

Programme Manual

1st Call For Proposals

**Interreg VI-A Latvia–Lithuania Programme
2021–2027**

Version 1

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Abbreviations

Audit Authority	AA
Branch Office	BO
Cost Category	CC
European Commission	EC
European Regional Development Fund	ERDF
European Territorial Cooperation	ETC
European Union	EU
European Union Strategy for the Baltic Sea Region	EUSBSR
Group of Auditors	GoA
Interreg VI-A Latvia–Lithuania Programme 2021-2027 CCI 2021TC16RFCB026	Programme
Joint Electronic Monitoring System	JEMS
Joint Secretariat	JS
Lead Partner	LP
Managing Authority	MA
Monitoring Committee	MC
National Authority	NA
Non-governmental organisation	NGO
Project Partner	PP

1. Introduction

The Programme Manual is based on the Interreg VI-A Latvia–Lithuania Programme 2021-2027 CCI 2021TC16RFCB026, which was approved by the EC on 4 October 2022. This is the main guidance document for the LP/PPs on the process of application, implementation, monitoring, reporting and finalisation of the project.

The Programme Manual is issued for each call for proposals. JS updates the Programme Manual throughout the programming period and the LP/PPs must follow the latest approved version of the of the Programme Manual of the respective call for proposals (available on the Programme's website www.latlit.eu)

This Programme Manual is for projects applying for the 1st call for proposals.

2. General information about the Programme

2.1 Interreg VI-A Latvia-Lithuania Programme 2021-2027

The Programme is implemented under the ETC goal of European Structural and Investment funds of Cohesion Policy. The Programme's objective is to contribute to the sustainable and cohesive socio-economic development of the Programme regions by helping to make them more competitive and attractive for living, studying, working and visiting.

The Programme continues cooperation started during 2000–2006 programming period, Latvia–Lithuania Cross Border Cooperation Programme under ETC Objective 2007–2013 and Interreg V-A Latvia–Lithuania Programme 2014–2020.

The Programme document is available on the Programme's website www.latlit.eu.

2.2 Programme area

The Programme area covers the western and southern parts of Latvia and northern part of Lithuania and includes following NUTS 3 regions¹:

- Latvia: Kurzeme, Zemgale and Latgale,
- Lithuania: Klaipėda, Telšiai, Šiauliai, Panevėžys and Utena counties.

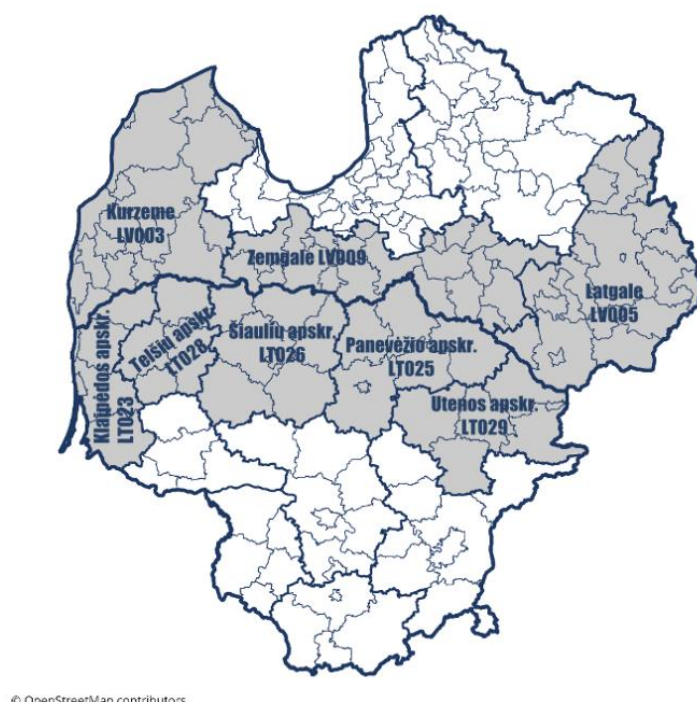


Figure No. 1. Programme area

¹ The Nomenclature of Territorial Units for Statistics established to provide a single uniform breakdown of territorial units for regional statistics for the European Union (ec.europa.eu/eurostat/ramon/).

2.3 Programme funding

ERDF co-finances the Programme. 29 174 986 EUR from the ERDF is allocated for projects. The Programme co-finances 80% of the total eligible project costs and the LP/PPs' own contribution must be 20% of the total eligible project costs.

2.4 Programme priorities

The Programme has four priorities:

- 1) Priority I. Capacity building and people-to-people cooperation.
- 2) Priority II. **Green, resilient, and sustainable development.**
- 3) Priority III. Fair and inclusive society.
- 4) Priority IV. Economic potential of tourism and heritage.

2.5 Programme language

English is the official language of the Programme. All official documentation (Application Form, Partner and Project Progress Reports, Lead Partner/Project Partner Statements, etc.) and official communication between the LP and the PPs and the Programme management bodies must be in English. However, LP/PPs are allowed to submit supporting documents (building/technical documentation, cost estimations, agendas of local events, invoices, etc.) in national languages (Latvian or Lithuanian).

2.6 Management bodies

The following bodies are involved in the management of the Programme:

Monitoring Committee. The MC ensures the quality and effectiveness of the Programme, performing the duties listed in Article 38 of the Common Provisions Regulation and Article 22 of the Interreg Regulation. It approves Programme implementation procedures, reviews the Programme's implementation and achievement of its objectives. It assesses necessary changes in the Programme, and selects projects for funding. The MC consists of representatives from national, regional and/or local authorities, economic and social partners as well as civil society from Latvia and Lithuania.

National Authorities. The NAs coordinate the implementation of the Programme on behalf of the Member States. Functions of the NAs are carried out by the Ministry of the Interior of the Republic of Lithuania and by the Ministry of Environmental Protection and Regional Development of the Republic of Latvia.

National sub-committees. The national sub-committees are established in Latvia and Lithuania to support work of NAs and/or the MC. They ensure wider participation of line ministries, regional and/or local authorities, economic and social partners, and other stakeholders during the implementation period of the Programme.

Managing Authority. The MA is responsible for the day-to-day sound financial and operational management of the Programme and the project quality assessment. The MA, based on the MC decision on project selection, issues decision on project approval and financing, signs the Subsidy Contract. It fulfils certifying functions and is responsible for the accuracy of expenditure statements

and their compliance with the EU and national rules, makes payments to the LP, draws up and submits requests to the EC for ERDF co-financing payments and receives payments from the EC. Functions of the MA are carried out by the Ministry of Environmental Protection and Regional Development of the Republic of Latvia.

Joint Secretariat. The JS is the main contact point for the applicants, LP and PPs providing daily assistance during the preparation and implementation of projects. The JS carries out project assessment, monitoring and promotes the Programme. It assists the MA and the MC in performing their functions. Functions of the JS are carried out by the Ministry of Environmental Protection and Regional Development of the Republic of Latvia.

The JS has a BO located in Vilnius, Lithuania, and it is hosted by the public establishment “Joint technical secretariat” (VšĮ “Jungtinis techninis sekretoriatas”). The tasks of the JS and its BO can vary during the Programme implementation cycle. These must include informing potential applicants about funding opportunities, helping applicants prepare applications and LP/PPs implement projects. JS and its BO ensures project monitoring, assessing project applications (at least, administrative and eligibility checks), informing about the Programme and its projects, and communicating its results in the Programme regions and at EU level.

Audit Authority. The AA carries out system audits to verify the effective functioning of the management and control system of the Programme, and audits of operations on an appropriate sampling basis to verify correctness of the declared project expenditures. Functions of the AA are carried out by the Ministry of Environmental Protection and Regional Development of the Republic of Latvia.

Group of Auditors. The GoA assists the AA in carrying out system audits. It carries out the audits of projects limited to the LP/PPs, located in the territory of the respective Member State, represented by the member(s) of the GoA. The GoA consists of representatives from the AA and the Ministry of the Interior of the Republic of Lithuania.

National Control. The National Control verifies if the co-financed products and services have been delivered, if expenditures declared by the LP/PPs have been paid out and they comply with applicable legal framework and the Programme. In Latvia the National Control system is centralized and its functions are carried out by the Ministry of Environmental Protection and Regional Development of the Republic of Latvia. In Lithuania a decentralized system is established by the Ministry of the Interior of the Republic of Lithuania.

For contact details of the Programme management bodies please see Programme website www.latlit.eu.

2.7 Legal framework

LP/PPs must respect applicable EU regulations, horizontal policies and national legislation, provisions of the Subsidy Contract and all practical information set out in the Programme Manual. Please see the list of legal frameworks below (in order of hierarchy):

- EU rules:
 - Common Provisions Regulation²,

² Regulation (EU) No 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social 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 (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R1060&q100d=1654086756583>).

- ERDF Regulation³,
 - Interreg Regulation⁴,
 - Financial Regulation⁵,
 - Other applicable EU legislation, including the Community rules laying down provisions on public procurement and entry into the markets, on competition, on state aid, on protection of environment, on sustainable development and on the promotion of equality between men and women and non-discrimination, on the protection of natural persons regarding the processing of personal data, etc.
- Interreg VI-A Latvia-Lithuania Programme 2021-2027.
 - Common rules established by the Member States in the MC – Programme Manual for the 1st call for proposals of Interreg VI-A Latvia-Lithuania Programme 2021–2027 and other relevant Programme documents, its Annexes and guidance.
 - National legislation.

The hierarchy of rules sets out a priority of the EU legislation. Where no or no detailed provisions are stipulated in the EU rules, the Programme rules can be set up accordingly. National legislation only applies where specific issues are not regulated either by the EU legislation or the Programme rules.

For matters not covered by eligibility rules laid down in the Common Provisions Regulation, ERDF Regulation, Interreg Regulation or in rules established by the Programme, the national rules of the Member State in which the expenditure has incurred (paid out) must apply.

2.8 Use of Joint Electronic Monitoring System

JEMS is an online application and reporting system developed by INTERACT. It is used by the Programme for all official communication and for all steps of the application and implementation of a project. JEMS is available on the website <https://jems.latlit.eu>

“Guidance for JEMS” is available on the Programme’s website www.latlit.eu

³ Regulation (EU) No 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 (eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R1058&qid=1654086837093).

⁴ Regulation (EU) No 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 (eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R1059&qid=1654086873309).

⁵ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No. 1296/2013, (EU) No. 1301/2013, (EU) No. 1303/2013, (EU) No. 1304/2013, (EU) No. 1309/2013, (EU) No. 1316/2013, (EU) No. 223/2014, (EU) No. 283/2014, and Decision No. 541/2014/EU and repealing Regulation (EU, Euratom) No. 966/2012 (eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R1046&from=EN).

3. Programme priorities and supported activities

The Programme is result oriented and thematically concentrated. Result orientation means that projects are targeted to achievement of the Programme output indicators, projects are expected to achieve results which are relevant to the target groups of the project and have long lasting effect on the Programme area.

Thematic concentration means that the Programme intervention is planned in restricted number of fields. Programme priorities are selected based on the Programme area characteristics, identified needs and challenges.

The Programme covers four priorities, which include five Programme specific objectives. To measure the progress of each specific objective the result indicators are defined. A set of output indicators is developed to measure the outputs produced by the projects.

Each specific objective includes list of supported indicative activities. However, applicants are free to develop their own project ideas as long as they address one Programme priority, its specific objective and a certain set of result and output indicators of the chosen specific objective. Detailed information on the Programme and project intervention logic is available in section 4.4 “Programme and project intervention logic” of the Programme Manual.

Please note that activities listed below **are not supported** by the Programme:

- the decommissioning or the construction of **nuclear power stations**,
- investment to achieve the **reduction of greenhouse gas** emissions from activities listed in Annex I to Directive 2003/87/EC,
- the manufacturing, processing and marketing of **tobacco** and tobacco products,
- an undertaking in difficulty, as defined in point (18) of Article 2 of Regulation (EU) No. 651/2014⁶,
- investment in **airport** infrastructure,
- investment in disposal of **waste** in landfill,
- investment increasing the capacity of facilities for the treatment of residual waste,
- investment related to production, processing, transport, distribution, storage or combustion of fossil fuels,
- purchase of **luxury** goods,
- purchase of real estate, except purchase of land as stipulated in subsection 7.5.6 “CC6 Infrastructure and works costs” of the Programme Manual,
- construction of **roads**,
- purchase of not specialised **cars**,
- **preparation of the technical documentation for (re)construction works**,
- political and **religious** activities,
- creation/improvement of the long-term care services,
- investments in infrastructure and equipment **outside** the Programme territory,
- creation of stand-alone logos or designs for projects use of which is limited to the lifetime of the project,
- creation of stand-alone project **websites outside** www.latlit.eu, unless it directly serves for reaching of the project results and exceeds lifetime of the project.

⁶ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty Text with EEA relevance.

Table No. 1. **Programme priorities, specific objectives, output and result indicators, ERDF co-financing available for projects**

Priority	Specific objective	Output indicator	Result indicator	ERDF co-financing (EUR)	Max ERDF per project (EUR)
1. Capacity building and people-to-people cooperation	1.1 Other actions to support better cooperation governance	Pilot actions developed jointly and implemented in projects	Solutions taken up or upscaled by organisations	4 674 983	250 000
		Organisations cooperating across borders	Organisations cooperating across borders after project completion		
		Jointly developed solutions			
2. Green, resilient and sustainable development	2.1 Promoting climate change adaptation and risk prevention and resilience taking into account ecosystem-based approaches	Pilot actions developed jointly and implemented in projects	Solutions taken up or upscaled by organisations	6 900 001	600 000
		Organisations cooperating across borders	Organisations cooperating across borders after project completion		
		Jointly developed solutions			
	2.2 Enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas, and reducing all forms of pollution	Pilot actions developed jointly and implemented in projects	Solutions taken up or upscaled by organisations	6 600 000	600 000
		Organisations cooperating across borders	Organisations cooperating across borders after project completion		
		Jointly developed solutions			
3. Fair and inclusive society	3.1 Promoting the socioeconomic inclusion of marginalized communities, low income households and disadvantaged groups, including people	Pilot actions developed jointly and implemented in projects	Solutions taken up or upscaled by organisations	5 000 001	500 000

Priority	Specific objective	Output indicator	Result indicator	ERDF co-financing (EUR)	Max ERDF per project (EUR)
	with special needs, through integrated actions, including housing and social services	Organisations cooperating across borders	Organisations cooperating across borders after project completion		
		Jointly developed solutions			
4. Economic potential of tourism and heritage	4.1 Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation	Organisations cooperating across borders	Organisations cooperating across borders after project completion	6 000 001	600 000
		Number of cultural and tourism sites supported	Visitors of cultural and tourism sites supported		

3.1 Priority I

Capacity building and people-to-people cooperation

Specific objective 1.1	Output indicators	Result indicators
Other actions to support better cooperation governance	Pilot actions developed jointly and implemented in projects	Solutions taken up or upscaled by organisations
	Organisations cooperating across borders	Organisations cooperating across borders after project completion
	Jointly developed solutions	
ERDF co-financing allocated for specific objective 1.1	4 674 983 EUR	
Maximal ERDF co-financing per project under specific objective 1.1	250 000 EUR	

Based on existing **joint challenges** the Programme has identified that cross-border cooperation is necessary for establishment of joint networks to maintain accessibility of qualitative public services. It is also required to preserve unique socio-cultural environment and active citizenship by people-to-people activities, especially in remote areas.

The **aim of this specific objective** is to help local and regional authorities in the Programme area with cross-border cooperation to solve similar challenges caused by changes of population structure, regional disparities, global climate changes, environmental effects, new territorial and thematic settings.

Implemented **project activities shall result** in:

- improved capacity and developed mechanisms for cooperation among public institutions and entities at local and regional level, in rural areas and cities,
- enhanced cross-border interaction among people and communities on both sides of the border, thus contributing to better understanding between the inhabitants of Latvia and Lithuania.

Indicative list of supported activities (the list is not arranged in the order of priority):

- 1) Efficient joint solutions and pilot actions for development/improvement of public services in the field of public administration, education, healthy lifestyle, e.g.,
 - integrated actions for simplification and reduction of administrative burden,
 - development of joint concepts, strategies, action plans, etc. for development/improvement of cross-border public services,
 - enhancing the adaptation and provision of joint public services through pilot actions that tackle cross-border area obstacles, etc.
- 2) People-to-people actions and involvement of society in the field of healthy lifestyle, education, cultural heritage promotion, e.g.,

- initiatives boosting activity of local civic society (e.g., in decision making at the local level - meetings, public discussions, focus groups on any projects, needs),
 - organisation of joint trainings, workshops, summer schools, summer academies, competitions, exchange programmes and other events, etc.
- 3) Capacity building, transfer of good practices and development of necessary competences of local and regional authorities, e.g.,
- development and implementation of training and mentoring activities as capacity raising initiative for local and regional authorities,
 - transfer of solutions, good practices and exchange of experience (among partners, in the Programme area and outside it), etc.

The projects should use a suitable mix of the actions based on the project topic. The chosen actions must be relevant for achieving the Programme specific objective 1.1 and contributing to both output and result indicators.

Information on the Programme and project intervention logic please find in section 4.4 “Programme and project intervention logic” and Annex I “Programme output and result indicators” of the Programme Manual.

This Programme specific objective contributes to the actions of EUSBSR Policy Areas “Health”, “Culture” and “Secure”.

Specific rules:

- 1) Project activities and planned results must demonstrate cross-border cooperation nature. Detailed information on requirements for cross-border cooperation is in section 4.1 “General requirements” of the Programme Manual.
- 2) Project solutions and actions should be clearly justified, ready to be implemented and used during and/or after the end of the project.
- 3) Capacity building activities must contribute to the development of new or improvement of existing public services with new methods and approaches. Trainings or other activities aiming at the development of the basic skills (e.g., computer literacy, language, etc.) are not eligible.
- 4) In case documentation is planned to be developed in the project (e.g., action plans, recommendations, etc.), the applicant has to justify need for the documentation in the Application Form, clearly explain how the LP/PPs and/or direct stakeholders will use the produced documentation during the project and/or after its end and submit letter of support from relevant stakeholders or responsible authorities together with application as specified in section 5.1 “Application requirements” of the Programme Manual.
- 5) In case stakeholders (e.g., national, local municipalities, etc.) directly using project results are not involved in the project, explicit information how the project results will be used by the direct stakeholders during and/or after the project must be provided in the Application Form. In addition, the Programme recommends to provide letter of support from relevant stakeholders on the use of project results as specified in section 5.1 “Application requirements” of the Programme Manual.
- 6) If development of ICT products (e.g., e-systems, databases, etc.) is planned in the project, approval from relevant authorities on development of such products must be submitted with the application, if required by national regulation.⁷

⁷ In Latvia: Cabinet of Ministers Regulation No. 597 of 31 August 2021 “Procedures for Supervising Development Projects for State Information Systems”.

- 7) Purchase of equipment under this specific objective is only eligible if it is used for implementation of **joint cooperation project activities (core activities)**, its need is clearly justified (excluding equipment for administrative purposes) and it specifically contributes to the Programme specific objective 1.1 as set out in the Interreg Regulation.
- 8) Investments in infrastructure under CC6 are not supported.

3.2 Priority II

Green, resilient and sustainable development

Specific objective 2.1	Output indicators	Result indicators
Promoting climate change adaptation and risk prevention and resilience taking into account eco-system-based approaches	Pilot actions developed jointly and implemented in projects	Solutions taken up or upscaled by organisations
	Organisations cooperating across borders	Organisations cooperating across borders after project completion
	Jointly developed solutions	
ERDF co-financing allocated for specific objective 2.1	6 900 001 EUR	
Maximal ERDF co-financing per project under specific objective 2.1	600 000 EUR	

Based on existing **joint challenges** the Programme has identified that cross-border cooperation is necessary for establishment of joint networks and common analytical capacity to ensure a holistic and systems-based view to treat common environmental and climate change risks, disasters and their negative impacts.

The **aim of this specific objective** is to enhance knowledge of climate impacts and facilitate a holistic and systems-based approach to the adaptation to the climate change in the cross-border area. Mutual learning and transfer of good practices in the prevention of disaster risks is expected as well.

Implemented **project activities shall result** in:

- enhanced knowledge of climate change impacts,
- transferred good practices regarding the adaptation to climate change,
- strengthened cooperation among emergency services.

Active and coordinated cooperation of institutions and relevant stakeholders through planning, implementation, monitoring and other relevant activities is expected.

Indicative list of supported activities (the list is not arranged in the order of priority):

- 1) Activities related to the joint management solutions of cross-border natural sites promoting adaptation to climate change and disaster risk prevention, resilience. They should be based on

ecosystem-based approaches and address the following climate change risks – extreme weather risks, drought risks, fluvial and coastal flooding risks, sand and sediment accumulation, forest fire risks, coastal erosion and the spread of invasive alien species and diseases.

- 2) Activities related to flood protection and prevention infrastructure (nature-based solutions, including flood plains, ecosystem restoration, afforestation, natural water retention measures and other green (or blue) infrastructure measures. These measures must have a direct benefit for climate change adaptation and risk prevention.
- 3) Joint monitoring activities to enhance the knowledge of climate change impacts and facilitate a holistic and systems-based approach to climate change adaptation, e.g.,
 - joint mapping and monitoring of species, habitats, and ecosystems,
 - monitoring of storm frequency and intensity, as well as sea level rise,
 - development and implementation of new indicators and monitoring methodologies, etc.
- 4) Cooperation among emergency services to build disaster resilience, e.g., joint actions to strengthen capacity of cross-border emergency services to combat environmental disasters resulting from climate changes, etc.
- 5) Training, exchange of experience, practical assessments, etc., to support capacity building of organisations in the field of adaptation to climate change and disaster risk prevention, resilience, taking into account ecosystem-based approaches, e.g.,
 - joint trainings, workshops, experience exchange visits within partnership, within and outside Programme area for promotion of new knowledge, transfer of methods and solutions,
 - identification and estimation of ecosystem services and values, etc.
- 6) Educational and awareness raising activities for general public (information campaigns, educational materials, etc.) on environmental and climate change risks, disasters and their negative impacts and actions to combat them.

Any project should use a suitable mix of these actions based on the project topic. The chosen actions must be relevant for achieving the Programme specific objective 2.1 and contributing to both output and result indicators.

Information on the Programme and project intervention logic please find in section 4.4 “Programme and project intervention logic” and Annex I “Programme output and result indicators” of the Programme Manual.

This Programme specific objective contributes to the actions of EUSBSR Policy Areas “Health” and Action 1 “Build capacities for prevention, preparedness, response and recovery in emergency and crisis management” of the Policy Areas “Secure” and “Culture”.

Specific rules:

- 1) Project activities and planned results must demonstrate cross-border cooperation nature. Detailed information on requirements for cross-border cooperation in section 4.1 “General requirements” of the Programme Manual.
- 2) Projects must focus on cooperation activities. Therefore, investments in infrastructure improvements planned in the project work plan and with costs under CC6 and equipment purchases/upgrades with costs under CC5 will be eligible only in cases they complement soft and cooperation activities and are essential for reaching project objectives and results.

- 3) Projects implementing flood prevention measures and afforestation, as well as activities implemented in specially protected nature territories are subject to initial environmental impact assessment or technical documentation.
- 4) The Programme does not support restoration of drainage systems under specific objective 2.1.
- 5) Solutions and actions should be clearly justified, ready to be implemented and used during and/or after the end of the project. If any climate change adaptation and risk prevention activities are planned, permits or support letters from responsible nature management institutions shall be provided as specified in section 5.1 “Application requirements” of the Programme Manual.
- 6) The Programme recommends to supplement projects applying under specific objective 2.1 with awareness rising activities.
- 7) In case documentation is planned to be developed in the project (e.g., action plans, recommendations, etc.), the applicant has to justify need for the documentation in the Application Form, clearly explain how the LP/PPs and/or direct stakeholders will use the produced documentation during the project and/or after its end and submit letter of support from relevant stakeholders or responsible authorities together with application as specified in section 5.1 “Application requirements” of the Programme Manual.
- 8) In case stakeholders (e.g., national, local municipalities, etc.) directly using project results are not involved in the project, explicit information how the project results will be used by the direct stakeholders during and/or after the project must be provided in the Application Form. In addition, the Programme recommends to provide letter of support from relevant stakeholders on the use of project results as specified in section 5.1 “Application requirements” of the Programme Manual.
- 9) If development of ICT products (e.g., e-systems, databases, etc.) is planned in the project, approval from relevant authorities on development of such products must be submitted with the application, if required by national regulation.⁸

⁸ In Latvia: Cabinet of Ministers Regulation No. 597 of 31 August 2021 “Procedures for Supervising Development Projects for State Information Systems”.

