

**Interreg  
Danube Region**



**Co-funded by  
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# Seed Money Facility Programme manual

# List of abbreviations

AA	Audit authority
AF	Application form
AfR	Application for reimbursement
AM	Applicants manual
ASP	Associated strategic partner
CA	Certifying authority
CfP	Call for proposals
IP	Interreg programme
CPR	Common Provisions Regulation (EU) No 1060/2021 of the European Parliament and of the Council of 24 June 2021
DR	Danube Region
DRP	Danube Region Programme
DSP	Danube Strategy Point
EC	European Commission
EGTC	European grouping for territorial cooperation
ERDF	European Regional Development Fund
ESIF	European Structural and Investment Funds
ETC	European Territorial Cooperation
EUSDR	EU Strategy for the Danube Region
GoA	Group of Auditors
Jems	Joint electronic monitoring system
LA	Lead applicant

LP	Lead partner
MA/JS	Managing authority and joint secretariat
MC	Monitoring committee
NCs	National Coordinators
NCP	National Contact Point
NGO	Non-governmental organisation
NUTS	Nomenclature of Territorial Units for Statistics
PA	Priority Axis of DRP
EUSDR PA	Priority Area of EUSDR
PAC	Priority Area Coordinator (EUSDR)
PP	Project partner
SC	Subsidy contract
SMF	Seed Money Facility
SO	Specific objective

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# Foreword

This manual presents the main rules, requirements and procedures to apply for funding and implementing the seed money facility of the Danube Region Programme.

General information about the programme and transnational cooperation as well as the regulatory framework can be found on the programme website (<https://interreg-danube.eu/how-to-apply>) as well as in other supporting documents for the DRP calls. (<https://interreg-danube.eu/calls-for-proposals>):

- Interreg programme;
- call announcement;
- glossary;
- guidelines for SMF application form (AF).

The documents for project implementation to be prepared by the programme will also be available on the programme website:

- visual identity manual;
- communication toolkit.

# I. Danube Region Programme

## I.1. Programme overview

### I.1.1. Programme area



The programme area covers **nine EU Member States** (Austria, Bulgaria, Croatia, Czech Republic, Hungary, Germany with two lands Baden-Württemberg and Bayern, Romania, Slovakia and Slovenia) and **five non-EU Member States** (Bosnia and Herzegovina, Republic of Moldova, Montenegro, Serbia and Ukraine<sup>1</sup> with four provinces: Chernivetska Oblast, Ivano-Frankiviska Oblast, Zakarpatska Oblast, Odessa Oblast), being composed of 70 NUTS2 regions.

## I.1.2 Programme priorities and specific objectives

### I.1.2.1 Programme mission and strategy

*"From a region of barriers to a region of flows"*

The Danube macro-region is a region of barriers, due to its highly fragmented status in political, socio-economic and administrative aspects as well. The effects of such fragmentation are decisive

<sup>1</sup> DRP will cover the entire territory of Ukraine provided that the part of the operations implemented outside programme area (the UA regions not officially involved in the programme) directly contribute to the objectives of the programme. (Reg. (EU) 2021/1059, Art.37)



**for the development of the whole region; therefore, the related border effects should be tackled and mitigated.** This fragmented status of the Region, besides being a weakness, offers at the same time the opportunity for stronger cooperation and coordinated actions across these countries to overcome these barriers in the field of innovation, environment, governance and social issues. Project financed by DRP should aim at closing the gap between the countries of the region in terms of innovation, environment, energy, social issues and governance in order to overcome the barriers and support a homogenous development.

The whole Danube space is suffering from its highly fragmented political and administrative character, which is further complicated by the extreme economic diversity of its countries and regions. The European measures for a stronger cohesion along with the accession and neighbourhood policies create a new, unique historic situation for the better integration of the Danube space. Creating a better institutional platform and transnational cooperation environment for the territorial, economic and social integration is the main mission of the DRP.

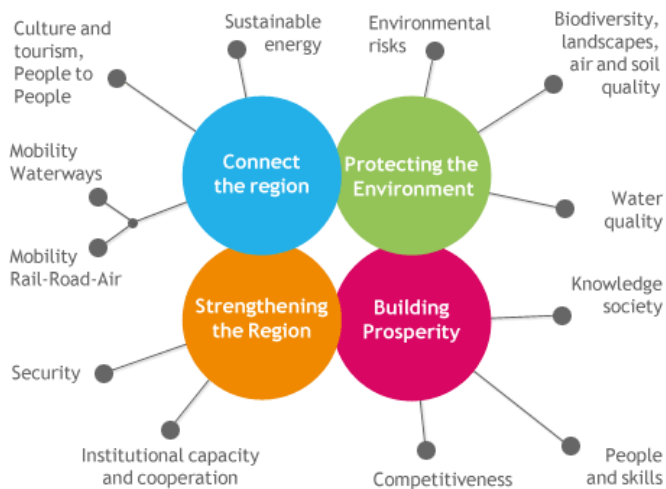
The main focus of the new programme is along those thematic areas where the overall measures for better integration could be linked to those relevant and specific needs, which can be effectively addressed by transnational projects (e.g. depopulation, migration, economic inequalities, energy dependency and climate change). In this very heterogeneous and diverse region, a specific emphasis is to be given to ensure that the different needs of the countries (given their different political and economic status) are considered in a fairly balanced and well-integrated manner.

The programme is therefore organised along four programme priorities that are further broken down into 10 specific objectives.

### 1.1.2.2 Key stakeholders of the EUSDR

The EU Strategy for the Danube Region (EUSDR) is a macro-regional strategy adopted by the European Commission in December 2010 and endorsed by the European Council in 2011. The Strategy was jointly developed by the Commission, together with the Danube Region countries and stakeholders, in order to address common challenges together. The Strategy seeks to create synergies and coordination between existing policies and initiatives taking place across the Danube Region. The EUSDR also facilitates cooperation between EU and non-EU Member States in the Danube macro-region.

The EUSDR is divided into 4 pillars and 12 Priority Areas (PAs), as shown in the diagram below:



The EUSDR defines targets<sup>2</sup> for all Priority Areas. The EUSDR Action Plan is a rolling document, subject to regular review, as appropriate.

**The Priority Area Coordinators (PACs)** are leading the Steering Groups, which are the expert drivers of the day-to-day implementation. The Steering Groups, with members from all involved countries, are established for all Priority Areas. Their role, capacities, resources and engagement are the key to success. The PACs, together with the Steering Groups, ensure the implementation of the EUSDR (e.g. by agreeing on planning, with targets, indicators and timetables, and by ensuring wide contacts between project promoters, programmes and funding sources, and by providing technical assistance and advice). Their work is transnational, inter-sectorial and inter-institutional. PACs and Steering Groups also support the reporting and evaluation of the EUSDR – they identify progress related to the improvements that the actions and projects deliver and achievement of targets. They also regularly provide information/reports on their work.

**The National Coordinators (NCs)** are the core strategic bodies within the governance structure. They have a strategic coordination function within their national or regional government. The NCs coordinate and keep an overview of the participation of their country in the implementation of the EUSDR including all 12 Priority Areas (PAs). They also promote the EUSDR and inform at the national and regional level all the relevant stakeholders of key developments, ongoing initiatives, including alignment of policies and funding. NCs' meetings are chaired by the country holding the rotating Presidency, which also prepares and organises them with the support of the EUSDR TRIO Presidency, the European Commission (EC) and the Danube Strategy Point (DSP).

The **Danube Strategy Point (DSP)** has been established in 2015 to improve the implementation process of the Strategy, supporting the Commission in its coordination tasks of the EUSDR. The

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<sup>2</sup> The EUSDR targets are reviewed and revised (if needed) by EUSDR bodies and finally endorsed by High Level Group made up of official representatives of all EU Member States (non-EU partners being invited as appropriate). The list of targets is accessible <https://danube-region.eu/about/targets/>.

DSP is supporting exchange among Priority Area Coordinators and National Coordinators in their tasks and promotes the Strategy predominantly at the European level. Additionally, its role is to increase internal and external communication, to support EUSDR stakeholders whenever needed, in cooperation with funding instruments, and to build capacities for PACs' specific needs and/or for EUSDR in non-EU countries wherever needed. The secretariat encourages collaboration between stakeholders of EUSDR as well and ensure the sound monitoring and evaluation of the EUSDR.

## I.2. Governance

The Seed Money Facility is managed directly by the MA/JS who is responsible for:

- Development of the SMF framework including applicants' manual, assessment criteria, implementation manual.
- Assessment of the AFs submitted to the programme.
- Contracting the SMF projects.
- Monitoring the project implementation.
- Checking the outputs of the SMF projects.

PACs are involved in the set-up and implementation of the SMF call through:

- Project generation process and the content dissemination of the call (MA/JS can provide support for the administrative and technical rules). The call will be open for the preparation of projects that address the EUSDR Action Plan and PACs will provide guidance to applicants in the direction of certain topics that are considered strategic or more relevant for the strategy. In order to support the applicants, PACs will:
  - ✓ Organise partner search events.
  - ✓ Organise thematic events for potential applicants.
  - ✓ Offer consultations to potential applicants on the topics covered by the EUSDR PAs.
  - ✓ Guide the content development of the SMF projects through support to applicants.
  - ✓ Perform the quality assessment of the project theme and contribution to EUSDR.

The approval of the call framework, including this Manual, selection criteria as well as the selection of the projects to be financed is solely the attribution of the monitoring committee (MC) of the programme. As the amount allocated to the call is split between EUSDR Priority Areas on an equal basis, the Monitoring Committee will select projects<sup>3</sup> according to the ranking list up to the maximum amount per priority area.

The other programme bodies and/or stakeholders responsible for this call are the following:

The certifying authority (CA) is responsible for drawing up and submitting certified statements of expenditure and applications for payment to the European Commission and receiving payments from the EC. The CA shall use the payments received from the EC to reimburse the lead partners.

The audit authority (AA) is responsible for ensuring that audits are done in the framework of the management and control systems and are based on an appropriate sample of operations and on the annual accounts. The AA is assisted by a Group of Auditors (GoA) comprising the representatives of responsible bodies of each Partner State.

National Contact Points (NCPs) are set up by each participating country to complement transnational activities of the MAJS and by involving stakeholders from the national level as well as to contribute to the national and transnational programme management and provide guidance and advice to potential applicants and project partners.

National Controllers are designated by each Partner State to ensure the compliance of expenditure incurred by the project partners with the community and national rules, by carrying out verifications covering administrative, financial, technical and physical aspects of operations. Controllers shall be nominated in line with the national provisions of each Partner State. Each country participating in the DRP is responsible for verifications carried out on its territory.

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<sup>3</sup> Further details are found in the *Assessment and Selection* chapter of this Manual.

## II. Project requirements

### II.1. Scope of the seed money facility call

The seed money facility (SMF) is a tool for kick-starting development of strategic projects and large-scale initiatives for the EU Strategy for the Danube Region (EUSDR) (<https://danube-region.eu/>). These strategic projects can later on apply for funding by other financing instruments. Through the SMF, applicants shall develop projects that are addressing the EUSDR Action Plan. The development phase funded by the SMF covers the analysis of the needs and challenges addressed by the main project, the preparation of the work plan for the main project, the setting up of the partnership as well as the analysis of the possible funding instruments for the main project. Selected additional preparatory activities necessary for the project development can also be funded, to a limited extent, by the Danube Region Programme, in case needed.

Applicants are advised to carefully check the availability of the different funds and potential launching of new calls, already from the starting of the preparation of the seed money project, as the main goal is to actually implement the developed projects in practice for the benefit of the Danube Region.

### II.2. Partnership requirements

#### II.2.1 Eligibility of partners

According to their legal status, the following types of partners are eligible for funding within the Danube Region Programme:

- local, regional, national public bodies;
- bodies governed by public law<sup>4</sup>;

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<sup>4</sup> *Bodies governed by public law* as defined in Article 2(1) of DIRECTIVE 2014/24/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 February 2014 on public procurement and repealing DIRECTIVE 2004/18/EC (OJ L 94, 28.3.2014).

