

INTERREG VI-A NEXT HUNGARY-SLOVAKIA-ROMANIA-UKRAINE PROGRAMME 2021-2027

PROJECT IMPLEMENTATION MANUAL

Version: 1.0

Approved on 21.01.2025 by the Managing Authority

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INTRODUCTION

The Project Implementation Manual of the Interreg VI-A NEXT Hungary-Slovakia-Romania-Ukraine Programme 2021-2027 (the Programme) was developed on programme level and based on the followings:

- Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund (ERDF Regulation);
- Regulation (EU, Euratom) 2024/2509 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 September 2024 on the financial rules applicable to the general budget of the Union;
- Regulation (EU) 2021/1060 (CPR) of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy;
- Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments;
- Regulation (EU) 2021/947 establishing the Neighbourhood, Development and International Cooperation Instrument (hereinafter referred to as the NDICI Regulation);
- Commission Regulation (EU) 2023/2831 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid;
- Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the common market in application of Articles 107 and 108 of the Treaty;
- Regulation (EU) 2016/679 of the European Parliament and of the Council on the Protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation, GDPR);
- Implementing acts and delegated acts adopted in accordance with the aforementioned legislation;
- Financing Agreement concluded between the European Commission and Ukraine countersigned by the Managing Authority,

The following regulations, guidelines and other documents have to be also respected:

- the Interreg VI-A NEXT Hungary Slovakia Romania Ukraine 2021-2027 Programme, approved by the European Commission on 3 November 2022 by Decision Ref No C(2022)8029 and its modifications (hereinafter referred to as the Programme);
- EU rules regarding EU horizontal policies such as the rules for competition and entry into the markets, the protection of the environment, the equal opportunities between men and women and public procurement;
- Commission Notice (2021/C 121/01) Guidance on the avoidance and management of conflicts of interest under the Financial Regulation;
- national rules applicable to the Lead Partner and its Partners and their activities;
- the relevant national legislation regarding State aid rules;
- documents of the relevant Call for Proposals of the Programme, published on the official website of the Programme;
- the Project Implementation Manual of the Programme, laying down the Programme specific rules for the implementation of the projects;
- Guidelines for Applicants and Eligibility of expenditures of the Programme;
- the Visibility Manual of the Programme, laying down the programme specific rules on information and publicity measures of the projects;
- the relevant national level legislation governing the rules of public procurement in member states and procurement rules in Ukraine.
- Experience gained during the implementation of the HUSKROUA ENI CBC Programme 2014-2020 and previous HUSKROUA ENPI CBC Programme 2007-2013

The Project Implementation Manual is intended to guide lead partners (LP) and project partners in the implementation of the projects, more specifically, on questions related to administrative and financial management, monitoring, reporting and control procedures, and other Programme related requirements.

Should there be any amendments of the manual due to legislative changes or other requirements which influence implementation of already approved projects, they will be available on the official website of the Interreg VI-A NEXT Hungary-Slovakia-Romania-Ukraine Programme 2021-2027: <https://next.huskroua-cbc.eu/>.

For specific problems related to your project please contact the JS, or JSA for advice. You can find the contact details of individual JS staff on the above-mentioned website.

We wish you success in the implementation of your project!

Abbreviations

AA	Audit Authority
AF	Application Form
AfR	Application for Reimbursement
BL	budget line
BO	Branch Office
IP	Interreg Programme – the programme document
DOVE	Declaration on Verification of Expenditures
EC	European Commission
EU	European Union
CB	Control Body
FPR	Final Project Report
JS	Joint Secretariat
LP	Lead Partner
MA	Managing Authority
MC	Monitoring Committee
I+	Interreg + monitoring system
NA	National Authority
NDICI	Neighbourhood, Development and International Cooperation Instrument
OLAF	European Anti-Fraud Office (from French: Office européen de lutte antifraude)
PA	Partnership Agreement
PF	Project Form
PP	Project Partner
PR	Project Report
PPR	Project Partner Report
SC	Subsidy Contract

Glossary of terms

audit

The term “audit” is used for the second level audit performed by the audit authority (Group of Auditors) or by external auditors on behalf of the audit authority in compliance with Art. 77 of CPR (EU) Regulation 2021/1060. Second level audit covers the verification, on a sample basis, of already verified and approved project expenditure.

budget heading

Main lines from the project budget: Staff costs, Office and administration, Travel and accommodation, External expertise and services, Equipment, Infrastructure and works.

control

The control activity means the verifications carried out by the National Controllers at national level, covering administrative, financial, technical and physical aspects of the projects. Verifications shall ensure that the expenditure declared is real, that the products and services have been delivered, and that the projects and expenditure comply with relevant EU, Programme and national rules.

cross-border cooperation

The collaboration between adjacent areas across borders. The main aim is to reduce the negative effects of borders as administrative, legal and physical barriers, tackle common problems, and exploit untapped potential. Through joint management of programmes and projects, mutual trust and understanding are strengthened, and the cooperation process is enhanced.

DOVE – Declaration on Verification of Expenditures

Document issued by the national controller containing the amount of verified expenditure of a Project Partner Report (PPR) submitted by a project partner. By issuing this document, the controllers declare the legality and regularity of the expenditure according to EU and national regulations.

eligible area

The Hungarian, Slovakian, Romanian and Ukrainian counties and regions located in the border area, as mentioned in the Interreg VI-A NEXT Hungary-Slovakia-Romania-Ukraine Programme 2021-2027 approved by the European Commission.

flat rate

A simplified cost option. Specific categories of eligible costs which are clearly identified in advance are calculated by applying a percentage fixed ex-ante to one or several other categories of eligible costs. Flat rates involve approximations of costs and are defined based on fair, equitable and verifiable calculation methods.

lead partner

Project participant taking the overall responsibility for the development and the implementation of a project. Each lead partner shall conclude the Partnership Agreement (with its project partners) and the Subsidy Contract (with the MA), ensures a sound cross border project management as well as the project implementation, and transfers the due EU contributions to the project partners.

legal representative

A person authorised to sign binding documents (e.g., PA, SC) on behalf of an organisation.

national legislation

The legislation of the state on whose territory the partner is located.

own contribution

Amount with which the relevant partners have to contribute to the total eligible amount of their own project budget. It depends on the national legislation whether a partner has to provide own contribution or not.

Partnership Agreement (PA)

Agreement signed by all project partners which states the rights and obligations of the partners related to the activities to be implemented within the project and other issues to be settled in order to properly implement the project. Contract signed between the lead partner and all project partners containing all duties and responsibilities of each project partner before, during and after the project implementation. It is an annex to the Subsidy Contract.

Project Form (PF)

It is a form that summarises the project, which is an annex to the Subsidy Contact. The project form includes changes in the application form that are agreed between the project partnership and the JS before the conclusion of the SC.

project outcomes

Expected project results that are achieved by completion of group of activities and measured by indicators.

project partner

Any applicant whose application has been approved for financing.

Project Partner Report (PPR)

The PPR is filled out by each project partner, including the lead partner. It contains both activity and financial information. The PPR is submitted by each project partner to their national controller in the monitoring system.

Project Report (PR)

The Project Report is the report to be submitted by the lead partners to the JS at the end of each reporting period (usually every 4 months), outlining performed activities within the period as well as associated eligible expenditure. The report documents the progress of the project and serves as reimbursement claim. In some documents PR is referred to as PR&AfR.

real costs

It is the form of reimbursement where the partner must document that expenditure has been incurred and paid out.

EU contribution

The EU part of the eligible expenditure of a project that is financed by the European Union.

indicators

Indicators measure whether the project achieved the planned outcomes. They are used to track progress, reflect change or assess project performance. There are two types of indicators: Output (to measure whether the planned activities took place and monitor the quality of conducted activities) and Result (to provide information on the results and impact of the activities in the project).

irregularity

Any breach of applicable law, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget; according to Art. 2 (31) of Regulation (EU) 2021/1060.

monitoring committee (MC)

The countries involved in the Programme (Hungary, Slovakia, Romania and Ukraine) set up the MC for the Interreg Programme, in accordance with relevant EU regulations. The MC performs the duties that are defined in Art. 30 of the Interreg Regulation 2021/1059.

monitoring system

INTERREG+ monitoring system is an online system covering the full project life cycle within one monitoring tool containing all records of a project. Lead applicants must create an account and use the system to submit project applications. If the project is approved, INTERREG+ will be used for reporting on the progress of project implementation (both content-wise and financially). National control will confirm the eligibility of expenditure, and the joint secretariat will monitor the projects using the monitoring system.

national co-financing

The non-EU contribution to the projects' budget provided either by the State budget of each partner country or provided as own contribution by the project partners.

Interreg programme (IP)

Document submitted by the partner countries and adopted by the European Commission, setting out a development strategy with a coherent set of priorities and objectives, to be carried out with the aid of the Neighbourhood, Development and International Cooperation Instrument (NDICI EU Funds).