Specific objective 2.2	Output indicators	Result indicators
Enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas, and reducing all forms of pollution	Pilot actions developed jointly and implemented in projects	Solutions taken up or upscaled by organisations
	Organisations cooperating across borders	Organisations cooperating across borders after project completion
	Jointly developed solutions	
ERDF co-financing allocated for specific objective 2.2	6 600 000 EUR	
Maximal ERDF co-financing per project under specific objective 2.2	600 000 EUR	

Based on existing **joint challenges** the Programme has identified that cross-border cooperation is necessary for establishment of joint networks and common analytical capacity. It is needed to develop joint approaches and solutions in order to preserve common and cross-border natural, environmental resources and green areas.

The **aim of this specific objective** is to enhance protection, preservation and restoration of natural capital, protected areas and biodiversity. Reduction of human caused pollution by seeking and implementing joint solutions is expected as well.

Implemented **project activities shall result** in:

- developed new common frameworks for smart, joint and sustainable management,
- preserved and restored biodiversity, the natural capital and protected areas,
- improved green areas, developed small scale green infrastructure and nature-based solutions, thus safeguarding eco-system services, protecting nature and adapting to climate change.

It is expected that joint solutions for sustainable water management and new frameworks and approaches would eliminate or reduce the causes of pollution and set-up appropriate and unified pollution monitoring systems would be developed.

Indicative list of supported activities (the list is not arranged in the order of priority):

- 1) Actions aimed at safeguarding, maintaining and restoring of eco-systems as well as protection and preservation of cross-border biodiversity and key species, e.g.,
 - development and/or implementation of management plans of species,
 - restoration of river, forest, wetland, lake, rocky habitats, etc.,
 - maintenance of habitat structures formed as a result of natural disturbances and emulation of natural disturbances, etc.
- 2) Development of joint solutions for enhancing sustainable management (including protection, preservation and restoration) of natural capital (waters, protected areas, soil, fish stock, etc.) and cross-border green networks, e.g.,
 - development of joint concepts, strategies, models and implementing of pilot actions,

- development and implementation of solutions for infrastructure (e.g., animal tunnels, pass ways, buffer zones, etc.),
 - creation, testing and application of new tools to ensure continued and adequate management of natural resources, etc.
- 3) Training, exchange of experience, etc. to support capacity building of organisations and specific target groups (NGOs, local communities, etc.) having impact on the quality of the environment, e.g., joint trainings, workshops, experience exchange visits within partnership, within and outside Programme area for promotion of new knowledge, transfer of methods and solutions, etc.
 - 4) Joint solutions for reduction of pollution in shared water bodies, cross-border natural sites and protected areas.
 - 5) Joint solutions for preservation of nature capital that are used for recreational purposes, e.g.,
 - development of infrastructure and equipment to preserve eco-system,
 - management of recreational areas to improve eco-system and environmental quality, i.e. pollution reduction/prevention, improvement of the status of the eco-systems/habitats/species, etc.
 - 6) Educational and awareness raising activities for general public (information campaigns, educational materials, etc.) on environmental behaviour and preservation of natural capital.

Any project should use a **suitable mix of these actions** based on the project topic. The chosen actions must be relevant for achieving the Programme specific objective 2.2 and contributing to both output and result indicators.

Information on the Programme and project intervention logic please find in section **4.4** “Programme and project intervention logic” and **Annex I** “Programme output and result indicators” of the Programme Manual.

This Programme specific objective contributes to the **Action 3** “Protection and sustainable utilisation of cultural heritage and natural resources in tourism destinations” of the Policy Area of the EUSBSR.

Specific rules:

- 1) Project activities and planned results must demonstrate cross-border cooperation nature Detailed information on requirements for cross-border cooperation in section **4.1 “General requirements”** of the Programme Manual.
- 2) Solutions and activities should be clearly justified, ready to be implemented and used during or after the end of the project. If development or update of management plans for sites, species and habitats is planned, the enforcement of plans must be ensured within the project lifetime. If any nature management activities are planned, **permits or support letters** from responsible nature management institutions must be provided with application as specified in section **5.1 “Application requirements”** of the Programme Manual.
- 3) Projects must focus on **cooperation activities**. Therefore, investments in infrastructure improvements planned in the project work plan and costs under CC6 and equipment purchases/upgrades planned under CC5 are eligible only in cases they complement **soft and cooperation activities** and are essential for reaching project objectives and results.
- 4) For activities which affect **river** water bodies, that are several km long and go through several municipalities, the applicant must foresee that they are **generally aimed at reducing pressures** and improving quality (including non-deterioration of hydromorphological indicators) across the river water body.

- 5) In case documentation is planned to be developed in the project (e.g., **action plans, recommendations**, etc.), the applicant has to justify need for the documentation in the Application Form, clearly explain how the LP/PPs and/or direct stakeholders will use the produced documentation **during** the project and/or **after** its end and submit **letter of support** from relevant **stakeholders** or responsible **authorities** together with application as specified in section 5.1 “Application requirements” of the Programme Manual.
- 6) In case stakeholders (e.g., national, local municipalities, etc.) directly using project results are not involved in the project, explicit information how the project results will be used by the direct stakeholders during and/or after the project must be provided in the Application Form. In addition, the Programme recommends to provide letter of support from relevant stakeholders on the use of project results as specified in section 5.1 “Application requirements” of the Programme Manual.
- 7) Investments in **infrastructure** planned in the project work plan and with costs under CC6 and equipment under CC5 within activity “Joint solutions for preservation of nature capital that are used for recreational purposes” (Point 5) should **not be aimed at attraction of tourists** but at **preservation of eco-system** in places that are used for recreational purposes.
- 8) If development of ICT products (e.g., e-systems, databases, etc.) is planned in the project, approval from relevant authorities on development of such products must be submitted with the application, **if** required by national regulation.⁹
- 9) The Programme recommends to supplement projects applying under specific objective 2.2 with awareness rising activities.

⁹ In Latvia: Cabinet of Ministers Regulation No. 597 of 31 August 2021 “Procedures for Supervising Development Projects for State Information Systems”.

3.3 Priority III

Fair and inclusive society

Specific objective 3.1	Output indicators	Result indicators
Promoting the socioeconomic inclusion of marginalized communities, low income households and disadvantaged groups, including people with special needs, through integrated actions, including housing and social services	Pilot actions developed jointly and implemented in projects	Solutions taken up or upscaled by organisations
	Organisations cooperating across borders	Organisations cooperating across borders after project completion
	Jointly developed solutions	
ERDF co-financing allocated for specific objective 3.1	5 000 001 EUR	
Maximal ERDF co-financing per project under specific objective 3.1	500 000 EUR	

Based on existing **joint challenges** the Programme has identified that cross-border cooperation is necessary to develop joint approaches and cross-border innovative and workable solutions relevant to particular disadvantaged groups in remote areas. Also, the cross-border initiatives that facilitate the development of the social entrepreneurship within the Programme area.

The **aim of this specific objective** is to facilitate the integration of disadvantaged social groups into society and into the labour market by developing more efficient and proactive social services. Also, by improving the accessibility to the social services and strengthening the capacity and know-how of organisations which are involved in the provision of these services. Facilitating social inclusion measures derived from the climate-related challenges is expected as well.

Implemented **project activities shall result** in:

- more resourceful, resilient and collaborative Programme area with more inclusive communities,
- diminished social vulnerability of particular social groups in the result of initiatives that advocate for social inclusion and integration of these groups,
- developed new services and instruments, new solutions piloted and tested, and improved capacities of all involved stakeholders,
- minimised depopulation of the Programme regions by improved living conditions of people living in these regions.

Indicative list of supported activities (the list is not arranged in the order of priority):

- 1) Development of integrated services, combining social, education and mental health elements, aimed at integration of vulnerable groups, e.g., elderly people, children from disadvantaged families, people with disabilities, who risk economic and social exclusion that contribute to deinstitutionalization strategies. Or the target groups not covered by these strategies, but provide synergies with them and other EU policy frameworks for upholding human rights, equality and prohibiting all forms of segregation, e.g.,

- improvement of accessibility, efficiency and diversification of integrated services and networking activities combining social, education and mental health elements, aimed at activation and integration of vulnerable groups,
 - creation and improvement of support measures to people starting independent life after institutional long-term care or to ensure longer independent living to people with long-term care needs, etc.
- 2) Improvement of efficiency and diversification of social services by applying evidence-based measures, new approaches, tools, methods, etc.
 - 3) Networking, training, exchange of experience, sharing of good practices between the stakeholders involved in provision of social services and awareness raising on available social services for vulnerable groups.
 - 4) Facilitation of the social inclusion measures that address the social exclusion risks derived from the climate-related challenges as adverse effects on health, food security, livelihood security, etc.
 - 5) Development of joint initiatives and awareness raising activities to facilitate development of social entrepreneurial eco-system, e.g.,
 - cooperation between business support institutions and relevant stakeholders (municipalities, social services providers, NGOs, etc.) to promote awareness on social entrepreneurship and support social entrepreneurs in accessing markets,
 - development of specific business skills and knowledge for existing and potential social entrepreneurs including capacity building, promotion of new knowledge, transfer of solutions, experience exchange within and outside the Programme area,
 - informative campaigns and activities to raise awareness about social entrepreneurship and self-employment opportunities as a career option and business opportunity, etc.

Any project should use a suitable mix of these actions based on the project topic. The chosen actions must be relevant for achieving the Programme specific objective 3.1 and contributing to both output and result indicators.

Information on the Programme and project intervention logic please find in section 4.4 “Programme and project intervention logic” and Annex I “Programme output and result indicators” of the Programme Manual.

This Programme Specific objective contributes to the Action 1 “Promoting active and healthy ageing to address the challenges of demographic change” and Action 3 “Increasing stakeholder and institutional capacity to tackle regional health challenges” of EUSBSR Policy Area “Health”.

Specific rules:

- 1) Project activities and planned results must demonstrate cross-border cooperation nature. Detailed information on requirements for cross-border cooperation in section 4.1 “General requirements” of the Programme Manual.
- 2) In case documentation is planned to be developed in the project (e.g., action plans, recommendations, etc.), the applicant has to justify need for the documentation in the Application Form, clearly explain how the LP/PPs and/or direct stakeholders will use the produced documentation during the project and/or after its end and submit letter of support from relevant stakeholders or responsible authorities together with application as specified in section 5.1 “Application requirements” of the Programme Manual.
- 3) In case stakeholders (e.g., national, local municipalities, etc.) directly using project results are not involved in the project, explicit information how the project results will be used by the direct

stakeholders during and/or after the project must be provided in the Application Form. In addition, the Programme recommends to provide letter of support from relevant stakeholders on the use of project results as specified in section 5.1. "Application requirements" of the Programme Manual.

- 4) "Social services" are services which are defined in the relevant national legislation¹⁰, except long-term care services (in institutions). Social services created/improved during the project must contribute to the deinstitutionalization process and applicant must explain it in the Application Form. Creation/improvement of long-term care services and participation of long-term care providing institutions is not eligible. Hospitals and other health care providing institutions are eligible only in case if they are registered as social service providers¹¹.
- 5) For activity "Development of integrated services...aimed at integration of vulnerable groups" (Point 1) and "Facilitation of the social inclusion measures..." (Point 4) investments (infrastructure improvements planned in the project work plan and costs under CC6 and equipment purchases/upgrades under CC5) are allowed only if they constitute part of developed service or social inclusion measure (not a social service) for vulnerable groups. For activity "Improvement of efficiency and diversification of social services by applying evidence-based measures, new approaches, tools, methods, etc." (Point 2) investments are allowed only for registered social service providers and if they are part of new approaches, methods or tools that are introduced in social services.
- 6) Financing of start-ups, production expenses, etc. are not supported within activities aiming to facilitate social entrepreneurship.
- 7) If development of ICT products (e.g., e-systems, databases, etc.) is planned in the project, approval from relevant authorities on development of such products must be submitted with the application, if required by national regulation.¹²
- 8) Within activity "Development of joint initiatives and awareness raising activities to facilitate development of social entrepreneurial eco-system" (Point 5) purchase of equipment is allowed for development of specific business skills and knowledge of existing and potential social entrepreneurs.
- 9) Projects must clearly demonstrate how the project results will be maintained after the end of the project. Created/improved social services, social inclusion measures and any services aimed at integration of vulnerable groups developed within the project should be a ready product having a permanent character.
- 10) Projects must focus on cooperation activities. Therefore, investments in infrastructure improvements planned in the project work plan and with costs under CC6 and equipment purchases/upgrades with costs under CC5 will be eligible only in cases they complement soft and cooperation activities and are essential for reaching project objectives and results.

¹⁰ In Lithuania Law on Social Services, in force from January 19, 2006. In Latvia Law on Social Services and Social Assistance, in force from January 1, 2003.

¹¹ Partner from Latvia needs to be included in the Social Service Provider list, can be found: <https://vspmis.lm.gov.lv/Public/PubliccetsPakalpojums> Partner from Lithuania needs to submit together with other project application documentation document proving that partner provides social services or (and) has to provide a reference where it can be found that it is a concrete social service provider or submit respective evidence.

¹² In Latvia: Cabinet of Ministers Regulation No. 597 of 31 August 2021 "Procedures for Supervising Development Projects for State Information Systems".

3.4 Priority IV

Economic potential of tourism and heritage

Specific objective 4.1	Output indicators	Result indicators
Enhancing the role of culture and sustainable tourism in economic development, social inclusion and social innovation	Organisations cooperating across borders	Organisations cooperating across borders after project completion
	Number of cultural and tourism sites supported	Visitors of cultural and tourism sites supported
ERDF co-financing allocated for specific objective 4.1	6 000 001 EUR	
Maximal ERDF co-financing per project under specific objective 4.1	600 000 EUR	

Based on existing **joint challenges** the Programme has identified that cross-border cooperation is necessary for establishment of joint networks for developing, promoting and positioning of joint cross-border tourism offers and destinations. Jointly elaborated solutions would increase recognition of the Programme area within the international tourism arena, enhance the eco-tourism and, in general, transformation, resilience and sustainability of the tourism sector.

The **aim of this specific objective** to enhance the role of cultural heritage, nature, sustainable tourism, involvement of local communities and stakeholders (e.g., craftsmen, artisans, rural producers, etc.) in the development and provision of tourism services. Use of modern and interactive technologies, promotion of eco and sustainable tourism, social inclusion and social innovations is expected as well.

Implemented **project activities shall result** in:

- created well planned and promoted tourism routes that are equipped with the necessary catering, accommodation and other tourism services,
- developed new offers that include new/existing small-scale tourism service providers and communities that offer unique and tailored experiences,
- longer tourists' travels through cross-border tourism routes with more than one day stays in the Programme area. Spending money on products and services of related business industries (e.g., creative industries) would accumulate and capture value of local entrepreneurs in the Programme region.

Indicative list of activities supported (the list is not arranged in the order of priority):

- 1) Developing modern, digital, interactive cross-border tourism products. These should go further than existing products do. They should offer unique, tailored experiences. And they should involve new, small-scale service providers such as craftsmen, artisans, rural producers, plus as local communities in providing tourism and related services.
- 2) Setting up measures to help local tourism and culture develop economically. To help them deal with social inclusion, social sustainability and the well-being of local communities.

- 3) Conserving, preserving and developing cultural and historical heritage, and related sites. Strengthening the role heritage has in creating jobs and promoting economic activity in the local area. Diversifying the use of heritage sites and helping these sites to be financially independent and economically sustainable. And finally, increasing the role of heritage in cross-border activities.
- 4) Improving access to valuable nature and environmental features, such as parks and reserves, in a sustainable way. Promoting them more actively at an international level, to help develop ecological, sustainable tourism.
- 5) Making it easier for stakeholders in the tourism sector to use sustainable and circular business models. These models will allow the sector to stay competitive, robust and sustainable - environmentally, socially and economically.
- 6) Developing actions to improve the green and digital skills that are needed to make sure that jobs in the tourist sector can adapt to change and are sustainable.
- 7) Strengthening the links and connections between cross-border tourism destinations, services within international tourism networks, and main tourist transport modes.
- 8) Setting up joint marketing activities to promote the Programme region as an attractive tourist destination on an international level. Integrating tourism products and services in the Programme area into national and international tourism networks and platforms. Developing and improving these products and services according to the needs of international travellers.
- 9) Developing cross-border tourism services such as those related to the creative industries, crafts, cultural events, opportunities for active leisure, educational and interactive activities, and gastronomy, etc. Targeting these services at specific groups of tourists, visitors and travellers. In particular, motivating overnight stays and returning tourists, strengthening the local economy, and reducing seasonal tourism.

The projects should use a suitable mix of the actions based on the project topic. The chosen actions must be relevant for achieving the Programme specific objective 4.1 and contributing to both output and result indicators.

Information on the Programme and project intervention logic please find in section 4.4 “Programme and project intervention logic” and Annex I “Programme output and result indicators” of the Programme Manual.

This Programme specific objective contributes to all actions of EUSBSR Policy Area “Culture”.

Specific rules:

- 1) Project activities and planned results must demonstrate cross-border cooperation nature. Detailed information on requirements for cross-border cooperation in section 4.1 “General requirements” of the Programme Manual.
- 2) Projects must focus on cooperation activities. Therefore, investments in infrastructure improvements planned in the project work plan and with costs under CC6 and equipment purchases/upgrades with costs under CC5 will be eligible only in cases they complement soft and cooperation activities and are essential for reaching project objectives and results.
- 3) Projects shall ensure effective and long-term use of cultural and natural heritage objects, services and products in a sustainable way.
- 4) Developed tourism product/offer must be complete, fully functional and ready for use within project lifetime and/or by the project end.

- 5) One-off touristic attraction activities organized only during the project lifetime or organization of already existing cyclic/regular events (e.g., annual city celebrations, festivals, annual craftsmen markets etc.) are not supported.
- 6) In case stakeholders (e.g., national, local municipalities, etc.) directly using project results are not involved in the project, explicit information how the project results will be used by the direct stakeholders during and/or after the project must be provided in the Application Form. In addition, the Programme recommends to provide letter of support from relevant stakeholders on the use of project results as specified in section 5.1 “Application requirements” of the Programme Manual.
- 7) Projects shall coordinate their activities with similar projects in the Programme area to avoid overlapping of activities or to ensure synergy with them.
- 8) In view of ensuring financial sustainability investments in infrastructure planned in the project work plan with costs under CC6 and equipment purchases/upgrades with costs planned under CC5 shall be used and properly maintained after the project end (see information on durability of project results in section 6.5 “Project closure and durability of project results” of the Programme Manual).
- 9) The Programme recommends follow national /regional/local tourism marketing strategies and plans, if applicable, for organization of marketing campaigns.
- 10) If development of ICT products (e.g., e-systems, databases, etc.) is planned in the project, approval from relevant authorities on development of such products must be submitted with the application, if required by national regulation.¹³
- 11) Applicants are invited to follow the “EUROPEAN QUALITY PRINCIPLES for EU-funded Interventions with potential impact upon Cultural Heritage”, drafted by ICOMOS under the EC mandate of the European Year of Cultural Heritage 2018.

¹³ In Latvia: Cabinet of Ministers Regulation No. 597 of 31 August 2021 “Procedures for Supervising Development Projects for State Information Systems”.

4. Project requirements

This chapter provides details of how to apply to the Programme. The “Guidance for JEMS” on the website www.latlit.eu of the Programme will tell you how to fill in and submit your project application.

The Programme highly recommends applicants to consult the JS about the relevance of their project idea at least once while preparing project application. But please note that the JS cannot directly assess any specific application at this stage.

A project should be defined by the need to achieve **defined objectives** with **limited resources** (budget and staff) in a **set period of time**.

The Programme assess(es) all stages of the project lifecycle, based on the following criteria:

- whether outcomes justify resources used (**efficiency**), and
- whether activities carried out really contribute to objectives (**effectiveness**).

The complexity of the project should decide its length, budget and management practices. Two crucial tasks of an applicant are:

- finding a balance between the project scope, costs and time, and
- ensuring the quality of the project outputs and results.

4.1 General requirements

The Programme focuses on activities contributing to the sustainable and cohesive socio-economic development of the Programme area by helping to make it more competitive and attractive for living, studying, working and visiting.

The Programme will support only the projects that fulfil all of these criteria. The projects have to be:

- 1) relevant to the Programme area,
- 2) clearly linked to the Programme,
- 3) clearly expressing the need for cross-border cooperation,
- 4) ensuring durability of the results,
- 5) having added value and **innovative** approach,
- 6) contributing to the horizontal principles and wider strategies,
- 7) involving relevant PPs that jointly contribute to project implementation,
- 8) ensuring balanced partnership,
- 9) having clear and logically interconnected work plan,
- 10) having coherent and proportionate project budget to the proposed work plans, main outputs and results.

For more information on project assessment criteria and assessment procedure, please see section 5.2 “Assessment of applications” of the Programme Manual.

Relevance to the Programme area

Project must be relevant for the Programme area and address challenges and opportunities common to all PPs. Its results should be useful for other regions of the Programme area or deliver benefits outside the local area where the project activities are carried out. The project has to demonstrate how the results will be transferred to other stakeholders and/or how the actions can benefit the wider region.

Clear links to the Programme

The link between the project and the Programme is one of the most important aspects when selecting projects. Therefore, the applicants should carefully consider if the project overall objective is coherent with the respective Programme priority. Project **specific objective, outputs and results must contribute to the chosen Programme specific objective, output indicators and result indicators**.

The project might have links with several specific objectives of the Programme, however, the applicants must select **only one Programme specific objective** to which the project is the most relevant.

Please find more information on the Programme intervention logic in section 4.4 “Programme and project intervention logic” of the Programme Manual.

Cross-border cooperation

The project should address common regional development challenges of the partnership. For example, poor accessibility, lack of networks among local and regional administrations, risk prevention, etc. It also can exploit the untapped development potentials in the Programme area. The LP and PPs must attempt to solve the issues together by using cross-border approach.

The cross-border cooperation should bring added value and positive impact for the Programme area, and have a long-lasting effect after the end of the project. The applicants should clearly demonstrate that the project objectives **cannot be reached by partners only from one country**. The LP/PPs and/or target groups, the project area and the Programme territory **must benefit** from the cross-border cooperation.

Each project must meet at least three out of four cooperation criteria. Joint development, joint implementation and joint financing are **mandatory**, while joint staffing is optional.

- 1) **Joint development** (mandatory). The LP and all PPs must jointly develop project. It must clearly integrate ideas, expectations, priorities and contributions from all PPs. LP and PPs must share understanding of the project objective and contribute to achieving of its results. Project partnership should be balanced in terms of project objectives. Plus, all PPs must benefit from the project and also bring their knowledge and competence to the project and its area.
- 2) **Joint implementation** (mandatory). The LP and all PPs must jointly coordinate and implement activities of their project. The division of tasks and responsibilities must be balanced, the activities of each partner must be clearly linked, and the partnership must communicate regularly.
- 3) **Joint financing** (mandatory). The budgets of LP and all PPs together form the joint budget of the whole project.
- 4) **Joint staffing** (optional). The functions of the project staff on either side of the border should not duplicate and the staff on both sides of the border should work together on the project.

