- fixed in an employment document or by law;
- in accordance with the legislation referred to in the employment document and with standard practices in the country or the organisation where the individual staff member is actually working or both; and
- not recoverable by the employer.

With regard to point (a), payments to natural persons working for the beneficiary under a contract other than an employment or work contract may be assimilated to salary payments and such a contract considered as an employment document.

HINT BOX

Only employment contracts (and such ones comparable to employment contracts) fall under the labour law and are therefore to be considered as staff costs, which have to be reported under this cost category. All other contracts like contracts for services are subject to procurement law and consequently they have to be reported under the cost category "external expertise and services".

In addition, the following principles have to be obeyed:

- The staff costs must be calculated individually for each employee.

- Staff members can either be already employed by the beneficiary or contracted specifically for the project.
- In case of recruitment of staff for a project the internal provisions of the beneficiary/beneficiaries organisation for staff recruitment shall be applied.
- The staff costs declared for an employee must be reasonable.
- The staff costs calculation is based on costs actually paid out and proofed by pay slips or documents of equivalent probative value (e.g. data from the beneficiary accounting system which allows the proof of the payments for each single staff member may be accepted).
- Using this method **does not require establishing a separate working time registration system**.
- Sick or parental leave allowances are eligible as long as they are definitely paid and borne by the PP institution and only within the extent of assignment.
- Unpaid voluntary work (i.e. contribution in kind) is generally not eligible.
- Payments (e.g. personal draw) to self-employed persons (e.g. company owners without any employment contract) and staff costs of political office holders (e.g. mayors) are ineligible.
- Overtime pays, voluntary bonuses and rewards (e.g. payments not in line with the employment contract or the employment policy of the beneficiary or payments without any legal commitment) are not eligible.
- Special payments (e.g. Christmas allowances) shall be considered pro-rata only.
- Overheads cannot be reported under this cost category (covered by the cost category "office and administration costs").
- Per diems and any other travel and accommodation costs cannot be reported under this cost category (covered by the cost category "travel and accommodation costs").

How to calculate the staff costs?

The fixed percentage method seeks to reduce the administrative burdens for reporting staff costs through abstaining from detailed working time recordings. Instead, for each employee an assignment shall be issued laying down **in detail the project related tasks and the time involvement planned** (in percent of the total working time according to the employment contract = assignment percentage).

The staff costs to be reported shall be calculated by multiplying the assignment percentage with the eligible gross employment costs in the assignment period.[5] **T**he programme has provided a model assignment and its use is obligatory (the related annex will be added accordingly).

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[5] Example: if the eligible gross employment costs are 4.000,00 EUR and assignment % is planned at 50 % then the reported amount is 2.000,00 EUR.

As a general rule the duration of assignments shall be aligned with the reporting periods (i.e. maximum duration of an assignment is determined by the respective reporting period, consequently assignments must be issued for each reporting period separately). In case of well justified needs the assignment period might deviate from the reporting period. The assignment shall be issued and signed before the respective assignment period.[6] As mentioned above, the assignment percentage as fixed in the assignment is the basis for the calculation and reporting of staff costs. Consequently, it needs to be calculated carefully.

It is up to the beneficiary to properly document the way how the assignment percentage was estimated, the programme anyhow recommends the following proceeding:

The main project related tasks to be performed by the employee within the assignment period are defined. Based on the defined tasks, the related working hours are **estimated.** The assignment percentage is then calculated by a corresponding pro-rata of 1.720 hours (dependent from the duration of the reporting period and the extent of the assignment), e.g. 860 hours (in case of a six months reporting period and full time employment)[7].**The assignment percentage remains applicable for the entire duration of the assignment.** It should only be changed in exceptional and well justified cases (e.g. changes in the tasks and responsibilities of the employee). In this case the employer shall issue an amendment to the assignment, setting out the changes in detail (please use also for this purpose the model assignment).

It is assumed that the activities will be implemented as laid down in the project assignment. There is no need to document minor deviations from the planned activities, whereas **major deviations** (not resulting in a changed assignment percentage) shall be documented in a note for file which has to be provided to the controller for information. Major deviations that make a change of the assignment percentage necessary, require an amendment of the project assignment (see above).

> **HINT BOX**
>
> It is in the responsibility of the PP to ensure a proper documentation of the assignment (especially on the estimation of the extent of assignment). Control bodies may perform plausibility checks on this and therefore might require additional information. Beneficiaries shall provide detailed information about the planned activities in the project assignment. In case the plausibility of the assignment percentage cannot be proofed, flat rate corrections at an appropriate level might be applied by the controller.

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[6] Minor delays of a few weeks may be accepted by the controllers.
[7] The 1720 hours normal annual working hours for full-time equivalent are the minimum value that can be used for the calculation of the project assignment. In principle, beneficiaries are also allowed to call normal annual working hours higher than 1720 as calculation basis for the project assignment. If so, no further proof or justification is needed and it will not be considered as a possible financial mistake.

HINT BOX

Considering the planned activities in the project assignment, deviations might be classified as follows:

minor deviation: all those deviations for which the activities were *more or less* implemented as foreseen in the assignment. For example a planned but later on cancelled participation in a meeting/event without any impact on the further implementation of the project could be considered as a minor deviation.

major deviation without any change of the assignment percentage: e.g. a replacement of one main activity by another one due to a changed implementation schedule.

major deviation causing a change of the assignment percentage: e.g. taking over of additional tasks and responsibilities because another staff member being responsible for this task so far fell out unexpectedly.

It is in the responsibility of the beneficiary (together with its controller) to ensure that not more than 100 % of the employee's staff costs are co-financed with public funds (e.g.: project X (Alpine Space): 40 %; project Y (Central Europe): 25 %; internal/non-project related tasks: 35 %). Therefore, beneficiaries shall carefully plan the involvement of their employees in public-funded projects (EU and/or national funding).

HINT BOX

Especially in the case of employees assigned to numerous projects of different programmes with different eligibility rules and reporting schemes it may be difficult to proof that employees are financed with maximum 100 % of their eligible gross employment costs. Therefore, the following should be taken into account:

Staff member should be assigned to a manageable number of projects only.

The same staff costs calculation methods for different projects shall be applied as far as possible.

It should be checked carefully which staff cost calculation method is the one most suitable for the beneficiary´s institution when applying for co-financing.

Audit trail

In order to ensure a proper audit trail, the following documentation is required if the beneficiary follows the real costs principle:

- employment contract;
- official written assignment of the employee to the project activities (the use of the programme template is obligatory). In case the staff member works for several public funded projects, the official assignment must inform on all projects and clearly indicate the funding sources. Documentation on the calculation of the assignment percentage must be available.
- evidence that internal provisions have been considered in case of recruitment of new staff;
- pay-slips or documents of equivalent probative value (e.g. internal accountancy documents which allow the proof of the payments for each single staff member);
- if applicable, a note for file informing on major deviations from the project assignment as regards the implementation of project related activities.

B.3.4 Flat rate financing for eligible costs other than direct staff costs

A flat rate of 40 % of eligible direct staff costs may be used in order to cover the remaining eligible costs of the project. In case this option is used, no costs can be reported under the cost categories office and administration costs, travel and accommodation costs, external expertise and service costs and equipment costs.

The flat rate can only be requested if selected in the initial version of the AF. Furthermore, it cannot be combined with the flat rate on staff costs and can consequently only be requested in case of staff costs calculated on real costs basis.

Audit trail

No specific audit trail is necessary. Beneficiaries do not need to document that the expenditure was incurred and paid. As regards the reporting of these costs, a separate cost category is foreseen in the AF and progress report. The expenditure will be calculated automatically in the monitoring system (JEMS).

HINT BOX

Please note that possible financial corrections performed on staff costs will directly influence this flat rate. Example: For staff costs the beneficiary has received the amount of EUR 1,000 ERDF from the programme. In addition EUR 400 ERDF (= 40 %) have been paid as a flat rate for other costs than direct staff costs. After an audit 10 % of the staff costs were considered ineligible. Consequently, the beneficiary has to pay back EUR 140 ERDF. The same applies to other flat rates accordingly.

B.3.5 Office and administrative costs

According to Article 40 of Interreg Regulation, office and administrative costs cover operating and administrative expenses of beneficiaries and are limited to the following elements:

    a) office rent;

    b) insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances);

    c) utilities (e.g. electricity, heating, water);

    d) office supplies;

    e) accounting;

    f) archives;

    g) maintenance, cleaning and repairs;

    h) security;

    i) IT systems;

    j) communication (e.g. telephone, fax, internet, postal services, business cards);

    k) bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened;

    l) charges for transnational financial transactions.

Office and administration costs can only be reported in the form of a flat rate, to be requested in the initial version of the AF. Office and administration costs are covered by 15 % of the reported staff costs, regardless which calculation method for staff costs is used. **The above list is exhaustive and all listed items are to be considered as covered by the flat rate and cannot be reported under any other cost category.** If no staff costs are foreseen and reported, no office and administration costs can be charged.

Audit trail

No specific audit trail is necessary. Beneficiaries do not need to document that the expenditure has been incurred and paid. The expenditure will be calculated automatically in the monitoring system (JEMS).

B.3.6 Travel and accommodation costs

According to Article 41 of Interreg Regulation, this cost category covers travel and accommodation costs of employees of beneficiaries and shall be limited to the following elements:

    a) travel costs (e.g. tickets, travel and car insurance, fuel, car mileage, toll, and

parking fees);

b) the costs of meals;

c) accommodation costs;

d) visa costs;

e) daily allowances.

Travel and accommodation costs can only be reported in the form of a flat rate to be requested in the application phase (i.e. selected in the initial version of the AF).

Travel and accommodation costs are covered by 10 % of the reported staff costs, regardless of the calculation method used for staff costs. The above list is exhaustive and all listed items are to be considered as covered by the flat rate and cannot be reported under any other cost category. If no staff costs are foreseen and reported, no travel and accommodation costs can be charged.

Audit trail

No specific audit trail is necessary. Project partners do not need to document that the expenditure has been incurred and paid. The expenditure will be calculated automatically in the monitoring system (JEMS).

HINT BOX

Travel and accommodation costs of external experts and service providers do not fall under the flat rate for travel and accommodation costs but can be reported under the cost category external expertise and services costs.

B.3.7 External expertise and services costs

According to Article 42 of Interreg Regulation, external expertise and service costs shall be limited to the following services and expertise provided by a public or private law body or a natural person other than the beneficiary and all partners of the operation:

a) studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);

b) training;

c) translations;

d) development, modifications and updates to IT systems and website;

e) promotion, communication, publicity, promotional items and activities or information linked to an operation or to a programme as such;

f) financial management;

g) services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);

h) participation in events (e.g. registration fees);

i) legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;

j) intellectual property rights;

k) controller of the project;

l) the provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by the programme committee;

m) travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;

n) other specific expertise and services needed for operations.

The following principles have to be obeyed (please also see the chapter D.2 on public procurement):

- The service or expertise is essential to the project and has been delivered.
- The relevant procurement rules must be respected and properly documented (for details see the dedicated section on procurements further below in this document and the chapter on public procurement).
- As legal basis, the existence of a written contract (or any document of equivalent probative value) between beneficiary and service provider specifying the service to be delivered is a precondition.
- Any expenses based on contracts concluded between project partners are ineligible as project partners shall not be contracted as service providers by any other project partner of the same project (so to avoid a conflict of interest in the procurement of services and goods).
- Contractual advances are eligible if they are in line with normal commercial law and practice, agreed in a written contract between the beneficiary and the expert/service provider, supported by receipted invoices and provided that the service/supply has been delivered within the project eligibility period.
- Promotional material is eligible provided that the costs of a single item remain limited and do not exceed EUR 50 and that it clearly serves the objectives of the project communication strategy.

Audit trail

In order to ensure a proper audit trail the following documentation is required:

- evidence of the procurement process in line with applicable procurement and these eligibility rules;
- written contract (or any document of equivalent probative value) laying down the services to be provided with clear reference to the project;
- daily/hourly rate together with the number of days/hours contracted and the total amount of the contract must be provided for experts paid on the basis of a daily/hourly fee;
- documentation of any change to the contract (any change must comply with the public procurement rules and must be sufficiently documented);
- invoice (or request for reimbursement) providing all relevant information in line with the applicable accountancy rules;
- proof of outputs or services delivered;
- proof of payment.

B.3.8 Equipment costs

In this cost category equipment purchased, rented or leased by a beneficiary, other than those covered by the office and administration cost category, shall be reported. According to Article 43 of Interreg Regulation, equipment is limited to the following items:

a) office equipment;

b) IT hardware and software;

c) furniture and fittings;

d) laboratory equipment;

e) machines and instruments,

f) tools or devices;

g) vehicles;

h) other specific equipment needed for operations.

Equipment can only be co-financed if it is necessary for the project implementation or if it is considered as a project output or deliverable. The following principles have to be obeyed:

~ Equipment is eligible if it is listed in the AF or if it is approved in advance and in written by the JS

~ Equipment is eligible if it is not covered by the office and administration costs (e.g. the IT system of the beneficiary is covered by the cost category office and administration while any IT system developed for the project specifically can be included under equipment).

~ Generally, only depreciation costs are eligible. Consequently, a pro-rata calculation needs to be carried out on the basis of a justified and equitable method (e.g. if the equipment was purchased before the start date of the project or the depreciable lifetime ends after the eligible period which means that only the respective part of costs are eligible).[8]

~ The relevant procurement rules must be respected and properly documented.

~ Costs of equipment which is purchased, rented or leased from another beneficiary are not eligible.

~ Costs related to the site preparation, delivery or installation of the equipment are eligible.

~ Publicity rules must be observed.