Subsidy Contract for EU Contribution (SC)

It is a grant agreement between the managing authority and the lead partner.

NDICI

The Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI - Global Europe) was adopted on 9 June 2021. It merged several former EU external financing instruments. It aims to support countries most in need to overcome long-term developmental challenges and contributes to achieving the international commitments and objectives that the Union has agreed to, in particular the 2030 Agenda and its Sustainable Development Goals and the Paris Agreement.

1 Institutional setup of the Programme

The European Commission is the donor of the Neighbourhood, Development and International Cooperation Instrument (NDICI).

The managing authority (MA) of the Programme is the Ministry of Foreign Affairs and Trade in Hungary, bearing overall responsibility for the management and implementation of the Programme towards the European Commission.

The body carrying out the accounting function is the MA and is responsible for submitting applications for payment and annual accounts to the European Commission.

The audit authority (AA) of the Programme is the Directorate General for Audit of European Funds (DGAEF) in Hungary, as a functionally independent body from the MA and the Control Bodies, responsible for verifying the effective functioning of the management and control system.

The joint secretariat (JS) is the main contact of lead partners both in Hungary, Slovakia, Romania and Ukraine in relation with the implementation of their projects. Set up within Széchenyi Programme Office Non-profit LLC (SZPO) in Budapest with an office in Nyíregyháza, the JS assists the lead partners during project development, application, contracting and project implementation. The JS also assists the MA, AA, the MC and the National Authorities in carrying out their respective duties.

For each project contracted under the Programme, a responsible Programme Manager (PM) is nominated within the JS, to provide assistance during the project implementation.

The Branch Offices contribute to the implementation of tasks delegated to the JS. The BOs are set up in Nyíregyháza/Miskolc, Kosice, Presov, Satu Mare, Sighetu Marmatiei, Uzhgorod and Ivano-Frankivsk in order to ensure a geographically balanced implementation of the Programme through serving Applicants' needs in the Ukrainian border area as well.

National Authorities: Besides the above mentioned structures, the Deputy State Secretariat for Regional and Cross-Border Economic Cooperation within Ministry of Foreign Affairs and Trade in Hungary, the Ministry of Investments, Regional Development and Informatization of the Slovak Republic, the Romanian Ministry of Development, Public Works and Administration, General Directorate for European Territorial Cooperation/National Authorities for European Programmes Unit, and the Secretariat of the Cabinet of Ministers of Ukraine bear responsibility – among others – for setting up the control system in order to verify the expenditures at national level.

Control Bodies: Set up in Hungary in the Regional Control Units of SZPO with Territorial Offices in Mátészalka, in Slovakia in the Ministry of Investments, Regional Development and Informatization, the Department of Control of Cross-Border Cooperation Programmes, in Romania in the Ministry of Development, Public Works and Administration, Interreg Programmes Control Directorate and in Ukraine in the State Audit Service of Ukraine being responsible for verifying expenditure at national level in accordance with EU and national rules.

Attention!

For further questions and clarifications contained in the PIM, Partners are advised to contact the JS, Branch Offices and National Authorities in each respective country.

Please note that the JS may be competent mainly on issues related to general project implementation issues. If the involvement of the National Authorities is needed regarding specific national legislation or public procurement, the above-mentioned bodies can forward request for clarification at any time.

Contact data of the JS:

Joint secretariat of the Interreg VI-A NEXT Hungary-Slovakia-Romania-Ukraine
Programme 2021-2027
Széchenyi Programme Office Non-profit LLC
Budapest: 2 Szép Str., H-1053 Budapest.
E-mail: info@huskroua-cbc.eu

2 Responsibilities and tasks of the lead partner

2.1 The lead partner principle and cooperation among partners within the partnership

All projects must follow the lead partner Principle: In each project, one of the partners must be appointed to act as lead partner. The lead partner is the formal link between the project and the MA/JS in accordance with Article 26 of Regulation (EU) 2021/1059. The lead partner takes on the responsibility for management on behalf of the partnership and mediates the whole project towards the programme management bodies.

The lead partner (hereinafter referred to as LP) is solely responsible towards the managing authority (MA) for the implementation of the SC for EU contribution (hereinafter referred to as Subsidy Contract or SC) including the timely and correct reporting towards the JS.

The appointed LP coordinates the project implementation process, and the work of the partnership, and fulfils administrative and professional tasks. The cooperation between partners (within the partnership) is established in the Partnership Agreement (hereinafter referred to as PA) in order to implement project activities successfully.

The LP makes sure that all partners within the partnership understand and are aware of the activities that have to be accomplished. Also, the LP's task is to find and develop the most efficient way and source of communication.

The overall tasks of the LP are the following:

- Conclusion and, if deemed necessary, modification of the SC;
- Overall project coordination (including other project changes);
- Activities linked to project management;
- Continuous contact with the partners within the partnership and with the JS;
- Preparation of project reports (PR);
- Preparation of Applications for Reimbursement (AfR);
- Submission of the PR and AfR through the INTERREG + to the JS and fulfilling requests for completion or clarification;
- Receiving the EU contribution – including the advance payment – and transferring the relevant amounts to the partner(s);
- Follow-up of the project results following project implementation (including submitting follow-up reports, if relevant).

The aim of this main programme-level principle is to contribute to the proper and effective functioning of cross border partnerships, to emphasize the sustainable cross border cooperation leading to sustainable actions, results and impacts.

2.1.1 Partnership Agreement

The Partnership Agreement is a document laying down provisions that guarantee sound financial management of funds allocated to the project; establishing cooperation principles, which regulate the rights and responsibilities of project partners for a successful implementation of project activities. As for the EU funding, the SC establishes a legal basis

between the managing authority and lead partner and the PA establishes the legal basis between the partners including the lead partner. The PA is annexed to the SC.

This contractual arrangement provides an overview of each partner's role in the project, activities to be fulfilled, timeframe of the activities, and relationship between the partners as well as the procedure used in case of disputes. The agreement covers all the special situations that might occur during project implementation phase as well as necessary steps to be taken. Therefore, partners should agree on - among others - the ownership of the project results; the methods to achieve and maintain project results and risk management procedures.

The PA serves as a mutually binding contract and ensures that each partner accepts and carries out its assigned tasks.

The PA in general lays down provisions regarding:

- a) The partners' responsibilities and contributions to the project;
- b) The requirements, both internal and external, related to the reporting;
- c) The provisions for ensuring sound financial management, including separate accounting and documentation obligations;
- d) Provisions and deadlines for transferring EU funds by the LP to all partners;
- e) Provisions for retaining documents required for an adequate audit trail;
- f) Internal arrangements for recovering EU amounts unduly paid;
- g) The ownership of project results (provisions regarding the industrial and/or intellectual property rights, and regarding dissemination rights);
- h) if state aid is relevant, revenues after project closure;
- i) Applicable law, place of jurisdiction, procedures for litigation.

It is important to point out that the PA can be modified by the partners as long as it is in line with the SC.

Attention!

Please, read the SC and the PA text carefully for proper implementation of the project.

The MA/JS reserves the right to verify the PA to check its compliance with the Programme's requirements. The PA shall be prepared in English.

3 Conflict of interest

Project partners must undertake all necessary precautions to avoid conflict of interest and must inform the JS/MA without delay about any situation constituting or likely to lead to any such conflict. A conflict of interest exists where the impartial and objective exercise of the functions of any person involved in the project is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect personal interest with another person.

It is recommended for the partner to have an internal code of conduct and a conflict of interest policy relating to projects funded from European funds. If the partner does not have

this kind of codes, he shall take into consideration the EU legislation, guides or other national documents on these issues.

Conflict of interest can and shall be checked and corrective measures can be applied in case of conflict of interest.

4 Concluding the Subsidy Contract for EU Contribution

Following the MC decision, the Subsidy Contract (SC) will be concluded between LP and MA. A Notification letter on award of subsidy is sent to the LP containing all relevant information, conditions and deadlines essential for contracting.

After receiving the Notification Letter signed by the Managing Authority, Lead Partner has to submit the response letter – Lead Partner statement on conditions, containing detailed and satisfactory answers to all questions to the JS. In case the answers received are not deemed detailed and satisfactory, the JS requires further clarification.

Pre-contracting phase

During the pre-contracting phase a technical meeting is taking place between the project partners and JS. The consultation is mandatory for all partners. This meeting is about the clearing of project budget, indicators and activities in order to update the project without prejudice to the main objective of the original application approved by the MC.

If deemed necessary, the JS can decide to carry out site visits at the premises of the lead partner (and the partners, if needed) or in other location(s) of implementation. The main purpose of the site visits is to check whether the activities have already started and whether they are in line with the content of the approved project form (PF).

A site visit can be carried out by the JS on the date agreed with the lead partner. During the visit minutes of the meeting is taken containing the observations of the JS staff.