Durability of the results

Each project should aim to produce results and establish structures that can exist **beyond** its' lifetime. The benefits of the project must not stop as soon as the project ends. Therefore, LP/PPs should plan actions to ensure continuation of knowledge, services and benefits developed during the project. Activities to ensure long-term effects of the project must form the relevant work package. The partnership should **strategically plan long-term effectiveness** of the work plan.

The applicants should consider following aspects of the results' durability when planning their project:

- 1) **Ownership**. Who and how will support financial and institutional maintaining of the outputs and/or deliverables? How the outputs or deliverables will be integrated into activities of partners' organisations?
- 2) **Durability**. Who and how will ensure that the final beneficiaries and target groups will use the reached outputs and/or deliverables and the effect on the Programme area will be long-lasting?
- 3) **Transferability**. Who and how will ensure that the target groups in other areas will adapt the project outputs and/or deliverables? What will be done to ensure that the target groups are aware of them?
- 4) The Programme has specific requirements on the durability of the project results that also must be respected. For more information please see section 6.5 "Project closure and durability of project results" of the Programme Manual.

Please note that if there will be investments, the applicants must provide information on the ownership and maintenance of the investment after the project end for every investment object.

Added value and innovative approach

Project must demonstrate **innovative** approach. It must develop **new solutions** that go **beyond** existing practice in the **sector** and/or Programme area and **avoid duplication** with already implemented projects.

The project may use **synergies** with other past or current **EU and other projects**. This should be clearly **described** in the Application Form.

Contribution to the horizontal principles

Project must make a positive or neutral contribution to the horizontal principles (**equal** opportunities and non-discrimination, equality between men and women, and sustainable development). Otherwise, the project will not be selected for funding. For more detailed information please see subsection **4.7.1 "Horizontal principles"** of the Programme Manual.

4.2 Project partnership

Size of the partnership

Project must have **one LP and one or more PPs**. Based on the experience, the optimal size of the partnership is **4-6 PPs** per project. Such number of PPs allows to ensure effective management and coordination of partnership. Nevertheless, involvement of LP/PPs has to be justified. When deciding how many partners to involve the projects should consider what is the best for the achieving of the project outputs and results.

Geographical eligibility of LP/PPs

Project has to involve **at least one Lithuanian and at least one Latvian** partner, which are registered or permanently located and actively operate in the Programme area. PPs from both countries should be represented.

Partners registered outside the Programme area can participate only if it is crucial for achieving of the project objectives, and competence or knowledge of such partners do not exist in the Programme area. All benefits from the activities should remain in the Programme area.

Capacities and motivation of LP/PPs

Project partnership must have sufficient cross-border representation and necessary experience and expertise in the field of activities and management of EU and/or international projects. LP and PPs also have to allocate sufficient financial, technical and human resources that are relevant to the complexity of the project.

LP and all PPs have to contribute to the project financially. That should be confirmed in the Lead /Project Partner Statements which are a part of the project application.

Balanced partnership

The partnership should be balanced with respect to the **levels**, **sectors**, and **territory**. It must consist of partners that **complement** each other, and every partner has to play a **defined** role in the project. The territory should benefit from this cooperation.

Lead partner

The partnership must designate one of the PPs as the LP. LP takes the overall responsibility for development and implementation of the project and sound financial management of the allocated funds¹⁴. It acts as a link between all PPs and the Programme management bodies, submits the project application. It is also responsible for:

- signing the Subsidy Contract with the MA,
- concluding the Partnership Agreement with the PPs,
- overall managing of the project,
- ensuring communication with the JS/MA,
- establishing adequate project monitoring and evaluation system that ensures timely delivery of project outputs and results in a proper quality,
- delivering of the project outputs,
- delivering of the project reports and documentation,
- ensuring that the certified expenditure for LP and all PPs match activities outlined in the approved Application Form and Subsidy Contract,
- submitting Project Progress Reports,
- requesting payments and afterwards forwarding them to the PPs,
- observing the project spending forecast.

Project partner

Each PP must contribute to the development and the implementation of the project. The PP undertakes sound financial management and administrative tasks at its own level, participates in the project preparation, implementation and closure in accordance with the Partnership Agreement.

Requirements for partnership eligibility

1. The following organisations are eligible to apply as a LP or PP:

1.1 Public authorities (national, regional and local authorities).

1.2 Public equivalent bodies. Meaning any legal entity:

- established for the specific purpose of meeting the needs for the general interest and not having an industrial or commercial character,

¹⁴Article 23 and Article 26 of Interreg Regulation.

- having legal personality, and
 - financed for the most part by the state, regional or local authorities, or other bodies governed under public law, or
 - subject to management supervision by those bodies, or
 - having an administrative, managerial, or supervisory board where more than half of the members are appointed by the state, regional or local authorities, or other bodies governed by public law.

1.3 NGOs. Within the framework of the Programme NGO means a legal body established for the specific purpose of meeting the needs for the general interest and not having an industrial or commercial character.

2. Each LP and PP must be a registered legal entity (i.e. registered in the Register of Legal Entities in Lithuania (www.registrucentras.lt) or in the Register of Enterprises of the Republic of Latvia (www.ur.gov.lv) and must have a bank account that is registered at the name of the LP and PP.

If branch division situated in the Programme's area is responsible for the implementation of the project, it must have legal status and own bank account as stipulated above. The applicants must clearly describe how such LP/PP will organise implementation and management of the project and will ensure that the benefits from the activities remain in the Programme area.

3. When **the project LP is NGO, the following** financial limitations and requirements must be followed:

3.1 If ERDF co-financing of the project budget is 200 000 EUR or less:

- LP cumulative revenue of the last two financial years (2020, 2021) or from the date of its establishment (if the NGO was established later) must be at least 25% of the intended ERDF co-financing of the LP's budget.

3.2 If ERDF co-financing of the project budget is more than 200 000 EUR:

- LP organization must be established not later than in 2020, and
- LP cumulative revenue of the last two financial years (2020, 2021) must be at least 50% of the intended ERDF co-financing of the total project budget.

Exception note: Hospitals and other health-care providing institutions are eligible only if they are registered as social service providers.

4.3 Project duration

Project work plan must be implemented within the project duration which strongly depends on the project objectives. **The maximum project duration is 24 months**. Duration may be prolonged in exceptional and justified cases.

4.4 Programme and project intervention logic

The structure of each project must follow the intervention logic and present how work packages, activities and deliverables will lead to achieving of the project outputs and results (Fig. No. 2). Project intervention logic must address the challenges and opportunities faced by LP/PPs and/or target audiences in the Programme territory. The change that will be achieved by the project should be clearly identified.

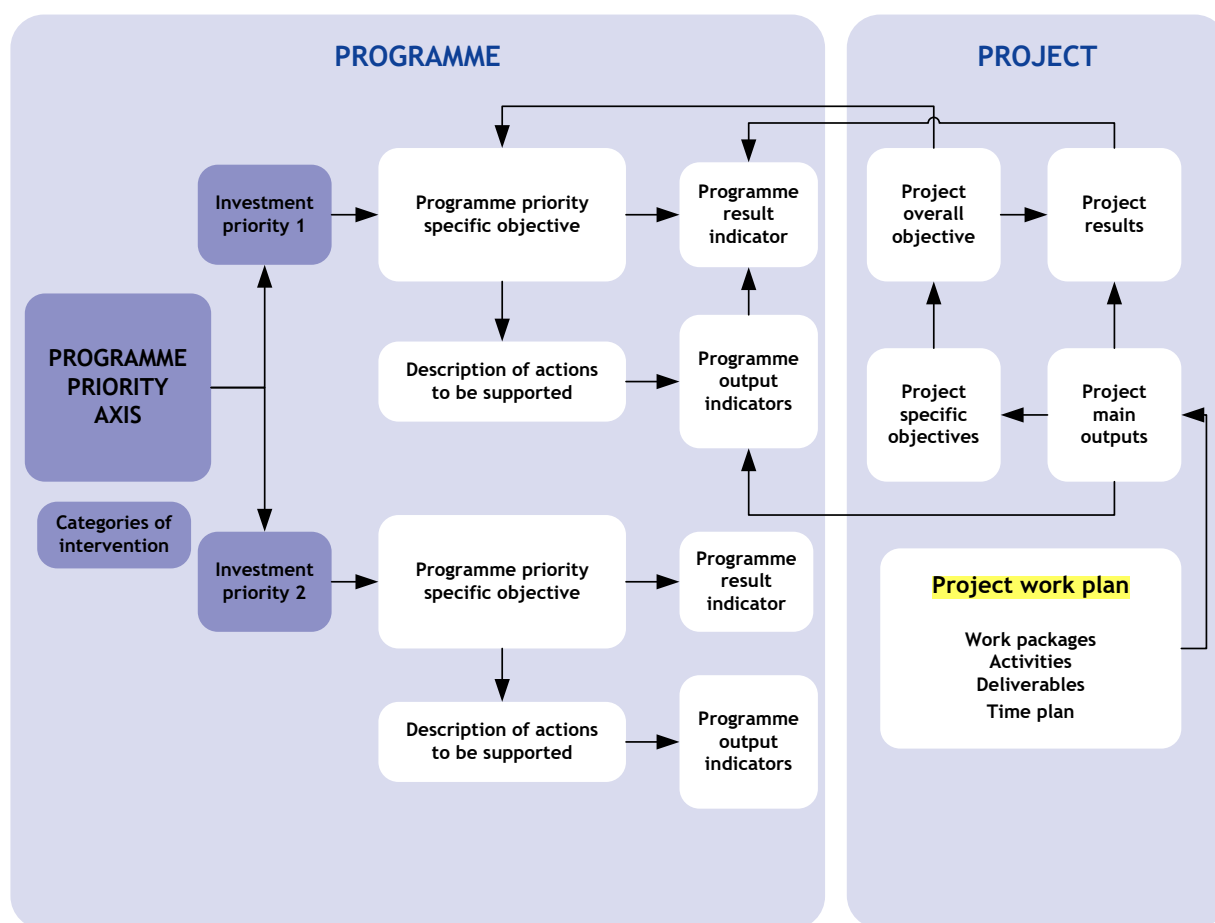


Figure No. 2. **Programme and project intervention logic**

Project specific objectives, main outputs, results and time plan must have logical link with the work plan. The work plan clearly has to show how the project objectives will be achieved and results reached. It is very important for the applicants clearly to define project main outputs and results, contributing to the achievement of the project overall objective. The project overall objective must be in line with the Programme specific objective of the relevant Programme priority and chosen result and output indicators.

The Programme has defined a set of indicators to capture outputs and results achieved by the projects. Output indicators measure the specific deliverables of the intervention. Result indicators measure the effects of the interventions supported with particular reference to the direct addresses, population targeted or users of infrastructure.

Please read detailed information on Programme output and result indicators in the Annex I “Programme output and result indicators” of the Programme Manual! The provided information is crucial for the planning, achieving and reporting of the main outputs and results of the project.

Each project must contribute to achievement of output indicator “Organisations cooperating across borders (RCO87)” with corresponding result indicator “Organisations cooperating across borders after project completion (RCR84)”.

Other output indicators with corresponding result indicators can be chosen for contribution if relevant activities are planned in the project.

Project overall objective

Each project has to have its main objective which is directly related to the Programme specific objective. It relates to the strategic aspects of the project and must provide overall context for what the project is trying to achieve.

The project overall (main) objective:

- has to be **realistic** and **achievable** by the end of the project,
- has to specify **who** needs project results and in which territory,
- has to be **measurable**.

Project specific objective

Project specific objective is a statement describing what the project will achieve during its implementation. It refers to the project's main outputs. It must be measurable and by the end of the project it must be possible to conclude whether the specific objective was achieved. Project can have several specific objectives.

Activities leading to the achievement of the specific objective should be grouped to one work package. This means that the project will have as many work packages as many specific objectives are defined.

Project main outputs

Project main output is a **final product** of the project activities implemented under work package. The **main outputs** need to be consistent with and contribute to the achieving of the project specific objectives.

Measurement units of the project main outputs are pre-defined for each specific objective by the Programme. For more information, please see chapter 3 “Programme priorities and supported activities” and Annex I “**Programme output and result indicators**” of the Programme Manual.

Project results

In the context of the Programme, project result is the immediate advantage of carrying out the project. It tells about the benefit of using the project's main outputs and indicates the change the project is aiming for.

The project results must be coherent with the project overall objective and quantify the degree to which the objective will be achieved in the project timeframe.

Measurement units of the project results are pre-defined for each specific objective of the Programme. For more information, please see chapter 3 “Programme priorities and supported activities” and Annex I “Programme output and result indicators” of the Programme Manual.

Communication objective and target audience

The communication objective should contribute to the achieving of the project specific objective. It aims to change behaviour, knowledge or belief of the target audience. Considering limited resources of the project, the communication objective should be well-tailored to target the specific audiences very precisely.

The **communication objectives** should be SMART, i.e. specific, measurable, achievable, realistic and time-bound.

Project must have at least one project communication objective. Depending on the needs of the project, each work package can have zero, one or more communication objectives per work package.

Target audiences relevant to the project must be identified in the same section. Communication target audiences should match target groups defined in the Application Form section C.2.4. However, depending on the specifics of the project, it is not necessarily that the project communication activities address all of the target groups.

The applicants must explain in the **Application Form**:

- **Why** it is necessary to reach out to the specific target groups.
- **How** they will reach the target audiences.
- **What** communication **channels** and what communication **messages** will they use for the specific target audience.

Project work plan

The work plan is a part of the project Application Form. It includes information on activities and deliverables that have to be implemented to deliver project main outputs and achieve project objectives. The work plan is prepared for the whole project implementation period. It serves as a basis for project implementation, reporting, monitoring and financial control and audit after the project is approved. The work plan has to be prepared as thoroughly as possible. Changes in it during the project implementation, except some minor deviations, need prior approval by the JS, MA or MC.

Please find more information on the possible project changes in section 6.2 “Project changes” of the Programme Manual.

All project activities should lead to the achievement of the main outputs of the project. The related activities and deliverables should be grouped into work packages. Each project specific objective must have its work package. **The programme recommends not to have more than 2-3 work packages in the project.**

Only **thematic work packages** should be used, i.e. there must be **no work packages** that would be devoted for **project management**, **investments** or **communication** only.

Project activity

Project activity is a specific task performed by using project resources. It is the main implementation step that contributes to the development of the outputs. **LP and PPs must jointly develop and implement the activities.**

Each project activity must **have** title, description, start and end periods and involved partners.

The applicants should answer to “Five Ws and How” when describing project activities (who, what, when, where, why, how). They should explain in detail why the activities are needed to deliver the outputs of the work package, what is the scope of the activity, and how LP and PPs will be involved in each activity.

From the description of the activity, it must be clear what should be achieved to consider that the activity was completed successfully.

Project deliverable

Project deliverable is a side-product or service of the project that contributes to the development of a project main output.

An activity can have **one** or **more deliverables**. The Programme recommends to design deliverables as efficiently as possible and to have not more than **3-4 deliverables per activity**.

Investments

Investments can be financed only if they are necessary for achieving of the project objectives, their durability is guaranteed and a **cross-border relevance** is evident. The fixed investments in equipment (with costs planned under CC5) and investments in infrastructure (with costs planned under CC6) refer to the outputs of the project, which remain in use by the LP/PPs and/or target groups **after** completion of the project. They should not be confused with the **equipment** (costs planned under CC5) that **support** delivery of project activities.

For investments in infrastructure with costs planned under CC6 with an expected lifespan of at least five years, LP/PP must indicate in the Application Form how expected adaptation (resilience) of infrastructure to negative impacts of climate change will be addressed.

There are no separate investment work packages in the Application Form. The applicants should provide information about the investments in each relevant thematic work package.

Time plan

Project time plan should be realistic and all project **activities** should be implemented, deliverables delivered, planned project outputs reached within planned project duration. For more information on achievement of the project results please see in section 4.4 “Programme and project intervention logic” of the Programme Manual.

Please note that the project **time plan** table is **automatically** generated from thematic **work packages** in the Application Form.

4.5 Project management and communication

Project management

All information of how the project will be managed should be provided the Application Form. In no case project management should be indicated as a separate management work package.

The project should demonstrate that the partnership has thought through the implementation of the project, is aware of the administrative requirements and has planned resources needed for coordination. Please consider following when planning:

- How partners will be coordinate the project, i.e. distribution of responsibilities for coordination, management structures, internal communication, etc.
- How partners will ensure quality of the project, i.e. specific approaches, processes and responsible LP/PPs, etc.
- How partners will organize the financial management and reporting for activities and budget within the partnership and to the Programme, i.e. how the responsibilities, deadlines in financial flows, reporting flows, project related transfers, reclaims, etc. will be defined.

For more information on the Programme requirements to the project management please see section 6.1 “Coordination and management” of the Programme Manual.

Project communication

The project communication is an important tool in the dissemination of the project results, ensuring their long-term use and replication. Active involvement and contribution of all PPs should be ensured. Projects are expected to produce effective and durable communication tools that present added value for the target group.

The project must consider following when setting-up project communication plan:

- Communication requires good planning and sufficient financial and human resources.
- All projects funded by the Programme must make their outputs **freely** available to general public.
- General approach of the project communication, strategies that will be used, channels that will be employed, division of the responsibilities must be described in project Application Form. LP and all PPs should actively participate and take responsibility for the ensuring publicity of the project. The Programme recommends to define this general approach before setting-up communication objectives and activities in the thematic work packages.
- Project must have at least one project communication **objective** and communication **activities** embedded in the thematic work packages.
- The project has clearly to acknowledge the ERDF co-financing and follow visibility requirements for all co-financed visibility, transparency and communication activities¹⁵. Each **project** should have a set of **mandatory communication activities and/or deliverables** to highlight the EU funding. The minimal Programme publicity requirements are specified in section 6.4 “**Publicity requirements**” of the Programme Manual.

The Programme has a **strict approach to promotional materials** (e.g., “gadgets”, “giveaways” or “souvenirs”). Only promotional material specifically required for reaching one of the defined target groups and objectives may be produced by projects. Any promotional material has to be planned in the approved Application Form. For more details please see section 6.4 “Publicity requirements” of the Programme Manual.

4.6 Budget planning

The project budget should be based on the objectives and planned activities, and must ensure that the project activities are cost-effective.

The applicants must consider project **budget size limits** for Programme specific objectives specified in chapter 3 “Programme priorities and supported activities” and for the cases when LP is NGO (please see section 4.2 “Project partnership” of the Programme Manual).

LP and all PPs should be involved in the preparation of the project budget, and take responsibility to develop their project budgets according to the market prices in their countries. The budget plan should be as accurate as possible.

In the project Application Form the project budget is broken down in several dimensions (by partners, by work packages, by reporting periods). This ensures that all aspects of the project budget are considered. The individual partner budgets are at the same time a useful tool for the LP to keep the overview of to which extent PPs fulfil their obligations.

When preparing the project budget the applicants have to:

- Plan sufficient financial resources to cover costs of project activities. The PPs will have to pre-finance project expenses from their own financial resources. The ERDF co-financing will be reimbursed after the National control and the JS/MA check each Project Progress Report and confirm that the requested ERDF co-financing is ready for payment.
- Plan costs for **informative** posters, plaques and other publicity measures that are necessary for meeting the Programme requirements **specified** in section 6.4 “Publicity requirements”.
- Plan costs for National control for Lithuanian LP/PPs (approximately 3-4% of LP/PP budget). Costs for **National control** for Latvian LP/PPs are covered by state budget.

¹⁵ Article 47 of Common Provisions Regulation.

- **Indicate** costs for project activities **precisely** within the cost categories.

The project budget should only include realistic costs for the project activities and main outputs. The project spending forecast from the Application Form is crucial for the Programme implementation. Therefore, the project must:

- carefully prepare a realistic spending forecast,
- be ready to start project implementation as **soon as possible** but not later than a month after project Subsidy Contract is signed,
- ensure regular and timely reporting.

For more information on the requirements to the project budget please see chapter 7 “Project budget” of the Programme Manual.

4.7 Strategic framework

4.7.1 Horizontal principles

All projects have to be in line with three horizontal principles of the Programme: 1) **sustainable** development, 2) **equal** opportunities and **non-discrimination**, and 3) **equality** between **men** and **women**. The Programme will assess the contribution to its horizontal principles during the assessment process. The Programme will not select projects for the funding with a direct negative impact on its horizontal principles.

Sustainable development

The Programme aims to ensure that all its projects are socially, ecologically, culturally, and economically sustainable. The impact on the environment, climate and human wellbeing should be **positive**. This horizontal principle is related to making decisions in a way that economic, ecological and social effects of each decision are taken into account. **Green** Public Procurement, **nature**-based solutions, **lifecycle** costing criteria, **standards** going beyond regulatory requirements, **avoiding** negative environmental impacts, **climate** proofing and ‘**energy** efficiency first principle’ etc. should be used when relevant. The actions that Programme supports cannot have a significant **negative** impact on the environment and are fully compatible with the “**Do No Significant Harm**” principle.

The Programme priority 2 “Green, resilient and sustainable development” directly relates to resource **efficiency** and **environment**-friendly behaviour. Thus, projects applying for the Programme funding under this priority must have a **direct** positive impact to the **sustainable** development.

Equal opportunities and non-discrimination

Respecting the fundamental rights¹⁶, guaranteeing equal opportunities and preventing discrimination are important principles in all Programme stages. **No-one** should be discriminated based on sex, racial or ethnic origin, religion or belief, disability, age, or sexual orientation. Instead, Programme and project activities should, where possible, **increase** the possibilities of all groups to participate in the society.

Projects supporting equal opportunities and non-discrimination directly may be the most relevant under the Programme priority 3 “Fair and inclusive society”. Nevertheless, **relevant** actions can also be foreseen under all **Programme objectives**.

¹⁶ In accordance with the Charter of Fundamental Rights of the European Union and in compliance with Article 9 of Common Provisions Regulation.

Equality between men and women

In addition to the general principle of non-discrimination the Programme will pay attention to equality between men and women. The Programme will assess the relevance of measures to promote **gender equality** and their impact on the achievement of the objectives set out by the Programme. It is important to ensure that equal rights and responsibilities, equal access to resources and project outputs, and opportunities to use them are granted to everyone.

4.7.2 New European Bauhaus

The New European Bauhaus is a creative and interdisciplinary initiative that connects the European Green Deal to our living spaces and experiences. This movement proposes a new way of delivering sustainable development and bringing the positive experience **closer** to citizens. It should be affordable, accessible and co-created with people.

Core values of the New European Bauhaus:

- Sustainable, in **harmony** with nature, the environment, and our planet (e.g. circular economy, energy efficiency, use of sustainable materials and construction techniques, re-use of materials and spaces, green mobility, **restoring** biodiversity (re-naturing, landscapes).
- Enriching, inspired by art and culture, responding to needs beyond functionality (places in harmony with nature, rediscovery of history and architectural heritage, places or forms that appeal to people's creativity and imagination).
- Inclusive, encouraging a dialogue across **cultures**, disciplines, genders and ages (attention to the needs of marginalised groups, wider **participation** in **decision-making**, housing access and affordability).

Where relevant, LP/PPs are invited to incorporate core values of the **New European Bauhaus** in project activities.

More information about New European Bauhaus is available at new-european-bauhaus.europa.eu/index_en

4.7.3 EU Strategy for the Baltic Sea Region

All priorities of the Programme are in line with EUSBSR¹⁷. The main objectives of this macro-regional strategy are **saving the sea**, **connecting region** and **increasing prosperity**. The applicants should be familiar with the detailed objectives of the EUSBSR and describe project **contribution to them** in the Application Form.

4.7.4 State Aid

The Programme must comply with the State aid rules which apply in the EU.

This subsection briefly describes the State aid rules of the Programme relevant for LP/PPs.