*The definition of a body governed by public law is the following according to Article 2(1) of DIRECTIVE 2014/24:*

*'bodies governed by public law' mean bodies that have all of the following characteristics:*

- *They are established for the specific purpose of meeting needs in the general interest, not having an industrial or commercial character (being not relevant the industrial and commercial character)*
- *They have legal personality, and*
- *They are financed, for the most part, by the state, regional or local authorities, or by other bodies governed by public law; or are subject to management supervision by those authorities or bodies; or*

- international organisations acting under the national law of any DRP Partner State or under international law, provided that, for the purpose of the project, they fulfil the EU, programme and national requirements in terms of control, validation of costs and audits, can be considered as eligible for funding. In particular, these organisations should express in written form (through a form of declaration) that:
  - ✓ they agree to comply with applicable community policies, including the respect of principles on public procurement;
  - ✓ they accept the national control requirements set in the framework of the Danube Region Programme;
  - ✓ they agree to accept the controls and audits by all bodies entitled to carry out such controls in the framework of the programme, including the managing authority and joint secretariat, the audit authority and the European Court of Auditors as well as the relevant national authorities of the Member State in which the international organisation acting as project partner is located. Storage of all documents required for these controls must allow performing them in the geographical area covered by the Danube Region Programme;
  - ✓ they assume the final financial liability for all sums wrongly paid out.
- private bodies (non-profit organisations and private enterprises / private profit-making organisations): In the context of this programme, the concept of “private bodies” means all organisations which are founded by private law such as (but depending on the country) chambers of commerce, trade unions, non-governmental organisations, private enterprises registered in the programme area. They may receive funding if they fulfil the following criteria:
  - ✓ they have legal personality;
  - ✓ they make the results of the project available to the general public;
  - ✓ they apply the principles of public procurement;
  - ✓ they assume the final financial liability for all sums wrongly paid out.

A European Grouping of Territorial Cooperation (EGTC) is eligible as sole beneficiary provided that the above-mentioned minimum requirements are complied with. However, to be eligible as sole beneficiary, an EGTC must be established in one of the Danube Region Programme Partner States.

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*have an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities, or by other bodies governed by public law.*

Only legal entities listed in the approved application form are eligible for funding and may report their costs. In order to ensure a proper audit trail, the MAJS needs to know which organisations receive programme funding and whether they are eligible according to the programme rules. Therefore, an “umbrella” type of partnership structure, where one partner collects funding and represents other partners without naming them is not possible.

## II.2.2 Lead partner principle and requirements

In compliance with the “lead partner principle” each project partnership shall appoint one organisation acting as LP. The LP takes full financial and legal responsibility for the implementation of the entire project.

**ATTENTION: Project partners from Ukraine cannot be LP.**

The lead partner organisation should follow the legal requirements set out in section II.2.1. Lead partner organisations can be public bodies, bodies governed by public law, private non-profit institutions or international organisations.

Private non-profit bodies acting as lead partner have to demonstrate, through a self-declaration that:

- they have no debts to the state budget;
- no liquidation or bankruptcy procedure has been initiated against them;
- they are financially autonomous;
- they are solvent (meaning that they can cover their medium and long-term commitments).

The programme provides an excel tool where the partners can self-assess their financial situation.

Private non-profit LPs will demonstrate the fulfilment of the criteria above through the Declaration of co-financing and pre-financing statement.

**Private enterprises cannot be lead partners.**

The lead partner in the application phase is called the lead applicant (LA), who, together with the project partners, is responsible for drafting the application form and submitting it to the MA/JS. After approval of the project, a subsidy contract will be concluded between the MA/JS and the LP, being formally the final beneficiary of the Interreg funds and the only direct link between the project partnership and the programme.

According to Art.26 of the EU Reg. 1059/2021 the lead partner shall:

- lay down the arrangements with the other partners in an agreement comprising provisions that, inter alia, guarantee the sound financial management of the respective Union funds allocated to the Interreg operation, including the arrangements for recovering amounts unduly paid (“partnership agreement”);
- assume responsibility for ensuring implementation of the entire Interreg operation; and
- ensure that expenditure presented by all partners has been paid in implementing the Interreg operation and corresponds to the activities agreed between all the partners and is in accordance with the document provided by the MA pursuant to Article 22(6).

### II.2.3 Geographic eligibility rules

The Programme covers 14 countries, 9 of them EU Member States (Austria, Bulgaria, Croatia, Czech Republic, Hungary, within Germany-the states of Baden-Württemberg and Bavaria, Romania, Slovakia and Slovenia) and 5 non-EU countries (Bosnia and Herzegovina, Republic of Moldova, Montenegro, Republic of Serbia and Ukraine with four provinces: Chernivetska Oblast, Ivano-Frankiviska Oblast, Zakarpatska Oblast, Odessa Oblast). As a general rule, EU financing is only provided to project partners located in the programme area. The geographic location of an EGTC is considered to be in the country where it is registered and its costs shall be verified according to the control system established in that Partner State.



### **Please note: Exceptions**

Legal entities located in **Germany** (in the sense of legal registration) but outside the programme area can receive EU financing, if:

- a. are competent in their scope of action for certain parts of the eligible area, e.g. federal ministries, federal agencies, national research bodies which are registered outside the programme area etc.;
- b. fulfil the basic requirements specified in point II.2.1 and
- c. carry out activities which are for the benefit of the regions in the programme area.

Danube Region Programme covers the entire territory of **Ukraine** by considering that the part of the operations implemented outside the programme area (the UA regions not officially involved in the programme) directly contribute to the objectives of the programme.

Based on the geographical location the following two types of partners are identified:

- **LP and PPs:** receiving directly financial contribution from the programme (by Interreg funds) and bearing full responsibility for their budget.
- **ASPs (associated strategic partners):** being not directly financed by the programme but – eventually – “sponsored” by a directly financed partner that is bearing the responsibility for their participation in the project. Associated strategic partner (ASP) in the DRP is an organisation whose participation is considered crucial for the added value given to the partnership. As an example, ASP can potentially be a ministry, which does not want to apply and contribute financially because of administrative burdens and financial reasons but it is interested to participate in a project for ensuring the political sustainability of delivered outputs and results.

ASPs (associated strategic partners) are located either in an:

- ✓ EU country (inside or outside the programme area) or in
- ✓ Non-EU country of the programme area

ASP's expenditure is limited to the reimbursement from the programme of *travel and accommodation costs*<sup>5</sup> related mainly to their participation in project meetings, which shall be finally borne by any institution acting as directly financed partner.

Summary of the proposed type of partners:

Type of partner	Location	Budget	Cost categories	
Directly financed partners	Lead partner	13 countries of the programme area (all except for UA)	Separate	Staff costs, flat rate of up to 40% of eligible direct staff costs
	Project partner	14 countries of the programme area	Separate	Staff costs, flat rate of up to 40% of eligible direct staff costs
Indirectly financed partners	Associated strategic partners (ASPs)	<ul style="list-style-type: none"> <li>➤ EU countries</li> <li>➤ Non-EU countries of the programme area</li> </ul>	Part of a "sponsoring" directly financed partner budget	Travel and accommodation

## II.2.4 Composition of the partnership

Each project has to involve minimum two and maximum five directly financing partners from at least two different countries of the programme area: the lead partner and at least one project partner. At least one partner must be a beneficiary from an EU Member State of the programme area.

The involvement of relevant organisations from DRP non-EU Partner States is highly recommended.

The responsibilities of the project partners are listed below:

<sup>5</sup>Travel costs have to be covered by the 40% flat rate of direct staff costs of the sponsoring partner.

- carrying out activities planned in the approved application form and agreed in the partnership agreement;
- submitting reports of project activities to payment claims;
- assuming responsibility of any irregularity in the expenditure which it has declared, repaying the lead partner any amounts unduly paid in accordance with the partnership agreement signed between the lead partner and the respective project partner;
- carrying out information and communication measures for the public about the project activities.

## II.2.5 Financial capacity of project partners and national co-financing

The programme works based on reimbursement principle, which means that project partners have to pre-finance their activities and the amounts paid are reimbursed after the submission and evaluation of the project progress reports. SMF projects will report once at the end of the project, therefore, project partners have to have sufficient cash-flow throughout the whole project implementation to be able to finance their activities.

Under the Danube Region Programme, projects are co-financed by Interreg funds. The co-financing rate per directly financed partner is up to 80% EU contribution. The remaining budget (20%) can be covered by state contribution (where applicable) and/or own sources (can be public or private) of the directly financed partner and/or other contribution (e.g. regional/local/other sources).

**Please note:** *State contribution* has to be indicated in the AF only in case the Partner State provides national public contribution at state level (through a specific public co-financing scheme) to a directly financed partner specifically for the implementation of the projects selected by the monitoring committee, and therefore, the amount is covered in total or partially by the state.

Own sources of a directly financed partner, whose institutional budget is state financed is considered as *public contribution*, but not *state contribution*. *Additionally, if the co-financing is ensured by a third party (e.g. regional administration, ministry) based on bilateral agreements it is also considered as public contribution.*

State contribution is provided only in certain Partner States, applying different systems. An overview on the national co-financing systems of the DRP Partner States is available on the programme website. However, as more detailed information might be available at national level, Partner States, through their DRP NCP, should be contacted in order to clarify the position.

## II.2.6 Project structure (outputs of the projects)

The seed money projects are output-based projects. This means that the Lead Applicants will have to describe in the Application Form the activities that are leading to the development of the project outputs.

Besides the 3 pre-defined outputs, the partnership will have to plan the budget for costs related to control (in case of decentralised systems) and a maximum of 100 EUR as costs for printing the mandatory poster per each partner.

In order to support the applicants and to ensure a harmonised approach, the Programme has pre-defined the types of outputs that each project has to deliver.

Output 1: Report on the state of play in the addressed field, including inter alia:

- Description of the situation in the field and countries concerned including:
  - ✓ Overview of past and current activities in the field and of complementary projects that were/are implemented;
  - ✓ Description of the existing gaps, which will be addressed by the new initiative.
- Description of the target groups addressed by the future project and their needs.

Output 2: Main project work plan, containing:

- A work plan, describing activities, outputs and expected results of the main project;
- The composition of the potential project partnership;
- An indicative budget plan for the main project.

Output 3: Report on funding possibilities, presenting:

- The analysis of funding sources for the main project;
- A road map defining steps to be taken after the seed money project is finalised.

Besides the mandatory outputs the programme finances additional preparatory activities that are necessary for development of complex projects with impact in the Danube region.

Examples of additional preparatory activities (non-exhaustive list):

- community and stakeholders consultations
- socio-economic studies

- participative planning
- preliminary designs

## II. 2.7 Cooperation criteria

In order to be eligible, projects must contribute to at least three out of the following four cooperation criteria.

- ✓ Joint development (compulsory) – i.e. partners have to be involved in an integrated way in developing ideas, priorities and actions in the project development process.
- ✓ Joint implementation (compulsory) – i.e. project activities must be carried out by partners in a cooperative way that ensures clear content-based links and be coordinated by the lead partner.
- ✓ Joint financing – i.e. the joint project budget shall be organised in line with activities carried out by each project partner. The LP is responsible for the administration and reporting towards the programme bodies as well as the distribution of the funds to the partners.
- ✓ Joint staffing – i.e. the project should not duplicate functions within the partnership. In particular, project management functions should be appointed only once at project level (LP ensures the overall project management while at partner level there are project structures dealing with the individual tasks of the PPs).

If applicable, projects can contribute to all four cooperation criteria.

## II.2.8 Project duration

The maximum duration of the SMF projects is 12 months depending on the complexity of the activities. Shorter duration of projects is possible.

## II.2.9 Seed money project budget and project co-financing

In case the SMF project is only developing the mandatory outputs the maximum project budget is 62,500.00 euro. The maximum Programme co-financing amount is 80% of the total budget, max. EUR 50,000.00 euro. The co-financing rate applies to all seed money project partners.

In case the SMF projects also implement other type of preparatory activities the maximum total budget for an SMF project is 125,000.00 EUR, out of which the maximum EU contribution is

100,000.00 EUR. The budget of the SMF project has to be fully supported by the proposed activities which have to constitute preparation activities for the main project.

Staff costs are reimbursed on real costs basis. The other budget lines are reimbursed as flat rate of up to 40% of eligible direct staff costs.

## II.2.10 Visibility requirements

All publicity and dissemination activities carried out by the projects, including events and production of publications, documents and promotional materials, have to respect the visual identity of the programme.

The Regulation (EU) 2021/1060 (Annex XII) requires all beneficiaries to follow a number of rules regarding the use of the logo of the European Union and the reference to the respective fund. The Danube Region Programme logo already respects these requirements, and the programme will provide an adapted logo to all approved projects.

All approved projects are obliged to use this logo provided by the programme in all their communication materials, deliverables and outputs (both hard copy and electronic) as well as to display it in events. The reference to the EU funds received must be also included.

The logo must always be visible in a prominent place. Additional logos included in project documents and materials cannot be higher and wider than the EU emblem within the DRP logo.

All project beneficiaries must place a poster or equivalent electronic display with information about the project at a location visible to the public. The poster must include the project logo, short description text with the project aims, partners, duration, as well as financial support from the Interreg Danube Region Programme, at a minimum. The design (minimum size A3) should use the colour of the matching thematic objective as dominating colour.