Contracting phase

After clarification received from the Lead Partner comply all the expectation to meet all requirements and setting for implementation process, the JS submits the Declaration on fulfilment of conditions to the Managing Authority giving precise description of all changes and modifications to the Application form and Budget of the Project (and any other relevant document) stating that the project is ready to begin implementation. After this, a technical procedure will take place in the Interreg+ system and the Subsidy Contract will be prepared.

After the Subsidy Contract is checked, the Managing Authority sends the signed originals of the Subsidy Contract to the Lead Partner, who must sign them.

The SC guarantees, on the one hand, the rights and obligations of the LP, and on the other, the rights and duties of the MA for the appropriate use of EU contribution within the framework of the Programme.

The SC containing the PF serves as a basis for the monitoring of activities, and it is a core document in the event of settlement of disputes. Based on SC, the Lead Partner receives the EU contribution from the Managing Authority and ensures that it is managed and distributed in accordance with the agreements drawn up with Partners (Partnership Agreement).

While the Subsidy Contract establishes the legal bases between the Managing Authority (MA) and the Lead Partner (LP), the Partnership Agreement (PA) sets the legal framework between the Lead Partner and the rest of project Partners. At the same time, the Partnership Agreement cannot be contradictory to the provisions of the Subsidy Contract. The PA shall set the responsibilities of each party in order to ensure proper technical and financial management and joint effective implementation of the project. Before the signature of the Subsidy Contract, a Partnership Agreement has to be signed by the Lead Partner and Partner(s). For further details of the PA, please check Chapter 2.1.1 of this Manual and the application package of the relevant call for proposal.

The SC enters into force on the date when the last of the contracting parties signed it. The implementation of the project starts on the date indicated in the SC, which can be before or after the signature of the SC.

Attention!

Please, note that the project does not stop at the end date of the project. The partnership has still obligation for closure and also for sustainability period (follow-up reporting) as stipulated in the SC and PA.

5 EU Advance payments

In line with the SC, projects will receive the amount of EU advance payment specified in the SC - EU advance payment of 25% of the maximum EU contribution of the project. The amount of EU advance of partners determined at the time of concluding SC are not subject to change during the project implementation. Re-allocation between project partners or additional EU contribution for the project does not affect the EU advance amount. The transfer of the EU advance payment is done automatically, within 60 days from the date of signature of the Subsidy Contract (subject to availability of EU funds on the Programme's single bank account). The LP is responsible for transferring the respective amounts of EU advance specified in the SC to the partners within the timeframe agreed in the PA¹. The received pre-financing shall be deducted from the payment of EU contribution of approved PRs during the implementation period, in line with the provisions of Art. 2 of the SC.

Example for receiving EU Advance and settlement of reimbursement for planning liquidity can be found in Annex III.

¹ When stipulating in PA between partners the period until when the payment shall be made from LP please, consider to provide liquidity to all Partners within a short period of time (e.g. maximum 10 days).

Specific Guidelines for Partners (SK)

Slovak partners that have received financial support directly from the EU (NEXT contribution, not the State Budget) are obliged to submit a notification to the Ministry of Finance of the Slovak Republic within 30 days of its receipt. More on: <https://www.mfsr.sk/sk/financne-vztahy-eu/oznamenie-prijati-financnej-pomoci-z-eu/oznamenie-mf-sr-urceni-vzoru-tlaciva-podla-20-ods-9-zakona-c-523/2004-z-z-rozpocetovych-pravidlach-verejnej-spravy-zmene-doplneni-niektorych-zakonov/>.

6 Additional information on financing

For Slovak partners

The Slovak partners are entitled to national co-financing without further tendering, which is disbursed out in the form of ex-post funding once the project part has been completed. The national co-financing contract is issued by the Slovak National Authority once the Subsidy contract has been concluded.

The contract for the provision of national co-financing from the budget of the Slovak Republic is concluded by the Ministry of Investments, Regional Development and Informatization of the Slovak Republic as the National Authority (NA):

- with the Slovak Lead Partner (LP) or
- with the Slovak Lead Cross-border Partner (LCP), who is usually listed as the first Slovak partner in the approved application for the project grant (partners can agree among themselves) – if the LP is from Hungary, Romania or Ukraine. If there are several Slovak partners in the project, it is necessary to designate which one is the LCP (by indicating the abbreviation LCP next to the partner's name).

The role of the LP/LCP (Slovak partner) is to distribute the appropriate contribution from the state budget of the Slovak Republic to other Slovak project partners.

After conclusion of the Grant Contract (ERDF), the NA will request the LP/LCP (Slovak partner) in writing to submit the following documents:

- a copy or scan of the contract for the establishment of a bank account for transferring the financial contribution from the state budget of the Slovak Republic (submitted only by the LP/LCP),
- a declaration of honour (a template can be found on the program's website).

For Romanian partners

Romanian partners are entitled to national co-financing from the Romanian state budget without further tendering, which is disbursed out in the form of ex-post funding once the project is finalized. The national co-financing contract is concluded by the Romanian Ministry of Development, Public Works and Administration, as National Authority of the Programme with each Romanian partner, once the Subsidy contract is concluded.

In case of partners from Romania, as a general rule, 5% of total eligible cost of the respective project part must be provided by the Applicant as own contribution, and the remaining 5%

will be provided by the Romanian state budget. In case the partner is a central state owned budgetary organization fully financed from the state budget, from the state social insurance budget or from the budgets of special funds, the own contribution will be fully covered by the Romanian State, meaning that as a general rule, 10% of the total eligible costs will be provided from the Romanian state budget. (*Guide of Applicants, Chapter 8. SOURCES OF FUNDING*).

After the signing of the Subsidy Contracts by all Romanian partners, the Romanian National Authority will organise a *technical online meeting* (Rights and Duties) with all Romanian Partners where the following will be presented:

- Main features and provisions of the national co-financing contact;
- Conditions and documents requested for closing the national co-financing contact;
- The execution of the national co-financing contact.

For Hungarian partners

The Hungarian partners are entitled to national co-financing without further tendering, which will be disbursed in the form of ex-post funding once the project part has been completed. The General Terms and Conditions of national co-financing can be accessible on the program's website while the funding certificate of national co-financing will be issued by – on behalf of the National Authority – the Széchenyi Program Office.

The Hungarian partners are also entitled for advance payment as a refundable financial support in order to ensure liquidity for the project part implementation based on separate request. The General Terms and Conditions of this advance can be accessible on the program's website while the funding certificate of the advance payment will be issued by – on behalf of the National Authority – the Széchenyi Program Office.

For both of these financing mechanism more information is provided in a notification letter sent to the Hungarian partners by Széchenyi Program Office after the program's awarding decision about the project while the legal background is provided by the Government Decree 241/2023 (VI. 20.).

7 Monitoring system for project implementation - Interreg + (I+)

Beside the submission of the project proposal, monitoring system ensures:

- a) Data integrity and confidentiality;
- b) Avoidance of submission of identification data more than once when fulfilling reporting documents;
- c) Data storage: relevant data and documents in particular with regard to eligibility of expenditure and related audit trail must be uploaded in I+ and be available to all bodies involved in monitoring, control, verification of expenditure, audit, implementation and evaluation activities, thus to reduce the administrative burden for the partners in sending the same information more than once to the different bodies, unless it reveals being outdated.

During the process of signing the SC, each lead partner will receive online access to the Front Office of the Programme's monitoring system. This surface will enable the lead partners to

submit PRs and applications for reimbursement and modification requests on behalf of the partnership. Upon LP's approval of their role requests, project partners also gain access to the Front Office of the Programme's monitoring system, where they will be able to see the content of their project part and submit PPRs.

The monitoring system is the main communication and monitoring tool along project implementation: all information must always be updated by the lead partner, as the JS/MA shall make reference to those data to proceed with the requests for payment.

Monitoring system for project implementation - Interreg + (I+) is in line with Regulation (EU) No 2016/679 - General Data Protection Regulation, GDPR - which introduces rules on data protection.

7.1 Access to the monitoring system

Once a project is contracted, the reporting section in I+ becomes available to project partners.

All PPs must become I+ user through registration: recording and signatory user roles will be provided on level of project partner and project level, as only assigned users can create, modify and submit PPRs and PRs.

The lead partner requests the I+ user roles from the JS. After the user role was granted, the lead partner recording user provides access upon request to all project partners. The usernames and passwords to access project's data, PPRs and PRs must be considered as confidential data. The lead partner and project partner(s) must create their own PPRs. Also, the lead partner has an obligation to prepare and submit the PR on behalf of the partnership. Only users assigned to the lead partner can view PPRs from all project partners, as those users are responsible to prepare and sign the PR. Other project partners have access only to their reports.

For more information to access the monitoring system, details on adding, removing and changing different types of users please see the User Manual for Front Office users of the INTERREG+ system.

8 Modification of the Subsidy Contract, Other Project Changes and administrative change

Even if well planned and prepared, a project might need modifications during the implementation due to various reasons. The deviations from any aspect of project implementation defined in the SC and its Annexes have to be reported to the JS. To seek an approval for changes, the LP fills in the modification request in cooperation with project partner(s) and submits it to the JS.