What is State aid

According to Article 107(1) of the Treaty on the functioning of the EU, State aid is defined as “...any aid **granted by a Member State or through State resources** in any form whatsoever which **distorts or threatens to distort competition** by **favouring certain undertakings** or the production of **certain**

¹⁷ For more information about EUSBSR please see www.balticsea-region-strategy.eu

goods shall, in so far as it **affects trade between Member States**, be incompatible with internal market.”

Undertakings are entities engaged in an “economic activity” regardless of their legal status (they can be public bodies, non-governmental organisations, or educational institutions etc.) and regardless of whether they aim to make profit or not.

Economic activity is broadly defined as “offering goods or services on a given market”. The key question is whether, in principle, any private body could carry out this activity to make profit.

An undertaking that receives support from public funding resources, including Programme funds, may gain an advantage over its competitors through this support. Furthermore, the support can distort competition and affect trade between Member States. The EU Treaty generally prohibits State aid to prevent such effects on the common market. Nevertheless, it is identified that there are cases/circumstances where such support is needed for supporting well-functioning of economy, therefore the Treaty leaves room for several measures through which State aid can be made compatible with the rules.

The Programme uses the **General Block Exemption Regulation (GBER)**¹⁸ under which State aid relevant partner can participate in the projects under the same conditions as partners not receiving State aid.

How to comply

The Programme must ensure that it grants funding to projects which comply with the State aid rules. Therefore, the Programme takes the main responsibility and most tasks in the State aid assessment and contracting. The tasks for the LP/PPs include providing correct information to the MA/JS and to manage aid to third parties.

The MA/JS assesses the State aid relevance **at level of activities** during quality assessment of the project applications or during project changes at implementation stage using the set of five criteria that all must be fulfilled:

- Aid is granted by Member States or through State resources.
- Resources are granted to undertaking.
- Selectivity.
- Economic advantage.
- Distorting effect on competition and trade within the EU.

Two of those (the existence of aid granted by Member States and selectivity) always apply for Programme projects.

Thus, State aid exists if remaining three criteria are also met:

- Undertaking: It has to be assessed if the partner (irrespective of its legal form) is involved in economic activity/ies through the project (e.g. does the partner develop/offer goods or services for which a market exists?; could respective activity be carried out by a private entity to make profit?; does the partner plan to carry out the economic activities on its own (without publicly procured services)?; does the partner plan to disseminate goods/services developed within the project on an exclusive and discriminatory basis (restricted databases, publications, software)?; will activities involving construction of infrastructure and this infrastructure be exploited commercially and/or will be not available for public use for free?).

¹⁸ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014R0651-20210801

- **Economic advantage:** The project support is an economic advantage (a benefit) which an undertaking would not have obtained under normal market conditions. It could be concluded that there is no advantage if it is merely a service at market price (e.g. obtained through public procurement). Examples: public body develops and provides free-of-charge training to SMEs, SMEs can rent office space at about 20% lower price than the market price etc.
- **Effect on competition and trade:** This criterion is already fulfilled if an aid has potential effect on competition and trade between Member States. It is sufficient if it can be shown that the beneficiary is involved in an economic activity and that it operates in a market in which there is trade between Member States. As a rule, no effects on competition and trade are to be expected in case of purely local activities (e.g. very local museums, local fairs etc.).

State aid measures

The Programme may grant State aid in compliance with requirements of Article 20 of the GBER, the MAJS has set up aid scheme for Article 20 of the GBER. This article comprises the same eligibility rules as the Programme and allows to support of up to 2 MEUR per PP per project. It allows State aid relevant PPs to act like PPs not receiving State aid and to benefit from the same flexibility in the practical implementation of their activities.

State aid to third parties

There may be cases where the third parties outside the project partnership receive State aid through the LP/PPs' activities. This can happen regardless of whether the PP is receiving State aid from the Programme or not. This is because undertakings not included as LP/PPs in the project partnership (e.g. target groups etc.) could receive an advantage through the project's activities that they would not otherwise have received under normal market conditions.

Examples: trainings or services provided to SME, use of project output (including rented premises) transferred to SME etc.

When preparing the application each PP must consider whether its activities will generate State aid to the third parties. In such case each respective PP must ensure compliance with the State aid rules.

How to identify State aid to the third parties

The PP must analyse two aspects to establish whether it provides aid to the third party:

1) Identification of "undertaking" and "economic activity".

For State aid to be present, the recipient must be undertaking, thus at first the PP must look at the nature of third party's activity in the Project and check whether this is an economic activity. If the activity is economic, the third party will be considered as an "undertaking".

For any economic activity, the PP must analyse the second aspect below. If the PP decides that the third party does not carry out economic activities, it can conclude that there is no State aid and does not have to take further steps.

2) Identification of State aid relevant activities.

Secondly, the PP must answer whether its support for economic activity constitutes a selective advantage. This means that the PP assesses whether its support provides benefit that the third party would not gain under normal market conditions. Furthermore, it assesses whether the third party is relieved of any costs that it would normally have to bear. If the PP deduces that it does not provide a selective advantage or benefit to the third party, then it can conclude that there is no State aid.

Where the activity is economic, and the support constitutes an advantage, the PP can conclude that its support to the third party is likely to be State aid relevant and it must take the following steps to make it compliant with the State aid rules.

How to ensure compliance with State aid rules

- 1) A PP which provides State aid to third party must calculate the value of the supportive activities. It can be calculated in two ways:
 - a. The PP may determine the amount **based on the market prices** for benefits comparable to those given through the project (e.g. services, training, consultancy, etc.). The PP must document the related market research (e.g. internet search, collected offers, etc.).
 - b. Where no reliable benchmark exists (e.g. highly specific consultancy service, specialised/tailored training, etc.), the PP can calculate the amount of the aid according to **an estimation of the costs planned for implementing the service**. In this case the PP can assume that the total value of the training/ service is equal to the total planned costs for providing it. Total planned costs might cover room rent, cost of speakers, travelling, etc. The PP then uses the total planned costs to calculate total costs per participant.
- 2) For aid to the third parties the Programme applies Article 20a of the GBER. Under this Article the PP supporting the third party can provide non-financial support of up to 20 000 EUR per undertaking per project. The partner must document the calculation of the aid and retain list of undertakings which received the aid in the project documentation.

In the case if the value of the non-financial support is higher than 20 000 EUR, the PP providing the support must eliminate any State aid element exceeding that threshold.

5. Application and selection procedure

5.1 Application requirements

Application is a set of information and documents which is submitted by the LP on behalf of the whole partnership within the opening and closing time of the call for proposals. For more information on the time of the call see the Programme website www.latlit.eu.

The project application is done via JEMS, with exceptions of some application documents as listed below which must or can be received in paper. Detailed information on how to acquire JEMS username and password and how the project application will be registered as received is available on the Programme's website www.latlit.eu in "Guidance for JEMS".

Table No. 2. Documents for application

No.	Document	Requirements
1.	Application Form	- Filled in and submitted in JEMS (https://jems.latlit.eu). - All relevant fields must be filled in English.
2.	Project Confirmation letter	- The template is available on the Programme webpage www.latlit.eu. - The document is in English and its template cannot be changed. - Must be signed by the authorised person holding the right to sign documents on behalf of the LP organisation confirming the validity of the whole project application with electronic signature¹⁹ and attached to the application in "Attachments" in JEMS (e-signature time stamp must be within period of time from the opening till the closing time of the call). In exceptional cases (e.g., when the Project Confirmation Letter was forgotten to attach in JEMS), it can be sent to email latlit@varam.gov.lv (e-signature time stamp must be within period of time from the opening till the closing time of the call). - If LP's authorised person is substituted, documents on substitution rights must be submitted together with the Project Confirmation Letter.

¹⁹ In exceptional cases, when LP authorized representative doesn't have an electronic signature or technically is not possible to sign with electronic signature, LP can submit Project Confirmation letter to the JS as original in paper to the address: Peldu street 25, Riga, LV-1494, Latvia, Ministry of Environmental Protection and Regional Development for the attention to: Interreg VI-A Latvia – Lithuania Programme, Joint secretariat (Development Instruments Department). Date of post stamp for sending out the Project Confirmation letter must be within period of time from the opening till the closing time of the call and LP must **attach scanned copy of the Project Confirmation letter to the application in "Attachments" in JEMS with a comment that the original will be delivered by post.**

No.	Document	Requirements
		If missing may be asked during eligibility check as specified under section 5.2 “Assessment of applications” of the Programme Manual.
3.	Lead Partner / Project Partner Statement	- The template is available on the Programme webpage www.latlit.eu. - The document is in English and its template cannot be changed. - Documents attached to “Attachments” in JEMS. - Filled in and submitted by the LP and each PP to confirm: - commitment and ability to participate in the project both legally and financially, deliver the required outputs and results and to comply with the eligibility rules set by the Programme, - required partner contribution (the exact amounts of the LP/PP total eligible budget and partner contribution must be specified as calculated in JEMS), - compliance with other Programme requirements. - Must be signed by the authorised representative of LP and PP organisation holding the right to sign documents on behalf of the organisation with electronic signature and attached to “Attachments” in JEMS. - If missing or incorrect may be asked during eligibility check as specified under section 5.2 “Assessment of applications” of the Programme Manual.
4.	Documents for NGO that is LP:	
4.1.	Documents showing revenue <u>during the last two financial years (2020 and 2021)</u>: - For Lithuanian LP NGO which legal form is a) association, public institution or charity and support fund (<i>asociacija, viešoji įstaiga, labdaros ir paramos fondas</i>) – the information and documents will be checked in the Register of Legal Entities b) other than association, public institution or charity and support	- Documents attached to “Attachments” in JEMS. - If missing or incorrect may be asked during eligibility check as specified under section 5.2 “Assessment of applications” of the Programme Manual.

No.	Document	Requirements
	fund (<i>asociacija, viešoji įstaiga, labdaros ir paramos fondas</i>) – the set of financial reports (<i>finansinių ataskaitų rinkinys, metinė ataskaita</i>) showing revenue during the last two financial years (2020 and 2021) must be provided. For Latvian LP NGO information and documents will be checked in Lursoft database.	
4.2.	<u>In the case NGO was established later than specified under point 4.1:</u> a) For Lithuanian LP NGO which legal form is - association, public institution or charity and support fund (<i>asociacija, viešoji įstaiga, labdaros ir paramos fondas</i>) – the set of financial reports (<i>finansinių ataskaitų rinkinys, metinė ataskaita</i>) from the date of establishment must be provided. - other than association, public institution or charity and support fund (<i>asociacija, viešoji įstaiga, labdaros ir paramos fondas</i>) – the set of financial reports (<i>finansinių ataskaitų rinkinys, metinė ataskaita</i>) from the date of establishment must be provided. b) For Latvian LP NGO – the set of financial reports including signed balance sheets, income and expenditure accounts (<i>balance, ieņēmumu un izdevumu pārskats</i>) from the date of establishment must be provided.	
5.	Document for Lithuanian LP or PP who applies under Programme specific objective 3.1 for activities targeted at improvement or development of social services certifying the inclusion of LP or PP to the list of social service providers.	- If document cannot be provided, a clear reference in the Application Form section “Project Partners” must be specified where the information that LP or PP is a social service provider can be found. - Document attached to “Attachments” in JEMS. - If missing or clarifications are needed, will be requested by JS as condition, if project will be selected for funding.

No.	Document	Requirements
6.	Support letters from institutions (e.g., line ministries or subordinated organisations, municipalities, authorities, etc.) responsible for the specific topics to justify need of the project output/activity, if applicable.	- Document attached to “Attachments” in JEMS. - If missing or clarifications are needed, will be requested by the JS as condition, if project will be selected for funding.
7.	Following documents if investments in infrastructure are planned in the project with corresponding costs under CC6:	
7.1.	Ownership documents or lease of land or premises agreements for lease period covering planned project duration and durability period according to requirements set in section 7.4 “Project closure and durability of project results” of the Programme Manual.	- The documents must be submitted in national language or in English. - Documents attached to “Attachments” in JEMS. The last issue date of these documents must be no later than the last day of the closing date of the call!
7.2.	Up-to-date cost-estimations for (re)construction works as stipulated in national legislation.	- The documents must be submitted in national language or in English. - Documents attached to “Attachments” in JEMS. - If missing or incorrect may be asked during eligibility check as specified under section 5.2 “Assessment of applications” of the Programme Manual. - If cost-estimates are based on outdated prices, the JS will ask to submit updated cost-estimates during conditions stage in case the project will be selected for funding. The last issue date of these documents must be no later than the last day of the closing date of the call!
7.3.	Annexes for simplified repair works that according to national legislation do not require building/technical documentation: a) description of current situation justifying the need of works that can be supplemented with photo evidence, b) description of type/nature/scope of planned works.	- The documents must be submitted in national language or in English. - Documents attached to “Attachments” in JEMS. The last issue date of these documents must be no later than the last day of the closing date of the call!
7.4.	Annexes for (re)construction works other than mentioned in point 7.3:	The documents must be submitted in national language or in English. Documents attached to “Attachments” in JEMS²⁰.

²⁰ In exceptional cases (e.g., technical documents of big size and unavailable in electronic format), documents can be delivered in paper to the JS to the address: Peldu street 25, Riga, LV-1494, Latvia, Ministry of Environmental Protection and Regional

No.	Document	Requirements
	a) full set of valid building/technical documentation (LV: <i>būvniecības dokumenti</i>; LT: <i>Statinio projektas</i>) prepared in accordance with national legislation for planned (re)construction works; b) acceptance of building/technical documentation by local or national construction/building boards (LT: <i>statybą leidžiantis dokumentas</i>; LV: <i>būvatļauja/paskaidrojuma raksts/apliecinājuma karte atzīmi par projektēšanas nosacījumu izpildi</i>) including permits from relevant municipalities, cultural heritage protection boards, nature protection boards and other relevant institutions if required by national legal acts.	• Full set of building/technical documentation and acceptance of building/technical documentation and available permits means that the documents are in stage of readiness in order to procure constructor immediately after the project approval. • The last issue date of these documents must be no later than the last day of the closing date of the call!

Documents submitted in paper must be sent out to the JS by post no later than the last day of the closing date of the call (post stamp on sending out the documents must be within period of time from the opening till the closing time of the call), except those that will be asked to submit in addition after eligibility check.

5.2 Assessment of applications

Assessment procedure begins on the next working day after call for proposals is closed. Timeframe within which assessment of applications is performed depends on received number of applications. After assessment of applications has finished, the MC meeting will take place to take the MC decision on selection of projects for funding.

Each application is subject to a two-step assessment procedure performed by the MA and the JS:

- Eligibility assessment,
- Quality assessment.

In addition, the following external experts can be involved in the assessment of the application:

- experts of a particular field under Programme priorities, in case specific knowledge of the field is required in order to carry out quality assessment,
- construction experts in order to carry out the eligibility assessment and quality assessment, in case the foreseen activities in the application include (re)construction works.

When carrying out verifications of applications for compliance with eligibility criteria, the MA or the JS may request LP to submit in paper or upload via JEMS the following missing or incorrect annexes of the application:

Development for the attention to: Interreg VI-A Latvia – Lithuania Programme, Joint secretariat (Development Instruments Department). Date of post stamp for sending out the documents must be within period of time from the opening till the closing time of the call. In addition, LP/PP must specify in the Application Form that documents will be delivered to JS in paper.

- 1) Project Confirmation Letter, in case it is not submitted or it is not submitted in accordance with the requirements set in section 5.1 “Application requirements” of the Programme Manual. The LP will be asked to submit it. However, the e-signature time stamp must be within period of time from the opening till the closing time of the call²¹.
- 2) Lead Partner / Project Partner Statement.
- 3) In the case, during the assessment stage information for completing verification of organization’s compliance with the eligibility requirements set out in section 4.2 “Project partnership” of the Programme Manual is needed, related documents (statutes, establishment documents, information on the shares of stakeholders or other equivalent documents necessary for establishing the status of the applicant) can be requested.
- 4) For NGO that is LP documents specified under point 4 of the Table No. 2.
- 5) Any documentation stated under point 7 of the Table No. 2 with relation to the investments in infrastructure with planned corresponding costs under CC6. **The last issue date of these documents must be not later than the last day of the closing date of the call!**

Requested documents shall be submitted to the JS²² within 5 working days from the date of sending of the request (via e-mail) from the MA/JS as indicated in the request.

In case the eligibility criteria are not observed after completion of eligibility assessment, the LP is not requested to provide additional information or corrections and the application is considered as invalid.

5.2.1 Eligibility assessment criteria

Eligibility criteria are assessed on the basis of yes, no or not applicable.

Table No. 3. **Eligibility criteria**

No.	Criteria	What is assessed
1.	Application Form is correctly filled in via JEMS.	* All relevant fields of the Application Form are correctly filled in. There is no incorrect information e.g., “to be added later”. * Application Form is filled in English.
2.	Project Confirmation Letter is submitted by the LP to the JS.	* Signed with electronic signature²³ and attached to “Attachments” in JEMS (electronic signature time stamp must be within period of time from the opening till the closing time of the call). In exceptional cases (e.g., when the Project Confirmation Letter was forgotten to attach in JEMS), it can be sent to email latlit@varam.gov.lv (e-signature time stamp must be within period of time from

²¹ If the Project Confirmation Letter in exceptional case was signed in paper, the date of the post stamp on sending out the original of the Confirmation letter must be within period of time from the opening till the be closing time of the call.

²² In exceptional cases (e.g. technical documents of big size and unavailable in electronic format), documents can be delivered in paper to the JS to the address: Peldu street 25, Riga, LV-1494, Latvia, Ministry of Environmental Protection and Regional Development for the attention to: Interreg VI-A Latvia – Lithuania Programme, Joint secretariat (Development Instruments Department). Date of post stamp for sending out the documents must be within 5 working days period from the date of sending the request for documents submission.

²³ If the Project Confirmation letter in exceptional case was signed in paper, the date of the post stamp on sending out the original of the Project Confirmation letter must be within period of time from the opening till the be closing time of the call.

No.	Criteria	What is assessed
		the opening till the closing time of the call). * Providing an official signature by the authorised person holding the right to sign documents on behalf of the LP's organisation confirming the validity of the whole project application (standard form is available on the Programme website www.latlit.eu).
3.	Lead Partner/Project Partner Statements are uploaded in JEMS.	* Lead Partner/Project Partner Statements for the LP and each PP are signed with electronic signature and attached to "Attachments" in JEMS.
4.	Documents for NGO that is LP are uploaded in JEMS.	* All relevant documents are uploaded to "Attachments" in JEMS for NGO that is LP according to the requirements specified under point 4 of the table No. 2.
5.	Documents for planned investments in infrastructure with planned corresponding costs under CC6 are uploaded via JEMS or in exceptional cases delivered to the JS in time (post stamp or e-signature time stamp): • ownership documents or lease of land or premises agreements, • cost-estimations, • description of current situation justifying the need of simplified repair works and description of type/nature/scope of planned simplified repair works, • full set of valid building/technical documentation prepared in accordance with national legislation for planned (re)construction works, • acceptance of building/technical documentation by local or national construction/building boards with permits from relevant municipalities, cultural heritage protection boards, nature protection boards and other relevant institutions if required by national legal acts.	* All relevant documents are issued not later than the last day of the closing date of the call and are uploaded in JEMS or in exceptional cases delivered to the JS in time (post stamp or electronic signature time stamp) as specified under point 7 in the table No. 2.
6.	Project fulfils minimum requirements for partnership.	* At least one Lithuanian partner registered in Lithuania and one Latvian partner registered in Latvia (according to the section 4.2 "Project partnership" of the Programme Manual).

No.	Criteria	What is assessed
7.	LP and PPs are registered in Lithuania and in Latvia and are eligible organisations (type, financial requirements).	* Lithuanian partner(s) registered in Lithuania and Latvian partner(s) registered in Latvia are public authority or public equivalent body or NGO. * Financial requirements for NGO that is LP are followed according to section 4.2 "Project partnership" of the Programme Manual.
8.	LP and PP comply with eligibility requirements set out in section 4.2 "Project partnership".	* LP and PP comply with eligibility requirements set out in the section 4.2 "Project partnership" of the Programme Manual.
9.	Budgetary requirements are observed.	* LP and all PPs contribute to the eligible project budget. * Co-financing amounts indicated in the Application Form and in Lead Partner/Project Partner Statements provided by the LP and PPs match. * Project requested amount of ERDF co-financing is within the set limits for the project's selected priority and specific objective according to chapter 3 "Programme priorities and supported activities" of the Programme Manual.
10.	Project duration is within set limits.	* Project duration is within set limits (maximum 24 months).
11.	Positive or neutral contribution for horizontal principles (sustainable development, equal opportunities and non-discrimination, equality between men and women) is specified.	* Positive or neutral contribution for horizontal principles (sustainable development, equal opportunities and non-discrimination, equality between men and women) is specified in the Application Form. Projects with negative contribution will be rejected.

5.2.2 Quality assessment criteria

Applications that have passed eligibility assessment are subject to quality assessment. The quality assessment is carried out based on quality assessment criteria, included below. For each criterion main assessment question with several sub-questions is identified.

During quality assessment projects are assessed against strategic and operational criteria and each criterion is assessed according to the following scores: 1, 2, 3, 4 and 5. Shortcomings detected under one criterion may affect scoring for other criteria. Afterwards, scores received for each criterion are reflected as weight in percentage according to the table below.

