PROGRAMME MANUAL

Central Baltic Programme 2014-2020

Version 3.3 (**24.2.2021**)

Contents

ABBREVIATIONS

AA – Audit Authority

BL – budget line

EU – European Union

FLC – First Level Control

JS – Joint Secretariat

eMS – eMonitoring System

MA – Managing Authority

MC – Monitoring Committee

SC – Steering Committee

SO – specific objective

SME – Small and medium sized enterprise

VAT – Value added tax

WP – work package

1. INTRODUCTION

The Programme Manual is written for the project applicants and partners. It sets out to give you the basic information needed both when applying for project funding and while implementing your project.

Chapter 2 Applying for project funding gives you all the main information you will need to prepare a project application. It covers topics such as timing of the preparations, activity and budget planning, preparing a funding plan and submitting your application. It also explains the assessment and approval process of project applications.

If the project application was successful, chapter 3 Implementing a project will give you the most important tools needed during your project life-cycle. The chapter follows the steps of the project life-cycle, e.g. how to start a project, how to report the costs and activities, how to make changes to the project plan, and what costs are eligible. The Manual contains the main rules and guidance related to communication and other important topics. Finally, the Manual will give you guidance in closing your project and in dealing with relevant issues also after the end of the project.

If a new version of the Programme Manual is published, it becomes valid from that point onward. The latest version of the Programme Manual should always be used.

In addition to the Programme Manual, there are two important blocks of information: a number of additional, **practical guidance documents** are available for use. A reference to these is made in the Manual, where relevant. A full list of these documents is given in Annex 1. These documents will give you detailed and technical information which is beyond the scope of the Manual.

Last, but certainly not least, the **programme staff** is there to help all applicants and projects. The programme offers support at all stages of the project life-cycle: consultations when preparing the project idea and continuous support while implementing the project. The programme also has a network of contact points in all programme countries, to provide information about the programme and its funding possibilities.

The language of the programme is English. All official communication is conducted in English and all programme documents are produced in English only. The project application and reporting is also done in English. Unofficial communication within the project and between the project and programme bodies may of course take place in other languages.

The programme uses an online application and reporting system, the eMS. It will be used for all official communication and for all steps of the application and implementation of a project. All projects and programme bodies will use the system.

2. Applying for project funding

2.1. Basic characteristics of a Central Baltic project

Planning a project well is extremely important as it sets the basis for the whole implementation. Preparing a project takes time. Finding the right partners, agreeing on activities and responsibilities, preparing the budget and securing co-financing – all these steps have to be taken into account. Thus, it is advisable to start the process as early as possible.

It is important to involve the relevant people in content and budget planning. Where possible, the people who will participate in implementing the project should participate in the planning. Remember to involve people from the partner organisations in a broad way: bookkeepers and other administrative staff as well as experts on content will probably have many useful comments. Experience shows, that the quality of planning is reflected during the years of project implementation.

How to define a project

In order to be successful in applying for and implementing a project, it is crucial to understand what a project essentially is. A project is by definition an operation that is limited by its objectives and tasks, its duration and its budget. To be more precise:

- A project has limited and fixed objectives and tasks. The project activities must be additional to the activities normally carried out by the organisations involved and not part of their ordinary activities.

- A project has a limited budget. Objectives and tasks are to be met with the financial resources foreseen in the project budget and with the ERDF amount and share foreseen.

- A project has a limited lifetime. Objectives and tasks are to be met within the specified timeframe after which the project is closed.

The **objectives** and tasks of any project must be clearly defined. A project tackles a certain problem or task using a pre-defined set of measures. Tasks that are part of an organisations regular work and that are intended to carry on indefinitely cannot be labelled as projects and will not receive project funding. Basic research is not funded by the programme.

A project is typically implemented to try a new method or solution using external funding. Projects are particularly good for trying out or spreading new innovative models or methods or to establish new cooperation.

Once the testing period is over, the project should draw conclusions. If the tested method has proven successful, the organisations involved, together with other potential end-users, should take the good new tools into use. Due to the nature of testing new solutions, projects always involve an element of risk. The programme accepts this, but in order to minimise the risk of using money to no avail, each project should have a good understanding of the need that they intend to find solutions to as well as a credible plan for reaching these solutions.

As said, a project should always be built around a need. One should make the distinction between 'interesting' and 'important' project ideas and the programme aims to fund the project ideas that are of importance for the region. The need-based approach should also be reflected in how the project objective is formulated: the project should be about finding solutions rather than about developing existing things. This difference should be kept in mind when preparing project activities.

In line with the principles of taking a risk and answering to needs, the programme will not fund the same activity twice. Therefore, each project should set its individual aims, even if it builds on another project. This applies regardless of the source of funding of the original project. Keeping this in mind, each project must give an account of what work has been done in its field of activity already, how the project links to larger-scale strategies and how it differs from or brings added value to earlier work.

The **duration** and the tasks of a project are interlinked. The duration of a project is set according to the objectives and tasks at hand, but is always limited and clearly defined. Projects typically last for 2-4 years, depending on the activities. Projects that develop new working methods or tools should always include a test period, followed by analysis and drawing conclusions for the future use of the project results.

Despite the limited life-span of a project, it is crucial to consider the **sustainability** of the project activities and achievements. A successful project creates practices, models, solutions, networks and/or knowledge that live on after the project ends even without project funding. The sustainability of results must already be taken into account when planning a project.

The partners should keep in mind the requirements that come from the programme giving public funding: all project outputs and results should be made available for free to other relevant organisations or the general public both during and after the project period.