Attention!

Please, consult with JS if you intend to modify the project during the implementation in order to receive guidance for proper modifications for the sake of expenditures being eligible.

As a general rule

- LP has to notify the JS maximum 15 calendar days from the time after the change occurred, or with the submission of the PR at the latest.
- Only one modification (either addendum or OPC) can be requested during a reporting period (four months).
- Prolongation request has to be initiated at least 45 calendar days before the project end date.

The basic rule is that the modifications affecting the basic purpose of the project as approved by the MC are not allowed.

The following types of modifications can be differentiated:

1. Modification of the SC (Addendum)
2. Other project changes (OPC)
3. Administrative changes
4. Withdrawal - “Declaration of Withdrawal” of the partner leaving the project
5. Termination of the SC

The following modifications can be requested:

1. Change of the partners and contact persons;
2. Substantial changes in the overall project objectives;
3. Prolongation of the duration of the project;
4. Change of value of indicators;
5. Budget reallocation;
6. Change of activities (either introducing new activities or replacing old ones);
7. Project team modifications.

As a general rule, the following modifications are not possible:

1. Change of the lead partner
2. Budget reallocations between partners
3. Budget reallocation under 100 EUR
4. Budget reallocation within those budget headings calculated based on flat rate.

The following modification does not need to be approved:

- Modifications between budget items within one budget line do not need to be requested within a modification process. The INTERREG+ monitoring system tolerates these differences while reporting.
- Special type of modification is the termination of SC by MA, see the Article 11. of Annex I. to the SC .

As a general rule, all types of modifications shall be requested by the LP through the INTERREG+ monitoring system. For technical support regarding how to submit a modification request within the system, please see the Front Office user manual for project modification on the programme's website.

- The only exception is merging the reporting periods, because that shall not be requested via the INTERREG+ monitoring system, the LP has only the obligation to inform the JS in the name of the partnership via email. Since merging the reporting periods has an effect on the reimbursement of EU funds, the merge is only possible if the whole partnership agrees on it. If the JS approves the request for merging, then the JS will implement the merging of reporting periods in the INTERREG+ system.

8.1 Modification of the Subsidy Contract (Addendum to SC)

If the LP requests substantial project changes, then it requires a request for the modification of the Subsidy Contract. Such request must be approved by the MC or the MA. After the approval of the request, the MA and the LP are signing an addendum to the SC.

The following changes require modification of the SC:

- a) Change or withdrawal of partners:

As a general rule, the project lead partner cannot be changed, only project partners. This type of request for project modification requires the approval of the MA or MC, depending on the reason for change. If the MC approves the requested change, the addendum of the SC is signed by the MA. However, in case of merger/fusion with legal continuity/successor in partner or lead partner organisation, without a change of tax number, which can be proved by legal documents of succession, the addendum to the SC is not necessary, unless the MA decides differently. In such instances, it is enough that the lead partner informs the JS by submitting the necessary documents. Nevertheless, in case that the partner's national tax number changes, the change must be approved by the MA, i.e. it will be a SC modification.

The following changes of partners are possible:

- A withdrawn partner is replaced by another partner, already present within the partnership, which takes over the remaining activities

Project partner replacement can be done if a PP(s) already present in the partnership - meaning activity and financing involvement of a certain partner is higher. The change is preferably located in the same partner state so that the overall EU contribution part of the project budget stays the same. Eligibility requirements must be ensured. In case the withdrawn project partner has already received EU contribution payments related to expenditure incurred and verified, as a main rule, the EU contribution is to be repaid to the Programme. In case the already implemented activities of the Partner contributes to the results of the project, the Managing Authority can decide on the eligibility of the expenditure of the Partner. The withdrawn project partner must respect the obligations of documents retention for the time duration as reported in the SC/PA and solve all pending situations (e.g.

repayment of undue EU funds). The replacing project partner(s) shall take over the left budget of the withdrawn project partner; it must demonstrate to have sufficient skills and expertise to efficiently implement the remaining tasks left by the withdrawn PP.

- Withdrawal of partner without replacement

In case a PP is withdrawn from the implementation without any replacement, it must be confirmed that the partnership still meets the eligibility requirements. If this circumstance takes place, the planned activities linked to this PP must be deleted from the project and its budget revised accordingly. Budget decrease must be mirrored in the budget spending plan following the period when the MA/JS received the communication of withdrawn sent by the LP. The partnership must demonstrate that the withdrawn PP does not jeopardize the effectiveness of the project and that planned outputs and goals shall be ensured. In case the withdrawn PP already received EU contribution payments related to expenditure incurred and verified, as a main rule, the EU contribution is to be repaid to the Programme. In case the already implemented activities of the Partner contributes to the results of the project, the Managing Authority can decide on the eligibility of the expenditure of the Partner. The withdrawn PP must in any case respect the obligations of documents retention for the time duration as mentioned in the SC and PA.

- A withdrawn partner is replaced by a new partner, which takes over the remaining activities;

The withdrawn PP can be replaced by a new institution which takes over the remaining activities, upon condition that eligibility requirements are fulfilled. PP replacement can be done through the inclusion of a new PP located in the same partner state by keeping unchanged the overall EU contribution part of the project budget shares. The new identified PP must demonstrate to have sufficient skills and expertise to efficiently implement the remaining tasks. The new total EU contribution part of the PP budget is the difference between what initially planned for the withdrawn PP and what already spent and paid. In case the withdrawn PP already received EU contribution payments related to expenditure incurred and verified, as a main rule, the EU contribution is to be repaid to the Programme. In case the already implemented activities of the Partner contributes to the results of the project, the Managing Authority can decide on the eligibility of the expenditure of the Partner. The withdrawn PP must respect the obligations of documents retention for the time duration as mentioned in the SC/PA and solve all pending situations (e.g. repayment of undue EU funds).

- b) The lead partner/partner is experiencing a structural or legal change, such as legal status change and legal succession.

The legal change is possible on condition that the new entity takes over all duties and obligations of its predecessor (e.g. retention of document, respect of internal audit trail, eventual follow-up of irregularities etc.) and eligibility rules are respected. Legal change can affect the subsidy structure of the respective partner. All documents affecting the modified legal status or legal change must be provided to MA/JS.

- c) Substantial changes in the overall project objectives:

Since this type of change can have fundamental effects on the project content, the JS may use the help of independent external quality assessors with the decision on the modification request. In case the request for modification is deemed necessary and well justified, the JS forwards it to the MC/MA for decision. If the MC/MA approves the requested change, the Addendum of the SC is signed by the MA and the LP.

- d) Substantial decrease of the target value of a programme-level output or result indicators

In case a substantial decrease of the value of a programme-level output or result indicators is requested, the PM may consult with the MA to jointly determine if this modification requires SC modification. If not, the JS decides on the modification (as OPC modification).

- e) Prolongation of the project duration.

As a general rule, the request for modification requires the approval of the MA.

However, in case the project duration exceeds the maximum duration set in the Guidelines for Applicants of the respective Call for Proposals, the approval of the MC is necessary. If the MC approves the requested change, the Addendum of the SC is signed by the MA and the LP.

Any request for modification of the SC has to be justified and submitted by the LP to the JS.

The JS checks the request for modification and in cases described above submits it for approval to the MA or to the MC depending on the type of the requested modification.

Upon approval of the MA/MC, the finalized Addendum to the SC has to be signed by both contracting parties.

8.2 Other project changes (OPC)

For project changes not listed above – which do not require the amendment of the SC – the modification requires the approval of the JS, and the modification is considered as other project change (OPC). The LP has to notify the JS maximum 15 calendar days from the time after the change occurred, or with the submission of the PR at the latest.

Other project changes may be:

- a) Change in the project team;
- b) Budget reallocation between budget headings²;
- c) Budget reallocations between budget lines within one budget heading (for example: 5.5 -> 5.8, or 6.2->6.1). Changes in the budget description;³
- d) Changes in activities (e.g. reformulation of the activity, joining of activities, description change, etc.). However, moving activities between reporting periods is not considered

² In this case it is highly recommended to send the OPC to the JS (if any) as soon as possible, but with the submission of the PPR at latest.

³ In this case it is highly recommended to send the OPC to the JS (if any) as soon as possible, but with the submission of the PPR at latest.

as an OPC, it is enough that the LP reports about it in the next PR, unless requested otherwise by the PM;

- e) Not-substantial decrease of programme-level indicator values;
- f) Others (e.g. change of legal representative, change of separate project bank account etc.)

All changes in the project have to be in line with the rules of the Guidelines for Applicants of the relevant Call for Proposals, as well as the Eligibility of Expenditures, (e.g. if a limit for a certain type of cost was set in the Guidelines for Applicants, the proposed change must respect the limit as well).

Furthermore, requested changes have to be in line with the decision of the MC, i.e. if the MC decision contained any conditions for contracting, those have to be respected throughout the implementation of the project, and the modification(s) of the project cannot be contradictory to the conditions.