~ Costs for the purchase of second-hand equipment may be eligible subject to the following conditions:

a) no other assistance has been received for it from EU or other public funds

b) this price does not exceed the generally accepted price on the market in question;

c) it has the technical characteristics necessary for the operation and complies with applicable norms and standards.

Audit trail

In order to ensure a proper audit trail the following documentation is necessary:

~ AF in which the respective item of equipment is listed or written approval by the JS in advance;

~ evidence that the procurement was done in line with the applicable public procurement law and the eligibility rules of the programme;

~ invoice providing all relevant information in line with the applicable accountancy rules;

~ proof of payment;

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[8] In exceptional and well justified cases the PC may approve the full purchase price as eligible explicitly.

- applicable calculation scheme for depreciation (if relevant);
- proof of the existence of the equipment either through an on the spot check by the controller or another way of verification agreed with the controller like a photo documentation. In this context the compliance with publicity rules shall be verified too.

B.3.9 Procurement of external expertise and services and equipment

National public procurement law has to be observed. For beneficiaries not falling under the scope of the procurement law programme specific rules have been defined. Please consult chapter D.2.

B.3.10 Ineligible expenses

Non-exhaustive list of ineligible expenditure:

- interests on debts;
- costs related to fluctuation of foreign exchange rate;
- national banking charges;
- housing (residential building, domestic architecture);
- purchase of land;
- fines, financial penalties and expenditure on legal disputes and litigation;
- contributions in kind (provision of land, real estate, equipment, unpaid voluntary work, etc.);
- cancellation costs (e.g. venue, catering, travel and accommodation) or costs of any unused travel tickets or booking for external experts;[9]
- costs of gifts;
- any costs incurred before project approval and after project closure (except the costs related to the control of the last reporting period);
- expenditure already funded in total with public funds;
- costs for services, supplies and work not delivered
- communication material that is not in line with the programme rules on communication;
- tips;
- fees between beneficiaries of the same project for services, supplies and work carried out within the project;

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[9] The MA may formulate common exceptions to this rule in case of unforeseeable circumstances (such as pandemics and natural disasters).

> costs related to the contracting of employees of the project partner as external experts (e.g. as freelancers).

As the list of ineligible expenditure is not exhaustive, expenditure not listed should not be necessarily considered as eligible.

B.4 Project application

In order to ensure a non-discriminatory and transparent procedure of selecting projects, regular calls for project proposals will be launched on the programme website (alpine-space.eu). Terms of reference (ToR) will be published for each call for project proposals outlining the framework of the call and the specific expectations of the programme in terms of content (e.g. open priorities, topics to be covered and expected results) and eventually also specifying further operational and technical aspects (e.g. budget, partnership).

The selection of the proposals will be based on transparent selection criteria (further outlined in chapter B5 of this manual). Project applicants should acknowledge these criteria when drafting their proposal.

Depending on the characteristic of the project, different project types are defined (small-scale or classic). For the different project types, different application procedures and AF requirements apply.

B.4.1 Application procedure

In the following, the application procedures for the different project types are presented.

B.4.1.1 Classic projects

The application and selection procedure for classic projects takes place in the framework of regular calls for project proposals. Regular calls are launched in average every 12–18 months. A higher frequency may be followed in the first years, whereas longer periods without any calls may take place in the last years of programme implementation.

Terms of references are defined and published for each single call considering current developments and possible thematic focuses.

The calls for project proposals for classic project are mainly organised following **a two-step application procedure by submitting an AF:**

> In the first step a light AF (AF step 1) is submitted and the projects are preselected by the programme committee (PC).

> ~ In the second step the submission of the full AF (AF step 2) and the final decision of the PC takes place.

The model timeline for a regular two-step application procedure looks as follows:

two step application procedure - classic projects																														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
step 1 - submission period	6 weeks (+2)																													
JS evaluation							6 weeks (+2)																							
PC preparation and decision													3 weeks																	
step 2 - submission period																6 weeks (+2)														
JS evaluation																						6 weeks (+2)								
PC preparation and decision																												3 weeks		

The procedure starts with the submission and evaluation of the AF step 1 version. The PC decision on the pre-selected project applications constitutes the end of step 1. Based on the PC decision, the lead applicant receives a communication from the JS on the results of the process. This communication may include recommendations by the PC on how to improve the application so to meet the expectations of the programme best.

The pre-selected applicants are invited to enter step 2 and therefore to submit the full AF (AF step 2 - including the annexed partnership agreement). After the joint secretariat (JS) evaluation of the full AFs, the PC will take a final decision and approve or reject the submitted applications. Based on the PC decision, the lead applicant receives a letter of approval or rejection from the JS. The letter of approval may include recommendations of the PC for the project implementation.

The whole application process is carried out in an electronic monitoring system (Jems) and lasts 30 weeks at minimum from the launch of the call to the PC decision (single steps may be prolonged due to holiday seasons or in case of a high number of applications received).

The applicants are assisted by Alpine space contact points (ACP) and JS in the form of national info days, applicant seminars, online trainings, video tutorials and bilateral contacts.

Under certain circumstances, a one-step application procedure may also apply for classic projects (especially in the case of restricted calls for project proposals).

B.4.1.2 Small-scale projects

The application procedure is simple and quick to manage as it follows a **one-step procedure**. Small-scale projects can be submitted on an ongoing basis with two cut-off dates per year - decision rounds are fixed and communicated well in advance. All projects will be assessed by the Joint Secretariat with the support

of the Alpine Space Contact Points against pre-defined selection criteria. The programme committee will take a decision once the assessment of all applications is complete. In the first years of programme implementation, at two selection rounds per year are envisaged. The terms of references for small-scale projects are published on the programme website and are reviewed annually.

The small-scale projects follow the KISS (keep it short and simple) approach, and consequently not only the AF but also the procedure is simplified. In order to keep the procedure short, the applicants shall provide all relevant information in only one single step.

The model timeline for a small-scale project decision round looks as follows:

One step application procedure – small-scale projects										
	1	2	3	4	5	6	7	8	9	10
Cut-off date for selection round										
JS evaluation		6 weeks								
PC preparation										
PC decision										

Consequently, one selection round covers ten weeks from the submission deadline (submission of the AF – including the annexed partnership agreement) to the decision of the PC. Additional weeks for the JS evaluation may be necessary in case of holiday seasons and/or a high number of applications submitted.

Based on the PC decision, the lead applicant receives a letter of approval or rejection from the JS. The letter of approval may include recommendations of the PC for the project implementation.

Also for small-scale projects support is offered by ACP and JS via regular info days, virtual trainings and tutorials as well as Q&A sessions by JS and ACP.

B.4.2 Application form

The application form (AF) is a binding document, which describes the project and gives detailed information on the work plan and financial figures. It is the reference document for implementation during the whole project duration.

The AF is composed by the following sections:

- ↗ Part A) Project Identification
- ↗ Part B) Project partners
- ↗ Part C) Project description

- Part D) Project budget
- Part E) Partners budget

The template is further explained in AF guidance documents for small-scale and classic projects. These guidance documents shall be studied carefully by all applicants.

Small-scale projects shall fill in a complete AF (shorted in comparison to the one for classic projects). Classic projects shall only provide input to part A), and partly B) and C) of the AF in step 1. The template shall then be finalised and completed in step 2.

The information filled in the text boxes shall be in English, precise and concise as the number of characters is limited. Once the AF is filled in and submitted no changes are possible during the application process.

Applicants shall consult the information on "national requirements", as additional elements may be requested at national level.

Annex documents[10]

- Annex Ia: AF guidance for classic projects – step 1 and step 2
- Annex Ib: AF guidance for small-scale projects

B.5 Selection criteria

All project proposals are evaluated following a standardised and transparent procedure and a set of criteria approved by the PC. Proposals for the so-called "classic" projects are normally selected in a two-step application procedure: a light AF ("AF step 1") in step 1 and a full version of this document ("AF step 2") plus partnership agreement in step 2 (see details in chapter "project application"). Proposals for "small-scale" projects are subject to a one-step application procedure requiring the submission of an AF along with a partnership agreement.

B.5.1 Evaluation of proposals

In both cases the evaluation of proposals is carried out by the JS, with the support of the ACP performing national verifications for the partners situated in their country. The evaluation is performed along specific criteria which are approved by the PC (see annex Ia for classic projects; annex Ib for small-scale projects);

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[10] The Annexes mentioned in this document can be found the separate document *Programme Manual-Annexes 2021-2027*

further criteria might be decided by the PC and included in the relevant ToR (e.g. targeted call to specific fields of activities).

There are automatic checks run by the software which is used for the application and monitoring of projects (the so-called "Jems" platform), verifying whether the proposal fulfils the minimum requirements of the programme (e.g. numbers of partners and partner states involved) before the submission of the application. If the proposal fails this eligibility check, the AF cannot be submitted and consequently not assessed.

The **assessment** is appraising the quality of a proposal; it focuses on operational and content-related aspects, in addition to the strategic ones. The assessment of an AF will also take into consideration the compliance with the recommendations given by the PC after step 1 in the framework of "classic" projects (see below).

B.5.2 Selection of proposals

The PC, composed by representatives of the Partner States of the programme, is the decision-making body and is therefore responsible for project selection. As a result of the assessment, the JS proposes a list of projects recommended for approval to the PC. An assessment report is developed for each project proposal. The decision on the selection is taken in a PC meeting. In this meeting, national delegations discuss the different proposals and come to a common agreement on their approval or rejection. Decisions are made by consensus of all Partner States.

Classic projects

∿ AF step 1

The step 1 consists of the assessment of strategic aspects only, i.e. the main aim is to assess the relevance and need for the project proposal as well as the extent of its contribution to the achievement of programme objectives. In step 1, project proposals that show a good quality and a high strategic relevance for the programme are invited by the PC to submit a detailed AF and signed partnership agreement in a second step. If appropriate, the PC gives recommendations to those invited to the second step on how to further elaborate the project proposal to better meet the expectations of the programme. The conditions for being recommended by the JS are the following: an assessment score of 70 points or more (out of 100) and at least a minimum of 50 % of points in each cluster criteria.

∿ AF step 2

The focus of step 2 is more on the operational level and long-term aspects. This notably means that there won't be any new evaluation of questions already assessed in step 1, unless there is a specific PC recommendation addressing one (or several) strategic assessment criteria and/or sections of the AF related

to the strategic assessment criteria have been changed by the applicants. In step 2 projects are approved or rejected. The PC selects by consensus the proposals that show good quality and are consequently highly scored and grants a certain ERDF co-financing by the programme. In justified cases, the PC might formulate recommendations together with the approval decision, which are then followed up by JS during the project monitoring. In addition, a letter of deficiencies will be sent out after approval. The threshold for projects to be recommended by the JS for selection to the PC is–like in step 1- of 70 points (out of 100). Moreover, a minimum of 50 % of points in each cluster criteria should be reached in order to be recommended for the approval.

Small-scale projects

The process and minimum requirements described under the previous point "Classic projects > Project applications (step 2)" are the same applied for the selection of small-scale projects. The only difference rests on the fact that the selection is done at the end of a one-step application procedure, which means that the assessment of the proposals is based on an AF covering both strategic and operational aspects.

B.5.3 Information and support to applicants

Information is provided to lead applicants in the relevant steps of the application procedure and support is given by MA, JS and ACP during applicant seminars (applications for "classic" projects having passed step 1) and/or lead applicant seminars (projects selected for co-funding). The applicants are assisted by Alpine space contact points (ACP) and JS in the form of national info days, applicant seminars, online trainings, video tutorials, Q&A sessions and bilateral contacts. At the end of the selection process, the list of approved projects is published on the programme website together with a news thread. In addition, all lead applicants are notified by JS on the approval or rejection of the project; the communication includes an evaluation report and reasons for approval/rejection. In case of approval, the subsidy contract (SC) is attached to the letter.

B.5.4 Procedure for complaints

Complaints can be raised in course of any dispute that applicants or beneficiaries may have with regard to their submitted proposals or approved projects as well as any dispute with third parties on the implementation of the programme or the funded project. The procedures set in place by the Interreg Alpine Space programme for the resolution of complaints are differentiated in relation to the matter concerned:

- complaints related to decisions of the programme committee (PC) on project selection,
- complaints concerning programme decisions related to project implementation.

Complaints related to project selection

Projects have to fulfil the eligibility and selection criteria as defined by the programme. The electronic monitoring system in which the applications have to be filled in will automatically check the fulfilment of the eligibility criteria. If they are not fulfilled the projects cannot be submitted respectively will not be further assessed by the JS. Should the project applicants want to receive clarifications on the result of the eligibility check the lead applicants are recommended to get back to the JS as soon as possible and within 3 working days after the deadline for project submission has passed at the latest. Experience has shown that such exchanges lead to a quick clarification of these issues without any administrative burden.

If applicants are not satisfied with the explanations given and still are of the opinion that the project selection criteria and process were not applied correctly, a written complaint can be submitted.

A complaint can only be submitted by the project's lead applicant, as the organisation representing the project partnership affected by the decision of the PC to reject the project proposal. It is therefore the task of the lead applicant to collect and bring forward the reasons for filing a complaint from the project partners. The complaint is to be lodged against the communication of MA/JS informing on the decision taken by the PC. The complaint shall be submitted in the programme language English, and in writing (scanned letter transmitted by e-mail) to the MA (alpine.space@salzburg.gv.at) within 14 working days after the lead applicant has been officially informed by the MA/JS on the results of the project selection process. The deadline for submission is interrupted by the written request of the lead applicant (e-mail is sufficient) for further information to JS until the day of the reply by JS; the MA shall be in copy in all communications between lead applicant and JS.

The MA will send a confirmation of receipt of the complaint within 3 working days and inform the PC.