## II.3 Horizontal principles

### II.3.1 Sustainable development

Sustainable development stands for meeting the needs of present generations without endangering the capacity of future generations to meet their own needs, ensuring balanced economic growth, social progress, and protection and improvement of the quality of the environment at the same time.

Projects to be supported by the DRP shall be in line with the EU objective of promoting sustainable development, as well as all related EU and national regulations, taking into account

also the UN Sustainable Development Goals<sup>6</sup>, the Paris Agreement<sup>7</sup> and the "do no significant harm" principle<sup>8</sup>.

Accordingly, project partnerships already at the project designing phase shall take into consideration any potential significant sustainability, environmental, climate change and health issues in relation to the project activities, outputs, results, their future impact and define the implementation methodology and the work plan by choosing such options, which eliminate, or minimise the potential negative effects on the environment, or human health. Projects are ideally expected to have positive, direct, or indirect contributions to sustainable development and within that to the environmental and climate objectives.

Applicants have to describe in the application form (which will be subject of assessment), how their proposed project would promote sustainable development and account for the impacts on economic, ecological and social aspects in the targeted area of the Danube Region. It shall specify with concrete details any element of the project proposal, which would have potential risk of significant harm (within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council) to the EU environmental objectives (climate change mitigation; climate change adaptation; sustainable use and protection of water and marine resources; transition to a circular economy; pollution prevention and control; protection and restoration of biodiversity and ecosystems), as well as the planned measures of the project to eliminate such negative impacts. At the same time the potential direct or indirect positive impacts of the planned project measures and outcomes to these environmental objectives shall be concretely detailed, what exactly would improve, by which project element and how and reflected by the work plan. This shall relate not only to the (future) impact of the project outputs and results, but also to such project implementation activities and solutions (e.g. "green" approach in project event organisation, travels, public procurements, energy efficient solutions, etc.) which can reduce the ecological and carbon footprint of the project implementation. The concrete contributions of the selected projects to sustainable development and (potential) impacts on the environment will be regularly monitored by the programme through the project progress reports and by other means, if necessary.

### II.3.2 EU Charter of fundamental rights, gender equality, non-discrimination

Projects financed by the programme have to respect the fundamental rights<sup>9</sup> and the horizontal principles of equal opportunity, non-discrimination (including based on national or ethnic origin, colour, religion, age, mental or physical disability or sexual orientation), gender equality and accessibility during project design and implementation and will have to embed them in the work

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<sup>6</sup> <https://sdgs.un.org/goals>

<sup>7</sup> <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

<sup>8</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32020R0852&from=EN>

<sup>9</sup> *In accordance with the Charter of Fundamental Rights of the European Union and in compliance with Article 9 of Regulation (EU) 2021/1060*

plan. Applicants will be requested to explain in the application form how these horizontal principles are followed and how they are integrated in the activities (and this will be subject to quality assessment), while during implementation the partnership has to report in each project progress report how the horizontal principles have been applied in practice providing evidence in this respect, both regarding the contributions of delivered project outcomes, as well as project implementation measures.

### II.3.3 Strategic Environmental Assessment (SEA)

During the project implementation the responsible project partners are requested to carry out SEA procedure in accordance with their respective national regulations in case a cooperation project supported by the programme intends to develop a strategy or plan at transnational, national or local level in a thematic field with potential significant impact on the environment including nature, as well as on human health, which falls into the scope of the SEA Directive and/or that of the UN Protocol on strategic environmental assessment of the Espoo Convention. The responsible project partners shall also follow their respective national regulations on the Environmental Impact Assessment within the environmental licensing procedure in case a cooperation project intends to plan, implement investments with potential significant adverse environmental impacts on nature and protected areas falling into the scope of the EIA Directive and/or that of the UN Espoo Convention on environmental impact assessment in a transboundary context.

In the application phase, under the Horizontal principles / Strategic Environmental Assessment sections of the application form it shall be indicated (if relevant) in connection to which project output, deliverable, or investment a SEA procedure, or EIA is expected to be carried out.

### II.3.4 New European Bauhaus 10

During project development the partners should create synergies with the New European Bauhaus initiative, if applicable, and integrate its core values that are in line with the programme specific objectives in their proposals. The New European Bauhaus brings citizens, experts, businesses, and institutions together to reimagine sustainable living in Europe and beyond. In addition to creating a platform for experimentation and connection, the initiative supports positive change also by providing access to EU funding for beautiful, sustainable, and inclusive projects. The New European Bauhaus is a creative and transdisciplinary movement in the making:

- It is a bridge between the world of science and technology, art and culture.
- It is about leveraging our green and digital challenges to transform our lives for the better.

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<sup>10</sup> For further details on the New European Bauhaus please consult the following link [https://europa.eu/new-european-bauhaus/index\\_en](https://europa.eu/new-european-bauhaus/index_en)



- It is an invitation to address complex societal problems together through co-creation.

## II.4 Eligibility of expenditure<sup>11</sup>

### II.4.1 Regulatory Framework

#### A. Legal framework

- Regulation (EU) 2021/1060 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 (Common Provisions Regulation - CPR);
- Regulation (EU) 2021/1058 on the European Regional Development Fund and on the Cohesion Fund (ERDF Regulation);
- Regulation (EU) 2021/1059 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments (Interreg Regulation);

The list of regulations is not exhaustive and in case of amendment of the above regulations the latest version applies.

All above regulations are available in its latest version in the EUR-Lex database of European Union Law at <https://eur-lex.europa.eu/homepage.html>.

#### B. Hierarchy of rules

The hierarchy of rules on eligibility of expenditure applicable to Interreg projects is as follows:

1. EU rules on eligibility as set out in the CPR, ERDF Regulation and Interreg Regulation;
2. Programme eligibility rules as set out in this document;
3. National (including institutional) eligibility rules. Such rules only apply for matters not covered by eligibility rules set in the abovementioned EU and programme rules.

The eligibility rules laid down in this document shall not be overruled by national or institutional legislation.

### II.4.2 Eligibility

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<sup>11</sup> Manual on Eligibility of expenditure is not applicable to the SMF call.

### II.4.2.1 General eligibility rules

In principle, the same eligibility rules apply to all Partners from EU and non-EU countries due to the full integration of the three Funds (ERDF, IPA and NDICI) under Interreg Funds at programme level. In case of exceptions due to different rules for PPs from non-EU countries, these are explicitly mentioned under the relevant sections.

### II.4.2.2 General provisions

Eligible expenditure shall fulfil all the following criteria:

- All expenditures are related to the initiation and implementation of the project as approved by the monitoring committee, and essential for the achievement of the agreed project activities and would not be incurred if the project is not carried out (additionality principle).
- All expenditure must comply with the principle of efficiency, effectiveness and economy
- All expenditure must comply with the principle of real costs, with the exception of the costs calculated as flat rates
- All expenditures are incurred and paid by the project partner (except for costs calculated as flat rates) indicated in the application form during the eligibility period of the project
- All expenditure relate to activities that have not been financed from other financial instruments
- All expenditures are supported by invoices or other documents with probative value and are directly attributable to a certain project partner with the exception of the costs calculated as flat rates and lump sums
- All expenditures are in line with eligibility rules on EU, programme and national eligibility rule (including relevant procurement rules)
- Be registered in the project partner's accounts through a separate accounting system or an adequate accounting code set in place specifically for the project (with the exception of costs calculated as flat rates);
- Be verified by an authorised national controller.

### II.4.2.3 Non-eligible costs

- Interest on debt

- Value added tax ('VAT'), except:
  - for operations the total cost of which is below EUR 5 000 000 (including VAT);
  - for operations the total cost of which is at least EUR 5 000 000 (including VAT) where it is non-recoverable under national VAT legislation
- Fines, financial penalties and expenditure on legal disputes and litigation
- Costs of gifts
- Costs related to fluctuation of foreign exchange rate
- Purchase of land and existing buildings
- In-kind contribution (including unpaid voluntary work)
- Project expenditure split among project partners (i.e. sharing of „common costs“)

#### II.4.2.4 Eligibility in time

Costs for the implementation of an approved **project are eligible from its start date until its end date** as set in the approved application form.

Approval date, starting date and end date of each project are given explicitly in the subsidy contract.

Eligible project expenditure shall be incurred within the project period defined by the starting date and end date of the project according to the approved Application Form. Eligible project expenditure shall be paid in the period defined by the starting date and 60 days from the end date of the project at the latest. The deadline for payments will be explicitly given in the subsidy contract.

#### II.4.2.5 Eligibility of expenditure by cost categories

In the seed money facility projects of the Danube Region Programme there will be only 2 cost categories in the project: staff costs and the remaining eligible costs.

##### 1. Staff cost

The costs of the personnel employed by the beneficiary institution and executing tasks for the project management (project coordinator, project manager, assistant, financial manager, etc.) and/or tasks for the project content related activities are eligible to be reimbursed by the Programme.

**Expenditure on staff costs shall be limited to the following:**

- a. Salary payments related to the activities which the entity would not carry out if the operation concerned was not undertaken, fixed in an employment/work contract, an appointment decision (both hereinafter referred to as 'employment document') or by law, relating to responsibilities specified in the job description of the staff member concerned; With regard to point (a) payments to natural persons working for the Interreg partner under a contract other than an employment or work contract may be assimilated to salary payments and such a contract shall be considered to be an employment document.
- b. Any other costs directly linked to salary payments incurred and paid by the employer, such as employment taxes and social security including pensions as covered by Regulation (EC) No. 883/2004 of the European Parliament and of the Council provided that they are:
  - i. Fixed in an employment document or by law;
  - ii. In accordance with the legislation referred to in the employment document and with standard practices in the country and/or organisation where the individual staff member is actually working; and
  - iii. Not recoverable by the employer.

The above rules apply to any other additional benefits incurred and paid by the employer over the monthly salary. Additional benefits (including bonuses) must be directly linked to the salary payments and figure on the payslip and shall be in line with the employment policy and/or the internal rules of the beneficiary's organisation. Ad-hoc regulations for additional benefits, ad-hoc salary increases or bonuses applicable only to the project are not eligible.

Salary modifications during the project implementation are eligible in case they are well justified (e.g. an increase in the complexity of the implemented activities, additional tasks for the project team, external factors such as economic growth or inflation etc.)

Overtime is eligible only in case it is directly related to the project, it is foreseen in the employment document and it is in line with national legislation and the standard practice of the beneficiary. In case of part time employment, overtime shall be proportionally allocated to the project.

**A. Staff cost reimbursed on real costs basis is the only option available for the seed money projects:**

The staff can be allocated to **work full time** or **part time** with a fixed percentage of time worked per month for the project.

In case of full time employment, holidays and sick leave are eligible (costs are incurred by the employer). For part-time employment with fixed percentage of time worked per month, holidays and sick leave are also eligible and shall be declared proportionally.

**Full-time assignment in the project**

- For personnel that are employed by the beneficiary to work full-time on the project (100% of the working time is allocated to the project) the total gross employment costs incurred by the employer are considered as eligible.

- The fact that the individual works fulltime on the project has to be clearly stated in the employment document (work contract/job description/ task assignment document or another equivalent document).
- No obligation to establish a separate working time registration system – no timesheet necessary.

#### **Part-time assignments with a fixed percentage of time worked per month**

- The percentage of time to be worked on the project shall be fixed in the employment document (work contract/job description/ task assignment document or other equivalent document) by the employer for each project staff member. The percentage of time dedicated to the given project shall be mentioned in the documents where the other tasks / projects are referred, as well as the percentage of time to be allocated to other tasks/projects. Description of project-related tasks and responsibilities of the person working on the project shall be available and the time allocated to the project shall be in line with the project related tasks.
- There is no obligation to establish a separate working time registration system. – no timesheet necessary.
- In case the percentage of time to be worked on the project is changed during the project duration, the related document shall be submitted to the Controller, as well as the documents justifying the necessity and plausibility of the changes. The percentage of time to be worked on the project can be revised once during project implementation.

Example for the calculation:

Gross employment cost of the employee is 4,000 EUR (including gross salary, social charges paid by the employer and other payments related to salary including taxes paid by the employer).

The employee is working 50% of her/his working time per month on project related tasks.