8.3 Administrative changes

Smaller administrative changes such as, changing postal address or the address of the headquarters, contact person, contact data (phone number, e-mail address) of the contact person or the legally authorized representative - the modification requires the approval of the JS.

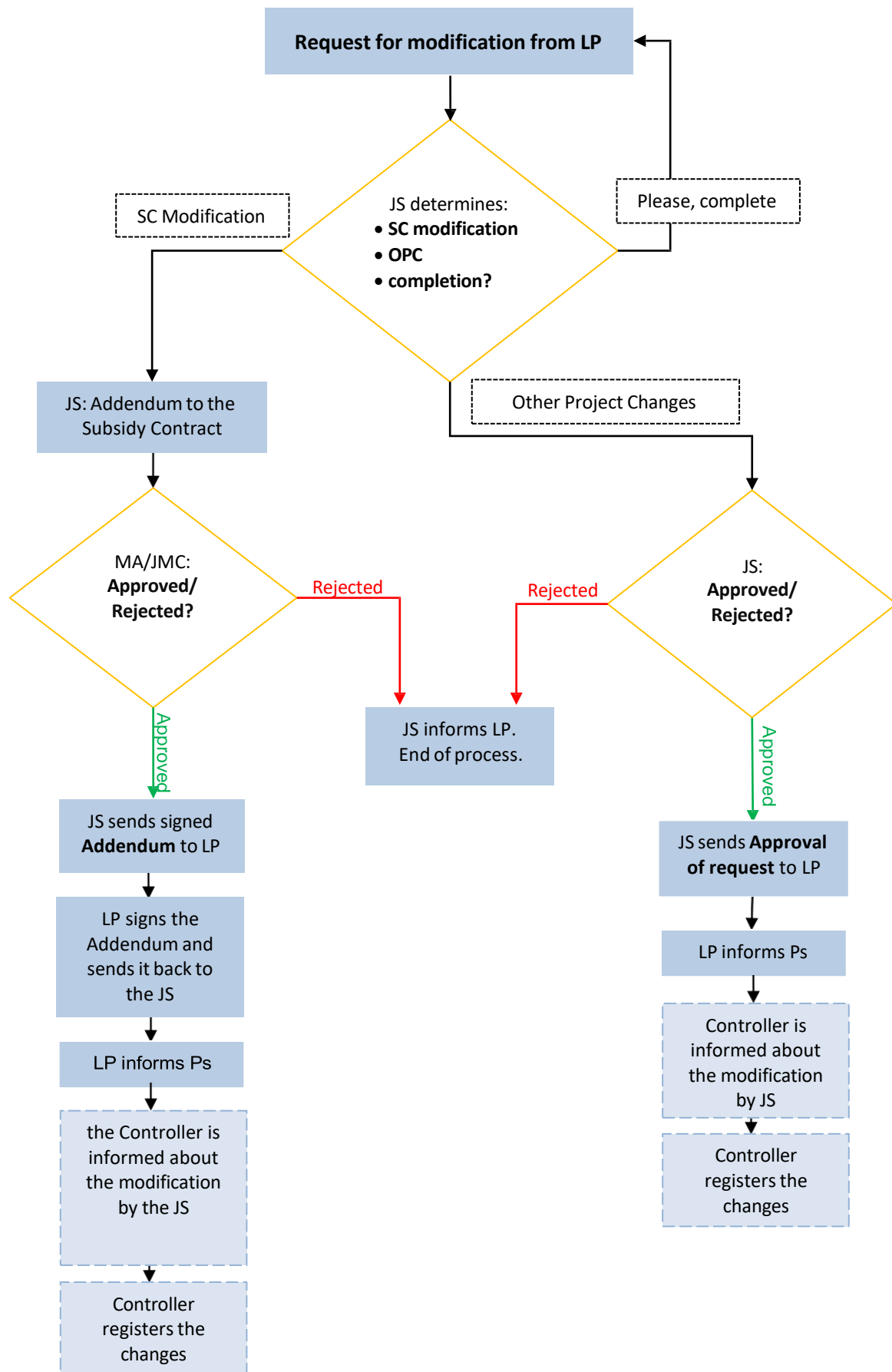
9 Modification process algorithm

The LP submits a request for modification to the JS through the monitoring system.

Upon receiving the request, the PM of the JS checks the request.

- It is determined that the request is an Addendum to the SC
 - JS prepares an Addendum with supporting documents and sends it to the MA
 - MA decides on the Addendum
 - MA determines that the SC modification is acceptable, it is approved
 - MA signs and sends the signed Addendum back to the JS
 - JS forwards the Addendum to the LP
 - LP signs the Addendum and sends it back to the JS
 - JS informs the National Controllers (NC)
 - LP informs the partners
 - MA determines that the SC modification is not acceptable, it is rejected
 - MA informs the JS
 - JS informs the LP
- It is determined that the request is an Other Project Change (OPC)
 - JS determines that the OPC is acceptable – it is approved
 - JS approves and sends the approval to the LP
 - JS informs the National Controllers (NC)
 - LP informs the partners
 - JS determines that the OPC is not acceptable – it is rejected

- JS informs the LP of the rejection
- It is determined that the request needs to be completed
 - JS sends the request back for completion to the LP
 - LP resubmits completed request



10 Monitoring visits

In order to have a more direct contact between the programme management bodies and the partnership of individual projects and to get a closer, more real view of the project implementation, the work being carried out, the progress and the achievements, the JS visits contracted projects at least once during the implementation period and in case it is considered necessary, additional visits might be needed based on the project financial and technical performance.

Project partners should be prepared for these visits and ready to provide all required information and documents. The focus of the review and meeting will be on the progress of activities, their timely implementation and the related reported and verified costs, the progress towards project objectives and indicator targets, management and communication of the project, potential risks, problems, delays and their possible solutions, and a realistic forecast for the remaining implementation. It is to be based on a constructive dialogue between the programme management and the project partnership to get direct feedback on both sides about the status and perspectives of the project.

The JS (including BOs) or the MA may carry out monitoring visits in order to check the status of the project implementation. In general, the JS notifies the LP prior to the monitoring visit about the proposed date, although unannounced visits are also possible, especially if there is a suspicion of irregularity. The visit may be linked to a project event. In addition, JS monitoring visit provides an opportunity for partners to consult the JS. The monitoring visit is not considered as an audit and is not a pre-requisite for the approval of the PR and the Application for Reimbursement. However, the JS/MA can use the information gathered during the visit as a basis to propose specific actions, including suspending EU contribution payments or even withdrawal from the SC (in case the project implementation significantly deviates from the objectives indicated in the SC or there is a suspected irregularity).

The aim of the monitoring visit can be:

- On-the-spot monitoring of the project implementation (e.g. in case of any delay) and personal consultation if problems occurred;
- To clarify and collect more information about professional/technological changes that occurred in the project (e.g. to gain sufficient information about the reasons for modification of the SC);
- The clarification of information included in the PR, final PR and Follow-up report in case they contain errors, or a further clarification is deemed necessary;
- To visit an important event of the project (e.g. opening or closing conference).

In case of investment projects, a site visit can be organized prior to conclusion of the SC, in order to check the present situation.

All observations made and the results of the monitoring visit will be included in the minutes to be acknowledged and signed by all the participants (template is Annex II to this PIM).

11 Reporting and reimbursement process of the EU funds

The payment of EU funds (except for the advance payments described before) is connected to the submission and approval of PR. The aim of the PR is to describe the progress in the implementation of the project and the way partners acted in order to obtain these results. The PR furthermore underpins the content of the Application for Reimbursement, i.e. links between the incurred costs and the tasks and activities stipulated in the PF. Each PR submitted to the JS has to be prepared by the LP and shall be accompanied by an AfR, which indicates the total amount of EU funding to be reimbursed. An essential condition for the transfer of EU funding is the timely submission of the PR together with the necessary supporting documents/annexes containing correct information.

EU funding will be transferred directly to the LP's bank account (sub-account) opened exclusively for the purpose of the project. The LP is responsible for transferring the respective EU amounts to the partners within the timeframe agreed in the PA.

PRs need to be submitted on a regular basis by the deadlines specified in the SC. The reporting period, in general, covers four months of the project implementation, starting from the starting date of the Project.

12 Reporting deadlines

By signing the PA and SC the project partners respect the deadlines of reporting which is - as a general rule - 15 days for project partners (30 days in case of the final report) to submit the Project Partner Report to the National Control Body.

At project level 90 days (in case of final report 100 days) for lead partners after the end of the reporting period to submit the Project Report to the JS.

In cases of passive project implementation or considerable delay in reporting without notifying the JS, the MA may decide on the project termination.