For achieving the set aims, a project must have a realistic and viable **budget**. The budget is defined in the Application Form and confirmed by the project funding decision. The total ERDF funding, the total project budget and the co-financing rate will be set in the Subsidy Contract. These levels may not be exceeded.

Cross-border cooperation is required

The Central Baltic programme has been set up to fund cross-border cooperation between the involved countries. In order to receive funding from this programme, projects must have a clear cross-border character. Cross-border cooperation should always bring added value to reach the project objectives. In the project application partners are asked to explain why cross-border cooperation is needed for reaching the project objectives. For other types of projects national funding programmes or transnational funding programmes would be more appropriate.

Cooperation in the Central Baltic programme is about working together to solve joint problems or support joint possibilities of the Central Baltic region. For this to take place, the programme expects the partners to work together as equals. Each project partner should contribute to the project by bringing in expertise, ideas, personnel or other resources. The programme does not support projects, where one partner has the role of a teacher and the other(s) simply copy a model.

The picture below shows the typical development of cooperation. Cooperation usually starts from networking and learning to know each other. If the first phase is successful and the cooperation continues, people or organisations start learning from each other. In the closest form of cooperation people or organisations involved have identified common needs that they can solve (only) together.
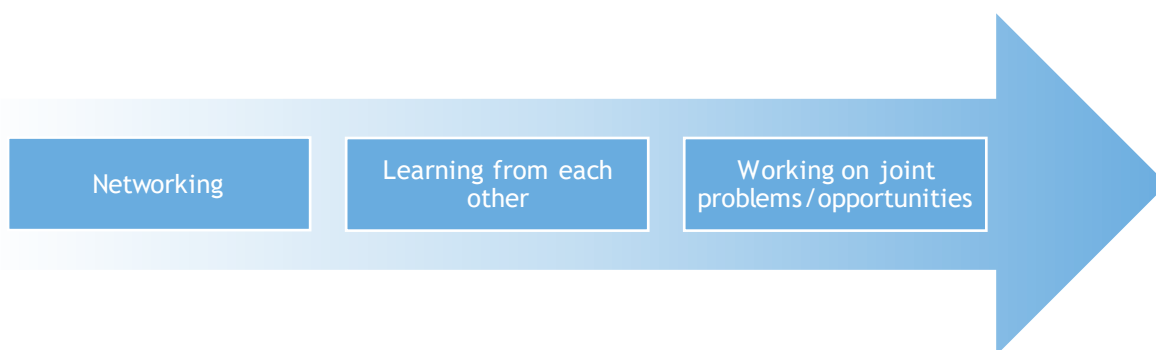

Figure 1. The development of cooperation

The Central Baltic programme **does not support pure networking projects**, but networks are assumed to be in place already. This is required in order to reach the results and objectives expected by the programme. A project may contain limited elements of networking if it is required for concrete activities to take place during the project. In some cases it may be enough that the partners have identified a joint need and that they learn from each other in order to develop their individual approaches, and thus generate an improvement on a larger scale and support the results of the chosen SO of the programme.

The Central Baltic programme, however, aims at solving common problems together or working on joint opportunities. Projects that demonstrate this will receive higher scores in the assessment phase. These are the projects that are able to contribute to the achievement of the programme objectives.

The nature of cooperation of a project is reflected through the following criteria:

Joint development means that your project must be prepared by representatives from all partner organisations together. The project proposal must clearly integrate the ideas, expectations, priorities and contributions from all participating partners. The partners relevant for reaching the project objectives should be included in the preparations. The partners should share the understanding of the project needs and contribute to achieve the results.

Joint implementation means that activities must be carried out and coordinated by all participating partners. There must be a balanced division of tasks and responsibilities, links between the activities of each partner and regular contacts.

Joint staffing means that the project should have divided the tasks and that the project structure should not duplicate functions. There should be one joint project manager, one joint financial manager etc. for the whole project. Normally, these would be the lead partner's responsibility.

Joint financing means that the different partner budgets form together the joint budget for the whole project. There is only one Subsidy Contract per project.

Investments in projects

The Central Baltic programme allows for investments to be made if they are justified as part of the activity plan. All investments must have cross-border added value. For investments to be funded they must be innovative and bring some new benefit to the region.

An investment can be seen to have cross-border added value in case it is:

- A joint investment within the participating regions and/or brings direct added value to the region. This may be for example an investment that is used equally by the partners or programme regions, or equipment that can be moved from country to country when the equipment is important but there is no need/possibility to invest in it separately in all countries. A joint investment could be used in a pilot phase and followed by local investments at a later stage, should the piloting be successful.

- A locally done pilot or test investment. This requires that the investment brings an impact (through its network effect or otherwise) to the larger programme region and/or the results will later be spread to other parts of the region. In such cases there must be a clear plan for how the results will be spread and utilised in the programme area.

Investments are usually foreseen in the project application. The relevance of the investment will be assessed as part of the application. Any relevant permits related to the investment must be made available to the MA before signing the Subsidy Contract at the latest. In some cases, however, the specific type of investment needed may only be clarified as part of the project activities. The need for the investment should be foreseen in the activity plan already, but the practical outcome will be defined during the project implementation. For such investments a project modification and a subsequent approval of the investment by the Steering Committee SC is always needed before implementing the investment. Any necessary permits must be made available to the MA before the MA can approve the modification.

2.2. Suitability of the project idea to the programme priorities

The programme supports four priorities: Competitive economy, Sustainable use of common resources, Well-connected region and Skilled and socially inclusive region. Each priority is broken down to so-called SOs. Each project must choose the priority and SO is best in line with.