The complaint must include the following information:

- the name, address and contact details of the lead applicant,
- the reference number assigned by the programme to the project application and the project acronym,
- a clear indication of the reasons for the complaint and arguments to support the complaint,
- the signature of the legal representative of the lead applicant.

A complaint will be rejected without further examination if submitted after the deadline or if the formal requirements described above are not observed. If the complaint contains incomplete information the MA may request for such further information. Information has to be provided within 5 working days. If such information is not provided within the given period the case will be closed without any further investigation.

The MA will examine the complaint, with the support of the JS and in consultation with the chair of the PC as well as the head of delegation in the PC of the lead applicant country. It will decide if the complaint is justified or not and inform the PC on the decision. The complaint may also be referred to the entire PC for decision making. If the complaint is deemed justified MA/JS will review the parts of project application and evaluation which are affected by the complaint and will provide the PC with an updated evaluation on which basis the PC will take a new decision. The MA will take care that this review process runs as quickly as possible and provide the lead applicant with written information on the result of its complaint. The decision will be final, binding to all parties and is not subject to any further complaint procedure within the programme.

As regards the quality assessment done by the JS and the PC decision on which projects to select for co-funding, please note that these cannot be reviewed. When informing about the result of the project selection process MA/JS will provide the lead applicant with a clear indication of the reasons for the PC decision. In case of rejection of a project proposal the communication is accompanied by an assessment report. Should the applicants want to receive clarification on the assessment results or should they be of the opinion that the criteria have not been applied correctly the lead applicants are invited to get back to the JS to receive more information.

Complaints concerning project implementation

The lead partner (LP), on behalf of the project partnership, may raise complaints against activities, omissions or decisions of the programme during project implementation that are based on the subsidy contract concluded between the MA and the LP.

The MA will examine the complaint with support of the JS on basis of the information brought forward by the LP via e-mail to the MA (alpine.space@salzburg.gv.at). If the issue cannot be solved between MA and LP, the LP can address the competent court in Salzburg considering the rules as laid down in the subsidy contract and relevant provisions of the applicable Austrian law.

Complaints related to a decision of control and audit bodies have to be submitted by the affected project participant to the responsible body and according to the applicable procedures set up at national and EU-level.

Complaints against any other person or institution and its activities, omissions or decisions that might affect the project activities or project participants and that are outside the sphere of competence of MA/JS have to be directed to the responsible body, e.g. the employing or contracting organisation or competent court and shall not be addressed to the MA.

Reference documents

- EU Regulation 2021/1059
- Terms of reference of the relevant call for proposals

Annex documents

- Annex IIa Selection criteria "Classic projects"
- Annex IIb Selection criteria "Small-scale projects"

C. Contractual arrangements

During the application phase and after approval, a number of contracts have to be signed by the project LP and partners. You can find information and templates below.

C.1 Partnership Agreement

According to the European structural and investment funds (ESI) Regulations for the period 2021-2027 (Article 26 of Regulation (EU) No. 2021/1059 the lead partner (LP) shall conclude an agreement with its project partners (PP) which shall contain provisions that guarantee the sound financial management of the funds allocated to the project, including arrangements for recovering amounts unduly paid. Project consortia that submit an AF to the programme shall provide a copy of the signed partnership agreement (PA) together with the application.

A subsidy contract (SC) will be signed between the LP and the MA, whereas the PA constitutes the contractual relationship between all project participants. While the LP is responsible for ensuring the proper project implementation towards the MA, each PP is responsible to the LP for bringing in its project contribution and giving full support to the LP to ensure the successful project realisation.

The PA provides the framework for efficient project implementation and management and aims at guaranteeing the project´s contribution to reaching the programme´s objectives. The partnership agreement shall raise awareness of and clearly define the responsibilities of LP and PP in a legally binding manner.

Since project arrangements are complex in transnational cooperation partnerships, the programme provides a template for the PA. This template contains the minimum clauses that shall be foreseen by the projects. Please note that a separate template for the PA has been developed for projects that have a LP coming from a non-Member State. The template for the PA makes reference to the AF and the model subsidy contract which covers many of the issues that might typically occur during project implementation. The PA template regulates e.g. conditions for project changes, rights and obligations related to information and communication, financial control, audits or project results or financial liabilities.

In case the template is used without inserting any additional regulations it can immediately be signed by all project participants after having completed it with the project-related data, i.e.:
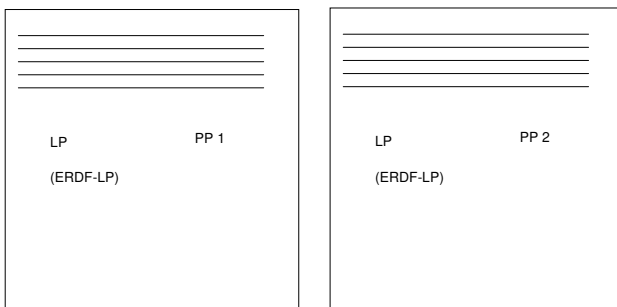
- name of the project,
- agreed working language,
- applicable law (this shall be the law of the country in which the LP is situated in, in case of a project with an ERDF-LP the laws of the country in which the latter is located shall apply),
- place of jurisdiction.

Of course, project participants are free to add clauses to the ones of the template PA. In order to verify that these additional clauses do not contradict the relevant EU regulations, programme rules and other provisions of the model PA, these additional clauses need to be checked by the MA. Therefore, the LP shall coordinate any envisaged additional clauses with the MA in advance (by sending the draft PA via mail to alpine.space@salzburg.gv.at). The template for the partnership agreement foresees basic rules in standard clauses as regards intellectual property rights and confidentiality. Depending on the project objectives, activities and partnership project participants may wish to regulate these issues in more detail. In this case the MA can provide support by providing well proven standard clauses that could be used. As soon as the additional clauses have been checked by the MA the PA can be signed by the project participants.

As regards the signature of the PA the projects have two options:

Option 1: The PA can be signed *bilaterally* (respectively *trilaterally* in case the project has an ERDF-LP), i.e. each copy of the PA bears the signature of the LP (and ERDF-LP, if existent) and of one of the project partners.

Option 2: The PA can be signed *multilaterally*, i.e. each copy of the PA bears the signatures of all project participants (LP, ERDF-LP, if existent, and all other PP).

In case project participants face problems or delays in the signature process they shall get in touch with the JS or MA immediately so that a solution can be found.

The PA shall be set up in so many copies that each project participant receives one. Please note that the programme only needs a scan of the signed PA(s). This scan has to be submitted to the programme via the electronic monitoring system (JEMS) together with the AF (see Annex III).

At the occasion of a seminar organised by the programme for the, guidance and detailed explanation on the template PA and the signature process will be provided.

The MA and JS will also provide for support to clarify any other legal questions related to the PA and the project. The occasion of the above-mentioned seminar shall be used by the LP to have an exchange with the MA and JS on these issues. Informing the MA about any open questions by the LP prior to the seminar is highly recommended, as it enables the programme to provide for answers at the seminar.

Reference documents

- EU Regulation 2021/1059, art. 26
- Chapter 'Project application'
- Chapter subsidy contract (including template of subsidy contract)

Annex documents

- Annex III: Template partnership agreement for projects with a LP from a Member State
- Annex IV: Template partnership agreement for projects with a LP from a Non-Member State and an ERDF-LP from a Member State

C.2 Subsidy Contract

According to the European structural and investment funds (ESI) Regulations 2021-2027 (Article 22 of Regulation (EU) No. 2021/1059 the MA) shall provide a document to the LP setting out the conditions for the ERDF-co-financing of the project, including specific requirements concerning the products or services to be delivered by the project, the financing plan, the time-limit for execution and, where applicable, the method to be applied for determining the costs of the project and the conditions for payment of the support. Therefore, the MA will conclude a so-called subsidy contract (SC) with the LP.

In case the project has a LP from a Non-Member State and an ERDF-lead partner (ERDF LP) from a Member State this SC will be concluded with LP and ERDF-LP.

The SC is an essential element within the framework of managing and monitoring the territorial cooperation programmes. This contract stipulates the rights and duties of the LP (and ERDF-LP, if such exists) as well as of the programme bodies and other organisations involved in the implementation of the programme (e.g. MA, JS, programme committee, control bodies, organisations involved in the second level control). It regulates issues like reporting obligations and procedures, conditions for project changes, obligations and rights related to information and communication activities, provisions on financial controls and audits of the project, use and ownership of project results or liabilities of the LP.

Since the tasks of the MA are performed by the Land of Salzburg in Austria the subsidy contract is based on Austrian law.

Experience has shown that various project participants cannot start with project activities as long as partnership agreement (PA) and SC are not signed. With the aim to speed up the contracting procedure, the programme foresees that project applicants have to submit copies of the already signed PA together with the AF.

The programme has set up a template SC which will be used for all projects selected for co-financing.

Attached to the letter in which the MA/JS informs the LP about the approval of the project, two copies of the SC already filled in with the project-related data will be sent to the LP. The LP will have two weeks to return a signed copy of the contract to the MA.

For projects that have a LP coming from a Non-Member State and therefore also have an ERDF-LP a separate template SC has been developed by the programme. In case of these projects three copies of the SC will be set up and more time will be foreseen for the signature process since both, LP and ERDF-LP shall sign the SC.

If the SC is not signed within the given period of time the ERDF-co-financing for the project will not be secured.

At the occasion of a seminar organised by the programme, guidance and detailed explanation on the SC will be provided. The JS and MA will provide support to clarify any other legal questions related to the SC and the project. The occasion of the above-mentioned seminar shall be used by the LP to have an exchange with the JS and MA on these issues.

Reference documents

- EU Regulation 2021/1059, art. 22
- Chapter 'Partnership agreement'.

Annex documents

- **Annex V:** Template subsidy contract for projects with a LP from a Member State
- **Annex VI:** Template subsidy contract for projects with a LP from a Non-Member State and an ERDF-LP from a Member State

D. Project implementation

This chapter provides project participants with information and guidance related to project implementation after approval and for the whole project duration.

D.1 Control and audits

Definition

All expenses declared by a beneficiary have to be verified by control bodies that are officially authorised to perform this task. As regulated in article 74(1) of Regulation (EU) 2021/1060 the controllers have to verify that the co-financed products and services have been delivered, that the project complies with the applicable law, the programme and the conditions for support of the project (especially the eligibility rules – see chapter B.3 of the Programme Manual). These verifications are the so-called controls[11].

The result of the control is documented in the control certificate which is supported by a control checklist and report. The control certificate indicates the verified eligible amount and is issued by the controller in charge. Only on the basis of control certificates and project reports, ERDF payments can be initialised to the projects.

National control systems

In accordance with the regulations EU Member States participating in the programme have to set up national control systems. There are two ways to organise the national control system.

In decentralised systems each beneficiary shall select its own controller[12], according to instructions and procedures set in place at national level. Control bodies may be either internal (a functionally independent department inside the beneficiary organisation) or external (auditors belonging to independent institutions

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[11] In the EU regulations the term "management verifications" is used.
[12] Restrictions apply to beneficiaries located in Austria, in which case controllers are not selected by the beneficiaries themselves.

selected on the market). As control bodies have to meet certain requirements (i.a. independency), control bodies have to be officially authorised for each project participant separately by the national control coordinating body (NCCB). Beneficiaries should check carefully the national provisions and procedures applicable in their Member States. Aiming at a harmonised implementation of the controls, the control bodies will be coordinated by the NCCB by offering regular trainings and exchanges.

Centralised systems foresee only one control body responsible for implementing the verifications for all project participants of the respective Member State on national level. In these Member States, beneficiaries have to submit their expenditure for verification to this body.

Austria, France, Germany and Italy have decided to build up a decentralised control system whereas Slovenia has set up a centralised system.

Controls performed on the expenditure submitted by beneficiaries can either be free of charge or charged to the beneficiary. In latter case, costs of control are also eligible as project expenditure and can therefore be reimbursed if they are foreseen in the project budget and claimed in the project report.

Contact details of the national control coordination bodies can be found at the programme website.

Requirements for control bodies and controllers

Formal requirements

In line with Article 46 (8 and 9) of the Interreg Regulation (Regulation (EU) 2021/1059) a control body can either be a national or regional authority or a private body or a natural person. Where a controller is a private body or a natural person it shall at least meet one of the following requirements:

- be a member of a national accounting or auditing body or institution which in turn is a member of International Federation of Accountants (IFAC);
- if the above-mentioned body or institution is not member of IFAC it shall at least commit itself to carry out the controls in accordance with IFAC standards and ethics;
- be registered as a statutory auditor in the public register of a public oversight body in a Member State.

Moreover, controllers must be independent from the beneficiary. In case of internal controllers, the de facto independence of the controller's organisational unit from the project activities and financial management must be ensured. In addition, the independence of external controllers may not always be given if close commercial relations exist between the partner institution and the selected controller (e.g.

use of own tax accountants).

In addition the controllers shall be functionally independent from the audit authority or any member of the group of auditors.

In Member States with a decentralised control system, minimum requirements on independence are set at the national level.

Qualification requirements

The whole management and control system, and ultimately the sound implementation of the Interreg Alpine Space Programme and its projects, strongly relies on the quality of the national control systems set in place. Minimum qualification requirements of controllers are defined on national level. The following requirements should anyway be met by a controller:

- A degree preferably in accounting, finance and relevant fields;
- Work experience in the field of controls and audits, preferably related to projects co-financed by EU Structural Funds;
- Knowledge of relevant EU, programme and national rules;
- Good command of English.

In addition, knowledge and skills of controllers should be regularly updated through targeted training (i.a. organised at national level).

While in centralised systems, the qualification of controllers is ensured directly by the Member States when designating the body in charge of national controls, in decentralised systems it is the responsibility of the NCCB, when authorising the controllers selected by the beneficiaries, to ensure that such controllers respect programme and national requirements. When selecting the controller, the qualification and competence should be privileged.