13 Project Report and Project Partner Report

At the end of each 4-month reporting period, each partner prepares their own PPR concerning the activities they implemented and justifying their own expenditures. Having the expenditures verified by the national Control Bodies, the lead partner prepares and submits a PR to the JS. Both PPR and PR reporting shall be accomplished via the Front Office of the INTERREG+ monitoring system. For technical help regarding how to submit a PPR or PR within the system, please consult the Front Office user manuals for PPRs and PRs available on the programme's website. The purpose of the PR is to inform the JS and the programme management bodies about the activities, which were carried out and the expenditures incurred in the given reporting period. In order to compile a comprehensive report, the lead partner gathers necessary data and documents from all partners of the project.

Based on the point 5 of Art. 38 of the Regulation (EU) 2021/1059 of 24 June 2021, expenditure paid in another currency than euro shall be converted into euro by each partner using the monthly accounting exchange rate of the Commission (INFOREURO) in the month during which that expenditure was submitted for verification to the controllers.

Attention!

The official rates are available at the EU Commission's InforEuro internet address:
https://commission.europa.eu/funding-tenders/procedures-guidelines-tenders/information-contractors-and-beneficiaries/exchange-rate-infoeuro_en

The INTERREG+ system is ready to operate according to the requirements of the regulation. All project/ partner reports shall be submitted in Euro through the INTERREG+ system. As a general rule, if a cost is incurred in other currency than euro, the conversion will be done by INTERREG+ system.

The partners shall be aware that creation of a PPR might be a time and resource consuming process and the timely preparation of the documents is essential for the successful reimbursement process.

The PR (which includes both, narrative and financial report) is accompanied by the Application for Reimbursement, which is generated by the monitoring system based on the Declaration on Verification of Expenditures (DOVE) issued by the responsible Control Bodies to each partner for the given period, as well as other compulsory annexes and relevant supporting documents.

The template of the PR and the template of the AfR are attached as Annex I of the present Project Implementation Manual. Both documents are automatically generated by the monitoring system (and saved under 'Documents' datasheet) upon the completion and online submission of the PR. (The annexes are attached for your information only, they are approximations of the forms generated by the system, so, please, do not use them for reporting).

The deadline for submission of the PR and AfR to the JS is 90 days from the end date of the respective 4-month reporting period (in case of final PR and AfR this deadline is 100 days). The project start date, the reporting periods and the actual deadlines for submission are indicated in the PF and also available in the monitoring system.

The PR is prepared by the LP, but each PP must contribute to the compilation of the PR by preparing and submitting their PPRs. PPs have to provide adequate information to the LP concerning the activity and financial progress of their project part via the PPR in relation to a certain reporting period. It is important that the LP describes the progress of the project implementation in sufficient details and quality. In the PR, the LP is expected to regularly present the progress in achieving the project outcomes, implementing the activities and reaching the deliverables, including the progress towards reaching the indicators' target values. Following submission of the PR, the report is verified by the JS.

The following table summarize the main rules of reporting:

	Project report/Project partner report	Final project report
Contains	<ul style="list-style-type: none"> - Narrative and financial parts covering the reporting period (see below details) 	<p>In addition to the project report, the final project report shall:</p> <ul style="list-style-type: none"> - cover any period not covered by the previous reports (for both financial and narrative); - include the proofs of the transfers of ownership as referred to in Article 8.5 of the GTC - includes also a short description of the project – max 3 pages with results, indicators, financial aspects, photos and further plans
Format	<p>INTERREG+:</p> <ul style="list-style-type: none"> - Templates of Project Partner Report and Project Report is in the system 	Similar to project report format
Done by	<ul style="list-style-type: none"> - Project Partner Report: each Partner separately - Project Report: All Partners provide input; prepared by the Lead Partner 	Similar to project report
Submitted to	<ul style="list-style-type: none"> - Every Partner submits the Project Partner Report to the national controllers through the INTERREG+ system - Project Report (including the Declarations on Verification of Expenditures issued by the relevant national controllers regarding all Partners) are prepared and submitted by the Lead Partner to the JS through the INTERREG + system 	Similar to project report
When is due	<ul style="list-style-type: none"> - Partners have to submit their project partner reports within 15 days after the end of the reporting period - Project Report is due within 90 days after the end of the reporting period; - National Controllers shall perform verification of submitted expenditures and issue the Declaration on Verification of Expenditures 	<ul style="list-style-type: none"> - Partners have to submit their reports within 30 days after the end of the implementation period - Project Report is due within 100 days after the end of the implementation period; - In case of termination of the contract, 3 months from the date of termination. - In case of separate final reporting per Partners (in duly justified cases), the above-mentioned deadlines are based on the end date of implementation of the given project part.

13.1 Reporting about horizontal and „Do No Significant Harm” principles

All projects financed by the Programme must respect the horizontal principles of the Programme including „do-not-significant harm” (DNSH) principle which states that the activities implemented within a project may not cause any significant harm to the environment.

All actions within the programme should respect the horizontal principles of fundamental rights, equality between men and women, equal opportunity, non-discrimination, rights of persons with disabilities in accordance with the UN Convention on the Rights of Persons with Disabilities and promoting sustainable development, UN sustainable development goals as well as EU Charter of Fundamental Rights during project implementation and follow-up period. Horizontal principles are a must, and they will be assessed. Partners are encouraged to foresee specific actions designed to advance and promote the values of the horizontal principles.

According to Article 9 (4) and Recital 10 of CPR, in order to comply with the “do no significant harm” (DNSH) principle, all the types of actions included in the Interreg programme have been assessed as compatible with the DNSH principle, since they are not expected to have any significant negative environmental impact due to their nature. Therefore, it is of utmost important to implement the project according to the PF.

In case the project planned to promote and strengthen any horizontal principles, the contribution should be explained and proved in the PRs and, if relevant, in PPRs.

13.2 Preparation and content of the Project Report, procedures

The PR shows the progress of the implementation of project activities in a given period of time. The PR provides an overview of the project implementation and also shows deviations in comparison to the activity plan presented in the PF. The PR consists of two main parts: narrative and financial part.

The **narrative part** requires descriptions about the steps taken in a given reporting period.

Under the ***Achievements chapter***, updates are provided by answering the following questions:

1. Progress towards the Main Objective

The partnership explains the progress of the project towards the Main Objective – an updated description of the project progress from start till end of present reporting period.

2. Progress made towards the Outcomes

The partnership explains the progress of the project towards the planned outcomes – provide a description about the progress towards specific objectives listed as Outcomes. For each report, the partnership provides an updated description from start till end of present reporting period for each Outcome.

3. Achievements in the project

The partnership explains the achievements of the project from the start of the project till the end of this reporting period. Partnership provides an update on activities, indicators and any other results and achievements of the project.

4. Impact on the target groups of the project

The partnership explains how the activities and the achievements of the project impacted the target groups of the project.

5. Horizontal principles, resiliency and other effects of the project

The partnership explains the active contribution of the project – if any – towards the Horizontal principles and explains which specific activities contributed. In this section, the partnership reflects on the environmental impact of the project activities, possible environmental resiliency of the results of the project and the way the project contributed to other EU, national or regional strategies and principles.

Under the **Outcomes, Indicators, Infrastructure chapters** updates are to be provided regarding progress in the specific reporting period:

- progress of specific **outcomes**,
- progress with specific **activities** within the Outcomes - including differences and deviations in comparison to the original activity plan, progress on **communication** related activities
- progress of reaching all **indicator** targets
- progress on **works/infrastructure** related activities etc.

Please note that the Narrative part must be clear, coherent, relevant and time-related compared to PF. In case of deviation (especially in deliverables and outputs), clarification/justification shall be provided.

The MA/JS might reject submitted deliverables or outputs that are of low quality or do not comply with the project form, requesting the project to solve detected issues.

The **financial part** contains information and provides general overview of the expenditures related to the project activities performed in the reporting period. The report must contain the lists of expenditures for all partners, verified by the respective Control Body in the form of DOVEs.

The LP must ensure that the expenditures presented for reimbursement by all partners are not double financed; are in compliance with the principle of sound financial management; and were included in the budget of the project approved by the MC.

The financial part of the PR summarizes the costs incurred and paid on partner level based on several different aspects. The PR contains the financial summary by budget lines and by sources, the overall financial progress in the total budget and in the EU contribution separately, and revenues gained (if applicable in case of state aid) in the reporting period. This part also contains information about the settlement of the EU advance and also about the transfer of the EU funding by the lead partner to the partners (accompanied by the bank statement proving the transfer).

Supporting documents/annexes for PR are the following:

- DOVE of each partner including lead partner;
- A scanned copy of procured study, research, database, book, publication etc.;
- A proof of information and publicity activities carried out in the reporting period (published brochures, leaflets and other promotional material radio and TV recordings, newspapers articles, web publications, social networks posts, photographs and attendance lists of events, etc.);
- If relevant, photo documentation;

- A scanned copy of bank statement proving the transfer of EU funds;
- Documents proving the reported progress of the indicators

Special cases

Project Partner Reports closed without verification, Project Reports with merged reporting periods

In case a project partner had no expenditures incurred in a certain reporting period, it is possible to merge that reporting period with the following one upon notifying the JS. In this special case, no request shall be submitted through the INTERREG+ system, the LP only needs to inform the JS via e-mail. The merging of reporting periods shall apply to the whole project, therefore it will affect all project partners. Thus two reporting periods can be merged only upon agreement of the whole partnership.