Table No. 4. Assessment grid for quality assessment criteria

Criteria	Score	Criteria score weight in percentage
STRATEGIC CRITERIA – maximum 60%		
Project context and contribution to the Programme Maximum weight 40%	5	40
	4	32
	3	24
	2	16
	1	8
Cooperation character Maximum weight 10%	5	10
	4	8
	3	6
	2	4
	1	2
Partnership relevance and cooperation intensity Maximum weight 10%	5	10
	4	8
	3	6
	2	4
	1	2
OPERATIONAL CRITERIA – maximum 40%		
Methodology and work plan Maximum weight 20%	5	20
	4	16
	3	12
	2	8
	1	4
Budget Maximum weight 20%	5	20
	4	16
	3	12
	2	8
	1	4

Table No. 5. Quality assessment criteria

Weight	Criteria	What is assessed <i>* (Indicative links to sections in the Application Form are provided)</i>
STRATEGIC CRITERIA – maximum 60%		
40%	Project context and contribution to the Programme	- The project addresses common territorial challenges in the Programme area or joint potential of the Programme area - there is a real need for the project (also by the target groups and stakeholders). The justification is supplemented with a proper and concrete facts and statistics explaining and proving the territorial challenge and the need for the project. <i>* (Application Form section C.2.1).</i> - The project overall objective, activities, outputs and results are clearly linked to a Programme priority specific objective, output and result indicators and activities supported, including specific requirements, defined under specific objectives. <i>* (Application Form sections C.1, C.5 and C.4).</i> - The project intervention logic (the sequence of activities, proportions of activities, methods of work) is optimal for achieving targeted project objectives, outputs and results. <i>* (Application Form sections C.2.2, C.4, C.5).</i> - Project outputs are durable (the project is expected to provide a significant and durable contribution to solving the challenges targeted). Support letters from stakeholders or responsible authorities justify the need and utility of the project main output/activity. Project main outputs are applicable and replicable by other organisations/regions/countries outside of the current partnership (transferability). <i>* (Application Form sections C.4 "Investments", C.8).</i> - The project proposes innovative solutions and brings new knowledge to the region and LP/PPs. The project tries to avoid overlaps and replications; there is evolution of ideas. <i>* (Application Form sections C.2.2, C.2.6, C.2.7).</i> - The project makes a positive or neutral contribution to the Programme horizontal principles of sustainable development, equal opportunities and non-discrimination, equality between men and women. <i>* (Application Form section C.7.6).</i> - The project clearly explains its contribution to wider strategies on one or more policy levels (EU/national/regional/EUSBSR). <i>* (Application Form section C.2.5).</i>
10%	Cooperation character	- The importance of cross-border cooperation for the topic addressed is clearly demonstrated. The project results cannot (or only to some extent) be achieved without cooperation. There is a clear benefit from cooperating for the LP/PPs / target groups / project area / Programme area. The cross-border cooperation aspect is incorporated in and evident throughout the project activities, including investments, outputs and results. Cooperation principles are specified. <i>* (Application Form sections C.2.2, C.2.3, C.7.5, C.4 and C.5).</i>

Weight	Criteria	What is assessed <i>* (Indicative links to sections in the Application Form are provided)</i>
10%	Partnership relevance and cooperation intensity	- The project involves relevant LP/PPs needed to address the territorial challenge/opportunity and the objectives specified and their involvement is justified; In case of LP/PPs outside the Programme area, the added value of their participation duly justified. <i>* (Application Form sections B, C.3, B.1.6).</i> - Partner organisations have the competence in the thematic field concerned, as well as the necessary capacity to implement the project (financial, human resources, etc.). <i>* (Application Form sections B.1.6., C.7).</i> - Tasks and responsibilities are clearly defined and justified among the LP/PPs. <i>* (Application Form sections C.3, C.4).</i> - With respect to the project's objectives the project partnership is balanced with respect to the levels, sectors, and territory. Partnership consists of LP/PPs that complement each other. <i>* (Application Form section C.3).</i>
OPERATIONAL CRITERIA – maximum 40%		
20%	Methodology and work plan	- There is clear and logical linkage among project overall objective, specific objective(s), activities, deliverables, outputs and results. Proposed activities and deliverables are relevant and lead to planned outputs and results. <i>* (Application Form sections C.1, C.4 and C.5).</i> - Planned activities, deliverables and outputs are realistic and it is possible to achieve them with given resources and time. Activities and deliverables are logical and transparent. <i>* (Application Form sections C.4 and C.5).</i> - The importance of investments planned in the work plan with corresponding costs under CC5 and/or CC6 and their cross-border relevance is demonstrated to reach project objectives. <i>* (Application Form section C.4).</i> - Target group(s) are clearly described and involved in the project activities. <i>* (Application Form section C.2.4).</i> - Communication activities are planned in the work plan and are appropriate to reach the relevant target groups and stakeholders. <i>* (Application Form sections C.4 and C.7.3).</i> - Management structures and procedures are clear, efficient, proportionate to the project size and needs and allow involvement of LP/PPs in decision-making and ensure quality of the project. <i>* (Application Form sections C.7.1 - C.7.4).</i>

Weight	Criteria	What is assessed
		* (<i>Indicative links to sections in the Application Form are provided</i>)
20%	Budget	- Project budget is coherent and proportionate to the proposed work plan and the main outputs and results (<i>Application Form sections B, D, C.4, E</i>): • The project budget is reasonable and cost-efficient in regard to the project objective, activities, deliverables, outputs and results. • Breakdown of costs is presented, costs are in line with the workplan and costs are sufficiently described. • Planned costs are eligible costs according to the requirements set in chapter 7. "Project budget". • The application of SCOs is appropriate and in line with the Programme rules. • The need for engaging external expertise is justified and the costs are realistic. • The need for equipment purchases is justified (e.g., prices, number of units, functionality is provided) and the costs are realistic. • The need for (re)construction works is justified and costs are realistic.

Table No. 6. **The explanation of the scores**

5 Very good	The application fulfils the given criteria to an excellent and the provided information is sufficient , clear and coherent for assessing the criteria.
4 Good	The application fulfils the given criteria well, however the provided information includes minor shortcomings (e.g., the timeline provides little space for unexpected delays , details are missing in the given information in minor parts of the application).
3 Sufficient	The application fulfils the given criteria to a sufficient level, however some aspects of the given criteria have not been fully met or not explained in full clarity or detail (e.g. the partnership lacks certain expertise to address the identified challenge; the implementation steps are not fully clear based on the description in the work plan).
2 Weak	The application has serious shortcomings fulfilling the given criteria and/or the provided information is in low quality (e.g., the cross-border relevance of the project is not clearly justified; the main outputs are not clearly described; the target groups of main outputs are not described).
1 Insufficient	The application does not fulfil the given criteria or information required is missing (e.g., the application addresses issues that are not relevant to the Programme priorities, the information in the application is not complete or is unclear).

Assessment result (total scoring of a project) is presented as a sum of percentage received in all criteria and projects are grouped according to the following thresholds:

- 1) Projects receiving total scoring at least **66% are recommended for approval**,
- 2) Projects receiving total scoring less than 66% are recommended for rejection.

As derogation from above described, following restrictions shall apply:

- If project application receives **“1” for any of the criterion**, the project application is recommended for rejection.
- If project application receives **two “2” for any operational criteria**, the project application is recommended for rejection.
- If project application receives **“2” for any strategic criteria**, the project application is recommended for rejection.

Approval of projects is also subject to availability of Programme funds per specific objective. In case of lack of funds to finance all projects scored with at least 66%, the MC may decide on creation of project reserve list.

Reserve list will be made prioritising projects based on received scores. If project applications result in the same total score, the priority is given to the project application which does not have “2” score per criterion. If there still are project applications with equal total score, then the priority is given to project application which received higher scoring in criterion “Project context and contribution to the Programme”.

5.3 Selection and decision making

The MC is responsible for selecting projects for funding based on results of eligibility assessment and quality assessment ensured by the MA and the JS.

The MA based on the MC decision on selection of projects for funding prepares decision (MA letter) on awarding or rejecting the ERDF co-financing or on project selection for a reserve list and sends it electronically to the project LP within 20 working days after the MC decision on selection of projects for funding was taken.

MA decision states:

- If project is approved – information on the total ERDF co-financing,
- If project is approved under conditions – information on the maximum ERDF co-financing, conditions that must be fulfilled within deadline indicated in the decision,
- If project is selected for a reserve list – information that project is selected and can be financed subject on availability of funds in the Programme,
- If project is rejected – justification why the application was not selected for funding.

Conditions that project must fulfil before it is finally approved may include:

- 1) changes and technical corrections in the application form (e.g., removal or adding of an activity, removal or replacement of a LP or PP, decrease of a project budget or budget adjustments or corrections, specification of information, etc.),
- 2) explanation (e.g., unclear description of an activity, discrepancies in the information, etc.).

LP is responsible for informing PPs on the MA decision.

If project is approved under conditions, all conditions must be fulfilled before final decision on project approval is made by the MA. In exceptional cases, LP may submit an official request to the MA about prolongation of deadline for fulfilment of conditions. MA will assess each request and inform the LP with an official reply whether LP request is approved.

If any condition/technical correction remains unfulfilled, project will be rejected by the MA.

MA prepares final decision stating whether project is approved or rejected and within 10 working days after it is taken sends it electronically to the project LP.

5.4 Contracting

After the MA has taken a final decision on awarding the ERDF co-financing, the contracting phase starts and the Subsidy Contract between MA and LP can be signed.

Subsidy Contract

Subsidy Contract is signed by the LP and the MA and acknowledges agreement of both parties on conditions under which the ERDF co-financing is awarded. The Subsidy Contract regulates the legal and financial framework for the implementation of the project. A template of the Subsidy Contract is available on the Programme's website www.latlit.eu.

The MA prepares and sends the Subsidy Contract to the LP after the MA has taken final decision on funding.

Partnership Agreement

Partnership Agreement is an agreement between the LP and PPs which states each partner's financial obligations and outlines each partner's responsibilities in the project. While the LP is responsible for ensuring the implementation of the entire project towards the MA, each PP is responsible for ensuring the implementation of its part of the project towards the LP. A template of the Partnership Agreement is available on the Programme's website www.latlit.eu.

The Partnership Agreement allows the LP to extend the arrangements of the Subsidy Contract to the level of each partner. Preparation of the Partnership Agreement between all PPs has to start immediately after the LP has received MA decision on funding of the project. Signed Partnership Agreement shall be uploaded via JEMS not later than when the Project Progress Report for preparation costs is submitted by the LP.

Upon necessity, additional clauses can be included and content of the Partnership Agreement changed. The LP is responsible for Partnership Agreement amendments if relevant changes in project are approved by the Programme management bodies.

According to the provisions of Partnership Agreement in general project partners shall give full support to the LP to ensure the successful implementation of the project, fulfilment of its objective and high quality of outputs and results.

6. Project implementation

Consultations and training will be organized for the LP and PPs of the contracted projects. The purpose is to provide guidance on Programme's requirements for project management, reporting, financial rules, and communication. More information on upcoming consultations and training is available on the Programme website www.latlit.eu.

6.1 Coordination and management

LP must establish efficient and reliable coordination and management system for the project. The coordination and management concern the implementation of the various components of the project, including its joint administrative and financial management.

LP and PPs must determine the necessary procedures for decision-making and coordination of activities between the PPs.

PPs shall coordinate and jointly implement project activities – to apply joint solutions, methods, and approaches in the project.

Based on the work plan in the Application Form, the LP and PPs may decide to prepare a more detailed work plan for internal use where all activities are listed, deadlines and responsible persons are indicated, etc.

Project start

The **start and end date** of the project are fixed in the Subsidy Contract.

The earliest date when the project activities can start and the expenditure can incur (be paid out) is the next day after the project is approved by the MC. All project's activities are implemented at the PPs' own risk until the Subsidy Contract is signed. However, the Programme recommends to start project implementation as soon as possible but not later than a month after the Subsidy Contract is signed.

During the signing of the Subsidy Contract, the JS assigns a contact person for the whole project duration. After the assignment, the contact person will introduce himself/herself to the LP via email.

The LP should inform assigned the JS contact person via email two weeks in advance about the planned first project management meeting, so that he/she could participate in the meeting.

Composition of the project **management staff**

The LP and PPs **must** appoint or subcontract the **project manager** and **financial manager**. The project manager and financial manager of the LP are the main project manager and the main financial manager. They are responsible for the fluent implementation of planned project activities, including the achievement of project main outputs and results, submission of Project Progress Reports, preparation of requests for changes, and communication with the JS. Additional staff necessary for the project management may be appointed or subcontracted, but only in duly justified cases. The LP and PPs financially contributing to the project and receiving ERDF co-financing from the Programme are not allowed to subcontract each other, themselves (e.g., internal invoice) and own or LP/PPs' employees.

Requirements of project management staff for the LP and PPs:

- Project manager: implementation of project activities in the LP's and PP's organization, working in close cooperation with the LP main project manager, preparing and uploading the Partner Progress reports via JEMS,
- Financial manager: project bookkeeping in the LP's and PP's organization, working in close cooperation with the LP's main financial manager.

Structure of the project coordination and management

LP with PPs must establish an efficient and reliable coordination and management structure at the beginning of the project. The coordination and management affect the qualitative and successful implementation of the planned activities and the whole project, including its joint administrative and financial management.

Each project shall have a clear distribution of responsibilities for the project coordination. To include necessary management structures and procedures in place for the cooperation and communication among PPs, implementation of the planned project activities, and reporting of outcomes and results.

The project shall have approaches and processes aimed at quality assurance both for produced project outputs and overall management of the project.

LP and PPs has to secure an audit trail when implementing project activities from the beginning of the project implementation. Also, ensure evidence of the implemented activities.

Processing of personal data of natural persons

During the project LP and PPs must keep and provide Programme implementation bodies with all the required information, including natural person data. LP and PPs must also ensure the data are processed and moved in compliance with the requirements set in General Data Protection Regulation²⁴.

6.2 Project changes

The work plan and project budget should be planned as thoroughly as possible. However, during the project implementation, it may become evident that the work plan or project budget needs to be revised.

General principles

The LP is responsible for preparing the Request for Changes (a template is available on the Programme website www.latlit.eu) on behalf of all of the PPs and its submission via JEMS to the JS. The JS strongly recommends to plan carefully and include as many necessary modifications as possible needed by the PPs in one Request for Changes. **The LP submits Request for Changes in JEMS ONLY after prior harmonization with the JS.**

All Requests for Changes must be submitted and approved by the JS/MA/MC within the project duration.

²⁴ Regulation (EU) No 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

Changes are divided into three main categories: deviations, minor changes and major changes. More detailed information is provided in subsections 6.2.1 “Deviations”, 6.2.2 “Minor changes” and 6.2.3 “Major changes” of the Programme Manual.

Request for changes procedure

All the PPs have to submit information to the LP about necessary project changes by the deadline agreed within the PPs. The LP has to review submitted changes to check whether they are clearly described and sufficiently justified, and are in line with the allowed changes described in the Programme Manual. If needed, the LP asks for additional clarifications from the PP.

The LP must fill in the Request for Changes and send it via email to the assigned the JS project manager for the prior check. Only after harmonization with the JS project manager, the LP submits the Request for Changes via JEMS according to “Guidance for JEMS” (template of the Request for Changes and the “Guidance for JEMS” are available on the Programme website www.latlit.eu).

When filling in the Request for Changes, the PPs provide the following information for each change:

- initially planned in the Application Form: title of the work package, activity and deliverable, CC and cost item,
- requested changes: the description of necessary changes, their purpose, financial sources covering the changes, if relevant (work package, CC and cost item),
- justification of changes,
- impact of requested changes: how proposed changes help achieve a project objective more efficiently and foster cooperation.

The JS within 20 days after the Request for Changes is received via JEMS, assesses its compliance with the Programme requirements, decides on minor changes, or forwards the Request for Changes to the MA/MC for decision-making. When provided information is insufficient, the JS asks LP to submit an updated Request for Changes via JEMS.

Requested changes are considered approved only when the decision by the JS/MA/MC is sent to the LP (except for deviations that do not require prior approval).

The JS/MA sends a decision on approval or disapproval of requested changes to the LP. In case of approval, the LP updates the Application Form and uploads relevant project documents via JEMS within the set deadline. After checking the updated Application Form, the JS prepares the Addendum to the Subsidy Contract, if necessary, and sends it to the LP for signing. The MA expects that the Addendum to the Subsidy Contract will be signed electronically when this format of signing is available in the LP institution.

6.2.1 Deviations

Deviations from the project Application Form have no impact on the project implementation, project outputs and results. Amendments in the Application Form are not required.

Deviations are considered as harmonized by the JS when the JS harmonization email is sent to the LP (except for deviations that do not require prior harmonization). **The LP and PPs are responsible for keeping correspondence with the JS as a confirmation for National Control!**

See table No. 7 for described cases of deviations and procedures to be followed.

Table No. 7. **Deviations**

Description of the change	Restrictions	To do list
1. Rescheduling project activities and/or output(s) delivery	- Changes do not have a considerable impact on the project outputs and their delivery schedule. Example: in the Application Form project planned to organize two seminars in the first reporting period. Due to x reasons organization of the second seminar is moved to the second reporting period.	- Communicate deviations via the Partner Progress Report and provide summarized information on all deviations in the project via Project Progress Report.
2. Changes in costs between planned cost items within one CC	- Quality of related outputs and results must not be decreased. - Budget changes can be applied within CC4, CC5 and CC6. - Total sums of CCs must not be exceeded. Example: under CC4 costs for planned translation services are higher than expected, but savings for room rent for seminars are available, etc.	- Communicate deviations via the Partner Progress Report and provide summarized information on all deviations in the project via the Project Progress Report.
3. Minor adjustments in building/technical documentation for investments planned under CC6, which do not affect the information provided in the project work plan	- Information in the project Application Form is not affected and the description of the respective activity, deliverable and its target value is not changed. - Such changes must be made before the procurement procedure (if applicable). If changes occur during the implementation of the procurement contract the terms of the procurement contract and the public procurement regulations should be followed. Example: during renovation works materials for floor covering need to be changed from laminate to wooden tiles.	- Harmonize changes with the JS in advance (<u>before change happens</u>) by email. - Receive the JS harmonization via email. - Communicate changes via the Partner Progress Report and attach the JS email on harmonized deviations. Also, provide summarized information on all deviations in the project via the Project Progress Report. - In case technical documentation for planned (re)construction works is changed, LP/PP is responsible for the creation, approval and submission of technical documentation in line with national legal acts.

Description of the change	Restrictions	To do list
4. Change of LP/PP project data: - Change of name or contact details of LP/PP contact person. - Change of title of LP/PP, address of the institution, change of authorized representative, etc.	- Changes shall not affect the legal status or cause the structural change of LP/PP institution.	- Inform the JS on changes and submit relevant documents; - Update Application Form in JEMS.
5. Minor adjustments in planned activities/deliverables not affecting their substance		
5.1 Change of technical specification for equipment items planned under CC5 and work plan	- Need for changes is strongly justified and principles of sound financial management are met. - Changes do not cause a decrease in the quality of the equipment and do not change the purpose of its use. - Such changes must be made before the procurement procedure (if applicable). If changes occur during the implementation of the procurement contract the terms of the procurement contract and the public procurement regulations should be followed. Example: initially planned size of the monitor 18` needs to be changed to 22`.	- Harmonize changes with the JS in advance (<u>before change happens</u>) by email; - Receive the JS harmonization via email; - Communicate changes via the Partner Progress Report and attach the JS email on harmonized deviations. Also, provide summarized information on all deviations in the project via the Project Progress Report.
5.2. Change of technical specification for planned equipment set (inclusion/exclusion of items from a set)	- Need for changes is strongly justified and principles of sound financial management are met. - Changes do not cause a decrease in the quality of the equipment set and do not change the purpose of its use. - New equipment that is not part of the initially planned	- Harmonize changes with the JS in advance (<u>before change happens</u>) by email; - Receive the JS harmonization via email; - Communicate changes via the Partner Progress Report and attach the JS email on harmonized deviations. Also, provide summarized information on all deviations

Description of the change	Restrictions	To do list
	set of equipment cannot be included. - Such changes must be made before the procurement procedure (if applicable). If changes occur during the implementation of the procurement contract the terms of the procurement contract and the public procurement regulations should be followed. Example: in the initial set is planned to purchase 3 wardrobes and 4 sofas, but the need appeared to purchase 4 sofas and 3 wardrobes.	in the project via the Project Progress Report.
5.3 Inclusion of missing cost item within CC4	- Need for changes is strongly justified and principles of sound financial management are met. - Inclusion of missing cost item is necessary for the implementation of already planned activity/deliverable. - Missing cost item has to be an interlinked part of planned expenditures under CC4 for already planned activity/deliverable. - Total amount of CC4 must not be exceeded. Example: translation costs are missing for the organization of the event that is planned in the work plan.	- Harmonize changes with the JS in advance (<u>before change happens</u>) by email; - Receive the JS harmonization via email; - Communicate changes via the Partner Progress Report and attach the JS email on harmonized deviations. Also, provide summarized information on all deviations in the project via the Project Progress Report.
5.4 Minor adjustments to the description of the activity/deliverable (e.g., change of duration of the event, change of the number of the participants in the event, change of topic for the event, change of venue of the event, etc.).	- Need for changes is strongly justified and principles of sound financial management are met. - Changes do not negatively influence the quality and achievement of the project objective, outputs, results and achievement of planned target groups.	- Communicate deviations via the Partner Progress Report and provide summarized information on all deviations in the project via the Project Progress Report.

6.2.2 Minor changes

Minor changes have a minor impact on the project implementation, project outputs and results. Approval of the JS with amendments in the Application form is required.

Requested minor changes are considered approved only when the LP via JEMS receives the notification on approval of minor changes.

Table No. 8. **Minor changes**

Description of the change	Restrictions	To do list
1. Minor changes in planned activities/deliverables affecting their substance and requiring changes in the Application Form <i>(e.g., change in the number of planned events, change in the number of planned items (equipment, services, products, etc.), changes in investments planned in the project work plan and with costs under CC6, changes in communication or promotional materials, etc.).</i>	- Need for changes is strongly justified and principles of sound financial management are met. - Changes do not cause a decrease in the quality of respective activity's results and do not negatively impact project outputs and their delivery schedule. - Total sum of CC4, CC5, CC6 must not be exceeded. - Such changes must be made before the procurement procedure (if applicable). If changes occur during the implementation of the procurement contract the terms of the procurement contract and the public procurement regulations should be followed.	- Submit Request for Changes in JEMS with supporting documents, if relevant (e.g., changed building/technical documentation, price offers for equipment, services, products, etc.); Note: <i>In case building/technical documentation for planned (re)construction works is changed, PP is responsible for the creation and submission of building/technical documentation in line with national legal acts.</i> - Receive decision on changes in JEMS; - In case of a positive decision, update the Application Form in JEMS.
2. Reallocation between budget lines and/or partners up to 15% of the initial total eligible project budget.	- Budget changes must not cause the increase of total eligible project budget. - Reallocation between CCs is relevant only for CC1, CC4, CC5 and CC6. - In case costs from/to CC1 (standard scale of unit cost) are shifted,	- Submit Request for Changes in JEMS with supporting documents, if relevant (e.g., changes in cost estimates, price offers, etc.). - If the project budget is reallocated between PPs, and as a result, PP's budget is increased, the updated Lead Partner/Project Partner

Description of the change	Restrictions	To do list
	alongside respective costs from/to CC2 and CC3 are transferred.	Statement of the LP/PP with increased budget must be submitted together with the Request for Changes. Note: <i>If budget changes are introduced for the investments planned in the work plan and under CC6 and are related to changes in cost estimations, technical projects, etc., the relevant documents should be uploaded via JEMS.</i> - Receive decision on changes in JEMS. - In case of a positive decision, update the Application Form in JEMS and attach the updated Partnership Agreement in JEMS.
3. Change of number of staff positions by creating new, changing or merging existing cost items under CC1	- Need for changes is strongly justified and principles of sound financial management are met. - Total amount of costs planned for the CC1 must not be exceeded. - Changes are relevant if the standard scale of unit cost method is used under CC1.	- Submit the Request for Changes in JEMS. - Receive decision on changes in JEMS. - In case of a positive decision, update the Application form in JEMS.

6.2.3 Major changes

Major changes have a significant impact on the project implementation, project outputs and/or results. Approval of the MA/MC with amendments in the Application form is required.

Requested major changes are considered approved only when the MA sends an electronically signed decision on changes to the LP.

Any changes not listed in the table below or are exceptional cases from the Programme Manual rules are subject to the decision of the MC.

Table No. 9. Description of major changes

Description of the change	Restrictions	To do list
1. Partnership change		
1.1. Withdrawal of project partner(s) without a replacement		
The LP/PP withdraws and no other organisation(s) takes over the implementation of the planned activities or the budget.	- Project partnership corresponds to the eligibility criteria – at least one Latvian and one Lithuanian PP remains in the project. - Activities removed from the work plan and the withdrawn PP's role are not crucial for achieving the project objective, outputs and results. Otherwise, activities have to be taken over either by existing PP(s) or by inviting a new organisation to join the partnership.	- Submit the Request for Changes in JEMS. - Receive an electronically signed decision on changes. - In case of a positive decision, update the Application Form in JEMS and attach the updated Partnership Agreement in JEMS.
1.2. Replacement of the LP/PP		
Replacement of withdrawn LP/PP to take over the implementation of the planned project activities and the budget.	The replacement can be done either by involving a new organisation or by giving the responsibilities of the withdrawn partner to an existing PP(s). The following should be observed: - Changes in partnership do not affect the project objective, outputs and results. - In the case the withdrawn PP has implemented part of the planned project activities and received ERDF co-financing, a new LP/PP will take over the remaining activities and the budget. - Eligibility criteria for the new LP/PP are observed. Project partnership corresponds to the eligibility criteria – at least one Latvian	- Submit the Request for Changes in JEMS with relevant supporting documents: • for new PP: a letter of consent and Lead Partner/Project Partner Statement. In the case of NGO – additional supporting documents must be submitted according to section 5.1 “Application requirements” of the Programme Manual), • for existing PPs: updated Lead Partner/Project Partner Statements reflecting the increase of the project budget. - Receive an electronically signed decision on changes.