If the performance of controllers in decentralised systems casts doubts on their professional standards, the MA reserves the right to require that the authorised controller is replaced, in consultation with the national responsible body.

Capacity requirements

Irrespective of the type of control system, national controllers must have enough capacity for processing the expenditure submitted by the beneficiaries within the deadlines agreed with the beneficiary in order to avoid delays in the reporting. In any case controllers have to ensure that the expenditure can be verified

within a period of three months of the submission of the supporting documents (see article 46(6) of regulation (EU) 2021/1059).

Authorisation of control bodies in decentralised control systems

As mentioned above in decentralised national control systems control bodies appointed by beneficiaries need prior authorisation by the NCCB before they can start with their control work in JEMS. By that it can be ensured that the control body will meet the relevant requirements laid down on programme or national level. The authorisation by the NCCB should usually take place within the first five months after project approval. Consequently, it is the responsibility of each beneficiary to identify its control body in due time (where applicable relevant procurement law has to be taken into account – see chapter B.3 on eligibility rules!). Beneficiaries can ask the national control coordinating body in its Member State for support in case they face difficulties to find an appropriate control body.

When selecting the control bodies it is recommended to foresee contractual clauses, which:

- Define the liability of the controller linked to the quality of the performance;
- Ensure the availability of the selected controller also in the project closure phase, i.e. until the last instalment has been paid out following the project end;
- Ensure the availability of controllers for audits. Audits might also take place after the end of the project.

After a control body has agreed to take over the control tasks either the beneficiary or the control body has to inform the NCCB in its Member State and to ask for authorisation. The NCCB will verify if the pre-selected control body fulfils the requirements and keep the respective documentation at its premises. Based on this verification the authorisation can exclusively be issued via the JEMS. It is the task and the responsibility of the NCCB to keep the authorisations in the JEMS up to date. Therefore, control bodies are obliged to inform the NCCB on any relevant change (e.g. contact data) without delay.

Authorisations are valid for one specific project only. Thus, beneficiaries partaking in several projects need a new NCCB authorisation each time even if the control body remains the same in all projects.

Programme bodies can only accept project expenditure that is verified through certificates issued by authorised controllers.

Control procedure

For each reporting period beneficiaries have to prepare a partner report in JEMS (for details see PM chapter on reporting). All supporting documents needed by the controller to perform its checks (such as i.a. invoices, proofs of payments, deliverables.) have to be uploaded and stored in JEMS [13]. The controller verifies the expenditure included in the list of expenditure on the basis of the supporting documents and documents its work in the control checklist and report. Finally the control certificate will be issued. By doing so the controller confirms that:

- expenditure is in line with European-, programme- and national eligibility rules, and complies with conditions for support of the project and payment, as outlined in the subsidy contract;
- expenditure was actually paid except for costs related to depreciation and simplified cost options;
- expenditure was incurred (with the exceptions above) within the eligible time period of the project14 and was not previously reported;
- expenditure based on simplified cost options (if any) is correctly calculated and the calculation method is correctly applied;
- expenditure is either recorded accurately in a separate accounting system or has an adequate accounting code allocated. The necessary audit trail exists, and everything was available for inspection;
- relevant EU/ national/ institutional and programme procurement rules were observed;
- EU and programme publicity rules were followed;
- co-financed products, services and works were actually delivered;
- expenditure is related to activities in line with the application form and the subsidy contract;
- there is no evidence of infringements of rules concerning horizontal principles of sustainable development, gender equality and non-discrimination;
- there is no evidence of double-financing of expenditure through other financial source(s);

The documentation of the control work in JEMS by using the embedded programme templates is obligatory.

As already mentioned above expenditure incurred by beneficiaries can be claimed only after its verification by the respective national controller. The verification of expenditure is performed on incurred expenditure

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[13] No documents should be provided by the beneficiary to the controller in paper version or other formats, but shall be kept in evidence e.g. for the on-the-spot check on the beneficiaries premises.
[14] With the exception of the costs related to the controller of the last reporting period (to be invoiced by the control body and paid by the beneficiary before the issuing of the certification) – see chapter B3 "Eligibility rules" of the Programme Manual.

to be included by the beneficiary in each finance report. This is done through administrative verifications (i.e. desk-based verifications) as well as on-the-spot verifications.

Risk-based verifications are possible if the risks are identified ex ante and in writing through a methodology set up at national level. Otherwise, expenditure submitted by a beneficiary to its national controller should be verified in its entirety. When applying a risk-based sampling methodology, the controls must cover all cost categories and take into account all risk factors affecting the project. The method applied and the sample taken as well as the results must be documented carefully in a transparent way. The methodology has to contain steps to be taken in case of detection of errors or non-eligible amounts in the sample (i.e. enlarging the sample of the affected cost category up to 100 % of the claimed expenditure).

On-the-spot verifications are performed by the controller at the premises of the beneficiary and – if not identical – at the place of the physical project output.

On-the-spot verifications should include verifications:

- on the existence of the project (existence of equipment purchased, deliverables, outputs);
- on the accounting documents that form part of the audit trail;
- that the beneficiary maintains a separate accounting system or adequate accounting code for the project;
- that the documents are correctly archived;
- on the compliance with communication and publicity rules (e.g. project poster is displayed at the project participant's premises).

As a general rule, on-the-spot verifications have to be performed by controllers on the level of all beneficiaries. An exception to this rule applies to countries with a centralised control system, where on-the-spot verifications may be performed on a sample of beneficiaries only. If a beneficiary is selected for an on-the-spot check it is recommended that the equipment should also be checked when carrying out the on-the-spot check. In case equipment items are not covered by an on-the-spot check, comparable measures to an on-the-spot check should be carried out (e.g. photo documentation).

In countries with a decentralised control system, on-the-spot verifications of all beneficiaries are compulsory at least once during project life time.

- for classical projects: expenditure of either first, second or third reporting period must be on-the-spot verified
- for small scale projects: expenditure of the first reporting period must be on-the-spot verified; in duly justified cases the on-the-spot check might be postponed to the second reporting period

If during its checks, the MA/JS discover that the obligatory on-the-spot verification did not take place in the required period of time, the controller will be requested to carry out the check before the due date of the next finance report. If the on-the-spot check is not done within the given deadline, the costs of the relevant project partner might be removed from the finance report (e.g. when the delay is not well justified). In such case, once the on-the-spot check is performed, the costs can be included in the finance report which is due after the performance of the check.

Ongoing controls by MA and JS

The ongoing controls performed by the MA/JS are complementary to the verification of expenditure carried out by national controllers. Such controls are aimed at verifying the quality of project implementation as well as the quality of work done by national controllers.

The following types of control are performed by the MA/JS:

- Verification of the project's existence and physical progress by analysing the activity part, including indicators, of each progress report as well as outputs and relevant deliverables produced by the project.

- Mid-term review: In an online meeting between JS and LP at the end of the first half of the project implementation phase the project progress (e.g. activities implemented, difficulties encountered, target achievement (outputs etc.), forecast on upcoming activities) shall be reviewed together.

- Sample checks by MA focus on the documentation of the control work done by the national controllers and focus on the check of the control checklist and report issued by controllers together with the certificate of expenditure. Beside that the plausibility of (selected) expenditure items verified by the controller is checked on the basis of the supporting documentation as required for the audit trail in the programme´s eligibility rules. As the name already demonstrates, sample check are performed by MA on a sample of projects only.

Beside the above-mentioned controls MA and JS might perform additional checks on demand.

Verification of the proper functioning of control systems on national level

The work of control bodies is in addition subject to verifications on national level (quality checks) through the national control coordination bodies. For more information please refer to the corresponding descriptions of national control systems or to the relevant national control coordination body.

Audits performed by the audit authority

The audit authority (AA) is the programme body responsible for carrying out system audits and audits on operations in order to provide independent assurance to the EC that the programme management and control system functions effectively and that expenditure submitted to the EC is legal and regular.

The AA is supported by the group of auditors (GoA) which is composed of representatives from each programme Member State. The AA and the GoA may entrust part of the audit work to an external audit company but might take part in the audits too.

Audits on projects are performed during the entire programme lifetime and might take place only after the end of project implementation. A sample of the projects and project partners to be audited is drawn every year by the EC for all Interreg programmes.

During the audit, auditors analyse a number of aspects related to the implementation of the project, including the following:

- Existence of the project;
- Compliance with obligations set in the subsidy contract and partnership agreement;
- Eligibility of expenditure;
- Compliance with EU and national rules (including public procurement);
- Existence and soundness of the audit trail;
- Review of the control work carried out by the national controller.

The audit is in most cases performed on the spot, at the premises of the audited body or in any other place where the project is being implemented. It is complemented by desk verifications. Availability of controllers at the audits shall be ensured.

In case of detected non-compliances or infringements, audit findings are raised. For each finding they clearly state the reasons and provide requirements for clearance of the finding. All findings are presented to the audited body upon completion of the audit in order to undergo a contradictory procedure. Within the contradictory procedure the LP, PP(s) and controller(s) have the possibility to comment on each finding. At the end of this procedure, the AA and GoA have to confirm or lift the findings. Following this, the audit report becomes final and the implementation of any follow-up measures and corrections is taking place.

MA/JS support the communication flows between all parties involved in the audit process, i.e. the AA, GoA members, the audit company, LP, PPs and national controllers.

Other controls and audits

In addition to the programme bodies, the European Commission, the European Anti-Fraud Office (OLAF), the European Court of Auditors (ECA) and, within their responsibility, the auditing bodies of the Member States or other national public auditing bodies, are entitled to audit the proper use of funds by the beneficiaries. The concerned beneficiaries are notified in due time about any audit to be carried out by authorised persons of such bodies.

Beneficiaries undergoing an audit have to provide any project-related information to the above auditing bodies and give access to their business premises. Audits may occur at any time until the end date for the retention of documents (for further details please see article 10 of the subsidy contract). Availability of controllers at audits shall be ensured.

Follow-up of controls and audits

Controls and audits (regardless on which level or by which body they are performed) might result in findings. The necessary follow-up depends on the type of findings detected:

In case of findings with financial impact (i.e. in case of detecting irregular amounts), the amounts considered as not eligible are withdrawn from the next payment claim submitted to the MA/JS or are recovered from the LP if the project is already closed (or if the amount claimed is lower than the irregular amount). Usually, financial corrections are done on the level of the irregular and ineligible expenditure detected (e.g. certain invoice or amount of expenditure that does not comply with the applicable rules will be deducted). In case of systematic errors flat rate corrections at an appropriate level (e.g. project, beneficiary, control certificate, cost category) and up to 100% (dependent from the severity or scope of the finding) might be implemented.

Should findings have no financial consequences, the affected beneficiary (or its controller if applicable) has to document that recommendations set by the auditors have been followed up.

> **HINT BOX**
>
> Was the irregular amount detected after the underlying control certificate (as a part of a project report) included in an interim payment application and therefore reported to the European Commission the amount cancelled may not be reused for the project concerned (see article 103(3) of the CPR). That means that in this case the financial correction will lead to a corresponding reduction of the project budget. In case the financial correction is made for a systemic irregularity, the ERDF cancelled may not be reused for any project affected by the systemic irregularity (e.g. systematic errors in the control work of a control body verifying the expenditure of several beneficiaries or projects).

Retention of documents

As laid down in the subsidy contract all beneficiaries (LP and PP) are obliged to retain for audit purposes all files, documents and data about the project until the MA informs that keeping of documents is no longer required for the project. The documents shall be kept for at least five years from December 31st of the year in which the last payment by the MA to the project is made.

Furthermore, all documents referring to project activities and expenditure for which State aid was granted shall be available for at least 10 years from the date of granting the last aid issued by the programme. The retention period shall be interrupted either in the case of legal proceedings or by a request of the EC.

At the closure of projects, the MA/JS will inform each LP on the exact start date of the above mentioned retention periods. The LP shall in turn inform the PPs.

Other possibly longer statutory retention periods as might be stated by national law remain unaffected.

For the entire retention period, all bodies entitled to perform controls and audits shall have unrestricted access to all relevant documentation and accounts of the project.

D.2 Public procurement

Public procurement rules aim at ensuring that the purchase of services, goods and works follows transparent procedures and that fair conditions of competition for suppliers are provided.

According to the Cohesion policy legislation for the period 2021-2027, the programme bodies have to ensure that the programme and the projects are implemented in compliance with the applicable public procurement rules. Thus, any purchase of goods, services or public works for the implementation of the programme or a project has to be carried out in line with the relevant public procurement rules.

Public procurement law is a complex matter and many findings during financial controls in ESI-financed programmes and projects are related to procurement errors. Thus, this chapter provides basic information about public procurement law, the relevant programme rules, most common procurement errors and further guidance on this issue.

D.2.1 Procurement rules

Rules for public entities

The European Union (EU) has set up minimum requirements for public procurement. They vary depending on the type of institution making the purchase, on the nature of purchases and the relevant sector in which purchases are made (specific rules are set e.g. for supply, works or service contracts or for purchases in the water, energy and other similar sectors).

According to European public procurement law the State, regional or local authorities, associations formed by such authorities, bodies governed by public law and their associations[15] are obliged to follow public procurement rules when purchasing goods, services and public works. Considering the nature of the activities generally performed in Alpine Space projects, the main reference document on EU public procurement rules is the directive 2014/24/EU on public contracts for the acquisition of services, supplies and works.

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[15] A definition of bodies governed by public law is provided in art. 2 of the Directive 2014/24/EU on public procurement and explained in the chapter B. 2 'Who can participate'.

This procurement directive applies to purchases whose estimated value net of value-added tax (VAT) is equal to or above certain thresholds. The following table summarises the current main **EU thresholds** (valid from 01.01.2024). Above these thresholds, calls for tenders need to be published EU-wide, below these thresholds the procurement procedure as foreseen by national law applies.