The aims of the programme are defined in the SOs and are illustrated through the result indicators. **The result indicators capture the change that the programme wants to achieve in the region.** As projects are assessed based on their relevance for the programme and on how well they help the programme reach its objectives, the projects that directly contribute to the result indicators are most likely to be funded. The priorities and their SOs are described in detail in this chapter.

Table 1. Programme priorities, specific objectives and result indicators

Priority	SO	Result indicator
P1 Competitive economy	1.1. New Central Baltic knowledge intensive companies	Number of joint or co-operating knowledge intensive enterprises
	1.2. More entrepreneurial youth	Number of established joint student companies
	1.3. More exports by the Central Baltic companies to new markets	Number of cluster co-operations exporting to new markets
P2 Sustainable use of common resources	2.1. Natural and cultural resources developed into sustainable tourist attractions	More sustainable joint natural and cultural heritage-based tourist attractions
	2.2. Sustainably planned and managed marine and coastal areas	Share of marine and coastal areas with improved management
	2.3. Better urban planning in the Central Baltic region	Share of urban areas covered with integrated urban management
	2.4. Reduced nutrients, hazardous substances and toxins inflow into the Baltic Sea	Amounts of nutrients, hazardous substances and toxins inflows into the Baltic Sea
P3 Well-connected region	3.1. Improved transport flows of people and goods	Travel time of passengers
		Transport flows of goods
	3.2. Improved services of existing small ports to improve local and regional mobility and contribute to tourism development	Share of Central Baltic small ports with good services
P4 Skilled and socially inclusive region	4.1. More people benefitting from stronger Central Baltic communities	Communities with improvements
	4.2. More aligned vocational education and training programmes in the Central Baltic region	Share of aligned vocational education and training programmes in the Central Baltic region

PRIORITY 1
COMPETITIVE ECONOMY

Applicants and implemented projects should note that state aid considerations are especially relevant for priority 1, although they are not exclusive for this priority. Therefore, you are advised to carefully read chapter 3.6. for definitions of state aid and de minimis aid. Any potential state aid should be discussed with the JS at the earliest possible stage in order to find the best solutions.

Project partners are also encouraged to set symbolic participating fees for target group companies who benefit from project activities. This will lead to the generation of net revenues. The rules for how to define and deal with net revenues will be explained in chapter 3.5.

Specific objective 1.1.

New Central Baltic knowledge intensive companies

This SO aims at exploiting the opportunities of 'green', 'silver' and 'blue' economy. The potential of ICT and low-carbon solutions, climate change mitigation and adaptation (as resource efficiency, renewable energy etc.) have been defined as a basis for new business creation.

Knowledge intensive enterprises are the ones with a potential to grow and internationalise, aiming to achieve higher value added than the regional average level of the industry they belong to.

The Central Baltic region has a good potential to strengthen its position as a globally competitive technology start-ups region.

This SO aims also at targeting challenges related to the sustainability of the businesses operating in sparsely populated, rural, peripheral, isolated island and archipelago communities. The seasonality of some traditional activities (e.g. tourism, fishing, agriculture) adds complexity to the challenge.

Specific attention is paid to the need of developing diverse sets of skills to be successful and sustainable in isolated and sparsely populated areas.

New enterprises are defined as 2 years from the registration or the start of operations.

'Joint' is defined as joint teams (key people), joint management or joint ownership by people from at least two Member States/Åland.

'Co-operating' is defined as new Central Baltic companies that have established cooperation in relevant areas of their business development (e.g. product development, marketing).

The aim is to achieve the creation of new joint Central Baltic enterprises and cooperation between new enterprises in the Central Baltic region, although it is accepted that a certain share of targeted teams and businesses will not become joint or co-operating.

The main approach is to implement development projects via intermediate bodies in the field of business development. The Central Baltic programme does not intend to use grants and financial

instruments to new start-up companies. Activities supported by the programme are seen as complementary to existing national and regional financial instruments and grants.

Complementary information

In the case of islands and archipelagos 'new business models of existing SMEs' are equalled to 'new businesses'.

For projects with state aid relevance de minimis regulation is used, meaning that a beneficiary can get up to EUR 200.000 during a 3 years period. It is always the responsibility of the project partners to inform target groups (participating companies) on the amount of state aid received.

Project partners are encouraged to set symbolic participating fees or to think of other arrangements to contribute to target group companies who benefit from the project activities. This is seen as a way to increase their commitment. Participating fees must be budgeted under net revenues according to the information provided in chapter 3.5.

Indicative list of actions supported

- Awareness raising;
- Training, coaching;
- Advisory services;
- Networking of potential and new entrepreneurs;
- Mapping and analysing of opportunities, comparable experience;
- Incubator services.

The main target groups

The foreseen target groups are potential entrepreneurs and newly established enterprises (i.e. maximum 2 years from the start of operation) contributing to the 'green', 'low-carbon', 'blue' and 'silver' economies. ICT solutions are seen as offering new business opportunities.

Technology start-ups are seen as a strength in the Central Baltic region and can be targeted by joint activities.

Students of universities and vocational schools of the Central Baltic region are seen as significant target groups for new knowledge-intensive business creation.

The potential of the elderly people is seen as a relevant resource for new business development. In addition to see young people as a target group for new business creation, intergenerational teams are encouraged as a basis for new businesses. Teams where young and elderly potential entrepreneurs are working together to establish new business are counted as intergenerational teams.

A relevant target group is people considering establishing their first business in the archipelago and islands sub-programme region. Also, experienced entrepreneurs considering the establishment of new business in the archipelago and islands areas, skilled professional people currently in employed or students in universities and vocational schools considering the establishment in archipelago and islands region are relevant target groups.