PPR without any reported expenditure can also be submitted to Control Body with proper explanation about reasons and causes of underperforming. The Control Body will close the verification without issuing DOVE.

Partners of the project with weak performance will be invited by MA/JS to targeted meetings, to provide further clarifications on the project implementation state of play and to define a road map to catch up or to adopt specific countermeasures.

As a general rule supporting documents for the PR have to be submitted only in electronic form via the monitoring system.

If applicable, documents containing confidential and protected personal information of participants, such as patient data, medical history (anamnesis) of individuals, filled in surveys and questionnaires, transcripts of interviews and similar can be submitted if their submission does not infringe laws protecting privacy, confidentiality or ethical guidelines for research with participation of human subjects (in academic/ scientific/ research institutions). Personal information of individuals gathered for the purpose of implementing measures of equal opportunities can be submitted only if the partners obtained prior written consent of the individuals. For the purpose of verification of the implemented activities and incurred expenditures during the reporting, these documents can be submitted only if there is no other reliable source of verification and only if identification data of individuals is deleted or the data is aggregated and impersonalized. Please find more details in GDPR section.

The PR is filled in, which also includes the upload of all necessary supporting documents, and submitted electronically through the front office of the monitoring system. The AfR is generated by the monitoring system. The language of the reporting is English: the PR, the AfR and the DOVEs are prepared in English. Accompanying documents which were made in Hungarian, Slovakian, Romanian and Ukrainian languages shouldn't be translated.

Verification process by JS

Following the receipt of the documents, the responsible Programme / Financial Manager at the JS performs the PR's content verification.

During the verification process, the JS may request additional information or documents if

necessary for the proper understanding and approval of the PR. The verification process is suspended until all required documentation and data are provided by the LP.

The verification process is divided into two main stages: verification of the PR and verification of the application for reimbursement.

13.3 Completion

In case the submitted PR is technically incomplete; the content of the report is found unsatisfactory or any of the required supporting documents are missing, the JS programme manager sends a completion letter via monitoring system (submission of additional/missing documents and information).

The lead partner has maximum 10 working days upon receipt of the request to submit the required additional/missing information and documents. The documents are submitted electronically by filling the required fields in the certain sheet(s) of the monitoring system or uploading it to the corresponding folder of the Interreg + monitoring system.

13.4 Revalidation

If any corrections to the amount or to descriptive information of the Declaration on Verification of Expenditures (DOVE) is needed it is sent back by the JS to the Control Body for revalidation.

The DOVE can be reissued due to the following reasons:

- a) ineligible expenditure in the actual PR/AfR;
- b) reported budget items are not in line with the accepted budget of the project part, or rules of project modification are not kept;
- c) inappropriate delivery of planned project outputs and results in terms of quality and content;
- d) differences/deviations concerning the approved project activities;
- e) unjustified, unnecessary, overbudgeted and inappropriate costs;
- f) the cross-border impact of the activities cannot be traced;
- g) minimum communication requirements of the Programme are not kept;
- h) EU horizontal policy requirements of the Programme are not kept.

The lead partner has to resubmit the PR/AfR with the revalidated PPR's DOVE.

13.5 Rejection

If the lead partner does not respond to the request for completion of documents, the PM sends a reminder. If the lead partner fails to reply to the second notice and does not complete the documents, the PR may be rejected. As a general rule, those expenditures, which relate to a rejected AfR can be re-submitted only once and only for the subsequent reporting period. Only in justified cases, later re-submission of those expenditures may be accepted.

Attention!

LP is encouraged to keep close communication with the JS programme manager assigned for the project and make use of the possibility for the personal consultation (via meetings or telephone calls) if needed in connection with project implementation and questions about the preparation of project reports and requests for payment.

In case the Lead Partner fails to submit a project report and request for payment or clarification defining the reason of the delay, the JS programme manager sends a warning to the Lead Partner and requests a summary of progress of the project.

If the Lead Partner fails to present the project or final project report, and does not act in due diligence, the MA may terminate the SC.

13.6 Preparation and content of the Application for Reimbursement

The AfR summarizes the expenditures of the partners in the reporting period, based on the Declarations on Verification of Expenditures (DOVE) issued by the Control Body.

In the verification process of the AfR special attention is paid to the following aspects:

- The EU subsidy requested in the AfR is within the frame of the approved amount of EU subsidy;
- The EU amount of reimbursement is correct and in line with the EU amounts approved in DOVEs;
- EU advance payment is taken into consideration in the amount of transferable EU contribution, as stipulated in article 2. point 3. of the SC.

13.7 Procedure of reimbursement of EU funding

Once the verification of the PR and AfR has been completed, the JS initiates the reimbursement of the EU funding. Following the approval of the MA, the MA transfers the amount of EU contribution stated in the approved AfR to the separate bank account of the lead partner. Upon receipt of the EU funding, the lead partner is obliged to transfer the respective amounts on time and in full to each partner. Timeframe of the reimbursement stated in the PA.

It is also important to highlight the following procedure, which is mentioned also in the SC.

The approved amount of the EU contribution will be transferred in two forms: One form is advance payment which is 25% of the EU contribution. The other form is reimbursement based on the approved Project Report(s) and Applications for Reimbursement. Once the reimbursed amount reaches 60% of the total EU contribution of the Partner receiving financial support, the Programme starts to settle the advance payment. The amount of settlement will appear on the Application(s) for Reimbursement in which the reimbursement of 60% of the total EU contribution is exceeded. Therefore, when approving these Project Report(s) and Application(s) for Reimbursement the amount of transferable EU contribution will be calculated with the consideration of the settled amount of advance payment. The total

amount of a Partner's advance payment is fully settled if the EU contribution part of the eligible expenditure in the Application(s) for Reimbursement reaches 85%.

In case the EU contribution part of eligible expenditure in the Applications for Reimbursement does not reach 85% of a Partner receiving financial support by the end of project implementation, the unsettled amount of the advance payment will be recovered by the Managing Authority with (and – if necessary – after) the approval of the Final Project Report. The Lead Partner is obliged to secure repayments from the Partner(s) concerned and has to repay the amount specified by the Managing Authority before the due date. In case of any delay in the repayment, the amount to be recovered may be subject to interest on late payment starting on the due date and ending on the date of actual payment. The rate of such interest shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls.

13.8 Final Project Report

The reporting procedure and the form of the final PR are the same as the procedure and form of any PR but a special attention should be paid to the check box in the monitoring system.

The latest possible date for the payment of expenditures incurred within the project is 30 calendar days after the last date of eligibility period. However, the payment is not allowed after the final date of eligibility which is 31 December 2029.

The project is considered fully implemented if carrying out the planned activities and results is successful, moreover by achieving at least 80 per cent of the quantifiable outputs in due time.

Supporting documents for final PR are the following:

- A scanned copy of procured study, research, database, book, publication etc.;
- If relevant, photo documentation (infrastructure/equipment);
- Documents proving the fulfilment of the indicators;
- Valid permission of use / being functional (operational) according to the national legislation (national language) any other permits according to relevant national legislation (national language);
- Other project specific documents requested by the JS;
- A scanned copy of bank statement proving the last transfer of EU funds

In addition, lead partners should deliver to the responsible PM samples of information and publicity material produced during the project implementation along with the final PR. Such material includes, but is not limited to posters, any other printed material – books, booklets, or brochures, as well as promotional branded merchandize used during the project. The Programme will use such material on occasions which promote the Programme, Interreg and EU.

The final reimbursement of the EU funding is made after the conclusion of the project and according to the final AfR as approved by the JS. Please note that in case of unsettled EU

advance settlement the remaining amount will be recovered.

Following the approval of the FPR the JS initiates the financial closing of the project in the monitoring system, in order to calculate the exact amount of EU funding to be reimbursed to the LP.

Financial closure cannot be initiated in case other processes related to the project are still ongoing (such as irregularity and recovery procedures). After the final payment of EU contribution to the lead partner and transfer the reimbursement to partners, the project is considered as closed.

14 Eligibility

Detailed rules of eligibility of a certain cost are described in the 'Eligibility of expenditures' published on the Programme's website <https://next.huskroua-cbc.eu/downloads/documents/> (please, always check the latest available version!)

Attention!

Please, consult carefully the Eligibility of Expenditures document including details of among others eligibility rules on cost categories, audit trails, procurement details, delivering outputs and results etc. This document is the basis for expenditures being eligible for reimbursement.

Please, consult carefully the **Visibility requirements** for the projects and for the expenditures being eligible. They are available on the Programme's website.

15 Procurement rules

Procurement rules to be applied at programme level are defined by MA, published on the Programme's website, they are available as in the 'Eligibility of expenditures' (<https://next.huskroua-cbc.eu/downloads/documents/>). National rules and legislation are also to be respected.