Nature of procurement	Type of contractor	Estimated value, excluding VAT
Public contracts for services and supply	Central Government authorities (e.g. ministries)	≤ EUR 143,000
	Sub-central contracting authorities (e.g. regions, municipalities)	≤ EUR 221,000
Public contracts for works[16]	Both central and sub-central authorities	≤ EUR 5,538,000

The EU rules set the general framework for the awarding of public contracts. They have to be transposed into national law. Depending on the national legal system procurement law is made on national, regional or local level. As a result, **applicable public procurement rules and thresholds vary between Member States or regions in which Alpine Space project partners are located**. Moreover, institutions may set specific internal rules for procurements. They may for instance set stricter procurement procedures or lower thresholds, which shall be obeyed whenever the institution purchases something. It should be noted that **the strictest of the applicable procurement rules applies**.

It should be noted that even below the thresholds, the fundamental principles of public procurement established in the EC Treaty (transparency, effective competition, non-discrimination and equal treatment) still apply. In addition, procurement law is further developed through the jurisprudence of the European Court of Justice. It is therefore important that project participants are well aware of the public procurement rules which are applicable to them and act accordingly. Since procurement law is a complex matter, **project participants are strongly recommended to seek legal advice if needed**. This could be provided by the legal department of the project participant. Moreover, external procurement experts (e.g. lawyers) can be contracted to provide legal support and such costs are eligible for co-financing as long as the eligibility rules on programme and national level are obeyed.

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[16] It should be noted that the procurement of works is rather uncommon in Alpine Space projects.

Public procurement rules foresee different kinds of procurement procedures. In general, it can be stated that the higher the value of a contract to be awarded, the stricter the procurement rules that have to be complied with (e.g. regarding the prior publication of a call for tenders or the possibility to invite a limited number of suppliers based on a market analyses).

The adherence to public procurement procedures has to be well documented in the framework of Alpine Space projects. Documents such as public procurement notes, terms of reference, offers, order forms and contracts have to be available for financial control and audit purposes. Thus, even where national public procurement rules allow for direct contracting for small contract values, the selection procedure has to be documented transparently (e.g. proof of market researches, documents tracing the selection of an operator and the awarding of a contract) and the observance of the principles of economic and efficient use of funds have to be proven.

It is recommended that, even where direct awarding is allowed, project participants still request offers from different providers or provide evidence of adequate market search before selecting one provider, in order to ensure an adequate level of transparency and of economical use of public funds. Also in these cases, prior contact with the control bodies (CB) is highly recommended to enquire the CB's expectations.

Joint cross-border procurement

Article 39 (4) of Directive 2014/24/EU allows for a joint procurement by contracting authorities from different member states. They may jointly award a public contract if they conclude an agreement on:

- the responsibilities of the parties and the relevant applicable national procurement law;
- the internal organisation of the procurement procedure, including management of the procedure, distribution of the works, supplies or services to be procured and the conclusion of contracts.

The participating contracting authority fulfils its obligations pursuant to this Directive when it purchases works, supplies or services from a contracting authority, which is responsible for the procurement procedure.

Example: Project Partner A is located in Austria, Project Partner B in Slovenia and Partner C in France. They want to commission a study to collect data for their project. Partner A will have to check if its national procurement law foresees joint cross-border procurement. In line with the respective provisions partner A concludes a written contract with partners B and C in which it is stipulated that PP A shall carry out the procurement following the Austrian procurement law. In the agreement it is also regulated that each PP bears one third of the costs and that each PP will get the results of the study.

In order to avoid risks and administrative hurdles it is **recommended that all partners** involved in a joint cross-border procurement decide for the 40% **flat-rate** for other costs including external expertise and service costs.

If some or all involved partners intend to opt for the real cost-method for external expertise and service costs, the **programme herewith sets the rule that only a partner reporting the costs on a real cost-basis can carry out the joint cross-border procurement.**[17] With this restriction on programme level, it is ensured that the controller of the procuring partner verifies if the applicable public procurement rules have been respected.

Example: Project Partner A is located in Austria, Project Partner B in Slovenia and Partner C in France. They want to commission a study to collect data for their project. Partner A ensures first that its national procurement law foresees joint cross-border procurement. In line with the respective provisions partner A concludes a written contract with partners B and C in which it is stipulated that PP A shall carry out the procurement following the Austrian procurement law. In the agreement it is also regulated that each PP bears one third of the costs (directly invoiced by and paid to the external expert) and that each PP will get the results of the study.

Scenario 1: **all involved PPs** opted in the AF for the **flat-rate** on other costs (including external expertise and service costs). Thus, neither the controller of the procuring partner A, nor the ones of partner B and C would have to check the procurement procedure.

Scenario 2: the **procuring PP** opted for the **real cost option** on external expertise and service costs. Thus, the controller of PP A will have to verify if

- the provision on joint cross-border procurement exists in the national procurement law,
- a written agreement of all involved PP on the joint procurement exists and
- the correct procurement procedure according to Austrian law was applied.

The controller of PP A will have to issue a note on the result of the verification of the cross-border procurement. This note has to be shared with the PP B and C, respectively their controllers.

If PP B and C opted for real costs the controllers of PP B and PP C would have to check if

- a written agreement of all three PPs on the joint procurement exists,

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[17] Please consider that the calculation options have to be defined already in the application phase of the project. At the stage of preparing the application form, partners shall find agreement if and who will carry out a joint cross-border procurement in the project.

- if the note of the controller of PP A is available (possible financial corrections stated in the test certificate would have to be considered accordingly by the controllers of PP B and PP C),
- PP B and C have paid their respective share and
- PP B and C received the results of the study.

The controllers then may assume that PP B and C respected the procurement law. It is also recommended that PP B and C set up a note for file in which they document the chosen procedure of joint cross-border procurement.

If PP B and C opted for a flat rate, the controllers of B and C would not have to check the procurement procedure at all.

Please consider that any financial corrections resulting from audits of operations or any other controls/audits concerning the joint cross-border procurements will be executed for all PPs involved in the joint-procedure which are calculating their costs for external expertise and services on the basis of real costs accordingly.

Project partners not subject to public procurement law

As mentioned above directive 2014/24/EU lists the type of organisations that are subject to public procurement rules (i.e. State, regional or local authorities, associations formed by such authorities, bodies governed by public law and their associations). Other organisations such as private companies, NGOs or other associations of private bodies are normally not subject to public procurement law.

However, Alpine Space projects are co-financed with public funds and these funds shall be used in compliance with the principles of efficiency, economy and expediency. Therefore, the Alpine Space programme sets simplified **programme rules** for procurements of those organisations that are not subject to the EU Directive on public procurement.

Type of contractor	Estimated value of the contract, excluding VAT	Requirements
Entities that are not subject to directive 2014/24/EU on public procurement (e.g. private companies, NGOs or other associations of private bodies) (i.e. not the State, regional or local authorities, associations formed by such authorities, bodies governed by public law and their associations)	Below 10.000 €	According to the programme´s eligibility rules the principles of efficiency, effectiveness and economy have to be observed. Consequently, compliance with these principles has to be proved. This can be done by e.g. providing empirical values, an internet price comparison or comparison with data from previous purchases.
	10.000 € or higher	Proof of adequate market search (e.g. by collecting offers from at least two different market operators)

The purchase process of these private project partners shall be documented whereby the following information shall be contained:

- description of purchased service, works, supplies
- reasons for estimated net contract value
- way of proof of value-for-money-check or market research: Collection of at least two offers from different market operators, internet price comparison or other type of market search (e.g. quotes from recent, similar purchases, etc.)
- result of assessment of offers and
- justification of contract award.

Procurement rules and simplified cost options

Costs for external expertise and services and equipment are co-financed by the programme on a real cost basis. This means that controllers will carefully check the procurement procedure applied by the respective project participant. Please note that any mistake detected might lead to a reduced amount that will be

reimbursed. This will have an impact on all project costs that are calculated as a flat rate on costs for external expertise and services.

With regard to the 40% flat rate for eligible costs other than direct staff costs it shall be mentioned that beneficiaries applying this method and being subject to public procurement law will not have to document and prove their procurement procedures against programme bodies, controllers or auditors.

Project Partners vs. External Experts or Service Providers

The Alpine Space Programme does not allow project partners to contract each other to carry out project activities. Furthermore, an organisation cannot become project partner if its main activities within its business profile and role in the project consists of project coordination, management, communication, consulting or any other activity of mere executive or supporting character. Such activities are usually provided by external service providers (see chapter B.3.7). The JS will check the fulfilment of this requirement during the quality assessment phase. It is therefore recommended to get in touch with the national ACP beforehand for advice.

D.2.2 Green public procurement and other horizontal aspects

The Interreg Alpine Space programme strives for an innovative and sustainable development of the Alpine area. Public procurement rules allow for horizontal aspects such as the protection of the environment, social considerations (e.g. advancement of women, better integration of migrants) or the enforcement of innovation to be taken into account when purchasing a product, service or work. **Project participants are thus invited to make use of this possibility whenever possible.** These aspects may be integrated into public procurement procedures for instance by the following means:

- taking these horizontal aspects into account in the planning of the procurement or the specification of services (e.g. a study on a certain topic may take into account the different needs of men and women);
- setting specific selection and award criteria (e.g. preference given to equipment with low electric power consumption or assessment taking into account the life-cycle-costs of equipment when analysing the offers of the potential providers);
- including specific clauses in the contract with the provider of the service, good or work (e.g. foreseeing that certain tasks are performed through the involvement of disabled persons and establishing a contract penalty in case this is not respected).

It should be kept in mind that a balance is to be ensured between the promotion of these horizontal aspects and the need to provide fair conditions of competition for suppliers. Attention is thus to be paid that they do not result in a discriminatory treatment among providers of similar services/supplies/works. For instance,

procurers are not allowed to demand that a specific product or service carries an ecolabel, but the underlying criteria of an ecolabel can be used in procurement tenders. More information can be found on "Ecolabel and Green Procurement".

The programme herewith would like to encourage the project participants to make strategic use of public procurement, e.g. by applying Green Public Procurement (GPP) where public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured. **The Alpine Space EU project partner countries Austria, France, Germany, Italy and Slovenia have developed National Action Plans on sustainable procurement**. More information on GPP in the European Union is available at the official website.

By using their purchasing power to choose goods and services with lower impacts on the environment, public authorities can make an important contribution to sustainable consumption and production. Project participants are also invited to take into account the chapter on project greening in this programme manual.

HINT BOX

A number of resources have been developed to assist public authorities in the implementation of green public procurement:

Common GPP Criteria and Technical Reports covering 18 product and service groups;
The Buying Green! Handbook on Environmental Public Procurement giving advice to purchasers on legal and practical aspects of GPP;
A GPP Helpdesk to respond directly to stakeholders 'enquiries;
A News-Alert featuring the most recent news and events on GPP;
A list of responses to Frequently Asked Questions (FAQs);
A glossary of key terms and concepts related to GPP;
The GPP website with links to these resources plus studies, projects, videos, networks, national links, GPP examples, court cases and legal and policy background, training materials and documents for new criteria development.

D.2.3 Most common procurement errors

Experience made in ESI-funded programmes has revealed the following as being the most common procurement errors. Project participants are therefore asked to pay special attention to avoid them:

- Insufficient publication of procurement procedure (e.g. direct award without any prior obligatory notification, notification only on national or regional instead of EU-level)
- Imprecise definition of the subject-matter of the contract to be awarded
- Excessively short deadlines for the submission of tenders
- Mix-up of selection and award criteria
- Use of discriminatory or dissuasive selection or award criteria
- Unlawful splitting of contracts
- Use of wrong procurement procedure
- Unlawful application of exemption rules
- Unlawful negotiation during award procedure
- Modification of a tender or criteria during evaluation
- Unlawful substantial contract modification or purchase of additional works, services of supplies.

D.2.4 Enforcement of procurement rules and consequences in case of violation

For each project participant, the control body checks inter alia if the applicable procurement rules have been respected. Therefore, project participants have to ensure that any procurement procedure is orderly carried out and documented. Additional controls may also be carried out by auditing bodies of the programme, the EU or of the EU-Member State where the project participant is located.

Project participants risk losing ERDF financing if they cannot provide documentary proof of compliance with European, national, local and their own internal public procurement rules or with the programme rules on procurement mentioned above. If a procurement error is detected, the Commission Decision C (2019) 3452, of 14 May 2019 on the guidelines for determining financial corrections to be made for non-compliance with public procurement rules, will apply. If non-observance of the programme rules for purchases by private partners is detected, a financial correction will apply of 10% of the value of the contract that is reported to the programme.

Where to find more information and support?

An overview on the applicable EU public procurement rules is available at the dedicated website of the European Commission: https://ec.europa.eu/growth/single-market/public-procurement_en

Reference documents

- Directive on public procurement 2014/24/EU
  https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0024
- Commission Decision C (2019) 3452 of 14 May 2019 on guidelines for determining financial corrections for non-compliance with public procurement rules.

D.3 State aid

The European Commission (EC) encourages Member States and regions to take action for strengthening the competitiveness of the regional economy. Assistance from the State to individual companies/market operators is an important instrument to reach this objective. However, such measures may distort competition if they discriminate between companies/market operators that receive assistance and others that do not. As such, they could present a threat to the operation of the internal market. Therefore, the EU has set up a legal framework which defines the limits under which public assistance can be granted to companies/market operators. The basic rules on State aid are set out in articles 107 of the Treaty on the Functioning of the European Union (TFEU). These rules have been complemented over the years by secondary legislation and decisions of the European Court of Justice.

State aid rules are also relevant for Interreg programmes since the EU-regulations for these programmes stipulate that co-financed projects shall comply with applicable Union and national law.