Description of the change	Restrictions	To do list
	and one Lithuanian PP remains in the project.	- In the case of a positive decision, update the Application Form in JEMS and attach the updated Partnership Agreement in JEMS.
1.3. Structural or legal changes of LP/PP organisation		
Legal changes (title, legal status, etc.) of the LP/PP organisation occur.	- Eligibility criteria for the partnership must be observed.	- Submit Request for Changes in JEMS with supporting documents: • a copy of the official document stating the structural or legal change, • updated Lead Partner/Project Partner Statement. - Receive an electronically signed decision on changes. - In the case of a positive decision, update the project Application Form in JEMS and submit the Partnership Agreement in JEMS.
For partnership changes in points 1.1. – 1.3. MA takes the decision and informs NAs on partnership changes. The MC decides in a case respecting of eligibility criteria for the partnership is questioned.		
2. Change in the project activities		
Only activities that do not alter the objective of the project can be changed: - increase/decrease in the number of existing project outputs and/or results; - significant extension/reduction of the range of the existing project activity; - create new project output and/or activity; - hand over activity to another PP.	- Change shall not alter the objective of the project. - Changes foster more efficient achievement of the project objectives and results.	- Submit the Request for Changes in JEMS; - If changes are introduced in the investments planned in the work plan with costs under CC6 and are related to changes in costs estimations, technical projects, etc., the relevant documents should be submitted via JEMS together with the Request for Changes. Note! In the case building/technical documentation for planned (re)construction works is changed, LP and PPs are

Description of the change	Restrictions	To do list
		<i>responsible for the creation and submission of building/technical documentation in line with national legal acts.</i> - Receive an electronically signed decision on changes - In case of a positive decision, update the Application Form in JEMS and submit the updated Partnership Agreement in JEMS, if applicable.
MA takes a decision. The MC takes a decision on changes which reduce achievement of planned output and results.		
3. Budget reallocation		
Reallocation between CCs and/or PPs above 15% of the initial total eligible project budget	- Budget changes must not cause the increase of total eligible project budget. - Reallocation between CCs is relevant only for CC1, CC4, CC5 and CC6. - In case costs from/to CC1 (standard scale of unit cost) are shifted, alongside respective costs from/to CC2 and CC3 are transferred.	- Submit the Request for Changes in JEMS; - If applicable, submit in JEMS together with the Request for Changes: • costs estimations, technical projects, etc. if budget changes are introduced for costs under CC6. NOTE! <i>In the case building/technical documentation for planned (re)construction works is changed, LP and PPs are responsible for the creation and submission of building/technical documentation in line with national legal acts.</i> • updated Lead Partner/Project Partner Statements reflecting the increase of the project budget. - Receive an electronically signed decision on changes. - In case of a positive decision, update the Application Form in JEMS

Description of the change	Restrictions	To do list
		and submit the updated Partnership Agreement in JEMS, if applicable.
4. Prolongation of the project duration		
The project duration can be prolonged if the requested prolongation is justified and the project can be successfully finished within the requested end date.	- Project can be prolonged by the necessary number of months if justification is provided.	- Submit the Request for Changes in JEMS. - Receive an electronically signed decision on changes. - In case of a positive decision, update the Application Form.
The decision is taken by the MA. If the project requests to prolong the initial project duration by more than nine months (this threshold is counted cumulatively if the request for prolongation is submitted more than once), the decision is taken by the MC.		

6.3 Project reporting and payments

Project reporting

During the project implementation, all projects must report on their progress regularly. Reporting will be done in JEMS according to “Guidance for JEMS” which is available on the Programme website www.latlit.eu.

The project reporting covers both: the project activities, including outputs, and the financial implementation. The report serves as the basis for the regular payments to the project and is used for monitoring of project's progress. In addition, the report is used to communicate deviations. For more information please see in subsection 6.2.1 “Deviations” of the Programme Manual.

Project reporting consists of:

- 1) the **Partner Progress Reports** prepared and submitted in JEMS by LP and each PP,
- 2) the **Project Progress Report** prepared and submitted in JEMS by LP,
- 3) the **Final Report** prepared and submitted in JEMS by LP,
- 4) the **reporting on achieved project results**.

When compiling the Project Progress Report, the LP must make sure that for any included expenditure a clear link to the activities and deliverables is made.

If LP/PP has no costs to report, the Partner Progress Report still has to be formally submitted (so-called “zero costs report”) by the set deadline.

As a general rule, expenditure included in the Partner Progress Report must be paid out before the end of the respective reporting period and before the end of the project. Costs paid out outside the reporting period can be eligible only in these exceptional cases:

- Preparation costs as a lump sum.
- Costs for verification of the last Partner Progress Report by National Control from Lithuania.

- Costs for organising or participating in events. Such costs must be reported in the reporting period when the event took place and cannot be reported in parts. They can be reported in the next reporting period when the final settling of accounts takes place).
- Costs that were not included in the correct reporting period by mistake. The costs must be essential for the project implementation and planned in the Application Form. In such cases strong justification of the situation that occurred must be provided in the Partner Progress Report.
- Costs which are withdrawn and/or postponed by the National Control/JS/MA from the respective Partner Progress Report for additional clarification. Such costs can be reported in the following reporting period if found eligible by the National Control/JS/MA. This exception cannot be applied for the last reporting period.
- Costs of LP/PP from previous periods that were not included by LP. LP has a right not to include costs of the respective PP to Project Progress Report due to the fact that the preparing and/or certifying of the Partner Progress Report was delayed or due to other justified reasons. Such costs can be included in the Project Progress Report of the following reporting period if found eligible and certified by National Control. This exception cannot be applied for the last reporting period.

The Partner Progress Report

At the end of each reporting period, the LP and each PP must submit its Partner Progress Report with all supporting documents to the National Control in JEMS. The National Control will verify compliance of expenditures and activities with the legal framework of the Programme. The National Control can clarify any issues and may deduct any expenditure that is considered ineligible. The National Control confirms eligible expenditure in a form of the Certificate, which is available in JEMS for the LP, PP and all relevant Programme bodies. The National Control may postpone expenditure under question or clarification (for example, in case of suspicion of ineligible costs, etc.) for further checks.

More information on the National Control is specified in section 6.6 “Controls and audits” of the Programme Manual.

The Project Progress Report

After the National Control has issued Certificates for LP and all PPs, LP prepares a Project Progress Report and submits it to the JS in JEMS. The Project Progress Report must include information on the achievement of all project activities and incurred expenditure during the respective reporting period. If there are questions about any part of the Project Progress Report during the review, the JS will contact the LP for clarification or additional information. The JS/MA may withdraw and/or postpone expenditure under question or clarification (for example, in case of suspicion of possible irregularity, etc.) for further checks.

The Final Report

Together with the last Project Progress Report, the LP must submit the Final Report. The Final Report must include information on the achievement of the project objective, main output(s) and results. Its template is available on Programme webpage www.latlit.eu.

The reporting on achieved project results

The Programme one year after the project end will ask for the Report on achieved project results. The PPs must ensure collection and provision of the information upon request. The Programme will also ask for general information on the durability of outputs and results as well as follow-up activities after the project ended.

The timeline of reporting and payments

LP must submit Project Progress Reports to the JS in JEMS **according to the reporting periods and deadlines for submission** as stipulated in JEMS.

The reporting period is six months!

Depending on the total duration of the project lifetime the last reporting period can vary covering a shorter and longer period than six months. In case the project is prolonged, reporting periods could be set according to the MA/MC decision on project prolongation.

The timeline below provides a schedule for reporting and payments.

Table No. 10. **The timeline for reporting in JEMS and payment schedule**

Activity	The LP and PPs submit Partner Progress Reports to the National Control	Verification of Partner Progress Reports and issuing of Certificates by the National Control	The LP prepares and submits the Project Progress Report to the JS	The MA makes the 1 st payment (70% of reported eligible ERDF co-financing) to the LP	The JS approves the Project Progress Report	The MA makes the 2 nd payment (30% of reported eligible ERDF co-financing) to the LP
Deadline	2 weeks after the end of the reporting period	2 months after the Partner Progress Report is submitted	2 weeks after the National Control has issued Certificates	2 weeks after the Project Progress Report is submitted	1,5 months after the 1 st payment is made	2 weeks after the Project Progress Report is approved by the JS
Total max time passed since the end of the reporting period	up to 5,5 ²⁵ months					

If during verification of the Partner Progress Report by the National Control and Project Progress Report check by the JS, PP or LP is asked to clarify or provide additional information about any part of the report, check of the report will be put on hold. Therefore, it is in the best interests of the project to submit correct and complete reports and to reply to questions of National Control and the JS within deadlines.

In addition, the National Control and the JS will verify the report in the order of submission, therefore it is important to submit the report in time – according to the deadline for its submission.

The MA may terminate the Subsidy Contract and demand the repayment of ERDF co-financing in full or in part if the LP has failed to submit Project Progress Report, proof or necessary information requested by the Programme bodies within the set deadline.

²⁵ Article 74 (1) (b) of CPR.

Payments to the projects

Payments to the projects are made on a reimbursement basis and no advance payments from the Programme are available.

The Project Progress Report approved by the JS serves as a basis for MA to transfer the ERDF co-financing to the LP account. Payments will be done in two separate payments to the LP for costs reported via Project Progress Report (timeline indicated in Table No. 10 above).

In case costs are to be withdrawn and/or postponed by the JS/MA from the respective Project Progress Report, they are deducted from the respective payment. In case ineligible costs are detected during the approval of the Project Progress Report, they will be automatically deducted from the total reported eligible costs, therefore the 2nd payment could be paid less than 30% of the total requested ERDF co-financing.

If ineligible costs, withdrawn and/or postponed costs exceed 30% of the requested ERDF co-financing, the 2nd payment will not be made and the difference will be deducted automatically from the amount of total eligible costs reported in the next Project Progress Report (except for the last reporting period). In case withdrawn and/or postponed costs are found eligible (except for the last reporting period), they can be reported by LP or respective PP in the Partner Progress Report of the following reporting period or are added to the next payment to the project. For the last reporting period the JS/MA will initiate the recovery procedure, if needed.

For the deduction of costs in public procurement, *Guidelines for determining financial corrections to be made to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement (Commission Decision of 19.12.2013 C(2013) 9527 final)* apply.

For the deduction of costs for not achieved or partly achieved project output indicators, *Guidelines for determining financial corrections to be made for not achieved or partly achieved project output indicators*, approved by the MA and published on the Programme website will be applied.

In the case reported costs for infrastructure works in the Project Progress Report for the final reporting period constitute more than 25% of total reported costs, reimbursement of the ERDF co-financing will be made in one payment to the LP within 2 weeks after the JS approves the final Project Progress Report.

The LP must transfer the received ERDF co-financing to the PPs not later one month. And within 5 working days after the transfer to the PPs must upload proof (bank account statement) in JEMS.

6.4 Publicity requirements

This section focuses on the Programme requirements to the projects' communication activities. These requirements aim:

- to inform **public** about the project and its benefits,
- ensure **transparency** of the use of the EU funding,
- highlight **contribution** of the EU.

The Programme requirements are in-line with the legal requirements and technical specification set out in the EU regulations²⁶.

²⁶ The PPs should familiarise themselves with the requirements set-up in Article 36 of Interreg Regulation and Articles 47 and 50 and Annex IX of Common Provisions Regulation.

For more information how to structure **communication** activities and what information to provide in the Application Form please see chapter 4 “**Project requirements**” of the Programme Manual.

For more detailed guidance on the Programme communication requirements and use of the Programme logo please see “Communication Guidelines”.

The subsection “Financial corrections for not respecting mandatory publicity requirements” specifies financial corrections that might be applied to the projects failing to meet requirements set up in the Programme Manual and “Communication Guidelines”.

Programme logo

The Programme logo consists of three elements (Fig. No. 3):

- the emblem of the EU²⁷,
- the statement “Co-funded by the European Union” written in full and placed next to the emblem of the EU,
- the Programme name “Interreg Latvia – Lithuania” placed next to the emblem of the EU.



Figure No. 3. **Logo of the Programme**

Please download file of the needed format and language from the website of the Programme www.latlit.eu. At no case please do not try to amend or modify the Programme logo by yourself!

Using of the Programme logo is obligatory.

The logo must always be clearly visible and placed in a prominent position:

- In publications and documents the logo preferably should be placed on front cover.
- In **electronic** formats (e.g. online and **applications**, etc.) it has to be positioned in a **place visible without scrolling down or clicking**.
- When used on electronic banners the Programme recommends to place logo in such position that banners remain complete even if the platform crops the image.
- In videos logo of minimum 240 px should be used at the beginning and/or the end of the video.
- On other promotional materials it also has to be placed in a prominent place.

The size of the Programme logo must be reasonable and recognisable. For the requirements on possible minimal sizes of the logo please refer to the “Communication Guidelines”.

When displayed in association with other logos (e.g., of PPs or sponsors), the Programme logo must be displayed at least as prominently and visibly as the other logos. Also, the EU emblem (the EU flag) shall have at least the same size (height or width) as the biggest of the other logos.

Whenever possible, the projects must use the Programme logo in the full colour. Ideally it should be

²⁷ In accordance with the technical specifications laid down in Annex IX of the Common Provisions Regulation.

used on white or light backgrounds only. If there is no alternative to a coloured background, please put a white border around the rectangle, the width of the border should be 1/25th of the height of the rectangle. When using a white background box is not possible due to space restrictions, context, or because it would cover an important element of the background image, you may use a white & colour version. For single colour reproductions, when absolutely necessary for printing or specific usage in a document, one should use a monochrome version of the logo. Please use version only when full colour is not available. For more detailed requirements on the use of the logo please see “Communication Guidelines”.

Name and logo of the project, QR codes

The Programme recommends to use short and memorable project acronyms that are easier to promote and use in combining with the Programme logo.

If the project chooses to have its logo, the project should create it by combining project title or acronym with the logo of the Programme. The instructions of the “Communication Guidelines” have to be followed and templates provided on www.latlit.eu have to be used. **The Programme does not recommend creation of other logos or stand-alone logos or designs for projects. As a general rule, such costs are not eligible.** Such designs are considered as not being cost-effective as their use is limited to the lifetime of the project. The only exception from this rule can be cases when specific logo and design would lead to reaching and ensuring long-term use of the project results and costs are planned in the approved Application Form.

We encourage projects to use QR codes leading to project profiles on www.latlit.eu or, in exceptional cases, to project websites where project results (such as reports, videos, applications, etc.) can be found. Smart use of the QR codes could increase visibility of the projects, and could be the most suitable for the outdoors use (e.g., on information stands, plaques, etc.) or when rather small space is available for information due to objective reasons. However, QR codes should not be overused.

The partners can automatically generate QR codes on ec.europa.eu/regional_policy/online-generator/. Any other alternative QR code generators can be used as well.

Statement on the Interreg support

In addition to the project logo, the projects must display a statement highlighting the support from the Programme in a visible manner on all documents and communication materials, as well as websites of LP/PPs and social media channels. The partnership should also provide information on the project in all possible occasions when appropriate and technically possible, e.g. during the events, presentations, interviews, in produced documents, reports, materials, audios and videos, etc. For more detailed information on the specific requirements please see “Communication Guidelines”.

Mandatory actions to publicise project and the Programme

Each project must plan these actions (measures) to promote project and publicise support of the Programme:

- to create and regularly manage project **profile** on www.latlit.eu,
- to publish information about the project on **websites** or **social** media accounts of LP and PPs,
- to mark **physical** investments,
- to display project **poster** in location visible to public,
- to display the **Programme logo** or the **EU flag** at project events.

The above indicated actions are minimum which is required by the Programme. Summary on the mandatory and recommended publicity actions is provided in table No. 11. Please note that this is not an exhaustive list and PPs are welcomed to use other additional cost-effective measures.

All publicity measures, including the mandatory ones, must be indicated as deliverables of the relevant project activities.

Table No. 11. **Mandatory and some of recommended publicity activities**

Publicity activity	If mandatory	Start	End	Frequency of maintaining
1. Project profile on www.latlit.eu	Mandatory	Start of project	End of project	At least once per reporting period.
2. Information on social media	Recommended	Start of project	End of project	Minimum 10 posts per project with tagged Programme.
3. Project information on official websites and/or social media accounts of LP/PPs	Mandatory	Start of project	Information must remain after the project	Regularly. By the end of the project all its results must be uploaded there.
4. Durable plaques or billboards to mark physical investments	Mandatory if physical investments or purchase of equipment is more than 100 000 EUR	As soon as the project physical investment or the purchase of equipment starts or equipment is installed	At least for five years after the final payment to the project	To repair/replace if damaged or information needs update
5. Marking of equipment or other investments with stickers	Smart use is recommended. Cannot replace durable plaques or billboards or posters	After purchased or installed	At least for five years after the final payment to the project	To replace if damaged or information needs update
6. Marking of specialised cars	Mandatory if relevant to project	After purchased	At least for five years after the final payment to the project	To replace if damaged or information needs update
7. Informative posters at premisses of each LP and PP	Mandatory	Start of project	End of project	To replace if damaged or information needs to be updated
8. Displaying the Programme logo or the EU flag at events	Mandatory if relevant to project	During the event		

Project website and social media

The Programme will provide each approved project with an access to create its subsection on the Programme website www.latlit.eu. The project must create it at the start of the project and maintain regularly, at least once per project reporting period. LP and PPs must upload produced audio visual content, publications and other materials after they are finalised. Thus, the project should plan sufficient resources to manage project profile.

The stand-alone project website outside www.latlit.eu will not be eligible, unless it directly serves for reaching of the project results and exceeds lifetime of the project (e.g., special platforms, applications, databases, etc.).

We encourage projects to communicate their results in social media. The partners can mention support of the EU and the Programme in social media posts, use logo of the Programme or project on visuals, and / or mention the support in the text. The approaches can variate between different posts. Project should tag the Programme @LatviaLithuaniaProgramme (on Facebook). Minimum 10 social media posts (at least 2-3 per project reporting period) with tagged Programme are mandatory during the implementation of the project. Paid posts must acknowledge support of the EU and the Programme.

Links to the existing social media accounts of the LP/PPs should appear in the project profile on the Programme website.

Official websites and/or social media accounts of LP/PPs

LP and each PP must acknowledge support from the Programme, and provide information about the project on its website or social media profiles. They must provide a short description of the project, indicate its aims and planned results, highlight the financial support of Interreg and provide link to the project profile on www.latlit.eu.

The partners must prepare and publish the information at the start of the project on their websites, and report it with the Partner Progress Report for the first period. By the end of the project all results that can be displayed publicly in electronic format should be uploaded to the section devoted to the project on LP/PP's website. The basic project information (aims, LP/PPs, amount of funding and its source, description of activities) and description of the main results must be available on the LP/PPs' websites even after the project closure.

Description of the project should be in the location that is easy to find, navigate and access for the external user. The Programme recommends that not more than 3-4 clicks would be needed to access the description.

Marking of physical investments

LP/PPs must display durable plaques or billboards clearly visible to the public for physical investments or purchase of equipment that exceed 100 000 EUR. The billboards must clearly display the logo of the Programme. We recommend to put up a durable plaque or billboard on object with project investments (infrastructure improvements or equipment purchases/upgrades), or, if not possible, at a place nearby, that is readily visible and accessible to the public.

The partners must place plaques or billboards as soon as the project physical investment or the purchase of equipment starts or equipment is installed. It should remain and be maintained at least for five years after the final payment to the project is done.

The plaques and billboards are to be made of durable material that enables long-lasting display and are of the significant size.

Since the Programme is not providing general plaques or billboards to the projects, we encourage to use online tool to create layouts by uploading logo of the Programme and other information: ec.europa.eu/regional_policy/online-generator/.

Stickers are generally optional and additional measures to increase the visibility of the Programme support. The stickers cannot replace billboards, plaques or posters in places of investment. Nevertheless, their smart use can considerably contribute to the communication efforts by specifying objects that have been funded by the EU.

Specialised vehicles must be marked with the Programme logo. The Programme also recommends to mark mobile equipment that can be used in various locations (e.g. laptops, grass movers, etc.).

As there are different needs for the stickers (size, material, etc.) the stickers shall be produced by the project.

Informative posters

LP and all PPs must display at least one informative poster of at minimum size A3 or equivalent electronic display at a location visible to the public in their premises, for example, at the entrance area of the building. The poster must provide information about the project and financial support of the Programme.

The partners should set-up printed posters or electronic displays as soon as the project begins. The posters are cost-efficient to produce. Thus, to ensure visibility and when reasonable, the LP/PPs can consider placing a few of them at the project site. As a good practice partners should update the posters when they wear out and/or information on the project needs to be updated. **Online tool** ec.europa.eu/regional_policy/online-generator/ can be used to create a poster by uploading Programme logo and other information.

In the cases of LP/PPs already had placed durable plaques or billboards to mark physical investments they are not obliged to display an informative poster.

Events

Public events of the project should aim to disseminate its results, and have to be interesting for target groups and media. Information about project events has to be sent to the assigned the JS staff member not later than two weeks before event. In addition, information about the upcoming public events has to be entered in the calendar on the Programme website www.latlit.eu as soon as possible, but not later than two weeks prior to the event.

The project has to display the Programme logo or the EU flag at all events, financed by the Programme. Partners can use movable stands, roll-ups, banners or other relevant materials to meet this mandatory requirement. Thus, the Programme highly recommends projects to plan to produce or purchase these materials when relevant.

Documents of events (agenda, invitations, list of participants, hand-outs, presentations, etc.) have to have the Programme logo on them. The Programme recommends to use its template for the list of event participants. It can be downloaded from the Programme website www.latlit.eu.

We encourage partners to participate in the events of the Programme (e. g Programme Annual events, European Cooperation Day, Balts Unity Day) upon request by the MA/JS. Projects also are invited to plan their own activities for the European Cooperation Day and/or Balts Unity Day. Both of them traditionally are organised in the second half of September.

Promotional materials

The Programme has a strict approach to promotional materials (e.g. “gadgets”, “giveaways” or “souvenirs”). Projects can produce only promotional materials that are specifically required for reaching target groups and project objectives defined in the Application Form. The JS will assess use of any promotional material during project assessment. Only vital promotional materials will be approved.

If produced then all promotional materials must be properly branded with the Programme logo. To avoid mistakes, we recommended to harmonise design with the JS prior to the production.

When planning promotional materials, one should consider their environmental, social and economic impact, and to give preference to:

- items that are needed and have a high use value,
- the European and local products or the ones with closer production sites,
- durable, environmentally friendly materials,
- durable, reusable items and designs; please avoid single use items (for example, banners for single-event).

Reporting of publicity and communication activities

The projects must report to the JS on the publicity and communication activities and provide information and proofs the same way as for other thematic activities of the project.

To ensure proper delivery, maintenance and reporting of the publicity materials each project has to:

- 1) Collect the evidence of the promotional activities (copies of publications, photos of events, copies of the press releases with the list of recipients, photos of marking of physical investment, etc.),
- 2) Submit a copy of any publicity or information material together with the Partner and Project Progress Reports,
- 3) Keep at least one set of the produced information material at the LP/PP institution for audit purposes,
- 4) Ensure that the marking of the physical investments (permanent plaques, billboards, stickers, etc.) would remain or be replaced if damaged at least for five years after the final payment of the project.

Additionally, the LP/PPs shall guarantee the availability of project results to wide public also for at least five years after the project closure. They also will ensure that the basic project information (aims, beneficiaries, amount of funding and its source, description of activities) and description of the main results could be found on their websites and the project website if such was created even after the project closure.

Financial corrections for not respecting mandatory publicity requirements

The PPs must take immediate actions to correct any mistakes related to the publicity requirements (e.g. mistakes of colours or size of the logo, incorrect, incomplete or missing information about Interreg support or project, or other). In the case of LP/PPs disregards the EU and the Programme requirements on publicity, and where remedial actions have not been put into place, the MA may cancel up to 2% of the ERDF co-financing granted to the beneficiary concerned. The principle of proportionality shall be applied. Please note that failing to meet requirements set up in “Communication Guidelines” might also lead to the financial corrections.