Specific territories targeted

Rural, peripheral and coastal, archipelagos and islands areas of the Central Baltic region are specifically targeted for identifying and supporting sustainable business models in sparsely populated, isolated communities.

Urban areas and specifically metropolitan areas and cities with R&D capacity are seen as important locations for new technology start-ups.

Types of beneficiaries

Targeted beneficiaries are business development organisations, business incubators, business associations, national, regional and local authorities.

Result indicator

Number of joint or co-operating knowledge intensive enterprises

Output indicator

Number of new enterprises supported

Number of enterprises receiving support

Specific objective 1.2.

More entrepreneurial youth

This SO aims at using the potential of the young generation to make the Central Baltic region more entrepreneurial and competitive in coming years.

Young generation is defined as people under 18 years old and involved in basic and upper secondary education.

Joint Central Baltic activities will be based on good experience supporting youth entrepreneurship and attracting young people to engage into cross-border and international activities within all programme regions.

Joint activities aim at motivating young people to establish student companies and create international teams, which can serve as a basis for future business partnerships within the Central Baltic region.

Student company (mini company) is defined as a team formed for business simulation under adult supervision. It is not a legal entity according to business law.

It is understood that all participating teams will not become or stay 'joint' by the end of the project activities. The experience from international cooperation acquired is nevertheless seen as a great benefit for young people.

Indicative list of actions supported

- Awareness raising;
- Training, coaching, internships;
- Advisory services;
- Networking of teams of pupils/students, experienced entrepreneurs, investors;
- Capacity building of teams and pupil/student firms;
- Designing and creating of e-platforms and e-tools.

The main target groups

The target group is students involved in basic and upper secondary education.

Specific territories targeted

The whole Central Baltic region is targeted whereas different areas (e.g. urban, rural, isolated islands, archipelagos) may need different approaches.

Types of beneficiaries

Targeted beneficiaries are business development organisations, youth organisations, youth entrepreneurship development organisations, education institutions, national, regional and local authorities.

Result indicator

Number of established joint student companies

Output indicator

Number of participating young people

Specific objective 1.3.

More exports by the Central Baltic companies to new markets

This SO aims at supporting the Central Baltic SMEs to enter into new markets with focus on innovation, product development and internationalization, which are relevant preconditions for sustainable growth.

New markets are defined as markets outside the EU/European Free Trade Area.

Here a cluster-based approach for cooperation within the Central Baltic region is used to promote cooperation between already established clusters forming 'meta-clusters'. This should enable the SMEs to enter into new markets with new or adapted products and services.

Meta-cluster is a cooperation between established clusters within the Central Baltic region, undertaking joint activities with the aim of entering new markets.

Cluster is defined as an established cooperation between similar or complementary businesses and R&D institutions.

No activities that fall under export aid measures will be co-financed.

Complementary information

Clusters may and, are likely to, include large companies as well. Large companies are accepted as target groups (but cannot act as partners) when their presence is needed to maximise the impact to cluster member SME-s.

Project partners are encouraged to set symbolic participating fees for target group companies who benefit from project activities. This is seen as a way to increase their commitment.

For projects with state aid relevance de minimis regulation is used, meaning that a beneficiary can get up to EUR 200.000 during a 3 years period. It is always the responsibility of the project partners to inform target groups (participating companies) on the amount of state aid received.

Indicative list of actions supported

- Development and adaptation of services and products to new markets;
- Branding, awareness building and marketing of services and products in new markets;
- Process development;
- Human resource development;
- Market analysis, feasibility studies;
- Joint efforts by between businesses, public sectors and academia.

The main target groups

The main target groups are seen as SMEs cooperating through established clusters with ambition and potential to enter into new markets.

Established clusters reflect the strengths of the Central Baltic economies and can be: forestry, tourism, local-food, shipbuilding, maritime, and others.

In the area of tourism development, city, regional and national tourist boards and associations of tourism companies should be involved and consulted.

Specific territories targeted

The whole Central Baltic programme area is targeted.

Urban areas and especially metropolitan areas of the Central Baltic region represent the biggest potential and are places where most existing clusters operate.

Archipelagos and islands and coastal areas with their special characteristics related to isolation and seasonality may need a different approach.

Types of beneficiaries

Targeted beneficiaries are organisations and national, regional and local authorities responsible for cluster development as well as business development organisations supporting cluster development, business associations, regional development organisations responsible for trade and industry.

Result indicator

Number of cluster co-operations exporting to new markets

Output indicators

Number of enterprises receiving support

Number of enterprises receiving non-financial support

Number of enterprises supported to introduce new to the market products

PRIORITY 2
SUSTAINABLE USE OF COMMON RESOURCES

Specific objective 2.1.

Natural and cultural resources developed into sustainable tourist attractions

This SO aims at developing cultural and natural resources into joint tourist attractions and products in order to improve the attractiveness of living and visiting environment.

The investment priorities are selected to address, in a balanced way, the aspects of preserving nature and developing it as a resource for sustainable economic development, thus finding the balance between preserving and developing the natural and cultural resources.

The first step for implementing activities under this SO will be to map the common natural and cultural resources of the Central Baltic region.

Complementary information

The programme will target sites of natural and cultural heritage that are joint for one of the sub-programmes of the Central Baltic programme. Any site chosen must have potential for developing the resource into an attraction. Finally, there must be a positive impact on the environment because of the improvement of the natural resource.