This chapter provides basic information on the European State aid rules as well as on the measures taken by the Alpine Space programme to ensure that these provisions are obeyed throughout the various phases of generation, selection and implementation of projects.

D.3.1 What is State aid?

Public aid may be granted to different beneficiaries and take different forms. Public aid becomes relevant for State aid rules only, if all of the criteria listed below are satisfied. If one single criterion is not fulfilled, the assistance granted is not subject to the EU rules on State aid.

Transfer of State resources

State resources must be considered in the wide sense of any public resources. This includes EU, national, regional or local public funds. It also includes those cases where public resources are granted by a private or public intermediate body on behalf of a public authority (for instance a private bank that is given the responsibility of managing a State funded aid scheme). State aid may take different forms: it is not limited to grants but it also includes interest rate rebates, loan guarantees, accelerated depreciation allowances, capital injections, etc.

Funds granted in the framework of the Alpine Space programme (ERDF co-financing and national contributions) are also to be regarded as State resources. Therefore, this criterion is to be considered as met for any Alpine Space project.

Economic advantage

This criterion is fulfilled, when the aid gives an economic advantage to an undertaking that would not have arisen in the normal course of business. Such an economic advantage can be assumed, if the undertaking does not apply any market-driven consideration (e.g. it promises to create jobs in return for State funds received or it buys land from the State for a price lower than the market price). No such advantage is to be assumed if a private investor would have acted in the same way as the State when granting an advantage (e.g. a region participates in a company under the same conditions as a private actor would do). No such advantage is given if it is passed on to someone else; for Alpine Space projects this means that State aid relevance might not only be given on the level of the project participants but could also be given at the level of the project´s target group (so-called indirect State aid): e.g. a project partner offers trainings for free to companies in its region and therefore the advantage is passed on to the latter and state aid relevance is given on level of these companies.

The term "**undertaking**" is to be interpreted in accordance with EU law. Thus, the definition set up by the European Court of Justice is decisive: it interprets the term "undertaking" in a wide sense as any entity which exercises an activity of an economic nature and which offers goods and services on the market, regardless the legal form and the way of financing of this entity. Also if an entity is not profit-oriented, State aid rules will apply as long as it competes with companies that are profit-oriented. Therefore, not only private companies are subject to State aid rules but also public authorities and bodies governed by public law[18] as far as they carry out an economic activity on a market.

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[18] A definition of bodies governed by public law is provided in art. 2 of the Directive 2014/24/EU on public procurement. See also the chapter in this programme manual B.2 'Who can participate'.

The presence of an economic advantage and whether a legal person acts as an "undertaking" in an Alpine Space project will be carefully assessed by the programme bodies.

Selectivity

State aid is selective and thus affects the balance between certain companies/market operators and their competitors. "Selectivity" is what differentiates State aid from the so called "general measures", namely measures which apply without distinction to all enterprises, in all economic sectors, in a Member State (such as most nation-wide fiscal measures). The selectivity criterion is also fulfilled if the aid applies to only part of the territory of a Member State (this is the case for all regional and sectorial aid schemes). As part of measures focusing on a specific transnational area (the Alpine Space) or specific economic sectors, this criterion might be met by Alpine Space projects.

Effect on competition and trade

This criterion is fulfilled if an aid has a potential effect on competition and trade between EU Member States: it is thus sufficient that the beneficiary is involved in an economic activity and that it operates in a market in which there is trade between Member States. Thus, this criterion might be met by Alpine Space projects.

D.3.2 Alpine Space projects and State aid rules

Due to the nature of the activities carried out, projects typically implemented in the framework of a European Territorial Cooperation programme are rarely state aid relevant. However, during project evaluation the project will also undergo a "state aid assessment" by MA/JS to identify state aid relevance of the project on level of the project participants or target groups. Should the assessment lead to the result that the project is state aid relevant, the Interreg Alpine Space programme might ask the project participants to exclude certain activities from the project proposal or to take other measures instead, as this could easily remove state aid relevance (e.g. by asking the project partners to disseminate project results widely). Such an obligation will be discussed in the PC and regulated in the subsidy contract.

The General Block Exemption Regulation (GBER) allows to implement a wide range of public support measures without prior notification to the EC, as long as all criteria given in the regulation are fulfilled. It includes a block exemption for aid granted in the context of Interreg projects. As other programmes, the Alpine Space Programme will also make use of this opportunity and register the use of these articles of GBER to the EC. Due to these block exemptions less monitoring and reporting efforts will be needed for both, programme and projects.

Article 20 GBER allows up to 80% of public funding of costs arising for companies, when taking part in an Interreg project as partner. The costs mentioned in this article correspond to the cost categories foreseen by the programme (see chapter on programme´s eligibility rules). The GBER-aid granted by the programme amounts to the whole ERDF budget of the concerned project partner. Please note: The programme´s ERDF-cofunding rate is 75%. This means that an undertaking taking part in a project and receiving ERDF-funds based on article 20 of GBER, could only receive further 5% from national sources for its project budget. This could limit or exclude national co-funding for the project.

The programme can also grant ERDF co-financing as *de minimis* **aid**, as set out in Commission Regulation (EU) 1407/2013. Starting from 01.01.2024, according to this Regulation the total amount of *de minimis* aid granted per Member State to a single undertaking cannot exceed EUR 300,000 over a period of three fiscal years.

The *de-minimis* aid given by the programme is granted by the Member State Austria (as the country where the MA is situated) and it amounts to the whole ERDF budget of the concerned partner, as indicated in the application form. In case the programme sees state aid relevance at the level of a project partner, the latter will be asked to communicate to the managing authority before the subsidy contract is set up if the ERDF-funds shall be granted as GBER-aid or de minimis aid (whereby the programme would recommend GBER as it entails less administrative burden for the project). If the programme grants aid under *de minimis* the MA will have to ensure that the above-mentioned de minimis thresholds are observed. Thus, it will ask the project partner to fill in a declaration (Annex X: De minimis aid declaration) informing about the de minimis aid received in the previous three fiscal years (see template provided by the programme).

Example on de minimis aid:

A company located in Austria has applied for funding in an Alpine Space project. The total budget of this company in the project is EUR 370.000, out of which the ERDF support amounts to EUR 277.500 (75 % ERDF co-financing). The programme has identified state aid relevant activities of this company in the project and the company opts for the ERDF-funding to be granted as de minimis aid.

According to its mimimis declaration the company has received a national grant of EUR 50.000 under the *de minimis* rule in the same year in which the cofunding is granted by the Alpine Space programme.

According to the *de minimis* limitation of up to EUR 300.000 of public contribution in three fiscal years, the ERDF that can be granted by the Alpine Space programme to this company at the date of signing the subsidy contract amounts to EUR 250.000.

de minimis threshold (EUR 300.000) – public contribution already received (EUR 50.000) =

EUR 250.000

If this company were located in Germany instead of Austria and would receiving the national grant of EUR 50.000 by a German authority, the ERDF granted by Austria through the Interreg Alpine Space Programme could have amounted to EUR 277.500, since the ceiling to the accumulation of *de minimis* aid applies "per Member State".

As the MA also the national authority granting the national co-funding will have to comply with the state aid rules as the *de minimis* regulations, verify the respect of thresholds and monitor and report the national aid granted.

Please note that by '**single undertaking**' the *de-minimis* Regulation means all enterprises having at least one of the following relationships with each other:

(a) one enterprise has a majority of the shareholders' or members' voting rights in another enterprise;

(b) one enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;

(c) one enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;

(d) one enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

Enterprises having any of the relationships referred to in points (a) to (d) through one or more other enterprises, shall also be considered to be a single undertaking.

As mentioned above, project activities might result in advantages granted to undertakings outside the project partnership, that they would not have received under normal market conditions (e.g. by offering trainings free of costs to them). In such cases, respective ERDF-cofunding will be granted by the programme according to article 20a of GBER. The amount of aid granted to each final beneficiary is to be determined by the concerned partners prior to the implementation of project activities that are affected by indirect aid, and it shall be approved by the MA/JS.

Example on GBER-rules on indirect state aid:

A project partner organises a workshop for companies. The organisation of the workshop costs EUR 100.000. Ten companies are taking part in the workshop as target group, thus the potential advantage per company would amount to EUR 10.000. The programme bodies would just have to verify, that conditions for applying article 20a of GBER are met i.e. that the aid granted to each single company remains below EUR 22.000. No further control or monitoring steps are needed.

It is the overall responsibility of the MA, to safeguard that Alpine Space projects comply with the applicable State aid regulations and that the above mentioned basic principles of the programme are observed. Since specific knowledge of the concrete market situation or project participant in the relevant Member State is necessary to judge, if a project complies with State aid rules or not, the MA is supported by the relevant programme bodies and authorities in these Member States (e.g. joint secretariat (JS), national co-ordinators, control coordination bodies, control bodies (CB), Alpine Space contact points (ACP)).The programme has taken measures to ensure the observance of State aid rules in each single phase of the project life-cycle. They are summarised in the paragraphs below.

State aid assessment/approach of the programme

Project generation

When generating a project idea, project applicants are invited to get in contact with the programme bodies, namely the JS and the ACP to receive assistance. These bodies can provide first information on State aid matters and, where necessary, might assist project applicants in getting in touch with experts in this field in their country in case of questions.

Project development and application

In this phase, the project applicant and its envisaged project activities will be more concretely identified. Project participants shall be aware, that it will be their responsibility to pre-assess if their project activities fall under the scope of State aid regulations. Also at this stage, they should seek assistance from the programme bodies (such as JS and ACP) to spot possible incompatibilities of project activities with State aid rules and to get guidance on possible measures, to ensure that the project is implemented in line with State aid law. In several Member State, experts on State aid are working in the respective public authorities. It is recommended, that project participants get in touch with these experts to receive assistance. They can also contract experts such as lawyers to clarify State aid questions - such costs are eligible for co-financing as long as the eligibility rules on programme and national level are obeyed.

Project applicants shall bear in mind, that sometimes State aid relevance can be removed by adapting the activities of the project.
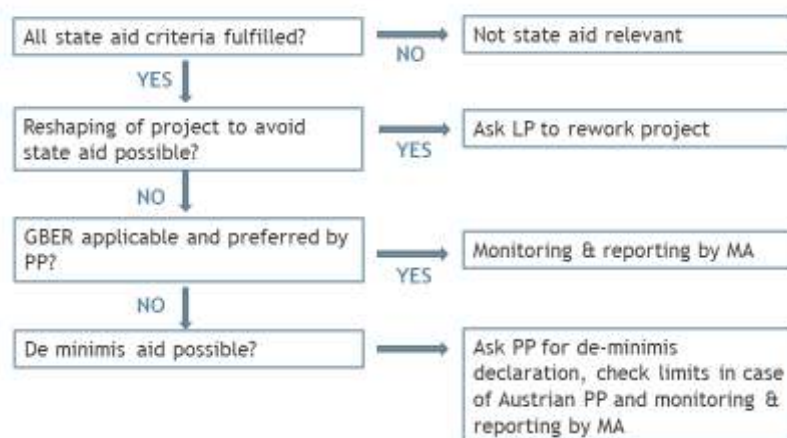
Project evaluation and selection

The observance of State aid rules will be carefully checked in the course of assessment of project proposals, at both stages of submission of the Application form step 1 (AF step 1) and the application form (AF). The MA/JS will assess the projects with regard to State aid and will pay particular attention to the status of a project participant or target group as undertaking in the sense of state aid law receiving an economic advantage) and may also involve experts in case of doubts. When approving a project for co-financing, the programme committee (PC) may decide to ask the project participants to exclude or change certain activities, to ensure that the ERDF-subsidy granted to the project is in line with State aid rules. In case a project partner communicates to the MA the preference to receive the ERDF-funds as de minimis aid it will be requested to provide an honour declaration stating whether the limits foreseen by the Regulation have been exceeded before the subsidy contract is set up.

Project implementation, financial control

It is the responsibility of the control body to verify, if the project is implemented in line with applicable State aid rules and according to the indications of the programme committee. In case the control body comes to the conclusion that these rules have been violated, the relevant costs are not eligible for co-financing. In addition, a project may be audited by the programme bodies or responsible authorities at the EU and national level. During these audits the observance of State aid rules will be checked as well. In case of any detected violation of these rules, the project will have to repay any ERDF-funds already received for the related activities / participants.

Project implementation, financial control

The following flow-chart illustrates the programme´s approach to state aid. Each project proposal is checked on its potential state aid relevance by the JS with support of the MA. This check will be documented. The CB of the respective project participant will control if state aid rules are obeyed. During checks of progress reports the JS will check if project activities have been carried out as set out in AF and requested by PC (if applicable).

All state aid criteria fulfilled?	→ NO	Not state aid relevant
YES ↓		
Reshaping of project to avoid state aid possible?	→ YES	Ask LP to rework project
NO ↓		
GBER applicable and preferred by PP?	→ YES	Monitoring & reporting by MA
NO ↓		
De minimis aid possible?	→	Ask PP for de-minimis declaration, check limits in case of Austrian PP and monitoring & reporting by MA

Reference documents

- Art. 107-109 of the Treaty on the Functioning of the European Union (TFEU)
- General Block Exemption Regulation (EU) 2021/1237
- Regulation (EU) 1407/2013 on *de minimis* aid
- Website of the European Commission, DG Competition:

   http://ec.europa.eu/competition/state_aid/overview/index_en.html

D.4 Project communication

Communication is key to the success of Alpine Space projects, as it helps to build strong relationships with target groups and stakeholders and supports the achievement of the project and programme objectives. Project applicants should therefore integrate communication at the core of their project. This should also be reflected in the project proposal.