Depending on the type of non-compliance with the requirements and/or for the first non-compliance a warning may be expressed. In the case it is not possible to quantify the financial amount of ineligible

costs the principles indicated in Table No. 12 shall be applied to determine the amount of financial correction.

Table No. 12. **Financial corrections due to mistakes in projects' publicity**

Type of mistake	Amount of correction of declared costs for production of informative materials
No mandatory publicity requirements have been fulfilled and corrective measures are not possible	100%
Mandatory elements of the publicity requirements are missing	25%
Other cases	Warning or 10%

6.5 Project closure and durability of project results

With regards to the project closure, it is important to be aware of the following:

- All outputs co-financed by the Programme must comply with the applicable Programme information and communication requirements as specified in section 6.4. "Publicity requirements" of the Programme Manual.
- The ownership of the project outputs (infrastructure and/or productive investments), produced during the project implementation must remain with the LP or PPs as stipulated in paragraph below.
- Cooperation ensured within the project, created project outputs and results must be maintained, updated and continued to be used also after the project implementation. Projects will be asked for information on what has happened after the project one year after the project ended as specified in section 6.3. "Project reporting and payments" of the Programme Manual.
- The LP and PPs must assign a contact person for five years after the final payment of the ERDF co-financing has been made to the LP from the Programme.

Without prior consent of the MA, neither the LP nor PPs are allowed to transfer ownership, titles, industrial and intellectual property rights for outputs of the project related to investment in infrastructure, durable equipment items and/or productive investment during the project duration and at least five years after the final payment to the project has been made.

LP and PPs are obliged to repay the ERDF co-financing if within five years of the final payment to the LP or within the period of time set out in State aid rules, the project is subject to any of the following:

- a cessation or transfer of a productive activity outside the NUTS level 2 region in which it received support,
- a change in ownership of an item of infrastructure which gives to a firm or a public body an undue advantage,
- a substantial change affecting its investment's nature, objectives or implementation conditions which would result in undermining its original objectives²⁸.

²⁸ Article 65 of Common Provisions Regulation.

If any of the above-mentioned cases enter into force, the repayment of the ERDF co-financing shall be made in proportion to the period of non-compliance.

Availability of project-related supporting documents

The LP and PPs (each for its part) at all times are obliged to retain all files, documents and data about the project on standard data storage media in a safe and orderly manner for control and audit purposes **at least for five years** after the final payment has been made by the MA to the LP²⁹. Documents shall be kept either in the form of the originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents, or documents existing in electronic version only.

The following project-related supporting documents/information should be available at LP and PPs (for their parts) premises for control and audit purposes:

- Subsidy Contract, Project Partner Statements, addendums to Subsidy Contract, if applicable;
- Partnership Agreement, its amendments, if applicable,
- Relevant project correspondence,
- Reports issued by the National control (including checklists/control reports), if not available in JEMS,
- Book-keeping lists/overviews,
- Bank account statements proving reception and transfer of the ERDF co-financing,
- Invoices, contracts, acceptance acts,
- Bank account statements/proof of payment for each invoice,
- Documents confirming fulfilment of the conditions for support in the case the project is implemented via SCOs: a confirmation of employment, timesheets, etc.,
- Public procurement documents, including contracts,
- Proof of outputs and activities: studies, training programmes, minutes of meetings, signed participant lists for physical meetings and electronic lists of participants for online meetings, agendas, etc.,
- At least one sample of each prepared promotional material,
- Record of assets that confirms physical availability of equipment/ purchased in the framework of the project,
- Other project documentation confirming implementation of the project,
- Proofs that publicity rules have been respected.

The procedure for certification of conformity of these documents held on commonly accepted data carriers with the original documents must be in line with provisions set in the national legislation and shall ensure that the versions held comply with national legal requirements and can be relied on for audit and control purposes. Where documents exist in electronic form only, the computer system used shall meet accepted security standards that ensure that the documents held comply with national legal requirements and can be relied on for audit purposes.

LP/PPs that receive State aid have different retention periods of project related supporting documents. LP/PPs receiving aid granted under the GBER have to retain documents for 10 years from the date on which the last aid was granted under the relevant GBER scheme of the Programme.

In all cases, this given retention period is interrupted either in case of legal proceedings or by a request

²⁹ Due to the fact that at the start of the project the date of final payment can't be precisely projected, it is recommended, first, to set a period for retention of project documents for a period of 6 years after the end date of the project and after transfer of final payment by the MA to LP to adjust the period accordingly.

from the EC. Other possibly longer statutory retention periods, as might be required by national law, remain unaffected.

6.6 Controls and audits

Project audit trail

LP is responsible to ensure that an adequate audit trail is documented at all levels of the project, including PPs' expenditure. Therefore, the LP has an overview on:

- who paid,
- what was paid,
- who verified, and
- where the related documents are kept,
- who is the contact person of the PP.

The LP should request that all PPs keep the documents related to the project in a safe and orderly manner at least five years after the final payment has been made by the MA to the LP. The documents are archived either as originals or as certified copies on commonly used data media (in compliance with the national legislation). If documents are retained electronically, national security standards must be met. If deemed appropriate, the LP may ask for copies of accountancy documents from the PPs.

The PPs must ensure that project funding is explicitly separated from the PP's general budget and can be clearly identified, as well as properly managed and monitored. Thus, every PP must follow these requirements for the accounting of the ERDF co-financing from the Programme:

- Separate accounting records or appropriate (project specific) accounting code for all real costs' transactions relating to the project must be used. It should be supported by accounting documents or equivalent documentation.
Note: The SCOs are reported based on pre-defined calculation methods. Therefore, these costs are not expected to match with bookkeeping and don't have to be in the separate project account.
- Exact reported amount must be indicated on the invoice in case the invoice is partly reported to the Programme. In addition, it is recommended that project index is written or stamped on original invoices reported to the Programme.
- Book-keeping lists/overviews, i.e. list of all expenditures for all transactions relating to the project without prejudice to national accounting rules, must be available.

All PPs must ensure that all accounting documentation related to the project is available and filed separately and that all related payments of the project have a clearly distinguishable book-keeping code, even if this leads to a dual treatment of accounts. This requirement allows to file and keep original accounting documents related to the project in a centralized filing system, e.g. in project partner organisation's financial unit according to the national legislation requirements and to make the approved copies of the accounting documents, file and keep them separately in a project folder with a reference to the place where the original documents are kept. The project folder should also contain the evidence of the project outputs, where possible (e.g. copies of brochures, photos). The documents must be kept as originals or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only.

National control

The National control include bodies from Latvia and Lithuania responsible for verification of LP/PP expenditure based on Partner Progress Reports that the co-financed products and services have been delivered, expenditure declared by the LP/PPs has been paid out and that it complies with applicable legal framework and the Programme rules. It means that at the end of each reporting period LP and each PP will fill in the Partner Progress Report and submit it with all mandatory annexes through JEMS. The National control will check the expenditure entered in the project accounts and the supporting documents (e.g., invoices, contracts, timesheets, and public procurement documentation) as well as the correct application of SCOs.

In **Latvia** the National control is **centralized** and its functions are carried out by the Ministry of Environmental Protection and Regional Development of the Republic of Latvia. For LP/PPs from Latvia National control is free of charge.

In **Lithuania** a **decentralized** system is established by the Ministry of the Interior of the Republic of Lithuania. LP/PPs from Lithuania must plan costs for National control in their budgets (usually 3-4% of the total partner budget).

Detailed information on National control is available on the Programme webpage www.latlit.eu

On-the-spot checks

Verifications of the Partner Progress Reports by National control can provide assurance on the correctness of expenditure to a large extent. Still, depending on the nature of the project its activities and purchased equipment or installed investment, such checks cannot always cover all aspects. Therefore, on-the-spot checks will be carried out by the National control with focus on the two main aspects:

- 1) good functioning of internal processes and systems related to the approval, ordering, accounting and payment of reported costs,
- 2) existence and delivery of goods and services.

During on-the-spot check the National control visits the LP/PP and verifies that certain purchases of services and products of the approved application have actually taken place during the project implementation and that the related processes (e.g., public procurement, archiving and bookkeeping) have been carried out according to rules. On-spot checks are performed by the National control at the premises of the LP/PP as well as in any other place where the project is being implemented. On-the-spot checks should check the existence of the project, especially with regard to cost items referring to the CC5 and CC6 and to accounting documents that form part of the audit trail.

In Latvia, with a centralised control system, on-the-spot checks will be performed on a sample of LP/PPs depending on planned and reported costs under CC5 and CC6.

In Lithuania, with a decentralised control system, on-spot verifications of LP and all PPs are compulsory at least once within the project duration.

Second level control

The AA is the Programme body responsible for carrying out system audits and audits of projects 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 projects to be audited will be selected under the appropriate sampling method, which means that LP or one or more PPs can be chosen for the second level control. The AA will check costs and original supporting documents for real costs for the respective period of time.

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 check of supporting documents submitted with reports.

Other controls and audits

In addition to the sample audits explained above, other bodies, such as the EC's audit services, the European Court of Auditors, NAs, MA, JS may carry out audits/ sample checks to verify the quality of the Programme and project implementation and in particular their financial management and compliance with EU and national rules. Projects may be audited or checked even after the project has ended. It is therefore important to ensure good documentation and the secure conservation of all project documents according to requirements specified in section 6.5 "Project closure and durability of project results".

7. Project budget

The project budget is the total amount of financial resources planned for project implementation. It is defined in the Application Form, approved by the MC when selecting projects for funding, and stipulated by the MA in a Subsidy Contract.

7.1 General requirements

Sound financial management

PPs must use project budget in line with sound financial management principles, namely in accordance with the principles of economy, efficiency and effectiveness:

- **Principle of economy** requires that the resources used by the organisation in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price;
- **Principle of efficiency** concerns the best relationship between resources employed and results achieved;
- **Principle of effectiveness** concerns the attainment of the specific objectives set and the achievement of the intended results.

Sub-contracting between LP/PPs and subcontracting of employees

PPs financially contributing to the project and receiving ERDF co-financing from the Programme are **not allowed** to subcontract **each other, themselves** (e.g., internal invoice) and **own** or LP/PPs' **employees**.

Avoiding conflict of interests and corruption

The Programme has zero tolerance towards the existence of a conflict of interest. A conflict of interest exists when 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 interest, as stipulated in Article 61 of Financial Regulation. Where there is a risk of a conflict of interests involving a member of staff in LP/PP organisation, measures and procedures indicated in Article 61 of Financial Regulation have to be applied to prevent a conflict of interests.

If any party detects the existence of conflict of interest, including a third party, it shall notify the Programme bodies via e-mail address: latlit@varam.gov.lv. The Programme bodies will maintain confidentiality regarding sources of such information.

Double financing

If other EU funds have contributed towards financing of the same expenditure, such expenditure will be not eligible as this is considered double-financing, as stipulated in Article 191 (3) of Financial Regulation.

Cost sharing

Cost sharing is not allowed according to Programme rules. The Programme defines cost sharing as a proportional allocation of certain project expenditures incurred by one PP and allocated to other PPs.

To **avoid** cost sharing, each PP needs to plan **its own budget** and report its own expenditure to the LP. Therefore, a well-planned division of tasks and project budget among the partnership is essential when setting up the project.

Value added tax (VAT)

Value added tax is **eligible** for LP and all PPs in all projects with total eligible budgets below 5 000 000 EUR.

Competition and public procurement

The purchase of goods and services is subject to public procurement procedures that have to be in line with **national public procurement rules**, EU rules, where applicable.

The public procurement procedures aim at more efficient and transparent use of public funds and increasing competitiveness. PPs shall respect the main principles of public procurement (equal treatment, non-discrimination, transparency, free movement and competition) and sound financial management principles (economy, efficiency and effectiveness) throughout the entire process of public procurement. This also applies to purchasing goods and services below the threshold values.

LP and all PPs shall follow the public procurement rules irrespectively of their legal status, i.e., NGOs.

If national legislation on public procurement is stricter than the EU legislation, PPs shall apply national legislation.

In case of questions on applying the national public procurement rules, LP/PPs shall contact Procurement Monitoring Bureau of the Republic of Latvia (www.iub.gov.lv) and Public Procurement Office under Government of the Republic of Lithuania (www.vpt.lt).

7.2 Eligibility of costs

Programme Manual, Subsidy Contract and relevant EU and national legislation define the eligibility of costs.

As a general rule, costs shall be directly related and essential for the project implementation. They must be planned in the Application Form as well as shall not exceed the eligible budget under the respective CC, total eligible partner and project budget.

Project costs can be planned as real costs or as SCOs. Real costs are all costs incurred, actually paid and booked in the accounting system of LP/PP. SCOs are a way of reporting project costs when they are not based on real costs but based on a pre-defined methodology.

The main preconditions for **eligibility** of real costs incurred by the projects are the following:

- Expenditure has actually been paid out by LP/PP. The Programme considers that expenditure was paid out when the amount is debited from the LP/PP organisation's bank account. The bank statements usually prove the payment. The date when the invoice was issued, recorded or booked in the accounting system does not count as a payment date.
- Costs must be paid out before the end of the respective reporting period and within the project duration with exceptions stated under section 6.3 "Project reporting and payments" of the Programme Manual. The earliest date when costs can be paid out is on the next day after the project is approved by the MC.
- Only costs incurred (paid out) by LP/PP, accounted for the project and proved by delivery of works, services or supplies within the project duration could be considered as eligible project costs.

- Advance payments to the external service providers are eligible:
 - 1) if LP/PPs pay up to **30%** of total contract amount as advance payment, proof of partial or full delivery of goods or services is not required,
 - 2) if a service or goods contract foresees a higher advance payment percentage, LP/PPs shall report full costs (both advance payment and remaining payment) of goods/services in the reporting period when delivery takes place and LP/PPs have to provide the proof of full delivery of goods or services.
- Costs have incurred (paid out) by the LP/PPs and would not have been incurred (paid out) without the project.
- PPs report costs under the correct CC.

The following costs are considered **ineligible**:

- Costs incurred and/or paid outside project duration (except for cases specified under section 6.3 “Project reporting and payments” of the Programme Manual).
- Fines, financial penalties and expenditure on legal disputes and litigation.
- Purchase of land for an amount exceeding 10% of the total eligible expenditure of the investment in infrastructure and works concerned. For derelict sites and for those formerly in industrial use which comprises buildings, that limit is increased to 15%.
- Costs of gifts, including awards.
- Interest on debt.
- Charges for national financial transactions (e.g., bank transfers within Latvia and Lithuania).
- Costs related to subcontracting LP/PPs or employees of LP/PP organisations.
- Costs that were already supported from any EU funds or by other international, national, regional and/or local funds.
- In-kind costs.
- Cost sharing.
- Lessor’s margin in case of lease of equipment;
- Costs of preparation of technical documentation for (re)construction costs.
- Creation of stand-alone logos or designs for projects whose use is limited to the lifetime of the project.
- The **stand-alone** project website **outside** www.latlit.eu, unless it directly serves to reach project results and **exceeds** the **lifetime** of the project.
- Promotional materials except items required explicitly for reaching defined target groups. The Programme has described such items in detail under section 6.4 “Publicity requirements” of the Programme Manual and PPs must plan them in the Application Form.

7.3 Simplified cost options

The Programme uses both real costs and SCOs. The SCOs are reported based on pre-defined calculation methods. Therefore, the Programme does not expect these costs to match with the bookkeeping system.

For SCOs general rule on eligibility of costs also applies: costs shall be directly related and essential for the project implementation, planned in the approved Application Form and they shall not exceed the eligible budget under the respective CC.

There are three types of SCOs:

- 1) Flat rates – are calculated as a % of the defined base cost (e.g. office and administration costs are calculated from staff costs),

- 2) Lump sums – the Programme reimburses once PPs fully reach the condition(s) set for the cost (e.g., preparation costs),
- 3) Standard Scale of Unit Costs – the Programme reimburses once PPs fully reach the unit (e.g., unit cost for staff i.e. hourly rate).

The use of SCOs is mandatory for the following CCs:

- 1) flat rate or standard Scale of Unit Costs for CC1,
- 2) flat rate for CC2,
- 3) flat rate for CC3.

The use of lump sum for preparation costs is optional in section E.1 of the Application Form.

It is possible and natural that the LP/PPs expenditures will sometimes be under-compensated or over-compensated when SCOs are applied, e.g., flat rates, unit rates, lump sums.

There are many benefits of SCOs. They are typically straightforward to calculate; LP/PPs rarely make mistakes in applying them. Reporting becomes much easier as there is no need to attach invoices. Thus, SCOs help to focus the efforts more on results and less on technicalities connected with regular reporting.

7.4 Preparation costs

A project can receive reimbursement for the preparation costs of the project based on the following preconditions:

- PPs plan preparation costs in the Application Form, and
- LP applied for reimbursement of the preparation costs.

The Programme bases preparation costs on a lump sum of 5 000 EUR of the total project budget, corresponding to 4 000 EUR of the ERDF co-financing. PPs can split the amount among themselves.

Preparation costs will be added on top of the project budget. They will not decrease the maximum ERDF co-financing per project set according to the Programme specific objectives as specified in chapter 3 “Programme priorities and supported activities” of the Programme Manual.

The MA will transfer the lump sum to the bank account that the LP indicates in JEMS, together with the first payment to the project. Then LP is responsible for paying the agreed division of the preparation costs to the PPs.

7.5 Description of cost categories

PPs must plan project budget under the following CCs:

- CC1 “Staff costs”,
- CC2 “Office and administration costs”,
- CC3 “Travel and accommodation costs”,
- CC4 “External expertise and service costs”,
- CC5 “Equipment costs”,
- CC6 “Infrastructure and works”.

7.5.1 CC1 Staff costs

Staff costs consist of gross employment costs of staff employed by the LP/PP organisation engaged in the project activities. Staff costs can be planned in the Application Form and reported by one of these methods:

- SCO flat rate method (15% of total eligible LP/PP's real costs (CC4, CC5 and CC6)), or
- SCO standard scale of unit cost method (17 EUR hourly rate for both Latvia and Lithuania), when LP/PP can report hours of an employee working under the employment contract or equivalent document.

Both methods do not require documents that expenditure has been paid out.

LP and each PP may choose the appropriate staff costs reporting method or the project partnership can decide to have one method.

LP/PP cannot change the Staff costs method during the project implementation!
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Flat rate method

LP/PPs can use a flat rate to calculate and report staff costs. The calculation is done automatically in the Application Form and Partner Progress Report.

JEMS calculates the eligible staff costs as a flat rate of **15% of total eligible LP/PP's real costs.**

When using the flat rate, the LP/PP does not need to document that the expenditure has been incurred (paid out) (filling in Programme timesheet forms is also not necessary) or to prove that the reported amount of the flat rate would correspond to the actually spent staff costs. Nevertheless, to ensure proper verification of costs reported under CC4, PPs shall provide information on employees involved in the project management/implementation to National control with the Partner Progress Report.

- If LP/PP chooses the **flat rate method**, they cannot choose the standard scale of unit cost method;
- **If LP/PP chooses the flat rate method, external project management costs** (project manager, coordinator, assistant, financial managers, procurement and public relation specialists, etc.) **are ineligible.**

LP/PPs do not have to provide any supporting documentation (i.e. no invoices, payment proof, etc.) for reporting and control purposes.

Flat rate method is mandatory for projects with total eligible project budget below 200 000 EUR!

Standard scale of unit cost method

Standard scale of unit cost method is calculated by applying a standard unit cost (hourly rate) fixed by the Programme that is multiplied with number of units (hours).

LP/PPs can choose to use an hourly rate to calculate and report staff costs. LP/PP can report only actual (productive) working hours dedicated to the project-related tasks. Non-productive hours related to holidays, sick leave, maternity leave, etc., are not eligible. The hourly rate is standard for all employees regardless of their position.

When planning costs, LP/PP must state the number of hours that each staff member will work on the project.

LP/PP shall calculate the eligible staff costs as a multiplication of planned hours and **17 EUR hourly rate** that is unified for all Programme territory. This rate is not affected by real rate of remuneration used within LP/PP institutions (it can be higher or lower). The calculation of staff costs using standard scale of unit cost method is done automatically in the Application Form and Partner Progress Report after the LP/PP enters the number of hours.

In general, the following main documents must be available for control purposes:

- Employment confirmation / work agreement,
- Timesheet with reference to evidence of implemented works from the project workplan in the Application Form. The timesheet shall confirm the actual number of hours worked for the project per staff member per reporting period. The template of the timesheet is available on the Programme webpage www.latlit.eu.

Standard scale of unit cost method cannot be used by projects with total eligible project budget below 200 000 EUR!

Specific rules

- Staff costs must relate to activities which the LP/PP organisation would not carry out if the project was not undertaken.
- Daily allowances and any other travel and accommodation costs are not included under this CC.
- Staff costs must be calculated individually for each staff member both in the Application Form and the Partner Progress Report.
- LP/PP cannot declare more than 1 720 hours per full time employee per year. PPs shall reduce this maximum number of hours to a pro-rata of 1 720 hours for employees working part-time. PPs shall reduce this maximum number of hours to a pro-rata of 1 720 hours for reporting periods shorter than 12 months. For a six-month period maximum of 860 hours will be allowed. The Programme will perform the check based on the timesheets.

In the case the above-stated limits are overreached, PP shall present detailed information about implemented duties and tasks for all reported working hours of the staff members, with the respective duties in timesheets:

- LP project management duties – 430 hours per reporting period,
- PP project management duties per PP – 284 hours per reporting period,
- LP/PP financial manager duties – 215 hours per reporting period.

For all other staff duties, irrespectively to the hours spent, LP/PP shall present detailed information about implemented duties and tasks for all reported working hours in timesheets.

7.5.2 CC2 Office and administration costs

Office and administration costs cover the operating and administrative expenses of the LP/PP organisation implementing project activities.

LP/PPs shall use the flat rate for calculating and reporting office and administrative costs. The calculation is done automatically in the Application Form and the Partner Progress Report.

Eligible costs under CC2 “Office and administration costs” are calculated as a flat rate of **15%** of eligible staff costs or LP/PP may decide not to use office and administration costs in case they are not needed.

When using the flat rate, the LP/PP does not need to document that the expenditure has been incurred (paid out) or to prove that the reported amount using the flat rate would correspond to the real costs for the office and administration.

The flat rate under CC2 “Office and **administration** costs” covers the **following** costs and they cannot be reported under any other CC:

- office rent,
- insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurance),
- utilities (e.g. electricity, heating, water),
- office supplies,
- accounting,
- archives,
- maintenance, cleaning and repairs,
- security,
- IT systems (operating/administrative IT services of general nature that support project delivery. This includes maintenance costs of IT systems, e.g., costs related to the maintenance of a computer used by the project manager to administrate the project),
- communication (e.g., telephone, fax, internet, postal services, business cards),
- bank charges for opening and administering the account or accounts where the implementation of the project requires a separate opened account,
- charges for transnational financial transactions,
- costs related to the organization of internal one partner (without the participation of LP or other PPs) meetings.

Depending on the partner's organisation set-up or project specifics, some costs might belong either to CC2 or others (e.g., CC1, CC4 or CC5).

For example:

Services: in some projects, there may be a justified need for an accountant to be part of the project team (under CC1), whereas in other projects, support from general internal accounting service will suffice and PP shall include such costs under CC2.

PPs must include office equipment, IT hardware and software, and furniture and fittings under CC5. This does not relate to IT system support of an administrative nature; such costs fall under CC2.

LP/PPs do not have to provide any supporting documentation (i.e. no invoices, payment proof, etc.) for reporting and control purposes.

7.5.3 CC3 Travel and accommodation costs

LP/PPs shall use the flat rate for calculating and reporting travel and accommodation costs. The calculation is done automatically in the Application Form and the Partner Progress Report.

Eligible costs under CC3 “Travel and accommodation costs” are calculated as a flat rate of **10%** of eligible staff costs or LP/PP may decide not to choose travel and accommodation costs if they are not needed.