Eligible Staff costs = Total monthly salary (gross salary) \* Fixed percentage

Eligible Staff costs = 4.000 EUR \* 50% = 2.000 EUR

#### Supporting documents:

- A document showing contractual relationship: employment/work contract, contracts considered as employment contracts for all persons reporting staff costs (part-time and full-time). Employment regulations fall under national rules. Written agreement(s) and/or job description outlining work for the project for all persons reporting staff cost (part-time and full-time)

- A document specifying salaries and other related costs for each relevant month and each person working on the project (e.g., pay slips, print-out of the accounting system)
- Proof of payment of salaries and other related costs and employer's contribution (social contribution) (e.g., bank account statement, pay slips)
- Only in case of part-time work on the project based on a fixed percentage of time worked per month: document setting out the percentage of time to be worked on the project for each person reporting staff costs under this option, if not included in the employment contract or job description. In all cases, at least the following information should be available in the employment documents of the staff member:
  - ✓ description of the tasks of the employee in the project – with a proportionate level of detail reflecting the indicated percentage
  - ✓ the percentage of working time of the employee on the project per month;
  - ✓ signature by the employer (supervisor, line manager, etc.) and the employee;
  - ✓ percentage of time to be allocated to other tasks/projects.

#### **B. 40% Flat Rate for Eligible Costs other than Direct Staff Costs**

All eligible costs of a beneficiary other than staff costs (i.e. cost categories office and administration, travel and accommodation, external expertise and services and equipment) are reimbursed on the basis of a flat rate of 40% of direct staff costs. The beneficiary does not need to document that the expenditure has been incurred and paid out. Travel costs of the ASPs are covered by the flat rate. The expenditure will be automatically calculated in the electronic monitoring system (Jems).

#### **II.4.2.6 Public Procurement**

Even though these costs are reimbursed as a flat rate and no evidence is requested for procurements, beneficiaries are strongly encouraged to use more quality-related and lifecycle cost criteria. When feasible, environmental (e.g. green public procurement criteria) and social considerations as well as innovation incentives should be incorporated into public procurement procedures.

# III. Application and assessment

## III.1 Application

The AF is to be submitted electronically through the Jems system. The deadline for submission will be set in the Call announcement. Please, consider that all directly financed partners must sign and submit the Partnership Agreement, the Co-financing and State Aid Declarations, while International Organisation Declaration and ASP Declarations are to be submitted only if applicable. All the templates for the declarations, including the call announcement will be available on the Programme website before opening of the call.

Once the deadline for submission has expired, the assessment is carried out by the PACs and MAJS. The assessment results are then presented to the MC, which selects the seed money projects to be financed by the Programme.

Following the assessment, applicants might be requested to fulfil some conditions and/or consider some recommendations regarding their proposals. Applicants are informed about the result of the assessment through electronic communication.

## III.2 Assessment and selection

During the assessment process, two different sets of criteria are applied to come to the decision of approving an application: eligibility and quality criteria.

The **eligibility criteria** aim at confirming that their seed money proposal has arrived within the set deadline and that the Application Form is complete and conform to the requirements. As the eligibility criteria are of “knock-out nature”, they should be answered with a YES or NO as they are not subject to interpretation.

This phase will be carried out by the MAJS and assisted by the NCPs.

Failing to meet the eligibility requirements leads to the rejection of the proposal or to the rejection of the partner whom the eligibility problem is related to.

The following table lists all eligibility criteria at project level. Failure to meet any of the criteria below results in rejecting the whole proposal:

No	Eligibility criteria	Description
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1	The AF has been submitted within the set deadline (date and time)	The AF has been submitted within the date and time set in the Call announcement.
2	The AF including signed LP confirmation has been submitted in the Jems	The AF has been submitted through the programme electronic and monitoring system (Jems).
3	The AF is compiled in English	The AF is compiled in English, as the official language of the DRP.
4	Partnership is composed by minimum two and maximum five financing partners from at least two DRP participating countries of which at least one is located in an EU Member State	Partnership complies with the requirements for the partnership: minimum two and maximum five financing partners from at least two DRP participating countries of which at least one is located in an EU Member State
5	Lead Applicant is an eligible beneficiary	The Lead Applicant fulfils the requirement set in the Applicants Manual.
6	At least 3 joint cooperation levels are indicated	According to Art 23(4) of EU reg. 2021/1059, among the four levels of cooperation (joint development, joint implementation, joint staffing and joint financing) beneficiaries shall cooperate in the development and implementation of projects as well as in the staffing or financing of projects, or both thereof.
7	Partnership Agreement	All partners have signed the Partnership Agreement.
8	The maximum budget of the seed money project is in line with the call provisions	In case the SMF project is only developing the mandatory outputs, the maximum EU contribution is EUR 50,000.00. In case the SMF projects also implements other type of preparatory projects, the maximum EU contribution is EUR 100,000.00.

The following table lists the eligibility criteria applicable to individual partners. Failure to meet any of the criteria below by one partner results in rejecting the single partner affected:

No	Eligibility criteria	Description
9	Financed partners are eligible	The financed partner fulfils the requirements set in, Section II.2.1 of the Programme manual.
10	Completeness of submitted partner documents	The documents (Lead Partner confirmation, Declaration of co-financing, State aid declaration, Declaration for international organisations) are filled in and signed by the partner.
11	Completeness of submitted ASP documents	The document (ASP declaration) is filled in and signed by the ASP.

In case of missing documents, parts of documents and/or signatures, the LA will be awarded 5 working days from the **MAJS notification** for the completion of the documents.

The purpose of the **quality criteria** is to assess the quality of the eligible project proposals.



Each criterion is assessed on the basis of sub-criteria with each being scored from 0 (not present / missing) to 5 (very good). The score of the main question is an average of the scores of the related guiding questions.

Score	Description
0	<p><b>None</b></p> <p>The information requested is missing (either not filled it in or not provided in the text).</p> <p>The information is provided but reflects the inexistence of a requirement.</p>
1	<p><b>Very poor</b></p> <p>The information provided is considered as not relevant or inadequate</p>
2	<p><b>Poor</b></p> <p>The information provided lacks relevant quality and contains strong weaknesses</p>
3	<p><b>Fair</b></p> <p>The overall information provided is adequate, however some aspects are not clearly or sufficiently detailed</p>
4	<p><b>Good</b></p> <p>The information provided is adequate with sufficiently outlined details</p>
5	<p><b>Very Good</b></p> <p>The information provided is outstanding in its details, clearness and coherence</p>

The quality assessment of the SMF projects is done in 2 steps: in a first step the PACs are assessing the relevance of the project for EUSDR (relevance filter), and, in the second step, project passing the relevance filter are fully assessed by the MA/ JS (strategic assessment).

Project proposals scoring over 60% in relevance assessment will be assessed from a strategic point of view.

Assessment main questions	Guiding questions	Points
Relevance assessment		
<i>Relevance of project topic to EUSDR action plan</i>	To what extent is the theme of the project to be developed relevant to the EUSDR action plan and one or more Priority Areas?	5 points
	Within the thematic field concerned, to which extent the concrete challenges to be tackled are clearly described and relevant to the EUSDR action plan and one or more Priority Areas?	5 points

Total		10 points
Strategic assessment		
<i>Transnational dimension and impact of the main project</i>	To what extent has the estimated geographical scope of the main project been described?	5 points
	To what extent the macro-regional dimension and impact of the main project has been described?	5 points
<i>Coherence of the seed money project work plan</i>	Are the activities that will lead to the development of the pre-defined outputs clearly described and realistic? In case additional preparatory activities are proposed, are they clearly described and realistic?	5 points
	To what extent are the activities logically linked, described in detail (how, where, when and by whom they will be undertaken)?	5 points
<i>Partnership composition</i>	To what extent is the partnership suitable to implement the planned activities, mandatory and additional ones if applicable and able to deliver the pre-defined outputs?	5 points
	To what extent is the role of the partners clearly described and balanced?	5 points
<i>Target group</i>	To what extent is the target group of the seed money project clearly identified?	5 points
	To what extent are the target groups involved throughout the seed money project implementation?	5 points
<i>Value for money</i>	To what extent is the budget allocated to each output and additional activities justified and correctly quantified?	5 points
	To what extent is the budget allocated to the partners balanced and reflects partner responsibilities?	5 points
Total		50 points

### III.3 Selection of proposals by the MC

The MC bases its selection on the results of the quality assessment and the ranking list per each EUSDR PA. As the amount allocated to the call is split between EUSDR Priority Areas on an equal basis, the Monitoring Committee will select projects up to the maximum allocation per priority area, which is 300,000.00 euro EU funding, according to the ranking list. In case there are EUSDR PAs with leftovers and there are still projects in other priority areas above 60% the MC can decide to further select projects based on an overall ranking list based on scoring (the overall score represents the average between relevance score and strategic score),

Project proposals scoring between 60% and 100% will be subject to further discussions and a final decision will be taken by the MC (considering the funds allocation per EUSDR PA and the ranking list).

Project proposals scoring overall less than 60% will be recommended by the MA/JS for rejection.

The decision of the Monitoring Committee is threefold:

- a. **Approval:** the seed money proposal is considered ready to start, fulfilling the requested quality level and responding to the selection criteria.
- b. **Approval under condition:** the seed money proposal is considered approved provided that the Lead Applicant and/or the project partners satisfy specific conditions within a given deadline.
- c. **Rejection:** the seed money proposal is considered not matching a certain readiness and quality level and responding to the selection criteria.

### III.4 Verification at national level

During the assessment phase, the MA/JS is supported by the NCPs. The support provided by the NCPs is not subject to scoring system, but it provides important background information, which will be integrated in the overall assessment result.

Specifically, the MA/JS through the NCP will provide the following information during the eligibility check:

- Support in the verification/confirmation of the legal status of the LA and PPs.
- Support in verifying the correctness of the “Declaration of pre-financing and co-financing Statement” as far as possible, based on the available information and informing the MA/JS in case any additional information exists or if some minor corrections are necessary.

- Support in verifying the correctness of the “Self-declaration on state aid” as far as possible, based on the available information and providing the MAJS with any additional and relevant information available at national level.

*Project partners have to provide supporting documents to NCPs on request and within the deadline set at national level in order that NCPs can assess and confirm the eligibility of project partners during the eligibility check. If no documents are provided and consequently no check can be undertaken, this might lead to the ineligibility of a project partner.*

## State aid check

The state aid analysis is performed with the twofold purpose of identifying the state aid relevance of project proposals and the concerned partners, furthermore, to ensure the elimination of the state aid relevant activities if the aid intensity in a project exceeded the maximum co-financing rate provided by the programme. The de minimis regulation is not applicable to DRP co-financed projects.

The state aid assessment is performed by MAJS only on those project proposals which are likely to be funded, i.e. minimum quality threshold of 60% is met.

The state aid analysis is performed on the basis of information included in the full application form as well as in the lead applicant and partner declarations. Furthermore, other information sources might be used.

The state aid analysis is carried out by MAJS and validated by the monitoring committee.

The state aid analysis is performed in the following consecutive steps, as presented below.

### **Step 1: Verification of existence of aid**

Interreg funds provided by DRP must comply with State aid rules and regulations. State aid can be granted under Art. 20 (applicable to direct aid) and 20 (a) (applicable to indirect aid) of the Regulation (EU) 2021/1237 of 23 July 2021 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (GBER amending regulation).

#### 1. Direct state aid

State aid relevant activities are eligible to the extent of the maximum co-financing rate of the programme (80%). Submitted applications undergo a specific “state aid assessment” focusing on the following five criteria:

The recipient of the aid is an “undertaking”, which is carrying out an economic activity in the context of the project.

- The aid comes from the state, which is the case for any Interreg programme.

- The aid is granted to an undertaking that performs economic activity in the context of the project.
- The aid confers advantage that distorts or risk to distort competition in the market.
- The aid is selectively favouring certain undertakings or the production of certain goods.
- The aid affects trade between Member States; meaning it does not have only local effect.

When the answer to all the questions related to direct state aid (in the State Aid Declaration) is “yes”, the project activities are considered as state aid relevant and in line with the amending GBER regulation, they are compatible with the internal market, and they are eligible unless the partner receives any additional public co-financing (e.g. from a national or regional co-financing scheme).

## 2. Indirect state Aid

The question No. 7 of the State Aid Declaration is related to indirect state aid that is granted to third parties outside the partnership, which it would not receive in the absence of funding granted by DRP.

If the answer is “yes”, the aid granted to an undertaking that is the final beneficiary of the project activities is compatible with the internal market under Art. 20a of the amending GBER regulation if the following conditions are met:

- The amount of aid granted to final beneficiaries cannot exceed EUR 22.000 per undertaking and per project.
- The project activities that are affected by indirect state aid shall be determined by the concerned partner and it has to be approved by the MA/JS.

### **Step 2: Identification of state aid elements in the project proposals**

Project proposals characterised by state aid relevance are further analysed in order to identify, for each proposal, which specific beneficiary(ies) acting as undertaking(s) is(are) performing which specific activities of economic nature in the context of the project. The analysis has to bring evidence of the state aid relevance of the concerned activity as well as of the budget allocated to that activity (and to the related output). If the information available in the application form does not allow completing the analysis, additional information is retrieved from the lead partner following the MC decision for funding. Clarification of the potentially state aid relevant activities is requested only in the condition clearing process for the already approved projects.