This chapter focuses on the formal requirements that all projects have to follow when implementing communication activities, as stated in regulation (EU) 2021/1059 and article 7 of the subsidy contract (SC). Being co-financed by public funds, projects must make their funding source public for transparency reasons.

The corporate design manual for Alpine Space projects provides guidance on project logos and branding. The Interreg Alpine Space programme is part of the Interreg brand, which increases the visibility and recognition of the Interreg programmes. It accordingly uses the Interreg logo, which is harmonised with other programmes. The manual, as well as further guidance and tools on how to plan and implement a project communication strategy, can be found online at www.alpine-space.eu/resources.

Project communication strategy

Why?

The projects funded by Interreg Alpine Space contribute to the achievement of the programme objectives and horizontal principles by answering their stakeholders' and target groups' needs as described in the programme's intervention logic (see chapter A.2 "Required features for quality projects"). They set up a joint work plan and coordinated measures to achieve and deliver outputs in order to realise the set objectives.

Communication is present in all sections of the project work plan in the application form (AF) with the following rationale[19]:

- If communication supports the achievement of a specific objective of the project (e.g. by informing or networking with the target audiences), then activities are listed in the work packages (cf. AF section C.4 Work packages). In each work package, applicants choose to include zero, one or more

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[19] We recommend watching the 10-minute tutorial video by Interreg Central Europe to understand how the project communication should be structured in the application form: https://youtu.be/ZUKCiwRK0ok. The same approach applies to the Interreg Alpine Space projects.

communication objectives. Every project must have at least one communication objective. Communication objectives aim at changes in a target audience's behaviour, knowledge or belief.

- If communication helps to coordinate the partnership (e.g. for reaching a common understanding, capacity building, etc.), then activities are described in the project management section (cf. AF section C.7.1 "How will you coordinate your project?").
- If communication supports the general transfer of project results to target audiences by the whole partnership, then activities are described in the project management section (cf. AF section C.7.3 "What will be the general approach you will follow to communicate about your project?")

All these elements should be put together into a plan, a strategic framework to ease the organisation of the communication activities. This framework is the communication strategy of the project.

What?

The communication strategy should be a short and clear document so as to easily involve all project partners in its implementation. It should include a short description of all communication activities (see above rationale), and be completed with a timeline and budget estimation. It should be approved by the project steering group within the first months of project implementation.

How?

The communication strategy should support project management and thus be linked to the specific objectives of the project.

From the project objectives to the concrete communication activities, there are several steps of strategic definition in order to reach the identified target groups:

- For each of the objectives, one or two communication objectives should be defined, which are relevant in relation to their target groups.
- Approaches refer to the different types of interaction between communication players (all project partners) and the audience. The same approach might be relevant for several objectives, while one objective could also be reached through the implementation of several approaches.
- The concrete implementation of an approach is an activity. The activities are described in the application form and illustrated by deliverables.

A visual presentation of this hierarchical structure may be found below:

Project specific objective

Communication objectives (one or more per project specific

Target groups	Target groups	Target groups

Approaches	Approaches

Activities	Activities	Activities
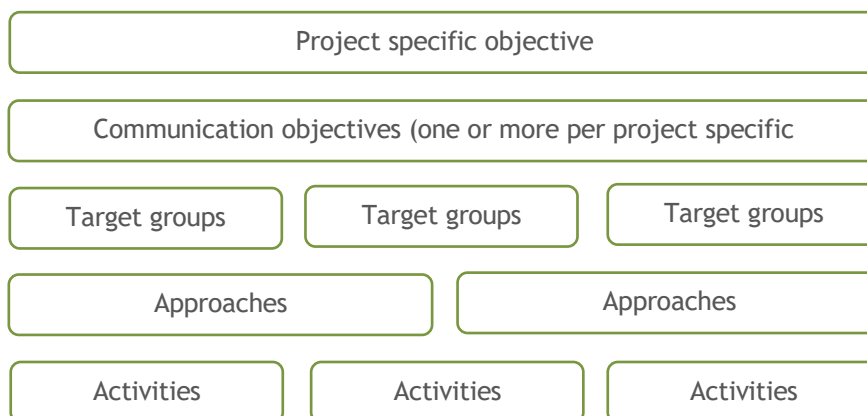
Here is an example of a fictional project having as overall objective: "Enhance the use of renewable energies in the Alps"

Project specific objective	Promote the use of solar energy in public buildings	
Communication objectives	Increase knowledge	Influence attitude
Target groups	Building managers / Architects	Public building owners
Approaches	Training	Peer learning and one to one meetings
Activities	Technical and legal trainings	Peer learning platforms / "Breakfast meetings"

At the start of the project implementation phase, the project partners should further develop their communication strategy on the basis of the above matrix, and complete it with a timeline and budget estimation for each activity. Detailed guidance on strategic communication planning and implementation will be given at the communication seminar for approved projects and can be found in the communication toolkit at www.alpine-space.eu/resources.

In all communication activities, project partners must respect the programme´s branding and visibility requirements.

Branding and visibility requirements

The corporate design manual[20] for Alpine Space projects sets out the rules to be observed in the use of the logo. It also provide colours, fonts and documents templates based on the programme´s corporate design manual that can be used voluntarily. The information below summarise the main aspects to take into consideration.

Use of project logo

Project logos will be based on the Interreg Alpine Space logo. The programme will provide each contracted project with a logo respecting all requirements set out in the EU regulations 2021/1059 and 2021/1060. The project logo must be featured on all presentations, print material, promotional material or any other communication activity that the project carries out (cf. SC article 7).

The creation of other project logos is not recommended by the programme and not eligible as part of the project costs.

If other logos are displayed in addition to the project logo, the European Union emblem (i.e. the flag in the Interreg logo) shall have at least the same size, measured in height or width, as the biggest of the other logos. Please consult the JS in case of doubt about using the logo.

Statement on the Interreg support

In addition to the project logo, a statement highlighting the support from an Interreg fund shall be displayed in a visible manner on all documents and communication material intended for the general public or for participants to projects events or activities.

Projects may use for instance the sentence "This project is co-funded by the European Union through the Interreg Alpine Space programme" (cf. SC article 7) in addition to the Interreg reference included directly in the project logo with the text "Co-funded by the European Union".

Branding physical investments or equipment

For physical investments or purchase of equipment whose total cost exceed EUR 100.000, each project must display a durable plaque or billboard clearly visible to the public as soon as the physical implementation

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[20] The corporate design manual and other resources are available at www.alpine-space.eu/resources

starts or the purchased equipment is installed. It should present the emblem of the Union in accordance with the technical characteristics laid down in Annex IX of Regulation (EU) 2021/1060.

Posters displayed at all partner premises

Each project must produce a poster (minimum size A3 or equivalent electronic display) with information about the project, the project logo and information about the ERDF co-funding of the project. This poster must be displayed at each project partner´s premises, at a location readily visible to the public, such as the entrance area of a building.

The programme will provide each contracted project with a template with the minimum requirements of the poster. The projects are free concerning the rest of the design.

Promotional material

Promotional materials are branded items which are distributed to raise awareness of stakeholders on a particular project, whereas communication products are either not distributed (roll-ups or banners) or include content information on the project (e.g. a brochure or a flyer). Communication products, as well as publications containing information on the project and its results are not considered as promotional material and are, thus, not subject to the restrictions below.

Promotional materials may be produced only if:

- They appear to be strictly necessary to project communication activities and clearly serve the objectives of the project communication strategy.
- Products from the following list may be produced if strategically required by the projects' communication activities: cardboard conference folders, note blocks, pens, USB sticks (only if the project presentation / material / outputs are uploaded, not empty);
- They respect greening principles (see section A.4 Project greening). The first question that should be asked before the production is: "Do we really need this?" The quantity produced should be reasonable and justified;
- The costs of a single item remain limited and do not exceed EUR 50.

In any case, we advise projects to consult the JS before making the purchase of such items, in order to receive confirmation that the relevant costs can be accepted and to avoid any rejection during project monitoring.

All promotional material must be branded with the project logo incl. statement of the Interreg support (cf. subsidy contract article 7).

Project information on partner websites and social media channels

Every project partner must display on their organisation's website and social media channels (if they exist – a post e.g. at the occasion of the project approval would suffice) the following information about the project:

- ✔ The project logo, highlighting the financial support from Interreg,
- ✔ A short description of the project, including its aims and results,
- ✔ A link to the project website.

Financial consequences linked to branding

Please note that projects risk financial consequences when they disregard EU and programme branding requirements. Where remedial actions have not been put into place, the managing authority may cancel up to 2% of the ERDF co-financing granted to the beneficiary concerned. The financial cuts will be applied to the concerned partner(s) and take into account the principle of proportionality. Project partners are invited to familiarise with the legal requirements and technical specification set out in the EU regulations:

- ✔ Article 36 of the Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021
- ✔ Articles 47 and 50 of the Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021
- ✔ Annex IX of the Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021

Communication requirements

Project website hosted on programme website

Each contracted project will receive access to a dedicated project website hosted on the programme website. Each sub-website will provide basic information about the project and offer sections for the project to use.

There are no costs for the projects to create, host and maintain their websites as the programme offers this service. The Alpine Space projects are given webmaster rights to set up and develop their website. Each project should plan sufficient resources (esp. staff costs) to run the project website. Project websites must be online within six months after approval, and should be regularly updated (cf. SC article 7) e.g. with content about the project activities or results. All outputs should be published on the project website. Detailed guidance and training on how to set up a project website is provided by the Joint Secretariat after project approval.

Stand-alone project website are not eligible. However, in case a project develops a specific product or specific activities, an additional website or online platform may be developed for targeted branding purposes, as long as its sustainability is ensured. The development of additional websites is only eligible in case a project develops specific products or activities such as networks, platforms or databases that exceed the lifetime of the project. Any such additional website requires pre-approval by the MA/JS to be eligible.

D.5 Ownership of project outputs and intellectual property

For more information on the ownership of project outputs and results achieved by the project partnership during the project implementation please refer to Article 11 of Partnership Agreement (PA) and Article 7 of the Subsidy Contract (SC) (both can be found in the Programme Manual-Annexes).

D.6 Project changes

Projects are implemented according to the approved application form (AF), which is a binding document. During their implementation, however, projects might face the need to modify some elements to adapt to actual developments. The Interreg Alpine Space programme has defined standardised rules for changes of approved projects (articles 8 and 9 of the subsidy contract). This factsheet provides guidance on the type of changes allowed within an approved project and the relevant steps and procedures to be followed. Projects are invited to take contact with the JS in case questions arise or further guidance is needed.

Type of changes

Changes may have a minor or major impact on a project. Changes to elements such as contact details, deliverables, or the location of a conference are considered as minor and can be reported to the programme through the regular reporting procedures. When changes concern a core element of the project (e.g. output indicators, main activities, partnership), they require a formal request for change to be submitted to the JS as well as the prior approval of the relevant programme body (see below). The basis for the project changes is the latest approved AF. The programme distinguishes between:

- changes in the project content,
- changes in the budget,
- changes in the project's duration,

~ changes in the partnership.

Changes in the project content

Changes of minor extent to the content of a project (e.g. the rescheduling of activities, changes in the communication tools used.) can be made by providing information and a justification on the reasons for change in the relevant project report.

Major changes in the project's activities, outputs and/or results require the prior approval of the programme committee (PC). These changes have to be justified in a formal request for change to be submitted via e-mail to the JS.

Changes in the budget

Changes in budget are allowed as long as the maximum amount of ERDF co-financing awarded to the project is not exceeded.

Changes of the project budget allocated to cost categories (both at partner and project level) do not underlie any restriction and need therefore no prior approval. Beneficiaries should nonetheless be in the position to duly justify considerable deviations, if requested.[21]

HINT BOX

Please consider that the cost category equipment underlies specific and more restrictive rules: equipment items – unless listed in the approved AF - need to be explicitly approved in advance and in written by the JS. Therefore, in case of newly planned equipment get immediately in contact with the JS for approval. The JS communication on the approval should be kept as part of the audit trail and provided to the relevant controller.

In contrary, the programme would like to ensure appropriate involvement of all beneficiaries in the project in line with the AF. Therefore, the programme grants limited flexibility as regards the ERDF budgets of the single beneficiaries.

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[21] There is no specific budget allocation to work packages foreseen in the AF and the PR – consequently there is full flexibility with regard to WP budgets.

Any exceeding of the single beneficiaries total ERDF budget as stated in the latest approved version of the AF higher than EUR 20.000 or 20% (whichever is greater) requires prior approval of the JS). In this case, the lead partner (LP) has to timely submit a formal request for changes via e-mail to the JS[22]. Such requests for changes are allowed once only during the project duration and/or in duly justified cases.

Any exceeding of the beneficiaries ERDF budget as stated in the latest approved version of the AF up to the above-mentioned limits (i.e. below EUR 20.000 or 20%) needs to be reported and justified in the relevant project report (see examples in the table here below).

Examples	ERDF budget approved in AF (latest approved version)	flexibility rule: max EUR 20,000 or 20% of original amount (project ERDF not exceed)
beneficiary Y	EUR 90.000	max EUR 110.000[23]
beneficiary Z	EUR 200.000	max EUR 240.000[24]

Project partners should be aware that the budget allocation per period as stated in the initial approved AF cannot be changed (unless there is a reduction in the approved ERDF) as this is the basis for the programme spending targets towards the European Commission.

However, in a given period partners may spend more or less than initially planned in the AF. If there are considerable deviations (higher than 20% of the allocated budget per period), these should be explained in the project report. Deviations within 20% of the allocated budget per period will not result in any financial consequence. Consequently, the related underspending in one period can be used for a later period. Only if less than 80% of the spending target on project level (ERDF tranches to be requested per reporting period as indicated in the application form) is met, the difference is to be considered as "under risk" and might be lost if the programme experiences a de-commitment of funds. In this context please also see article 12(3) of the subsidy contract.