When using the flat rate, the LP/PP does not need to document that the expenditure has been incurred (paid out) or to prove that the reported amount using the flat rate would correspond to the real costs for travel and accommodation.

The following costs are covered by the flat rate under CC3, and PPs cannot report them under any other CC, as stipulated in Article 41 of Interreg Regulation:

- travel (such as tickets, travel and car insurance, fuel, car mileage, toll, parking fees, rent of vehicle),
- the cost of meals (e.g., cost of meals provided during travelling (PPs must plan and report costs for catering during events under CC4)),
- accommodation costs,
- costs related to mandatory requirements for entering countries, e.g. visa costs, mandatory health tests, etc.,
- daily allowances.

LP/PPs do not have to provide any supporting documentation (i.e. no invoices, payment proof, etc.) for control and reporting purposes.

The flat rate for CC3 is directly linked to the staff cost and JEMS always counts these costs from the final eligible staff costs. If the National Control or other Programme bodies would reduce staff costs, the travel and accommodation costs would also be proportionally reduced.

The flat rate only covers travel and accommodation costs of **LP/PPs' own employees**. Travel and accommodation costs of target groups, external experts and service providers are covered by CC4, except costs for rented transportation that is used for the events when project management staff and project target group participate.

7.5.4 CC4 External **expertise** and **services** costs

External expertise and services costs cover expenditures paid by the partner organisation for the support in the project implementation provided by a public or private body or a natural person **outside** of the partner organisation. LP/PPs shall base those costs on contracts or agreements concluded with external **experts** and service providers and paid based on invoices or equivalent requests for reimbursement.

In accordance with Article 42 of Interreg Regulation the following costs are **eligible** under this CC:

- studies or **surveys**,
- trainings,
- **translations**,
- **development, modifications and updates to IT systems** and websites except ineligible costs specified in section 7.2 "Eligibility of costs" of the Programme Manual,
- promotion, communication, publicity, promotional items and activities or information linked to a project or a Programme except ineligible costs specified in section 7.2 "Eligibility of costs" of the Programme Manual.
- financial management,
- services related to the organization and implementation of events or meetings (including rent, catering or translation),
- participation in events (e.g., registration fees),
- legal consultancy and notarial services, technical and financial expertise and other consultancy services,
- intellectual property rights,
- costs for verifications (e.g., cost of the National control),
- the provision of guarantees by a bank or other financial organisation, where required by EU or national law or in the Programme Manual,

- travel and accommodation for the target group, external experts, speakers, chairpersons of meetings and service providers,
- insurance for equipment and infrastructure,
- other specific expertise and services needed for the project.

Specific rules

- LP/PPs must follow the rules on eligibility of costs stated in section 7.1. “General requirements”.
- Costs must be borne by the LP/PP organisation.
- The work by **external** experts and service providers must be **essential** to the project and specified in the Application Form.
- All services must comply with other applicable EU and Programme information and publicity rules.
- Costs for external services are eligible if LP/PPs ensure the quality of produced outputs.
- LP/PPs must calculate the price of the external service or expertise **reasonably** and according to the **standard rates** of the **country** where the LP/PP concluding the contract is located.
- All additional costs related to external experts (e.g. travel and accommodation costs for external experts) must be foreseen in the service contract and planned under this CC.
- LP/PPs must include under this CC all costs of external expertise and services that are linked to an investment in equipment and infrastructure planned under CC5 or CC6.
- Costs related to the organization of internal one partner (without the participation of LP or other PPs) meetings are **not eligible** under this CC, but LP/PPs could cover these costs from CC2 “Office and administration costs”.
- Wages/**compensation** for artists and **authors** are not eligible, with the exception if activities are essential for the implementation of the project and costs have been specified in the approved Application Form under CC4.
- General internal accounting services are not eligible under CC4, and LP/PPs must attribute such costs to CC2.
- Costs of groceries purchased from the shops are not eligible under CC4.
- Costs linked to awards and prizes granted or given at competitions organised by the LP/PPs are not eligible.
- If LP/PPs use rented **transportation** for the events where project management staff and project target group participate, total costs for transportation are **eligible** under CC4.
- Costs for lunch are eligible for a minimum **six hours meeting**, and LP/PPs can include costs for dinner for events taking place more than one day. Costs for dinner on the last day of the event are eligible if dinner is a part of networking activities.

In general, the following main documents must be available for control purposes:

1. Evidence of the procurement process (announcement, selection, award) in line with the national procurement rules.
2. A contract or an agreement laying down the services to be provided, if required by national legal act. For experts paid based on a daily fee, PPs shall provide the daily rate, the number of days contracted, and the total amount of the contract. Any changes to the contract must comply with the public procurement rules and PPs must properly document them.
3. An invoice or a request for reimbursement providing all relevant information in line with the applicable accountancy rules.
4. Results of the work of external experts or service deliverables, e.g.:

- developed documents (e.g., studies, researches, programmes),
 - developed ICT solutions,
 - etc.
5. In the case of organisation of meetings and events:
 - meeting/event agenda with indicated breaks for the catering. If catering is not indicated in the agenda, the National Control/JS/MA will ask for clarifications during the check of reported costs. If costs are not justified, they might be found ineligible.
 - memo/minutes/report of the meeting/event, if available.
 - list of participants with signatures for each day (PPs must use a standard form of a “List of participants” for reporting on physical events which is published on the Programme website www.latlit.eu.) and a verifiable list of participants for online meetings.
 - photos from significant meetings/events.
 - handouts (obligatory to be provided for control purposes if the preparation of handouts is paid under CC4).
 6. Proof of payment.
 7. Act of delivery and receipt (if required).
 8. Other documents that could be relevant according to the national legislation.

7.5.5 CC5 Equipment costs

Equipment costs cover the eligible expenditure paid by the partner organisation for purchased, rented or leased equipment necessary to achieve the project's objectives. To rent or lease equipment, LP/PP should provide justification in the project Application Form stating clear advantages of rent or lease compared to the purchase of equipment.

In the case of the equipment lease, final ownership should belong to the respective LP/PP, and the leasing period should be within the duration of project implementation.

A cross-border character and relevance of the investments in the equipment should be evident and in line with the project objective. Investments in the equipment should form a part of an overall cooperation strategy implemented by the LP/PPs.

In accordance with Interreg Regulation, the following costs are eligible under this CC:

- Office equipment costs,
- IT hardware and software costs,
- Furniture and fittings costs,
- Laboratory equipment costs,
- Machines and instruments costs,
- Tools or devices costs,
- Costs of other specific equipment needed for the project.

Specific rules

- Rules on eligibility of costs stated in section 7.1 “General requirements” must be followed.
- Costs must be borne by the LP/PP organisation.
- The needed functionality and quantity of equipment have to be justified in the Application Form.
- Costs of equipment are eligible if they are planned in the approved Application Form.
- Equipment ownership and the way of use cannot be changed – according to the rules in section 6.5 “Project closure and durability of project results”.

- All costs must comply with other applicable EU and Programme information and publicity rules (see section 6.4 “Publicity requirements”).
- Purchase of equipment is eligible if it is used solely for the purpose of the project or the target group in line with the objectives of the project and costs incurred (were paid out) within the project duration.
- LP/PPs cannot place depreciation of the equipment purchased from the project in the project budget.
- Purchase of only specialised cars is eligible if they are operated and used solely to fulfil the main objective of the project.
- Equipment cannot be purchased, rented or leased from another LP/PP.
- For equipment rented or leased for a certain period during the project lifetime, rental or leasing costs for the respective period are eligible if the necessity for renting and lease of equipment is appropriately justified and PPs plan these costs in the Application Form.
- Expenditure for insurance of the equipment permanently installed in the project is eligible for the project duration period. PPs must provide justification for equipment insurance in the Application Form and must plan and report relevant costs for insurance under CC4.
- Costs linked to awards and prizes granted or given at competitions organised by the LP/PPs are not eligible.
- Purchase of warranty for equipment for a period outside the project duration is not eligible.
- Purchase of animals is allowed only in justified cases.

The purchase costs of second-hand equipment are eligible if the following four conditions are fulfilled:

1. The seller of the equipment must provide a declaration stating its origin, and confirm that it has not been purchased with the aid of other financial instruments (EU, national, international).
2. The price of the equipment must not exceed its market value and must be less than the cost of similar new equipment.
3. The equipment must have the technical characteristics necessary for the project, and it has to comply with applicable norms and standards.
4. LP/PPs plan the purchase of second-hand equipment in the Application Form.

In general, the following main documents must be available for control purposes:

1. Evidence of the procurement process (announcement, selection, award) in line with the national procurement rules.
2. Invoice or a request for reimbursement providing all relevant information in line with the applicable accountancy rules.
3. A document laying down the equipment purchase, if required by national legal acts. Any changes to the contract must comply with the public procurement rules and PPs must properly document them.
4. Proof of payment.
5. Act of delivery and receipt.
6. Pictures of purchased equipment, including proof that publicity rules have been respected (upon request).
7. Other documents that could be relevant according to national legislation.

7.5.6 CC6 Infrastructure and works costs

Costs for **infrastructure** and **works** cover **eligible** expenditures for infrastructure and works necessary to achieve the project's objectives. This includes costs for:

- The purchase of land for an amount below 10% of the total eligible expenditure of the investment in infrastructure planned under CC6. For derelict sites and for those formerly in industrial use, which comprise buildings, that limit is increased to 15%.
- **Building** permits.
- **Building** material.
- **Labour**.
- Specialised interventions (such as soil remediation and mine-clearing).

Investments are financed only if necessary for reaching project results and guaranteeing their durability. A **cross-border character** and relevance of the investments in infrastructure should be evident and in line with the project objective. Investments in infrastructure should form a part of an overall **cooperation** strategy implemented by the LP/PPs.

Specific rules

- Costs must be borne by the LP/PP organisation.
- Costs for investments in infrastructure are eligible if they are planned in the approved Application Form.
- All costs must comply with other applicable EU and Programme information and publicity rules as specified in section 6.4 “Publicity requirements” of the Programme Manual.
- LP/PPs cannot change the ownership and the use of investment within five years after the project receives the final payment from the Programme. Otherwise, the Programme has the right to reclaim the funding.
- Total costs of investments in infrastructure incurred (paid out) within the project duration are eligible, i.e. no depreciation is eligible.
- National control certifies the final payment for investment works only after submission of the Acceptance act that works are accepted for service.
- LP/PPs must provide the JS the documents specifying the ownership of land and/or premises or lease of land or premises agreements where PPs will carry out the works together with the application (see section 5.1 “Application requirements” of the Programme Manual).
- LP/PPs must fulfil all compulsory requirements set by the EU and national legislation related to the respective investment in infrastructure (e.g., environmental impact assessments, building permission, etc.). One copy of a full set of documents required under the national building laws must be submitted to the JS together with the application (see section 5.1. “Application requirements” of the Programme Manual).
- Expenditure for insurance of the infrastructure created in the project is eligible for the project duration period. LP/PPs must provide justification for infrastructure insurance in the Application Form and plan and report insurance costs under CC4.
- Costs for building permits are not eligible for (re)construction works planned under CC6 since they must be submitted together with the application according to requirements specified in section 5.1 “Application requirements” of the Programme Manual, except when changes in the (re)construction works are necessary during project implementation and LP/PP must obtain a new building permit.

The following main documents must be available for control purposes:

1. Evidence of the procurement process (announcement, selection, award) in line with the national procurement rules.
2. Contract laying down the investments in infrastructure, if required by national legal acts. For contracts based on a daily fee, LP/PPs must provide such a fee together with the number of days contracted and the total amount of the contract.
3. Invoice providing all relevant information in line with the applicable accountancy rules.
4. Proof of payment.
5. Acts of delivery and acceptance (acceptance act for works, acceptance act that works are accepted for service).
6. Technical documentation for implemented works.
7. Pictures of infrastructure objects constructed/renovated with proof that publicity rules have been respected.
8. Other documents that could be relevant according to national legislation.

7.6 De-commitment

The Programme funding is subject to the de-commitment rule. If PPs do not spend the Programme funding according to the defined schedule (known as the 'N+3 rule'), the EC will de-commit the unspent funding from the Programme³⁰.

De-commitment imposes risk on the Programme's success; therefore, regular control of the Programme spending and implementation of risk-preventing countermeasures is part of the Programme's management.

The payment claims to the EC are based on the projects' reported and certified expenditures, thus very much depending on the projects' financial performance. In this regard, the Subsidy Contract will commit approved projects to follow a pre-defined spending schedule set out in the Application Form. If the Programme faces de-commitment and it cannot be secured by other means, the MA/JS will reduce budgets granted to the delayed projects. The decision on which projects are affected by the de-commitment will be based on an assessment of the project's spending plan as fixed in the Application Form and the actual spending rate of the projects.

The Subsidy Contract provides the legal basis for the de-commitment of funding from running projects.

7.7 Irregularities and recovery of expenditure

An irregularity is any breach of the legislative acts of the EU, Republic of Latvia, Republic of Lithuania and documents of the Programme that regulate the management of the Programme. It results from the action or failure to act of any institution involved in the Programme and project implementation, which has or might have a negative influence on the general budget of the EU³¹.

The Programme will consider any violation of the legislative acts of the EU, Republic of Latvia, Republic of Lithuania, and documents of the Programme found in the project activities or after project closure, for which costs have been declared to the EC, as irregularity.

³⁰ Article 105 of Common Provisions Regulation.

³¹ Based on definition of the "irregularity" in Article 2 (31) of Common Provisions Regulation "irregularity" means 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.

The Programme will also consider the suspected fraud and fraud as irregularities.

Suspected fraud is an irregularity giving rise to the initiation of administrative or judicial proceedings at the national level to establish the presence of intentional behaviour, particularly fraud.

Fraud is any intentional act or omission relating to:

- 1) the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the EU or budgets managed by, or on behalf of, the EU,
- 2) non-disclosure of information in violation of a specific obligation, with the same effect,
- 3) the misapplication of funds for purposes other than those granted initially.

Possible irregularities can be identified by:

- LP and PPs,
- National Control,
- AA, EC auditors,
- MA/JS,
- NAs.

In case of possible irregularity, the MA is responsible for investigating possible irregularity cases, and deciding on irregularity existence or non-existence.

In case of irregularity existence, within MA decision, the MA indicates the method how irregularly carried out expenditure will be recovered (by deducting from the current/next payment to the LP or by requesting reimbursement from the LP). Then it notifies the LP (in case irregularity was detected for PP – also the respective PP), respective National control, AA and the respective NAs about the decision.

In case if MA requests reimbursement from the LP, the LP is obliged to repay the respective amount to the Programme by the deadline set within the MA decision. PPs shall refund to the LP any amounts unduly paid in line with the Partnership Agreement.

After taking the decision on irregularity existence, the MA prepares an amendment to the Subsidy Contract by reducing the total project budget by the amount of irregularity, and the exact sum may not be used again by the project.

8. Resolution of complaints

The Article 69(7) of the Common Provisions Regulation requires arrangements to ensure the effective examination of complaints concerning the Programme Funds.

Lodging a complaint does not affect the implementation of the decision subject to complaint.

Complaint procedure described in this section concerns:

- complaints about decisions taken by the MA during project selection process and complaints by third parties regarding decisions taken by the Programme authorities,
- LP's complaints to the MA against the decision taken by the MA during project implementation.

Complaints about decisions taken by the MA during project selection process and complaints by third parties regarding decisions taken by the Programme authorities.

Complaints may be lodged against:

1. MA decision taken during project selection process:
The MA takes decision based on the MC decision on the selection of projects for funding or takes final decision if the project had to fulfil conditions.
If the applicant does not agree with the decision of the MA, it may lodge a complaint about this decision.
2. Complaints by third parties regarding decisions taken by the Programme authorities:
Complaint by third parties (other stakeholders or citizens, etc) who are not partners of a project or directly related to the implementation of a project in the framework of the Programme may lodge their complaint regarding decisions taken by the Programme authorities to the MA.

Submission of complaint and formal requirements

The complaint must be prepared in English and submitted by the claimant (claimant can be the applicant (including LP of the approved project) or a third party) representative with an official letter to the MA. If a complaint is lodged against the MA decision, the complaint must be submitted within one month as of the day when the decision, which serves as a reason for complaining, was received.

The complaint should include:

- 1) Name and postal address of the legal entity (e.g., applicant organisation) or natural person filing the complaint.
- 2) Name of the respective authority.
- 3) Reference number of the project or application which is a subject of the complaint, if complaint is lodged against MA decision.
- 4) Clearly indicated reasons for the complaint, indicating the decision against which the complaint is filed. All elements which are being complaint and/or failures in adherence with Programme or Programme related documents must be listed. If a complaint is filed against MA decision taken during the project selection process, the applicant must list all elements of the selection process which the applicant is complaining about, including clear reference to the Programme Manual and specific documents of the call for proposals.
- 5) Information to what extent the decision is disputed (describing which part/article of the administrative act the complaint is about).
- 6) The petition (explicitly stating what decision/action applicant envisages to be taken regarding the decision taken).
- 7) Signature of the legal representative of legal entity (e.g., applicant organisation) or natural person.
- 8) Supporting documents, if relevant.

The relevant documentation will be provided solely to support the complaint and may not alter the quality or content of the assessed application or other decision of the MA. No other grounds for the complaint will be considered during the complaint procedure.

Supplementing complaint and rejection without examination

If the complaint does not contain the necessary information as referred to above, the MA requests the claimant to supplement the complaint with the required information within 5 (five) working days after the day on which the claimant receives the information from the MA. The term for completing the complaint is indicated in the official letter from the MA providing information about the shortcomings.

If the claimant fails to submit requested information by the term specified in the MA letter or if it submits the complaint after the time limit of one month as of the day when the decision, which serves as a reason for complaining, was received, the complaint is left unexamined.

If the complaint is left unexamined, within 10 (ten) working days the MA informs the claimant by an official letter about the rejection of the complaint without examination, as well as electronically informs the MC.

Handling of the complaint

The maximum duration for the whole complaint procedure (from the receipt of the complaint to the decision by the MA on the complaint) is four months.

1. Complaints regarding MA decision:

The MA/JS within one month reviews the complaint and prepares opinion and alongside with the complaint and supporting documents provides to the MC for final decision. If additional documents/clarifications are needed, the MA/JS asks claimant to provide them.

The MC reviews the documentation and takes a decision, based on which the MA issues its decision.

Depending on the legal status of the claimant, the MA issues its decision in accordance with the national laws and regulations of the Republic of Latvia:

- in the form of an administrative act if claimant is a Latvian legal entity under private law (including NGO) or claimant is from Lithuania;
- in the form of an administrative decision if claimant is a Latvian public authority or public equivalent body.

2. Complaints by third parties:

Complaints lodged by third parties regarding decisions taken by the Programme authorities, are answered by MA. The answer given by MA cannot be appealed.

This is without prejudice to the general possibility to address claims on the implementation of the Programme or its projects thereunder, to the MA by citizens and stakeholders anonymously. Anonymously submitted information is not considered a complaint and is not treated as such.

LP's complaints to the MA against the decision taken by the MA during project implementation.

Submission of complaint and formal requirements

The LP may submit a complaint on behalf of the project partnership to the MA against the decision taken by the MA during project implementation.

The LP has to prepare complaint in English and submit with an official letter to the MA within one month after the MA submitted the final decision that is the subject of the complaint.

The complaint shall include:

- Name and postal address of the legal entity (LP organisation) filing the complaint.
- Name of the respective authority.
- Reference number of the project which is a subject of the complaint.
- Clearly indicated reasons for the complaint, indicating decision against which the complaint is filed, listing all elements which are being complaint and/or failures in adherence with Programme or Programme related documents.
- Information on to what extent the administrative act is disputed (describing which part/article of the administrative act the complaint is about).
- The petition (explicitly stating what decision/action LP envisages to be taken regarding the decision taken).
- Signature of the legal representative of legal entity (e.g., LP organisation).
- Supporting documents, if relevant.

Handling of the complaint, supplementing complaint and rejection without examination

Complaints about the decision taken by the MA during project implementation are solved depending on the legal status of the LP:

- in civil procedure, or
- in the form of an administrative decision. The administrative decision issued by the MA can be appealed to the State Secretary of the Ministry of Environmental Protection and Regional Development of Latvia. The administrative decision cannot be appealed in court.

If the complaint does not contain the necessary information as referred to above, the MA requests claimant to supplement the complaint with the required information within 5 (five) working days. The term for completing the complaint is indicated in the official letter from the MA providing information about the shortcomings. If the claimant does not eliminate discovered shortcomings within the above-mentioned time, the complaint is left unexamined.

If the complaint is left unexamined, within 10 (ten) working days, the MA informs the claimant by an official letter about the rejection of the complaint without examination.

The maximum duration for the whole complaint procedure (from the receipt of the complaint till the final decision by the MA on the complaint) is 4 (four) months.

Annex I. Programme output and result indicators

Specific objective	Output indicator name	Measurement unit	Definition	Time measurement achieved	Result indicator name	Measurement unit	Definition	Time measurement achieved
1.1 2.1 2.2 3.1 4.1	Organisations cooperating across borders (RCO87)	Organisations	The indicator counts the organisations cooperating formally in supported projects. The organisations counted in this indicator are the legal entities including project partners.	Upon project finalisation.	Organisations cooperating across borders after project completion (RCR84)	Organisations	The indicator counts the organisations cooperating across borders after the completion of the supported projects. The organisations are legal entities involved in project implementation . The cooperation concept should be interpreted as having a statement that the entities have a formal agreement to continue cooperation , after the end of the supported project. The cooperation agreements may be established during the implementation of the project or within one year after the project completion. The sustained cooperation does not have to cover the same topic as addressed by the completed project.	During project implementation / up to one year after project completion
1.1 2.1 2.2 3.1	Pilot actions developed jointly and implemented in projects (RCO84)	Pilot actions	The indicator counts the pilot actions developed jointly and implemented by supported projects. The scope of a jointly developed pilot action could be to test procedures, new instruments, tools, experimentation or the transfer of practices. In order to be counted by this indicator: - the pilot action needs not only to be developed, but also implemented within the project and - the implementation of the pilot action should be finalised by the end of the project.	Upon project finalisation.	Solutions taken up or upscaled by organisations (RCR104)	Solutions	The indicator counts the number of solutions, other than legal or administrative solutions, that are developed by supported projects and are taken up or upscaled during the implementation of the project or within one year after project completion. The organisation adopting the solutions developed by the project may or may not be a participant in the project. The uptake / up-scaling should be documented by the adopting organisations in, for instance, strategies, action plans etc.	During project implementation / up to one year after project completion

Specific objective	Output indicator name	Measurement unit	Definition	Time measurement achieved	Result indicator name	Measurement unit	Definition	Time measurement achieved
			Jointly developed pilot action implies the involvement of organizations from Latvia and Lithuania in its implementation.					
1.1 2.1 2.2 3.1	Jointly developed solutions (RCO116)	Solutions	The indicator counts the number of jointly developed solutions from joint pilot actions implemented by supported projects. In order to be counted in the indicator, an identified solution should include indications of the actions needed for it to be taken up or to be upscaled. A jointly developed solution implies the involvement of organizations from at Latvia and Lithuania in the drafting and design process of the solution. The solution should not have the main topics linked to administrative or legal frameworks.	Upon project finalisation.				
4.1	Number of cultural and tourism sites supported (RCO77)	Cultural and tourism sites	Number of cultural and tourism sites supported by Programme funding.	Upon completion of output in supported project	Visitors of cultural and tourism sites supported (RCR77)	Visitors/year	Estimated number of annual visitors of cultural and tourism sites supported. The estimation of the number of visitors should be carried out ex post one year after the completion of the intervention. The baseline of the indicator refers to the estimated annual number of visitors of the supported sites the year before the intervention starts, and it is zero for new cultural and tourism sites. The indicator does not cover natural sites for which an accurate estimation of number of visitors is not feasible.	One year after the completion of output in the supported project.