Any developments must keep the requirement of sustainable development (environmental, economic, social and cultural) in mind. This means that the project activities should minimise any potential negative aspect of conventional tourism and enhance the cultural integrity of local people. The project activities should lead to increased environmental awareness and more effective environmental protection while they also contribute to the creation of economic opportunities for the local communities.

The following main categories of natural heritage resources have been identified as joint for the Central Baltic region (note that the examples are illustrative only. This is not exhaustive list):

- Joint physical natural environment resources: geology, post-glacial formations, geomorphology;
- Ecosystem-based joint natural heritage e.g. forests, wetlands, grasslands, meadows, underwater biodiversity, caves, national parks, game, berries and birds;
- Baltic Sea landscapes-based joint natural heritage: coastal areas, lakes, rivers, archipelagos;
- In addition the Archipelago and Islands sub-programme countries share the joint natural heritage of the Archipelago and islands nature.

The following categories of cultural heritage-based resources have been identified as joint for the Central Baltic region (note that the examples are illustrative only. This is not an exhaustive list):

- Central Baltic common history-based cultural resources e.g. Viking's era, Hanseatic League, Swedish kingdom, Danish kingdom, Russian Empire, fortifications, wars, battles, industrial history, scientific history;
- Joint Central Baltic urban cultural resources: wooden buildings, stone buildings, castles, different architectural styles, parks, villages;
- Central Baltic common music-, literature- and art-based cultural resources e.g. composers, folk traditions, creative industries, music, dance;
- Joint Central Baltic sources of livelihood-based cultural resources: agriculture, fishing, industries, trade, transport, underwater cultural heritage;
- Central Baltic leisure and sports related cultural resources: cycling, sailing, canoeing, etc.

Indicative list of actions supported

- Identifying and specifying the potential use of natural and cultural resources;
- Designing attractions and packaging tourist services;
- Investments into natural and cultural resources to create joint Central Baltic tourist attractions;
- Marketing activities as awareness raising, marketing events, visits, fairs, media advertising.

The main target groups

Visitors and local people, companies operating in tourism sector, regional and local organisations benefiting from developed attractions.

Specific territories targeted

The whole Central Baltic region is seen as the target area. However, different characteristics of areas and resources have an impact on the design of attractions and packages. Areas with specific characteristics are, for example, archipelago and islands, capital cities, coastal areas, prehistoric and medieval sites.

Types of beneficiaries

Targeted beneficiaries are organisations responsible for maintenance and development of natural and cultural heritage, tourism development organisations, local and regional authorities.

Result indicator

More sustainable joint natural and cultural heritage-based tourist attractions

Output indicators

Number of targeted joint attractions

Increase in expected number of visits to supported sites of cultural and natural heritage and attractions

Sustainably planned and managed marine and coastal areas

This SO aims at addressing joint challenges and issues related to maritime spatial planning of exclusive economic zones of territorial waters and integrated coastal zone management.

This objective aims at fostering cooperation, mediate and find the balance between different sectors that have different interests using marine and coastal resources, e.g. agriculture and nature conservation, tourism and coastal protection, shipping and fisheries.

It should lead to sustainable use of the fragile resources of the Baltic Sea and its coastal areas.

Complementary information

Integrated coastal zone management is defined as an integrated approach to planning and management, in which all policies, sectors and individual interests are properly taken into account, with the proper consideration given to the full range of temporal and spatial scales and involving stakeholders in a participative way. It demands good communication among governing authorities, and addresses socio/cultural, economic and environmental sustainability. Activities in the EU are guided by the Recommendation of the European Parliament and of the Council concerning the implementation of Integrated Coastal Zone Management in Europe (2002/413/EC).

Integrated efforts contributing to a larger coastal management processes can also be supported by the programme. These may be joint sectorial or cross-sectorial management approaches that are seen as central elements in the Integrated coastal zone management process.

Maritime spatial planning, according to the definition of UNESCO, is a public process of analysing and allocating the spatial and temporal distribution of human activities in marine areas to achieve ecological, economic, and social objectives that usually have been specified through a political process. Essentially, marine spatial planning is a planning tool that enables integrated, forward-looking and consistent decision-making on the use of the sea. Maritime spatial planning in the EU is regulated by Directive 2014/89/EU of the European Parliament and of the Council, establishing a framework for maritime spatial planning.

Maritime spatial planning and integrated coastal management are complementary tools. Their geographical scope overlaps in the coastal and territorial waters of Member States, where maritime spatial plans will map existing human activities and identify their most effective future spatial development, while integrated coastal management strategies ensure the integrated management of these human activities. Applied jointly, they both improve sea-land interface planning and management.

The following Central Baltic areas have been defined by the programme as potential cooperation areas for Integrated coastal zone management (complete list):

- **Estonia:** Pärnu county, Hiiu county, Lääne-Viru county, Harju county, Ida-Viru county, Lääne county, Saare county
- **Finland:** Satakunta, Varsinais-Suomi, Åland, Uusimaa, Kymenlaakso
- **Latvia:** Kurzeme region, Pierīga/Rīga
- **Sweden:** Gävleborg, Uppsala, Stockholm, Södermanland, Östergötland, Gotland

The following Central Baltic marine areas for have been defined by the programme as relevant for maritime spatial planning (complete list):

- The Gulf of Finland
- The Gulf of Riga (incl. Pärnu Bay)
- Part of Baltic sea where Estonia's, Sweden's, Latvia's interests meet
- Part of Baltic sea where Latvia's, Sweden's interests meet
- Part of Baltic sea where Finland's-Åland-Sweden's, Estonia's interests meet
- The Bothnian Bay

Indicative list of actions supported

- Information collection, surveys, supporting and carrying out participatory processes preceding official planning process;
- Experience exchange events, seminars, conferences and visits on implementation of management practices which follow the official planning processes;
- Manuals, guidelines, agreements;
- E-platforms and solutions for supporting participatory processes, planning processes and management.