Changes in the project's duration

Projects should put their efforts in completing their activities successfully and within the time set in the AF. To this end, measures should be put in place by the LP and project partners to identify and tackle possible delays at an early stage. Projects are also requested to inform the JS in case of difficulties that

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[22] Further details on the JEMS workflow will be provided in annex to this manual as soon as available.
[23] 20% of EUR 90.000 equals to EUR 18.000: in this case EUR 20.000 is greater and therefore applied.
[24] EUR 20.000 equals to 10% of EUR 200.000: in this case 20% (EUR 40.000) is greater and therefore applied.

may lead to significant delays in the delivery of activities (e.g. through the project reports, direct contact with the JS).

If despite this, projects are not in the position to comply with the approved end date, they may request an extension of the project duration through a request for changes. The request for changes in project duration requires prior approval by the JS. Projects should be aware that extensions of project duration are limited to exceptional and well-justified cases and in any case cannot exceed six months of the initially approved project duration. They cannot exceed the programme duration, either. Therefore, projects approved towards the end of the programme period must pay particular attention to a timely completion of their activities.

Changes in the partnership

The partnership is a core element of a project and changes to its composition should therefore be limited as much as possible. They are always subject to a request for change procedure and the prior approval of the relevant programme body. In addition, the programme has set minimum requirements for the composition and number of project partners (see chapter B.2 "Who can participate"). Stricter partnership requirements may also be stated in the terms of reference of a specific call for proposals. Projects should be aware that if the minimum number of partners is no longer ensured, the MA is entitled to withdraw from the subsidy contract. Changes in partnership may concern:

- the withdrawal of a partner
- the integration of a new partner

In case a project partner withdraws from the project, the remaining partners should undertake all possible measures to find a rapid and efficient solution to ensure the further proper implementation of the project. They should ensure that the responsibilities and project tasks of this partner are taken over by a new partner (ideally from the same country) or are reallocated within the existing partnership. Projects should get in contact with the Alpine contact point (ACP) network, which can help in searching for a new project partner. A project may also request the inclusion of an additional partner (without any partner withdrawal). This is in principle possible where the added value for the implementation of the project is well demonstrated.

All changes to the project partnership (a simple change in the name of a partner is not considered as a partnership change as long as the competences and legal status remain the same) require the submission of a request for change describing the new allocation of activities and budget. The LP has also the responsibility of informing the JS in a timely manner of the eventuality of such changes. The request for change is checked by the JS, in coordination with the ACP where relevant; its approval is a competence of the PC. Any modification to the partnership agreement (PA) has to be sent to and approved by the MA. The inclusion of

an additional project partner (without any partner withdrawal) will not lead to any increase in the ERDF budget, which means that the project will have re-allocate ERDF funds among the partnership.

In case of withdrawal, the costs of a project partner are only eligible and can be co-financed until the date of its withdrawal as communicated by the LP to the JS; the eligibility of these costs is also subject to the confirmation from the LP and assessment from the JS that the contribution of this partner can be used for the project by the remaining project partners. Despite its withdrawal, a project partner still has the obligation of keeping all relevant files, documents and data for the audit trail (see chapter B.3 "Eligibility rules). Without prejudice to the necessary approval decision of the PC the earliest possible starting date of eligibility for entering beneficiaries shall be constituted by the first written information on the involvement of the new beneficiary to the JS.

Request for changes

All changes in the table below are subject to a request for changes procedure. As a first step, the LP has to timely inform the JS via e-mail of the upcoming project change. This is checked by the JS and if the proposed changes are deemed acceptable in principle, the respective workflow in the programme's electronic monitoring system (JEMS) will be launched[25].

Type of change	Body in charge of approval
Major changes in the project's content	PC
Changes in the single beneficiaries ERDF budget, beyond the flexibility rule of EUR 20.000/20%	JS
Changes in project duration, up to max. 6 months	JS
Partnership changes	PC

All these changes require prior approval and will therefore only enter into force after the approval from the relevant programme body. However, once approved they are valid retrospectively starting from the date when a written request was submitted to the JS.

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[25] The details on the workflow will be made available as soon as possible.

D.7 Project reporting

In the reporting process, all project partners and their controllers are involved. Consequently, project reporting is an essential project management task. For the programme, project reporting allows the necessary monitoring of the project with regard to its implementation in line with the application form and the concluded subsidy contract. Both project reporting and project monitoring are the basis for the reimbursement of ERDF funds to the project.

Project reports: finance and activity reports

As regulated in the subsidy contract, projects are requested to report on their activities and expenditure on a regular basis. For classic projects, a reporting period lasts usually 6 months, for small scale projects usually 9 months. For both, classic and small- scale projects, deviations concerning the length of the reporting period might occur (especially the last reporting period might be shorter or longer).

Project reporting is based on two different types of reports: finance reports and progress reports (including finance and content part). Usually, for each reporting period the project has to submit either a finance report or a progress report.

a) Classic projects

In case of classic projects reporting starts with a finance report, then the project has to submit alternating progress and finance reports. For the last reporting period in any case a progress report has to be submitted. That means that dependent from the project duration for the last two reporting periods progress reports might be required.

Example 1: project duration of 36 months – 6 reporting periods

RP1	RP2	RP3	RP4	RP5	RP6
finance report	progress report	finance report	progress report	finance report	progress report

Example 2: project duration of 30 months – 5 reporting periods

b) Small-scale projects

Small-scale projects have a duration of 12 to 18 months. As small scale projects show a prolonged reporting period of 9 months, a project will have two reporting periods (unless there will be a project prolongation). In case of very short project durations (e.g. 12 months) the second reporting period will be short accordingly. For both reporting periods the projects will have to submit progress reports.

Example: project duration of 18 months – 2 reporting periods

The precise deadlines for the submission of reports are fixed in the subsidy contract of each project.

The reporting templates are embedded in JEMS and projects will be given access to the relevant section of JEMS upon signature of the subsidy contract between the LP and the managing authority.

Apart from the differences in their content, the reporting procedure is the same for classic and small scale projects, as well as for finance and progress reports and the relevant steps are described below.

Reporting procedure

Project reports have to be submitted by the LP to the JS within the set deadlines. Reporting is done through JEMS: Each project partner has to fill in the partner report (which always consists of finance and activity part) and the information provided there is then collected by the LP and compiled for the joint reporting (dependent from the reporting period either finance report or progress report).

| partner report (PP 1) | verification by controller 1 | | drafting of the project report (LP) | check of the project report (JS) | validation and payment (MA) |
| partner report (PP n) | verification by controller n | | | | |

Partner report

The first step in the reporting procedure is the information inserted at partner level on the progress made in the delivery of activities and the relevant expenditure. A specific section called 'partner report' is available in JEMS. This is to be accessed by each project partner individually, through a personalised login and password. Each project partner (including the LP) reports on the progress made in the relevant reporting period compared to what was planned in the application form (AF). Deviations from the AF may be possible if they comply with the programme rules (see chapter D.6 "Project changes") and provided they are duly justified in the relevant sections of the report. Reporting on activities is structured per work package; costs are reported in the list of expenditure.

During the reporting period, each project partner is recommended to regularly fill in the report on its activities and the list of expenditure in JEMS. This would allow for an easy tracking of the progress made and reduced bottlenecks before the deadline for submission of the report.

The documents necessary for reporting are integrated in JEMS. Also the eligibility of activities and costs is confirmed by the controller[26] of each partner via the JEMS. Consequently, all supporting documents needed by the controller to perform its checks (such as original invoices, proofs of payments, project assignments, deliverables, etc.) will have to be provided to the controller via upload in JEMS (for more details on the documents needed for a complete audit trail and on the control system, please refer to chapter B.3 "Eligibility rules" and D.1 "Control and audits"). Project partners should be aware that expenditure can only be reported if its eligibility has been confirmed by the relevant controller.

Once the project partner report is validated by the controller, the report is available for insertion in the project report by the LP.

Project partners are reminded that reporting according to the programme deadlines is a contractual obligation. In addition, those projects and their partners lagging behind their spending targets risk losing

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[26] Formerly known as „first level controller"

funds if this results in insufficient spending at programme level (please see chapter D.6 "Project changes"). In exceptional and duly justified cases, a project partner may not be able to include expenditure in its report; still the partner is requested to report on the activities delivered within the reporting period.

> HINT BOX
>
> Project partnerships are recommended to agree on internal deadlines as regards the provision of the partner report to the LP. By doing so the LP should be left enough time to compile the project report and to timely submit it to the JS.

Project report

The LP is responsible for submitting the project report (finance or progress report) to the JS via the JEMS. To this end, the LP will receive the partner reports via the JEMS. The content part of the project report has to be drafted by the LP based on the information provided at partner level. Whereas, the finance part of the project report is filled in automatically based on the control certificates[27] issued by the controller in the framework of the single partner reports. Still, the LP may decide to exclude the control certificates from the project report, based on exceptional and justified cases. The reasons for the exclusion of control certificates might be for e.g. missing information on activities performed by the relevant partner (not allowing reconciling the report on activities and costs).

The LP has to submit the project report via JEMS within the reporting deadlines, as set in the subsidy contract.

Control certificates that were excluded from the report by the LP or when not provided by the project partner in due time, and could therefore not be included in the report by the LP, can be added to (one of) the next report(s).

Check of project reports and payment procedure

Upon receipt, the JS will check the project report. If information is missing or it is not clear, the JS will ask for clarifications, for the revision of the project report and/or the submission of missing documents (where applicable). The LP will have up to 7 working days to provide the JS with the requested information or documents.

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[27] Formerly known as „certificate of expenditure"

In addition to the regular report checks, the MA will select on a sample basis single reports for an additional and detailed verification of the control documents issued by the controllers (control certificate and control checklist and report) and the expenditure included in the control certificate (so-called "MA sample checks"). Consequently, the MA sample check will focus on the supporting documents available resp. uploaded in JEMS. If necessary the LP might be asked to provide additional documentation needed for the MA sample check. More detailed information on the sample checks can be found in chapter D.1 „Control and audits".

A project report cannot be approved until all points of clarifications are solved and (if applicable) the MA sample check is closed. Once the project report meets the programme requirements, the JS will inform the LP that the project report is accepted and forward the report to the MA/accounting function for final validation and initialisation of the ERDF payment.

Interim and final payments

In line with article 74(1b) of the CPR, the ERDF payments should be initialised by the MA within 80 days from the submission of the project report to the JS. Please be aware, that any clarification round respectively request for further information or documentation or the selection for MA sample check will interrupt this deadline and will result in later ERDF reimbursement to projects. Consequently, in order to keep the pre-financing period on project level as short as possible, it is of high importance to properly prepare the project reports (and also the partner reports as these are the basis for the project report) and to provide the requested information and documentation timely.

Apart from that, it has to be considered that the European Commission (EC) reimburses the programme as interim payments, which are limited to 95% of the ERDF amount requested by the programme in the payment applications. The remaining 5% are paid out after the examination and acceptance of the accounts, as part of the final balance for the accounting year concerned and therefore with considerable time lag.

This causes shortages as regards to the availability of ERDF funds on the accounts of the MA, which consequently results in delays for both interim and final ERDF payments. As underlined in article 4(3) of the subsidy contract, the disbursement of the subsidy is subject to the condition that it can be covered by available ERDF funds that the managing authority has received from the EC. In case no ERDF funds are available, the LP will be notified by the MA/accounting function and, whenever possible, by indicating a provisional date for the expected payment.

The accounting function of the MA will pay out all ERDF amounts requested in the project reports in full as long as the payment can be covered with available ERDF funds on the MA´s accounts. In case there are

sufficient ERDF funds, the payment is done on a first come first served basis[28]. Payment that could not be covered due to lack of funds at the managing authority will be paid out as soon as the managing authority has received the next payment from the EC.

For further information about payment to beneficiaries please refer to articles 74(1b) and 93(2) of the Regulation (EU) 2021/1060 (Common Provisions Regulation CPR).

Mid-term review

In order to gain further information on the progress made by projects in their implementation, to learn timely on possible difficulties encountered by them and provide guidance, projects in the framework of the Interreg Alpine Space Programme have to undergo a compulsory mid-term review carried out by the JS. The aim is to commonly review the progress of project implementation and to agree (if applicable) on further steps to be taken by the project. Thus, the mid-term review will focus on:

- activities implemented
- financial implementation of the project
- target achievement (project objectives, outputs, deliverables, results etc.)
- difficulties encountered
- forecast on upcoming activities

The mid-term review generally takes place at the end of the first half of the project implementation phase. In case of classic projects, the mid-term review might take place shortly after the submission of project report No. 3. In case of small-scale projects, the mid-term reviews will be performed in the middle of the project duration, e.g. after 6 months in case of a 12 months project duration.

The mid-term review might be held online, where the JS and the LP will take part. The relevant ACP of the LP country will be invited to participate at the meeting. On request, also other relevant bodies may be invited (e.g. MA, other relevant beneficiaries of the project, etc.)

The mid-term review follows a collaborative approach between the programme and project and it should be understood as a constructive dialogue between the partnership and the programme representatives. It is considered as a valuable source of information for both the project partnership and the programme.

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[28] Meaning the reports that were closed first by JS and MA/accounting function will also be paid first.

During the mid-term review, it will also be analysed whether there is a need to restructure or modify the project in terms of, e.g. adjusting or modifying the work plan or budget. In case specific risks/problems or significant delays are identified, the partnership has to present mitigation measures.

D.8 Project management *(to be added)*

This chapter will be included soon.

E. Project closure (*to be added*)

This chapter describes the process and the relevant steps to be taken by the LP once the project has reached the end date of its implementation. In this regard, there are a number of considerations to be made on how to initiate the project closure. These are described in the sections below.

This chapter will be included soon.