Attention!

Different procurement rules apply for Member State and for Partner Country.

For Ukrainian beneficiaries guidance documents are available on the Programme's website (TESIM Factsheet on procurement by Ukrainian beneficiaries in Interreg NEXT with templates). As defined by Ukrainian law, Ukrainian public bodies are obliged to perform procurement via online platform Prozorro.

16 Suspicion of irregularity and irregularity process

An irregularity may occur at any moment in the project cycle, from programming through to audit, ex post monitoring or evaluation. Checks at any stage of project implementation may indicate that the conditions to be met by a partner after project completion are not being

respected.

Irregularity suspicions can be detected by the Control Body, JS, MA, NA, AA, EC, European Court of Auditors, European Anti-Fraud Office (OLAF), whistle-blowers, lead partners, project partners, other bodies authorised to carry out financial verifications on projects, or other bodies and individuals, including anonymous ones. The investigation of irregularity suspicions and decision making about irregularities belongs to those country's NA, of which the affected partner is located (or in case of EGTC, the EGTC is registered).

The following mechanisms for identifying irregularities may be used:

- detailed checking of PRs,
- on the spot checks and ad hoc controls by any of Programme bodies,
- monitoring visits,
- cross checks and follow up checks,
- notification by other grant recipients,
- local knowledge (press / members of the public),
- national and Commission audit reviews.

a) Recovery of EU funds from running projects

Where recoveries shall be performed in running projects, all unduly paid out EU funds must be deducted from the next reimbursement due or, where applicable, from reimbursement which is still under examination by the Programme bodies or remaining EU payments can be suspended. In order to ensure a proper audit trail of such deductions, these financial corrections will be managed and stored through the monitoring system (INTERREG+). Depending on how the amounts unduly paid out have been detected, different requirements must be met:

- 1) in cases where they have been identified by the controller of the project partner (e.g. during on-the-spot checks), the relevant controller must provide the necessary information to the JS/MA/NA so that the financial correction can be made;
- 2) in cases where they have been identified by other level controllers (JS, MA, audit authority, European Commission), the MA/JS will promptly inform the lead partner, the concerned partner and the national authority. Possibility of involving the responsible CB at national level, will be undertaken whenever necessary.

b) Recovery of EU funds from closed projects

For already closed projects, or in cases when deduction from the next reimbursement cannot be made fully, a recovery procedure towards the lead partner must be launched.

For cases in which the project has already received the last EU fund instalment, the MA shall demand from the lead partner repayment of EU subsidy in whole or in part. In case the EU amounts unduly paid out refer to a project partner, it will be up to the concerned project partner to repay the lead partner any EU amounts unduly paid in accordance with the agreement existing between them (PA).

In any cases of financial corrections, the LP shall ensure that, if applicable, the concerned PP repays the LP any EU amounts unduly paid, as provided for in the PA. If the LP does not succeed

in securing repayment from other PP(s), the LP shall inform the MA via the JS in written form within the deadline for repayment.

If the MA does not succeed in securing repayment from the LP, the partner state on whose territory the partner concerned is located (or in case of EGTC, the EGTC is registered), shall reimburse the MA any EU amounts unduly paid to that PP. As a consequence of that, the affected partner state shall be entitled to claim the unduly EU funds from the PP concerned. The MA shall be responsible for reimbursing the EU amounts concerned to the general budget of the Union, in accordance with the apportionment of liabilities among the participating partner states as laid down in the Interreg Programme.

c) Double funding

One of the important elements to be taken into account when participating in EU funded projects is the need for implementing measures to avoid double funding from different co-financing sources for the same expenditure item. In practice, this means that the expenditure that has already been supported by other EU or national funds is not eligible. In case of co-financing from other funds, the cost can be deemed eligible only for the part of the cost not covered by subsidy. Whereas analytical accounting systems help in this respect, more straightforward measures must also be foreseen. More information in the SC art.6 and in national rules (if relevant).

17 Anti-fraud

The Programme's main principle is the zero tolerance against fraud, no fraud will be tolerated within the programme and during project implementation. Therefore special emphasis shall put on fraud prevention through creating an adequate culture in the institutions and through the establishment an operation of the internal control system. The anti-fraud strategy of the MA with the agreement of the participating countries adopts a proactive, structured and targeted approach to managing the risk of fraud. The measures put in place are effective and proportionate to risk identified and determined according to 3 pillars in order to achieve the objectives of the policy, namely to reduce the fraud risk through the internal controls and to ensure that procedures are in place to detect fraud and to take appropriate measures once a suspected case of fraud is detected.

Anti-fraud strategy and Mission statement can be found on the Programme's website.

18 Project closure

18.1 Retention of project documents, audit trail and adequate archive

The audit trail is a comprehensive set of documents, which provides a complete history of a project and evidence that proper procedures have been applied and outcomes achieved. It is a compulsory requirement both for the LP and PPs and legally foreseen both in the SC and in the PA. Linked to the audit trail it is the need of ensuring the creation and regular update of a project archive where to store all relevant data, documents, pictures etc. related to the project implementation and of setting in place a separate accounting system or a separate accounting

code. Please note that relevant documents necessary for PR must be uploaded in the monitoring system as well. The audit trail allows the recording of all documentary evidence of the steps undertaken by the partners during the project implementation.

Documents part of the audit trail can be originals, certified true copies of the originals, or electronic versions stored on commonly accepted data carriers (including electronic only) in accordance with the respective LP and PPs national rules. Electronic archives must comply with the relevant necessary security standards in accordance with the national law and that can be considered as reliable for verifications and audit purposes. These documents shall be made available for any audit, control or verification after project closure.

All the supporting documents related to the project must remain available at the premises of each LP/PP at the appropriate level for a 5-year period from 31 December of the year in which the last payment by the managing authority to the LP is made according to Article 82 (1) of CPR (EU) Regulation 2021/1060. In case of state aid relevance, different rules can apply.

Right after the last day of implementation, the project's retention period starts. For the entire retention period, all bodies in charge of performing controls and audits are entitled to access the LP and PPs premises to check all relevant project documentation and invoices or other accounting documents with equivalent probative value.

19 Use of results after project closure

The project partners should retain ownership of results (investments, equipment, other deliverables) during both the implementation period and follow-up period of the project according to the article 11 and 14 of the PA.

If there is a need to transfer rights of use of project outputs described and approved in the PF to a third party to maintain the results, the lead partner should notify the JS. The project partner has to obtain the prior written consent of the MA. The request for the consent to transfer rights of use of outputs of the project should be submitted with well defined justification, supporting documents and draft of written agreement with the third party. In case MA approves the request, the written agreement with the third party can be signed.

20 Project Follow-up Report

According to the SC, the project results have to be maintained for a period of minimum 5 years after the date of the final payment to the lead partner. This means that the project result shall not undergo a substantial modification. In addition, partners have to fulfil some obligations towards the Programme, namely keeping all the project documentation in a safe place for audit purposes and preparing and submitting project follow-up reports even when all the activities were implemented, expenditures reimbursed and paid and the project was closed. Additional financial controls and audits can be expected during the entire Programme period. Until then, the partners should be able to provide without delay all documentation related to their respective project parts.

The Follow-up Report covers minimum 12-month periods (except for the Final follow-up report), starting from the date of the final payment to the lead partner. It is submitted upon JS request in monitoring system, before the set deadline. In case that LP does not submit the follow-up report within 15 days following the expiry of the deadline, LP will receive a reminder letter.

If the content/format of the Follow-up report is not appropriate, the JS requests a completion. The LP should submit the clarifications and/or missing documents within 10 days after receiving the notice. (template is Annex IV to the current document)

21 Termination, suspension

Any breach of the provisions of the SC may result in the termination of the SC by MA. The SC may also be terminated by written mutual agreement of the Parties. The execution of the SC may be suspended, from the occurrence of force majeure during the whole period of its duration. All details can be found in the SC signed.

22 GDPR

The EU General Data Protection Regulation's (GDPR) purpose is to harmonize data privacy laws across Europe, to protect and empower all EU citizens' data privacy, and to reshape the way organizations across the region approach data privacy. GDPR applies to all handling of personal data, such as how to collect, handle, store and delete the data. The Regulation 2016/679 (General Data Protection Regulation – GDPR) introduces strict rules on data protection. Interreg VI-A NEXT Hungary-Slovakia-Romania-Ukraine Programme 2021-2027 are obliged to collect some personal data necessary for project monitoring with full respect of GDPR.

23 List of Annexes

Annex I: Project Report and Application for Reimbursement (PR&AfR) template

Annex II.: Monitoring visit template (to be published later)

Annex III: EU advance and reimbursement guide

Annex IV: Follow-up report template (to be published later)

NOTE: The PR&AfR form (Annex I) are visual representations of on-line forms that will be used within INTERREG+ system during the different stages of implementation. The actual printed forms (if their printing becomes necessary), may differ from the listed annexes.