The main target groups

The main target groups are local people, visitors and companies interested in developing sea and coastal resources.

Specific territories targeted

Territorial waters, exclusive economic zones of territorial waters and coastal areas are targeted within the Central Baltic region.

Territorial waters, or a territorial sea, as defined by the United Nations Convention on the Law of the Sea, is a belt of coastal waters extending at most 12 nautical miles (22.2 km; 13.8 mi) from the baseline (usually the mean low-water mark) of a coastal state.

Exclusive economic zone is a sea zone prescribed by the United Nations Convention on the Law of the Sea, in which a state has special rights over the exploration and use of marine resources.

Coastal areas are defined as the interface or transition areas between the land and the sea. Coastal areas are diverse in function and form, dynamic and do not lend themselves well to definition by strict spatial boundaries.

The Central Baltic programme aims at targeting the above-mentioned sea and coastal areas where interests of two or three countries meet.

Types of beneficiaries

Targeted beneficiaries are organisations and authorities on national and regional level responsible for the planning of territorial waters, exclusive economic zones of territorial waters and coastal areas; organisations with competence to contribute to improved planning and management, such as authorities from specific sectors using marine and coastal resources, including environmental protection organisations.

Result indicator

Share of marine and coastal areas with improved management

Output indicator

Number of jointly targeted planning and management activities

Specific objective 2.3.

Better urban planning in the Central Baltic region

This SO targets the challenges and opportunities related to improving the urban space via joint urban planning activities.

Integrated urban management is understood as broader set of activities than the planning required by legislation. It includes activities preceding the official planning processes and activities following the official planning process.

This SO is seen to contribute to the SO 'Improved commuting and faster transport by developing integrated transport solutions and transport corridors' of priority 3 within urban areas and connecting urban areas with their hinterlands.

Complementary information

The programme also targets brownfield areas. Brownfield sites are sites that have been affected by the former uses of the site in question and the land surrounding it. They may be for example old industrial or military sites, warehouses or abandoned railroads. Brownfields are underutilised, derelict and may have or are suspected of having contamination problems. They are located mainly in urban areas and redeveloping them often leads to higher property values and new jobs, as well as positive impacts on the local economy by creating better urban environment for businesses and residences.

Large urban areas with more than 50.000 inhabitants (with their hinterlands) are specifically targeted as these are areas where integrated urban management could take place.

Smaller urban areas may be involved in SO 2.3 projects as well, either by finding a niche of their own in the larger urban areas' projects or by collaborating with other smaller urban areas.

Indicative list of actions supported

- Information collection, surveys (evaluations, geological studies, feasibility studies etc.);
- Experience exchange seminars, trainings, guidelines;
- Preparatory activities of environment impact assessments;
- Concepts and primary designs for brownfield regeneration;
- Pilot investments;
- Dissemination of and putting into use acquired good practices.

The main target groups

Inhabitants, visitors and developers of urban and sub-urban areas of Central Baltic region.

Specific territories targeted

Urban areas with their hinterlands of the Central Baltic programme area seen as target group for this SO.

Urban areas are defined as densely populated areas with suburban surroundings.

Types of beneficiaries

Targeted beneficiaries are organisations and authorities on local, regional and national level responsible for spatial planning of the Central Baltic urban and surrounding local governments.

Result indicator

Share of urban areas covered with integrated urban management

Output indicator

Number of targeted integrated urban plans

Specific objective 2.4.

Reduced nutrients, hazardous substances and toxins inflow into the Baltic Sea

This SO aims at reducing nutrients, hazardous substances and toxins inflows to the Baltic Sea from all types of land-based sources. This includes among others the impact of runoffs from agriculture and urban storm-waters to the Baltic Sea.

The objective is to support activities which lead to development and implementation of innovative methods and technologies within the Central Baltic region. Worked out and implemented methods and technologies should have potential for being used in other regions and countries.

A relevant precondition for implementing activities under this SO will be to determine the list of priority sources of nutrients, hazardous substances and toxins inflows to be tackled. For that existing information of national, regional and transnational organisations will be used. The list of priority sources will be included in the Programme Manual.

The priority list will be used for determining the potential activities but also to ensure a good division of work with other financing programmes.

Complementary information

The projects should be focused on surface waters. A list of priority sources of nutrients, hazardous substances and toxins inflows to be tackled has been defined in the regional Water Management Plans as well as in the forthcoming programmes of measures of national marine strategies in each country. Projects should relate to these when planning their activities. The projects should also take into consideration the priorities and targets set by the HELCOM Baltic Sea Action Plan.

Indicative list of actions supported

- Designing, adapting methods;
- Development and implementation of methods and technologies to reduce nutrients, hazardous substances and toxins' inflows;
- Pilot investments to reduce nutrients, hazardous substances and toxins inflows;
- Information collection, surveys.

The main target groups

People living in the Central Baltic region together with visitors to the area are seen as target group benefitting from improved water quality and better condition of the Baltic Sea.

Specific territories targeted

The whole Central Baltic programme area is targeted, but different methods and technologies may be needed for addressing the problem in rural areas, on archipelagos and islands and in urban areas.