### **Step 3: Drafting of conditions**

The result of step 2 of the analysis allows the MA/JS to draft conditions for approval for those partners who declared to receive additional public co-financing. Conditions formulated by the

MAJS are meant to eliminate the aid cause through specific measures to be implemented by the affected applicants:

- All findings must be made public free of charge, including background documents, data and methodologies. It should be possible for any organisation outside the partnership to duplicate the project's work from the material provided.
- No intellectual property rights can be claimed by a beneficiary or by the project. The project or a beneficiary may require that it is cited as the original source of material, but it cannot limit access to material or make any kind of charge for this.
- All beneficiaries including private enterprises must act on a not-for-profit basis for all project activities. This means that all expenditures must be charged to the project at cost and without profit.
- EU, national and organisational public procurement procedures must be followed when buying external expertise, services or other goods for the project. This also applies to private sector enterprises and organisations, which are not normally subject to tendering rules.

In case the partner wishes to receive additional public co-financing and the conditions for elimination of the aid cannot be fulfilled, then the activities falling under state aid are considered ineligible and have to be deleted from the application form.

The entire assessment process is reflected within a state aid assessment grid containing guiding questions for assessment and text fields for assessment conclusions and MAJS recommendations.

#### **Validation of state aid assessment results**

The MC is provided with the ranking list where the projects presenting a risk of state aid are indicated. If state aid cannot be eliminated:

- Activities of those partners, who will receive more than 80% public co-financing for the project, are not eligible and have to be removed from the application form.
- Direct state aid granted to the partners. In this case the entire budget allocated to the concerned partner is regarded as state aid granted under GBER.

Indirect state aid granted to third parties outside the project partnership. In this case, during implementation, partners need to keep control that the total amount of EUR 22 000 per undertaking is not exceeded in their project. Partners estimate the aid amount by means of market price or project price.

## III.5 Complaint procedure

Assessment and selection procedures set in this manual offer a fair and transparent consideration of all received proposals.

The rules set in this section are aimed at providing a transparent complaint procedure against decisions taken by programme authorities during the project assessment and selection process<sup>12</sup>.

- The lead applicant is the only one entitled to file a complaint.
- The right to complain against a decision regarding the project selection applies to the lead applicant whose project application was not selected for the programme co-financing during the project assessment and selection process.
- The complaint is to be lodged against the communication issued by the managing authority/joint secretariat based on the decision by the monitoring committee as the MA/JS communication is the only legally binding act towards the lead applicant during the project assessment and selection process.
- The complaint can be lodged only against the outcomes of the eligibility assessment<sup>13</sup> performed by the MA/JS, supported by the NCP and approved by the MC.
- The complaint should be lodged in writing by e-mail to the managing authority of the programme within 5 calendar days after the lead applicant had been officially notified by the MA/JS about the results of the project selection process. The complaint should include:
  - ✓ name and address of the lead applicant;
  - ✓ reference number and acronym of the application which is a subject of the complaint;
  - ✓ clearly indicated reasons for the complaint, including listing of all elements of the assessment which are being complaint and/or failures in adherence with procedures limited to those criteria mentioned in point 4;
  - ✓ (e-)signature of the legal representative of the lead applicant (scanned signatures are accepted);

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<sup>12</sup> In case of appeal to the judiciary system against the decision of the programme authorities during the project assessment and selection process, the court of Hungary has the jurisdiction on the matter.

<sup>13</sup> For the quality assessment the applicants can request further information and justification from the MA/JS and can ask for face-to-face consultations. However, a complaint against the quality assessment is not possible since the assessment of the proposals and the MC decision cannot be reviewed.

- ✓ any supporting documents.
- The relevant documentation shall be provided for the sole purpose of supporting the complaint and may not alter the quality or content of the assessed application. No other grounds for the complaint than indicated in point 4 will be taken into account during the complaint procedure.
- A complaint will be rejected without further examination if submitted after the set deadline or if the formal requirements set in point 5 are not observed.
- In case the complaint is rejected under provisions set in point 7, the MA/JS conveys this information within 10 working days to the lead applicant and informs the monitoring committee.
- Within 5 working days after the receipt of the complaint the MA/JS confirms to the lead applicant in writing having received the complaint and notifies the monitoring committee.
- The managing authority, assisted by the joint secretariat examines the complaint and prepares its technical examination regarding the merit of the complaint.
- The complaint will then be examined on the basis of the information brought forward by the lead applicant in the complaint and the technical examination prepared by the MA/JS by the complaint panel.
- The complaint panel is the only body entitled to review a complaint against a decision regarding assessment and selection of projects co-financed by the programme.
- The complaint panel comprises of 3 members of whom one is the Chair of the monitoring committee, one is member of the monitoring committee and the third one is member of the managing authority or joint secretariat (not involved in the assessment).
- The members of the complaint panel are appointed by the monitoring committee.
- Impartiality of members of the complaint panel towards the case under review has to be ensured. If this cannot be provided, the distinct member shall refrain from the distinct case's review and be replaced by another impartial member.
- The joint secretariat acts as the secretariat for the complaint panel and provides any assistance necessary for the review of the complaint.
- The managing authority shall provide the members of the complaint panel no later than 10 working days after the receipt of the complaint with a copy of:
  - ✓ The complaint with the technical examination by the managing authority and Joint Secretariat



- ✓ The original application and all supporting documents that were taken into consideration by the relevant bodies during the project assessment and selection process;
  - ✓ All documents relating to the assessment of the application in question including checklists and the record of the monitoring committee's decision;
  - ✓ Any other document requested by the members of the complaint panel relevant to the complaint.
- The complaint panel will have 5 working days to provide a binding decision through written procedure.
  - The decision if the complaint is justified or to be rejected is taken by the complaint panel by consensus. In case it is justified, the case will be sent back to the monitoring committee to review the project application and its assessment. The complaint panel has to provide the monitoring committee with a written justification with explicit reference to the criteria established in the complaint procedure.
  - The decision of the complaint panel is communicated by the MA/JS in writing to the lead applicant and the monitoring committee within 5 working days from the receipt of the complaint panel decision.
  - The complaint procedure, from the receipt of the complaint to the communication of the complaint panel's decision to the lead applicant, should be resolved within maximum 30 calendar days.

The decision of the complaint panel is final, binding to all parties and not subject of any further complaint proceedings within the programme based on the same grounds.

## PART II

# IMPLEMENTATION MANUAL

### II.1. Contracting and the Subsidy Contract

Contracting is the procedure carried out in order to conclude a subsidy contract (SC) between the lead partner (LP) and the Ministry of Public Administration and Regional Development of Hungary hosting the managing authority/joint secretariat (MAJS) of the DRP, for the implementation of a project approved by the decision of the Monitoring Committee (MC). The contracting starts after the final MC approval of the project application, i.e. after the successful fulfilment of conditions (if relevant).

Following the MAJS notification about the final MC approval of the application, the LP has to submit the following documents in original format hard copy<sup>14</sup> to the MAJS **within 15 days (date of post shipment) from the date of receiving the MAJS notification letter by email:**

1. *Statement on project bank account:*
  - (a) document officially issued and signed by the bank of the LP proving that a **separate EUR bank account** has been opened for the project by the LP (**Annex A1.1**)
  - or*
  - (b) document officially issued and signed by the bank of the LP proving that the **single EUR bank account** of the organisation is available for the project (**Annex A1.2**).

In this case, a separate sub-account or technical code or other technical arrangement allowing to identify, track and report all financial transfers and expenditure related to the project shall be established in relation to the existing single EUR bank account.
2. *Proof of signature of the legal representative of the LP (Annex A2):* document presenting the authorised signature of the person(s) entitled to sign the SC and the Application for reimbursement. The document has to contain the original authorised signature of the legal representative(s) countersigned according to national rules, e.g. countersigned by a notary / legal department / private individual, etc.).
3. In case of any change in the legal status of the LP, the documents proving the new legal status.

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<sup>14</sup> In case a document was submitted in the application with validated digital signature then that version is considered as original and no printed, hard copy version is needed for such documents.

4. *Lead partner Confirmation and Signature (Annex A7)* officially signed and stamped by the legal representative of the LP organisation.

*Note: If the project was approved with conditions, the date on the Lead partner Confirmation and Signature should be the same as the date of the latest signed changelog file or later than the date, when the PO agreed with the LP on the final version of the changelog file and application form.*

5. *Original Declarations of co-financing (Annex A3)* – one per each financing PP; officially signed and stamped by the legal representatives of the PPs.
6. *Original State aid Declarations (Annex A4)*- one per each financing PP; officially signed and stamped by the legal representatives of the PPs.
7. *Original Declaration of International Organisations (Annex A6)* – (if relevant) one per each respective financing PP; officially signed and stamped by the legal representatives of the PP(s).
8. *Original ASP Declarations (Annex A5)*- (if relevant) one per each respective ASP; officially signed and stamped by the legal representatives of the ASP(s).
9. *Original partnership agreement* – officially signed by the LP and each financing PP. The LP has to submit the last version of the Partnership Agreement in accordance with the AF approved by the MC and signed by the duly authorized representative of each project partner.
10. *Original change log file* - officially signed by the LP. Only in case the project is approved with conditions.

Following the check of the submitted documents, the MAJS will inform the LP in written form if any correction or further completion is necessary. In such case the LP will be requested to submit **within 10 days (date of post office)** from the MAJS communication the completed documents.

Once the LP submits all necessary documents, the MAJS prepares the SC. The SC is to be signed first by the Head of MA on behalf of the Ministry of Public Administration and Regional Development of Hungary and will be sent to the LP for signature in two originals, out of which one original remains with the LP. The LP has to send back to the MAJS one signed original **within 15 days** from the date of receipt of SC. The estimated timeframe of the contracting procedure is in general one month, depending on the time needed for the LP to send all necessary documents for contracting. In case the necessary documents for contracting are not provided within three months from the date of receipt of the MAJS notification letter about the final MC approval, the MAJS notifies the MC to decide whether or not the MAJS should withdraw from the contracting.

Once the signed SC is received by the MAJS, Jems will be updated by setting the project to “contracted”. Once the project is set to contracted the LP can upload the signed SC under the section “*Contracts and Agreements – Attachments – Contracts*”, and insert additional information as per the further MAJS instructions.

## The subsidy contract

The SC and its annexes establish the legal framework for the implementation of the project by specifying the awarded amount of Interreg Funds, the eligibility timeframe, the conditions for support, implementing arrangements (including reporting, verification and reimbursement of expenditure), and determining the rights and obligations of the LP and the MA/JS. The approved application form and the partnership agreement (and its amendments) form an integral part of the SC.

The general framework of the project implementation is regulated by the SC and the details are described in the different Chapters of this Manual, e.g. reporting and application for reimbursement, information and publicity requirements, audits, etc.

## II.2. Project implementation

### II.2.1 Starting up the project

The seed money project implementation can start only after the final approval of the application by the Monitoring Committee (MC). Therefore, the expenditure related to the seed money project implementation are eligible from the starting date of the project, which cannot be earlier than the date of the final approval of the application by the MC. The project implementation period, defined by its starting and end dates, are explicitly given in the subsidy contract.

#### Project management

Once the project implementation starts, project management and coordination has a crucial role to ensure successful implementation in order to develop the project mandatory outputs. It is important that the partnership:

- Establishes sufficient and effective management structure and procedures;
- Ensures appropriate flow of information among the project partners within this management structure;
- Constantly monitors the progress of implementation in order to identify potential risks and deviations that might make necessary corrective interventions;
- Controls the quality of the work done and the outputs produced;
- Keeps regular contact and communication with the programme management, the MA/JS on project, the NCPs, controllers on partner level.

Immediately after the project approval the partnership should set up the project management team. The size of the **project management** team can vary from one project to the other, yet at least 2 key positions should be ensured for a proper implementation, specifically: project manager and financial manager, who should be in charge of reporting and keeping contact with the MA/JS. Their costs shall be budgeted under each mandatory output to be developed by the seed money project.

## II.2.2 Information and communication management

### Legal Basis

The obligations of beneficiaries regarding information and communication measures for the public are included in the Art. 36. of the Interreg Regulation (<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R1059&from=EN>).

The regulation contains a set of general and compulsory measures. In addition, each programme can develop additional requirements, which will be inserted in the Subsidy Contract and the partnership agreement.

The **Branding Guidelines for projects** provided by the DRP shall be the basic document to be used by the projects during the implementation of their communication activities.

### Transparency

Full transparency of the activities implemented by the projects and the use of EU funds must be guaranteed. The MA/JS is responsible for the publication (electronically or otherwise) of the list of beneficiaries, the names of the operations and the amount of public funding allocated to the operations. Beneficiaries shall be informed that acceptance of funding means an acceptance of their inclusion in the published list of beneficiaries. The MA/JS and NCPs shall also be authorised to publish other information about the projects if considered relevant and/or to distribute/publish any project output/deliverable.

All information and communication measures provided by the beneficiary shall acknowledge and promote the EU support received from the Programme by displaying the DRP logo along with the project acronym (which will be provided by the programme), **together with a reference to the Fund/s supporting the operation.**

### Poster

Within six months after the approval of the project, each project partner has to place at least one poster with brief information about the project (minimum size A3), including the financial support from the EU, at a location visible to the public, such as the entrance area of a building in accordance with the Art. 36. of the Interreg Regulation.

The poster needs to stay visible for the whole duration of the project. An editable template of a poster will be provided by the MA/JS but projects are free to create their own posters as well.

## Website

A short description of the project, including its aims and outputs, and highlighting the financial support from the European Union, must be included on each partners' website, where such a website exists.

### II.2.3 Control System in DRP

#### a. National Control System

According to Article 69(1) of the CPR each partner state shall have a management and control system for their programmes and ensure their functioning.

Controllers will be identified by each partner state to ensure that management verifications referred to in point (a) of Article 74(1) of the CPR are carried out on its territory. Controller shall be responsible for verifying the legality and regularity of the expenditure declared by each project partner participating in the project.

**The identified (responsible) controllers** and the control system requirements for each partner state are available at the programme's website (<https://interreg-danube.eu/library-documents?page=19>).

#### b. Management verification procedure

The **Danube control guidelines** are developed at programme level in order to ensure the common understanding of the rules and the requirements for management verification. The requirements and procedures related to the verification of expenditure set by the DRP are described in the Danube control guidelines.

The Control checklist for projects is a standard template of the Danube control guidelines, containing the eligibility rules and the documentary evidence needed to verify project expenditure. Therefore, it can be used as self-assessment tool by the lead partners/project partners before submitting the project expenditure to the controllers for verification.

**The Danube Control Guidelines are available for download on the <https://interreg-danube.eu/toolkit/control-guidelines>.**

**The control costs** are financed by national public sources in case of centralised control systems<sup>15</sup>. Therefore, the verification of expenditure is ensured free of charge for the project partners

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<sup>15</sup> *Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Montenegro, Romania, Serbia, Slovakia, Slovenia and Ukraine.*

coming from these partner states. In case of decentralised control systems<sup>16</sup>, the control costs need to be planned in the project budget and paid by the project partners respectively.

### c. Control certificate

**The Controller verifies the expenditure** related to staff costs declared by the PP, as well as the LP, on the basis of the invoices or accounting documents of equivalent probative value, the soundness of the expenditure declared, and the compliance of such expenditure with EU rules and relevant national rules. Last but not least, verifies the delivery/ existence of the mandatory outputs as requested in the call.

Having completed the verification of expenditure, **the controller issues the control certificate and control report** and checklist in Jems. There is no requirement at programme level to issue the control certificate and control report and checklist on paper in original version.

### d. Timeframe of verification

Controllers shall verify the expenditure of the PPs in due time (in any case within the timeframe specified in Article 46(6) of the Interreg Regulation) in order to ensure the timely submission of the project progress report and the application for reimbursement at project level.

Considering the timeframe needed for the preparation of the partner report at PP level and the preparation of the PPR and AfR by the LP, the controllers shall fulfil the verification of expenditure within **60 days**<sup>17</sup>.

Verification process	Verification timeframe and indicative deadlines		
Preparation and submission of the partner report by the project partner to the controller from the end of the project	15 days		
Verification of expenditure and issuing the control certificate by the controller		60 days	
Preparation and submission of the PPR and the AfR for the whole project by the lead partner to the MA/JS			15 days

<sup>16</sup>Austria, Germany and Moldova

<sup>17</sup> **DRP Programme complement (PC) 4.3 Control systems and management verifications:** “ In order to do so, each Partner State should establish procedures so that expenditure can be verified within a period of two months from the submission of the documents by the project partners allowing for timely submission of project progress reports by the lead partners within a three months period from the end of each reporting period.”

**Please note:** Controllers can set up different reporting deadlines for the project partners (instead of 15 days) in the national control guidelines (if any). In case less than 60 days are available for verification by the controller, the submission deadline of the project progress report and application for reimbursement might be missed jeopardizing the due reimbursement of expenditure to the project.

## II.3 Reporting

The payment of the seed money project will be done after the project end, if the mandatory outputs and the Project progress report are submitted to MA/JS and comply with the quality criteria set at programme level and detailed below.

In order to understand if the seed money project progresses according to the work plan, in the middle of the implementation period (e.g. 6 month), the LP has to submit in Jems to the MA/JS PO a summary of the project implementation (Annex 3 of this Manual) highlighting the progress in developing the mandatory outputs, potential delays and plans for recovery (template provided by the MA/JS).

In order to receive the payment, the LP will submit one final activity and financial report (together with the control certificates issued by the controllers) accompanied by the application for reimbursement and also by the three mandatory outputs which should include the additional activities as well, if planned in the application form. The report together with the outputs must be submitted three months after the end of the project. The deadline for submission of the project progress report is set in the subsidy contract. In the project progress report, the LP reports about the activities performed proving that the implementation is in accordance with the approved AF and justifies the reported, certified expenditure in connection to the AfR of the contribution from EU Fund.

While the project progress report is prepared by the LP, each PP must contribute to the compilation of the project progress reports by preparing and submitting their partner reports (PR). Project Partners provide adequate information for the LP concerning the activity and financial progress of their project part via the partner report in relation to the project implementation.

The Partner report contains the financial data of the expenditure reported by the partner to be validated by the controller at national level, based on which the controller issues the control certificate. The PP has to submit the partner report through the Jems to its designated or selected



controller by the deadline defined by the respective controller in the national control guideline (if any) or, if the national control guidelines are not available, by the deadlines outlined in this Manual.

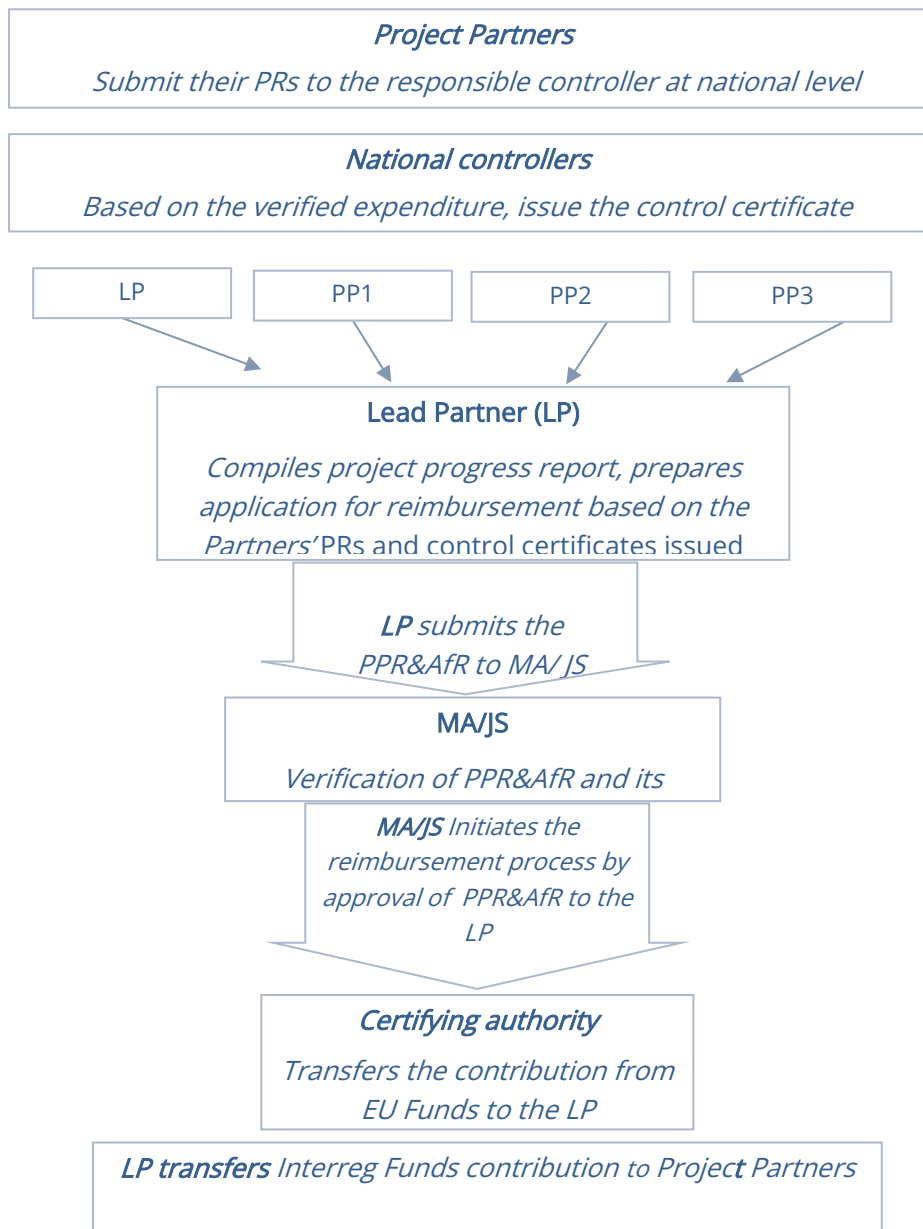
### II.3.1 Reporting system and process

The reporting procedure is integrated into and managed through Jems. The MA/JS will provide guidance for the LP and each PP on how to access Jems.

All PPs (including the LP) have to prepare and submit their PRs through Jems to their responsible Controller at national level. The MA/JS will provide guidelines for partner report detailing how the PR is to be prepared and submitted in Jems. The controller, after verification of the PP's reported expenditure issues the Control certificate to the PP in Jems. Further information on the control process can be found in the control guidelines. The LP has read-only access to the PRs and the Control certificates of each PP, based on which the LP compiles the PPR in Jems and AfR signed by the LP and uploads the necessary supporting documents. The MA/JS will provide guidelines for project progress report preparation and submission in Jems.

The MA/JS checks the submitted PPR (including the AfR) and its annexes and verifies their content before initiating the reimbursement of the related Interreg Funds to the LP's bank account by the certifying authority. The LP is responsible for transferring the Interreg contributions to the PPs according to the approved AfR.

## II.3.2 Reporting deadlines



The LP has to submit the project progress report, including the AfR, **once, at the end of the project implementation.**

The Project progress report & AfR have to be submitted by the LP to the MA/JS **within 3 months from the end date of the project as defined in the subsidy contract.**

As the LP can submit PPRs only on the basis of information received and expenditure certified on partner level, the deadline for submission of the PPR affects also the time schedule for preparing

partner reports, validation of expenditure at partner level, and preparation of PPR by the LP. The LPs have to consider that generally about two months are needed for the controllers to issue the control certificate from the date of submission of a partner report. This means that considering this general two months and the timeframe to prepare and submit the partner report to the controllers, less than a month will be available for LPs to finalise the PPR for the whole project. It is to be considered that the financial part is included in the PPR by the LP by simply ticking the control certificate, issued by the Controller, listed in the PPR.

### II.3.3 Preparation of the project progress report (PPR)

Considering that the **reimbursement of the EU contribution part of the reported expenditure** will be initiated and processed by the MAJS **only in case** the related **PPR and the AfR are approved by the MAJS**, it is important that the LP describes the activities implemented in sufficient details and quality in the PPR and the Project Partners help the LP in this by preparing their partner report at the same level of quality. The *SMF Jems Guidelines* clarify what the LP and the PPs should focus on, when filling in the different parts of their respective reports, besides the description of the technical details needed for the preparation of the partner report, as well as project progress report. The AfR shall be generated accordingly when the PPR is completed and finalised by the LP. The payment of the seed money project will be done in full, after the project end, if the mandatory outputs and the project progress report are submitted to MAJS and comply with the quality criteria set at programme level and detailed below.

#### Parts of the project progress report

The project progress report (and the partner report as well) is divided into Activity report and Financial report parts.

#### *Activity part of the Partner and the project progress report*

The activity part of the project progress report (PPR) is based on the partner report (PR), therefore the activity part of the PR follows mainly the structure of the PPR.

Based on the activity report prepared by PPs, in the activity part of the project progress report, the LP should give a comprehensive account of the general implementation of the whole project: what has been achieved and delivered, which target groups and how were reached and involved by the partnership; what were the contributions to the horizontal principles, as well as if there is any kind of deviation from the original plans. Detailed description is needed concerning which activities have been carried out and by which PPs in order to develop the mandatory outputs. The specific descriptions of the activities should at the same time justify the reported expenditure of the different project partners that are claimed in the connected AfR.