Types of beneficiaries

Targeted beneficiaries are organisations and authorities responsible for environment protection, especially for water treatment and organisations capable of contributing to the reduction of nutrient, hazardous substances and toxins inflows; and research institutions with an expertise in the area are seen among beneficiaries.

Result indicator

Amounts of nutrients, hazardous substances and toxins inflows into the Baltic Sea

Output indicator

Number of targeted sources of nutrients, hazardous substances and toxins

PRIORITY 3
WELL-CONNECTED REGION

Specific objective 3.1.

Improved transport flows of people and goods

This SO aims to identify and target the challenges related to integration of different transport modes so as to reduce time in transportation of both passengers and cargo, and at the same time reducing the CO_2 emissions (defined as less CO_2 emissions per person per tonne).

This SO also aims to identify and target the challenges related to the improvement of the transport corridors within the Central Baltic region in North – South and East – West directions.

Transport corridors are understood as infrastructure and logistics networks for passengers and cargo movement. This SO aims at targeting established transport corridors which have a potential to be further improved (i.e. extended, made more efficient) and new transport corridors which have a significant potential.

Complementary information

The programme targets the challenges related to integration of different transport modes to reduce the travel time of passengers or/and the time of movement of goods. The reduction of CO_2 emissions would be the result of reduced transportation time as well.

Projects under this SO should focus on transport corridors or transport nodes where development of services or new solutions for integration of different transport modes or other incentives will reduce the time of travel or time of movement of goods. Transport nodes are defined as areas where people or goods change the mode of transport for the next phase of trip or shipment.

Indicative list of actions supported

- Plans, drawings and solutions for improving transport corridors and transport nodes efficiency;
- Pilot investments leading to lower CO_2 emissions and more efficient transport flows;
- Planning and investing into ICT solutions to improve transport nodes and corridors efficiency;
- Marketing activities of developed and improved transport corridors;
- Experience exchange activities as joint seminars, study visits, surveys and trainings leading to implementation of new methods.

The main target groups

People and visitors using improved transport corridors and nodes. Transport and logistics companies of the Central Baltic region.

Specific territories targeted

The whole Central Baltic programme area is targeted. This includes transport nodes to connect islands, harbours, transport systems, rural and urban territories, and centres of urban areas. Protected natural areas (e.g. NATURA 2000) should be excluded from planning new transport corridors.

Types of beneficiaries

Targeted beneficiaries are organisations and authorities on national, regional and local level responsible for planning and developing transport solutions; local, regional, national, governments, port authorities.

Result indicator

Travel time of passengers

Transport flows of goods

Output indicator

Number of developed and improved transport corridors and nodes

Specific objective 3.2.

Improved services of existing small ports to improve local and regional mobility and contribute to tourism development

This SO aims at contributing to the improvement of the services of small ports' network (e.g. facility services, rescue services and joint marketing). This will improve local and regional mobility and thus improve travel opportunities of local people as well as attract more visitors to the region. In developing new services for ports modern technological solutions leading to resource efficiency or use of renewable energy will be supported. In planning investments challenges raised by climate change (e.g. risk of storm surges) should be taken into account.

Small ports are defined as ports located at the coast of the Baltic Sea serving local people and visitors. Also, small ports as parts of larger marina areas are seen as potential beneficiaries.

Small ports will be mapped, and a priority list will be determined in cooperation with responsible regional and national organisations of the Central Baltic region.

The lists created would serve also as a tool for determining the division of work with other financing programmes.

Investments for improving small ports services are meant for improvements on land (no dredging and new pier's construction).

Complementary information

The aim of the projects under this SO is to improve services in small ports on the coast of the Baltic Sea (not inland ports). As a result, there should be more small ports offering high level services (e.g. facility services, rescue services, etc.) and attracting tourists as well as local people on the coast of the Baltic Sea. Investments for improving port services are meant for improvements on land (not for dredging or constructing new piers).

Priority for support from the programme will be given to ports that meet the following criteria:

- Small ports with minimal depth of 2 meters that operate as a guest harbours for maritime tourists;
- Obvious gaps in basic services (not commercial) which make the port unattractive for visitors;
- Small ports which are relevant for improved access of local people and visitors;
- Possibility to improve network effect (joint marketing needs etc.);
- Services which by nature have a broader cross-border character (such as rescue services).

A list of examples of small ports of the programme region that meet these priority criteria can be found in annex 3.

Indicative list of actions supported

- Surveys to identify best ways to improve port services;
- Plans and drawings for improving port services as well as safety, incl. minimizing the risk of storm surges or other risks raised by climate change;
- Investments (infrastructure and equipment on piers and land territory of port) leading to improvement of port services and resource efficiency or use of renewable energy;
- Planning and investing into ICT solutions to create new services or improve existing port services;
- Marketing activities of improved small ports networks.

The main target groups

The main target groups are inhabitants using small ports for commuting and leisure. Visitors of the Central Baltic small ports. Companies offering services to users of small ports.

Specific territories targeted

The coastline regions of the whole Central Baltic programme area are targeted.

Types of beneficiaries

Targeted beneficiaries are organisations and authorities responsible for the development and maintenance of small ports, regional and local governments, non-governmental organisations, private companies operating in or providing services for small ports.

Result indicator

Share of Central Baltic small ports with good services

Output indicator

Number of ports with improved services

PRIORITY 4
SKILLED AND SOCIALLY INCLUSIVE REGION

Specific objective 4.1.

More people benefiting from stronger Central Baltic communities

This SO will target a wide range of practical community and local level social problems. It will do so through joint educational and/or training activities. This is the way chosen to strengthen social inclusion of Central Baltic region.