The MAJS will check the activity, the financial report and the quality of the mandatory outputs. The following quality criteria will be applied for assessing the quality of the mandatory outputs:

Report on the state of play in the field addressed	
Criteria	Score
The status quo in the field addressed is clearly described	1 to 5
The needs and challenges in the field addressed by the project are clearly described and country level information is provided for the area covered by the project	1 to 5
The target groups and their needs are defined	1 to 5
The results of previous initiatives, projects are described and the knowledge gained is planned to be exploited in the proposal	1 to 5
Main project work plan	
Criteria	Score
The work plan coherently defines the main and specific project objectives and the results	1 to 5
The work plan describes the overall methodology for coherently reaching the project result and achieving the objectives	1 to 5
The work plan coherently described the planned main activities and main outputs	1 to 5
The main partners to be involved in the project are defined and listed and are relevant for achieving the objectives.	1 to 5
The budget of the main project is defined and detailed	1 to 5
Report on funding possibilities	
Criteria	Score
The potential funding sources are analysed and listed, including the potential future calls	1 to 5
If possible, the decision on the selected fund or type of fund that the main project will apply for is justified	1 to 5
The road map defining the steps to be undertaken after the finalisation of the seed money project is described	1 to 5

In order to receive the payment, the minimum score to be received for each criterion is 3. In case, following the assessment of the quality of the outputs certain quality criteria are scoring less than the minimum threshold, the MAJS will ask the LP to correct and to complete the output. In case after the second request for completion still the quality criteria are not matching the requirements of the programme, the MAJS may decide not to reimburse the EU contribution part of the expenditure relates to the output not reaching the quality criteria.

### Financial part of the project progress report

The **financial report** part of the PPR presents the expenditure certified by the controllers at national level in relation to the reported activities of the project, which are incurred and paid by the LP and PPs during the reporting period. As a first step, this expenditure of the LP and PPs has to be verified by the controllers at national level.

**Only certified expenditure can be reported by the project partners to the Lead Partner, according to the following procedure:**

- Each project partner, as well as the LP, has to report and submit, in relation to the activities reported in the partner report its expenditure incurred and paid, relevant for the seed money project for certification to the designated controller in its partner state. **Each project partner – including the LP – is responsible separately for having its expenditure validated by the designated Controller in its partner state.**
- The **Controller verifies the expenditure** submitted by the project partner on the basis of the invoices or accounting documents of equivalent probative value, verifies the delivery of the products co-financed, the soundness of the expenditure declared, and the compliance of such expenditure with EU and programme rules and relevant national rules. After verification, the controller **issues the control certificate** to the project partner (see Annex 7.3 of Danube control guidelines - standard form of the control certificate) in Jems.

### Application for reimbursement

The **AfR** is the document for claiming the reimbursement of the contribution from the Interreg Funds by the LP for the project based on the amount of verified expenditure of PPs. The AfR shall be attached to the PPR in JEMS. The AfR shall be generated with the plugin provided by JEMS and it needs to be signed and stamped by the LP in line with the proof of signature submitted for contracting.

The data of the AfR is based on the verified expenditure reported in the financial part of the PPR. The related Control certificates selected by the LP in Jems will automatically be enclosed in the PPR.

In case control certificates and PRs are not available from each PP for a given reporting period, the LP shall submit the AfR on the basis of the control certificates available until the reporting deadline.

Before submitting the AfR, in compliance with the Article 26(c) of the Interreg Regulation, the LP shall verify the following:

- the expenditure declared by the PPs participating in the project has been incurred only for the purpose of implementing the project and corresponds to the activities agreed among those PPs in the frame of the approved AF;
- the expenditure declared by the PPs and included in the AfR has been verified by the responsible controller at national level;
- the information included in the AfR, the related PPR and its Annexes are true and correct.

### Language of reporting

The language of reporting is **English**: the Partner report, the project progress report, including all additional parts (i.e. mandatory outputs), the AfR and the Control Certificate shall be prepared in English.

### Submission of project progress reports

The PPR (incl. annexes) has to be submitted in the Jems to the MA/JS. The submitted PPR has to be fully completed.

Modification of a submitted PPR is possible only in case the MA/JS requires it.

### Documents to be submitted together with the project progress report

In order to prove the progress of the project, the following documents have to be submitted, only in electronic/scanned version, together with the PPR (certain documents are to be submitted only in given implementation stages, specifically indicated):

SECTION Work plan progress – Output / activity / deliverable	<ul style="list-style-type: none"> <li>➤ Output evidence</li> <li>➤ Deliverable evidence</li> </ul>
SECTION Project progress report annexes	<ul style="list-style-type: none"> <li>➤ Application for reimbursement</li> </ul>

### Completion and rejection of the progress report

When the MA/JS detects inconsistencies or insufficient information in the PPR or in the AfR and related document(s), the MA/JS requests the completion from the LP and the re-submission of the PPR and/or AfR by the given deadline.

### Completion of the project progress report and application for reimbursement

- a) In case the PPR has to be completed or additional clarifications or missing documents have to be submitted, and the control certificates do not need correction, the completed PPR should be re-submitted within **maximum 10 days** (shorter deadlines might be given according to the urgency or the type of completion) after the notice sent by the MA/JS.

If the completion is not full, or other clarifications are deemed necessary the MA/JS can ask for a second completion. The LP is given an additional **maximum 5 days** after receiving the notice of the MA/JS to correct the mistakes of the PPR and re-submit it.

- b) In case the PPR and AfR have to be completed implying the correction of one or more control certificate, the revised PPR and AfR, including the corrective version(s) of the control certificate should be resubmitted to the MA/JS within **maximum 20 days** from the receipt of the e-mail notification by the MA/JS. In case it is not possible to reissue the control

certificate by the responsible controller within the given deadline, or the reissued and resubmitted Control certificate is still not acceptable to the MA/JS, the related costs of the given partner(s) shall be deducted from the amount of the AfR. In this case, the corrective (re-issued) Control certificate can be submitted within the 20 days along with the subsequent AfR.

### **Rejection of the project progress report and the application for reimbursement**

After the second unsuccessful completion round, the PPR and AfR might be rejected, in case it is still not possible to gain appropriate information on the following:

- the activities carried out by the project partnership during the seed money project implementation;
- quality of the mandatory outputs is not reaching the minimum level;
- clear and justifiable relation of the reported activities to the verified and reported expenditure of the PPs, etc.

In case a PPR is rejected due to reasons listed above, the amount requested in the related AfR will not be paid to the LP.

This would also mean that the LP was not able to appropriately fulfil its reporting obligations deriving from the subsidy contract, and the MA/JS is entitled to withdraw from the subsidy contract (Art. 14(2)m of the subsidy contract) based on the prior decision of the Monitoring Committee.

## **II.3.4 Reimbursement of Interreg funds**

### **Lead partners**

The following procedure applies for the reimbursement of the contribution from Interreg Funds to the lead partners:

- The reimbursement of contribution from Interreg Funds to the LP will be initiated only after the MA/JS verifies and accepts the PPR and the AfR.
- The reimbursement of contribution from Interreg funds will be transferred by the CA after the verification process of the MA/JS.
- In case the Interreg balance of the DRP bank account handled by the CA does not cover the total amount of contribution to be reimbursed, the CA will temporarily suspend the reimbursement process until the contribution from the Funds is transferred to the DRP bank account by the EC. In this case, the MA/JS notifies the LPs of the projects concerned on the suspension and the estimated timeframe.
- Reimbursement of the contribution from Interreg Funds will be executed on the EUR

project bank account of the LP (as indicated in the SC) in order to ensure that all financial transactions related to the project can be identified and tracked.

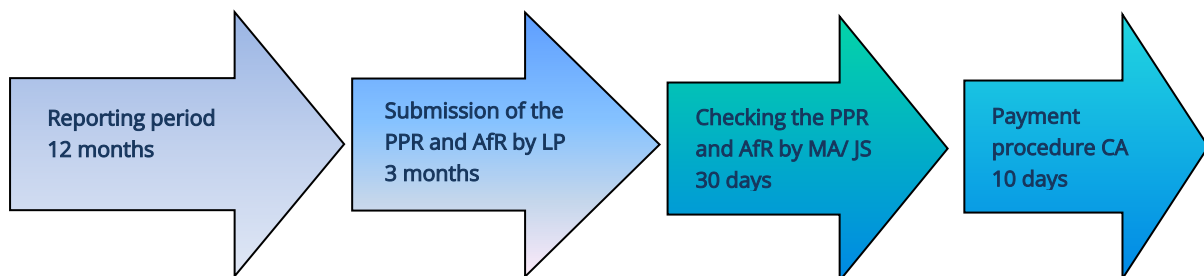
The LP is responsible to transfer the contribution from Interreg funds to each PP according to the approved AfR as soon as possible but **within the deadline given in the partnership agreement at the latest**. No deduction, retention or any other specific charges shall be made by the LP concerning the approved amount. Furthermore, no legal dispute between the LP and the PP concerned could be subject to any compensation from the approved amount to be transferred by the LP to the PPs.

Bank statements proving the transfers of contribution from EU Funds to each project partner within the timeframe set in the partnership agreement have to be submitted to the MA/JS within 30 days from the date of transfer of the EU Funds of the AfR to the LP for the financial closure of the project by the MA/JS. In case the LP does not transfer the EU Funds, an irregularity procedure could be initiated by the MA/JS.

### Timeframe of reimbursement

The LP and the project partners have to consider the timeframe of the reimbursement of Interreg funds when preparing the time plan of their project activities.

The following flowchart presents the procedures described in the previous sections showing the indicative timeframes.



It should be also taken into consideration that the timeframe for checking the PPR by the MA/JS could be prolonged with the time needed for the completions by the LP.

The MA/JS needs in general 30 days for the verification of the PPR. In case the content part or the financial part of the PPR needs to be completed, additional 15 days for checking the resubmitted PPR and AfR by the MA/JS should be calculated. After approval of the PPR and AfR by the MA/JS, the CA initiates the transfer of the contributions from the Interreg Funds to the LP generally within 10 days.



## II.4 Project changes

Given the limited timeframe of the seed money projects no major changes are allowed, meaning that no partner changes, prolongation, budget reallocation between partners is possible.

Minor changes which have more an administrative and technical character and do not have significant impact on the project implementation are allowed to be implemented.

Minor changes need in most cases the confirmation of the MA/JS PO beforehand, but do not need the approval of the MA/JS, or MC and neither the application form, nor the subsidy contract is to be modified.

Minor changes can be:

- Administrative changes
- Minor adjustment of the content

### II.4.1 Administrative changes

Administrative changes can be the following:

- Change of contact details (of LP, PP, ASP)
- Change of legal representative/contact person (of LP, PP, ASP)
- Change of bank account of the LP
- Legal succession of the LP, or PP(s)

The legal succession of the LP (Article 11 of the subsidy contract), or PP is considered as an administrative change and not as a partner change if, based on the legal act, it is proved that the new legal entity is the legal successor taking fully the duties and obligations of the previous one (predecessor), as well as it still fulfils the partner eligibility criteria of the DRP.

#### Necessary documents and procedure

Type of modification	Action to be taken by LP
Change of the project management team	Informs the MA/JS PO about the change via email and updates the data in Jems

Change of the contact details of the LP/ PP	Informs the MA/JS PO about the change via email
Change of PP/ LP legal representative	<ul style="list-style-type: none"> <li>▪ Informs the MA/JS PO about the change via email</li> <li>▪ Provides Annex A2_ <i>Proof of signature</i> in case of LP legal representative change (electronic + original)</li> <li>▪ Uploads the scanned <i>Proof of Signature</i> in Jems which will be clearly earmarked as being a new proof of signature!</li> </ul>
Change of LP bank account	<ul style="list-style-type: none"> <li>▪ Informs the MA/JS PO about the change via email</li> <li>▪ Provides Annex A1.1 or A1.2_ <i>Bank account statement</i> (electronic + original)</li> <li>▪ Updates the data in Jems and uploads the <i>Bank account statement</i></li> </ul>
<p>Legal succession</p> <p><i>The legal succession of the LP (Article 11 of the SC) or PP is considered an administrative change and not a partner change if, based on the relevant legal act, it is proved that the new legal entity is the legal successor taking fully the duties and obligations of the predecessor, as well as it fulfils the partner eligibility criteria of the DRP.</i></p>	<p>Informs the MA/JS PO about the change via email within 10 days from the date the legal act stating the legal succession enters into force and provides the legal act (in original language – to be checked by the relevant NCP) proving that the new legal entity is the legal successor of the previous one, taking over fully the duties and obligations of its predecessor</p> <p>* In case the legal representative or the LP bank account changes as well, documents and procedure described above will additionally need to be submitted / followed.</p> <p>* In case the legal succession is not confirmed by the relevant NCP, a partner change procedure will be followed.</p> <p>Documents for legal succession will be uploaded in Jems!</p>

## II.4.2 Minor changes in the content of the project

Minor adjustments of the work plan that do not affect the strategic approach of the project and do not put at risk the completion of the project by the end date are considered minor changes and need MA/JS PO confirmation.

Minor adjustments of the content can refer to:

- timing, duration, location or format of activities.
- timing, number (only increase or merging is allowed) or format of deliverables or outputs.
- adding / changing equipment to be used for reaching the project objectives, ensuring the same quality of the activity.

## Necessary documents and procedure

Type of modification	Action to be taken by LP
Minor adjustments of the project content	Submits via email to MAJS PO Annex B1_ <i>Change Log File</i> providing justification for the changes

## II.5 Audit of the project

### II.5.1 Audit and process

As it is defined in the SC, the LP is obliged to guarantee fulfilment of the audit of the projects in relation to all other PPs of the project, to be carried out by any of such responsible auditing bodies of the EU, the auditing bodies of the participating partner states as well as the Audit Authority, MAJS and CA of the Danube Region Programme. The aim of these audits is to check the proper use of funds by the LP or by the PPs.

The audit of the selected projects will take place at the premises of the LP and selected PPs. The LP and the PPs concerned will be notified in due time by the relevant authorities about any audit to be carried out on their reported expenditure.

The audits performed by the Audit Authority or by external auditors on behalf of the Audit Authority include in general sample checking of the verified and reported expenditure against the supporting documents and other relevant information at the premises of the LP and/or PPs in order to verify the accuracy and validity of the related control certificate(s), checking of the project documentation and audit trail, the accounting of project expenditure. In the interest of a successful auditing, the LP has to make available all documents required, provide necessary information and give access to its business premises.

### II.5.2 Irregularity and repayments of contribution from EU Funds

#### II.5.2.1 Handling of Irregularity

An “irregularity” is to be considered as any infringement of a provision of EU law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union by charging an unjustified item of expenditure to the general budget.

The body which suspected the irregularity (controller, MAJS, audit authority, etc.) reports it to the responsible body for handling of irregularities at the given partner state whose territory the project partner concerned is located.

The **detection** of the irregularity and the **decision on the sanction is made at national level** by the responsible body at partner state level, and **then reported to the European Commission** (OLAF report - **according to the EU Regulation no.1060/2021, from Annex XII**) and to the MAJS (OLAF report/Summary report).

In case the irregularity affects **partly the project** (one project partner) and the decision on sanction by the responsible body of the partner state **is the recovery of the contribution** from EU Funds unduly paid, the **MAJS initiates the recovery procedure from the LP in each case.**

When the irregularity reported by the partner state **affects the whole project**, the monitoring committee is also entitled to make a decision about the irregularity. The decision can be the **withdrawal from the SC, reduction of the contribution from Interreg Funds to the project financing under the Danube Region Programme.**

### II.5.2.2 Repayment of contribution from Interreg funds

- In case of repayment, the **MAJS sends a request for repayment** on the amount of EU Funds unduly paid to the LP.
- The LP is obliged to secure repayments from all the PP(s) concerned and repay the amount specified by the MAJS before the due date. However, according to **Article 52(2) of the Interreg regulation the MAJS may decide not to recover an amount unduly paid** if the amount of contribution from the EU Funds – considered by Interreg Fund– **does not exceed 250 EUR.**
- Based on the request for repayment of the MAJS, the **LP has to ask the PP(s) concerned to repay the amount of EU Funds to the LP's project bank account in due time**, considering the deadline given by the MAJS for the repayment. The LP has to transfer this amount to the DRP bank account specified in the request for repayment of the MAJS.
- If a project partner commits an irregularity and the **lead partner cannot recover** the contribution from EU Funds unduly paid to a project partner on the basis of the partnership agreement existing among them, the LP **shall inform the MAJS in written form within the deadline for the repayment.**
- The **repayment by the LP is due within two months** from the receipt date of the request for repayment. The due date for the repayment will be explicitly given in the request for repayment. The receipt date of the request for repayment shall be the date of sending the email, regardless of the date of receiving any official letter in hardcopy version.

- The MAJS has the right to impose **interest on late payment** on the amount paid back by the LP belatedly. In case of any delay in the repayment, the amount to be recovered shall be subject to interest on late payment, starting on the calendar day following the due date and ending on the actual date of repayment. The rate of interest on late payment shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the due date.
- The MAJS also has the right to recover the amounts specified in the request for repayment by deducting them from the AfR submitted by the LP. In case of **compensation**, the MAJS informs the LP on the **amount deducted from the AfR** concerned (including PP and PPR concerned).

## II.6 Project closure

### II.6.1 Project closure

In case the project is completed and the project progress report, together with the mandatory outputs are accepted by the MAJS, the project closure of the project will be initiated by the MAJS.

Project closing and payment cannot be initiated in case other processes related to the project are not closed such as audit report, irregularity and recovery procedures. In those cases, the payment to the Project is suspended until the closing of other processes.

After the payment to the LP, the proof of transfers to the PPs shall be submitted to the MAJS within 30 days from the date of transfer of the EU Funds of the AfR to the LP for the closure of the project by the MAJS. In case this obligation of the LP is fulfilled the project is considered closed and the LP is informed about the closure.

In case the LP does not submit the proof of transfers of the EU Funds to the Project Partners within the deadline, an irregularity procedure could be initiated by the MAJS.

### II.6.2 Ownership of project results

Ownership, title and industrial and intellectual property rights in the outputs of the project and the reports and other documents relating to it shall vest in the LP and PPs to the extent allowed by the national regulation of the LP/PP.

The MAJS as well as the National Authorities of the Partner States of the programme – including National Contact Points – reserves the right to use the project for information and communication actions related to the programme.

## II.6.3 Retention of project documents

The LP and all other PPs of the project are obliged to ensure that all files, documents and data related to the project are retained for audit purposes. The documents shall be kept for at least a 5-year retention period from 31 December of the year in which the last payment by the MA to the project is made. Longer retention periods may apply in case of state aid or in accordance with national rules.

The following documents have to be retained as the project's audit trail.

No.	Document	Lead Partner	Project Partner
1.	Approved Application Form	only electronic version	only electronic version
2.	Partnership Agreement (and its amendments)	original	original
3.	Subsidy Contract	original	copy
5.	Project progress report	only electronic version	only electronic version
6.	Application for Reimbursement	only electronic version	only electronic version
7.	Partner reports	only electronic version	only electronic version
8.	Control Certificate	only electronic version/ only LP's Control Certificate in original;	only electronic version/original
9.	Each invoice and accounting document of probative value related to project expenditure (originals to be retained at the premises of the project partner concerned)	only the LP's invoices in original	only PP's invoices in original
10.	All supporting documents related to project expenditure (e.g. payslips, bank statements, etc.)	only the supporting	only the supporting

	to be retained at the premises of the project partner concerned	documents of the LP in original	documents of the PP in original
11.	Project mandatory outputs	electronic	electronic
12.	If relevant, documentation related to on the spot checks (if any performed) of the Controllers (to be retained at the premises of the project partner concerned)	only LP's on the spot check documentation in original	only PP's on the spot check documentation in original
13.	If relevant, audit reports	All audit reports, LP audit report in original, all other reports in copy	PP's audit report in original

# Annex 1 EUSDR Priority Area Coordinators

1A: Inland waterways		
Austria	<p><b>Mr Markus Simoner</b> Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology</p> <p><b>Mr Gert-Jan Muilerman</b> Via donau – Austrian Waterway Management and Development Company</p> <p><b>Ms Viktoria Weissenburger</b> Via donau – Austrian Waterway Management and Development Company</p> <p><b>Ms Iris Marstaller</b> Via donau – Austrian Waterway Management and Development Company</p>	<p><a href="mailto:markus.simoner@bmk.gv.at">markus.simoner@bmk.gv.at</a></p> <p><a href="mailto:gert-jan.muilerman@viadonau.org">gert-jan.muilerman@viadonau.org</a></p> <p><a href="mailto:viktoria.weissenburger@viadonau.org">viktoria.weissenburger@viadonau.org</a></p> <p><a href="mailto:iris.marstaller@viadonau.org">iris.marstaller@viadonau.org</a></p>
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## 1B: Rail, road and air links

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<h2>PA 2: To encourage more sustainable energy</h2>		
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<b>PA 3: To promote culture and tourism, people to people contacts</b>		
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PA 4: To restore and maintain the quality of waters		
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<b>PA 5: To manage environmental risks</b>		
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<p><b>PA 7: To develop the knowledge society (research, education and ICT)</b></p>		
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<b>PA 10: To step up institutional capacity and cooperation</b>		
Austria	<p><b>Ms Claudia Singer-Smith</b> City of Vienna, EU funding agency</p> <p><b>Ms Simone Boehm-Gartner</b> City of Vienna, EU funding agency</p> <p><b>Ms Andreea Prasacu</b> City of Vienna, EU funding agency</p>	<p><a href="mailto:claudia.singer@pa10-danube.eu">claudia.singer@pa10-danube.eu</a></p> <p><a href="mailto:simone.boehm-gartner@pa10-danube.eu">simone.boehm-gartner@pa10-danube.eu</a></p> <p><a href="mailto:Andreea.Prasacu@pa10-danube.eu">Andreea.Prasacu@pa10-danube.eu</a></p>
Slovenia	<p><b>Ms Ana Novak</b> Center for European Perspective</p> <p><b>Mr Jernej Grahor</b> Center for European Perspective</p>	<p><a href="mailto:ana.novak@cep.si">ana.novak@cep.si</a></p> <p><a href="mailto:jernej.grahor@cep.si">jernej.grahor@cep.si</a></p>
<b>PA 11: To work together to tackle security and organised crime</b>		
Bulgaria	<p><b>Ms Snezhina Marinova</b> Director of Directorate "EU and International cooperation", Ministry of Interior</p> <p><b>Ms Boryana Boteva</b> Directorate "EU and International cooperation", Ministry of Interior</p>	<p><a href="mailto:SGMarinova@mvr.bg">SGMarinova@mvr.bg</a>; <a href="mailto:eusdr@mvr.bg">eusdr@mvr.bg</a></p> <p><a href="mailto:bboteva.14@mvr.bg">bboteva.14@mvr.bg</a>; <a href="mailto:eusdr@mvr.bg">eusdr@mvr.bg</a></p>

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Bavaria	<p><b>Mr Michael Schwald</b> Bayerisches Staatsministerium des Innern (StMI) Sachbereich C5/EU - Internationale polizeiliche Zusammenarbeit - Odeonsplatz 3, 80539 München, Germany</p> <p><b>Ms Irene Klarer</b> Bayerisches Staatsministerium des Innern (StMI) Sachbereich C5/EU - Internationale polizeiliche Zusammenarbeit - Odeonsplatz 3, 80539 München, Germany</p>	<a href="mailto:stmi.eusdr@polizei.bayern.de">stmi.eusdr@polizei.bayern.de</a>

## Annex 2 SMF Outputs

### Report on the state of play in the addressed field

The Report on the state of play in the addressed field should contain a detailed and comprehensive analysis at least of the elements listed below.

- Description of the status quo in the field addressed by the project
- Description of the needs and challenges in the field addressed by the project including country level information for the area covered by the project
- Description of the target groups of the main project and their needs
- Overview of past and current activities in the field and of complementary projects that were/are implemented and current gaps that are addressed by the main project
- References and bibliography used to develop the output

## Main project work plan

The main project work plan should contain detailed information at least of the elements listed below.

- Description of the main and specific objectives of the main project
- Description of the result of the main project
- Description of the proposed methodology to reach the result
- Outline of the main activities and outputs to be delivered by the main project
- Description of the partnership, including the main partners to be involved and their role in the project
- Budget estimation of the main project

## Report on funding possibilities

The Report on funding possibilities should contain a detailed and comprehensive analysis at least of the elements listed below.

- **Description of the potential funding sources of the main project and potential future calls that can be addressed**
- **In case the decision has been taken to apply for a certain call, please provide sound justification**
- **Detailed road map defining the steps to be undertaken after the finalisation of the seed money project**

# Annex 3 Summary of implementation

## Mid-term summary on implementation of the seed money project

Description of the activities performed so far in order to develop the mandatory outputs (max. 3000 characters)

Description of the potential delays and difficulties encountered, and solutions found (max. 3000 characters)