Community and local level problems and challenges (thematic or territorial) can be related for example to health, minorities, safety, gender, elderly and low involvement in entrepreneurship.

Activities supported under this priority are seen as instruments to strengthen communities via 'people to people' projects.

In co-operation with Central Baltic countries' responsible ministries, other organisations from regional level the priority list of the common social inclusion-related problems and challenges is created. This list is the basis for determining the communities (thematic or territorial) with needs of improvement.

Complementary information

The aim of this SO is to strengthen social inclusion in the Central Baltic region. Activities supported here are seen as instruments to strengthen communities via 'people to people' projects that help to diminish the differences between different social groups and improve mutual understanding, trust, empathy, and resilient social ties.

The social inclusion challenges tackled here are the following:

1. Challenges related to participation in and access to labour market. For example, problems regarding long-term unemployment, youth unemployment, school drop-outs, persons with low educational level, people living in areas with no work places.
2. Challenges related to health and disability such as problems that are faced by people with difficulties to move, deaf or mute persons, persons with HIV/AIDS, other health conditions or disabilities that prevent people from participating in labour market and causing social exclusion, people suffering from health problems caused by old age.
3. Challenges related to addictions e.g. addiction to drugs, alcohol, gambling that causes social exclusion and prevents participating in labour market.
4. Challenges related to minorities and immigrants such as problems preventing e.g. new immigrants from participating in the labour market and causing social exclusion.

Each project should in the application form:
1. Define its target group/community they are going to work with as precisely as possible.
2. Describe the social inclusion problems the target group is facing.

3. Describe how and with which actions the project intends to solve the social inclusion problems of the target group/community.
4. Describe what improvements are expected in the situation of the target group/community at the end of the project and how the improvements will be measured.

Each project should in the Application Form describe the specific challenge/problem the community is facing and how the project can solve or ease their situation. Projects are expected to define indicators for how to measure the results of the project for the community/target group. For the programme result indicator all improved communities (which have achieved their indicator target values) will be consolidated.

Projects within this SO are implemented by a simplified small project approach. Small projects mean that the ERDF contribution amount for one project is up to EUR 200.000 and the project duration is up to 2 years. Moreover, the application and reporting process will be simplified. All other conditions are the same as for all other projects.

Indicative list of actions supported

- Surveys to identify and map problems;
- Training and development programmes;
- Seminars, experience exchange events;
- Network development;
- Designing and creating ICT solutions to contribute to the solution of problems.

The main target group

Central Baltic people under risk of social exclusion are targeted communities.

Specific territories targeted

The whole Central Baltic programme area, including communities from islands, archipelagos, rural and peripheral, as well as urban areas.

Types of beneficiaries

Targeted beneficiaries are regional and local authorities and community-based non-governmental organisations with statutory objectives to deal with community development.

Result indicator

Communities with improvements

Output indicator

Number of participating people

Specific objective 4.2.

More aligned vocational education and training programmes in the Central Baltic region

This SO aims at contributing to the development and further integration of the Central Baltic labour market.

Development of skills and better matching work opportunities with skills can have a strong impact on decreasing the social exclusion.

Central Baltic joint actions are justified by linking them to the specific needs of enterprises operating within the Central Baltic region.

Complementary information

This SO aims at contributing to the development and further integration of the Central Baltic labour market by developing aligned vocational education programmes. Central Baltic joint actions on the field of vocational education should be based on the specific needs of enterprises operating within the Central Baltic region. Development of skills and skills better matching work opportunities can also have a strong impact on decreasing social exclusion.

It should be kept in mind that all project activities should target the problems and challenges in the vocational education system. Other organisations can participate in the projects, but the overall objective is to support vocational education institutions and thereby the labour market of the region.

Indicative list of actions supported

- Surveys to identify the Central Baltic economic activities/sectors where joint activities for vocational education and training are justified;
- Surveys to identify problems of Central Baltic labour market as bottlenecks to further labour market integration;
- Activities to identify needed improvements to curricula and teaching, training methods and management methods of vocational schools are needed;
- Activities to develop new curricula and improve existing curricula;
- Designing and implementing pilot education and training activities based on joint curricula;
- Seminars, experience exchange events;
- Designing and creating distance learning and e-learning platforms.

The main target groups

The main target groups are people involved in vocational education and training, companies.

Specific territories targeted

The whole Central Baltic programme area, including communities from islands, archipelagos, rural and peripheral, as well as urban areas.

Types of beneficiaries

Targeted beneficiaries are public and private vocational education and training institutions, including universities of applied sciences, i.e. universities delivering professional degree programmes, national, regional and local authorities responsible for developing vocational education and training, as well as organisations representing employers and employees (social partners).

Result indicator

Share of aligned vocational education and training programmes in the Central Baltic region

Output indicator

Number of benefitting vocational education schools

2.3. Other key characteristics of a Central Baltic project

Additional to the relevance to SOs, all projects will be assessed based on their contribution to the horizontal principles of the programme. These are sustainable development, equal opportunities and non-discrimination, equality between men and women, low-carbon economy as well as information and communication technologies.

Sustainable development

Sustainable development is taken into account as a horizontal principle in all programme implementation. The objective is to ensure that all programme activities are socially, ecologically, culturally and economically sustainable. The impact on the environment, climate and human wellbeing should be positive. Sustainability of a project and its results is also important. This refers to the practices, models, solutions, networks and/or knowledge created by the project that should live on after the project ends.

The contribution to sustainable development will be assessed during the assessment process. The project needs to report on its impact and in case a negative impact would be foreseen, the project needs to explain how it will mitigate the negative impact. Projects with a direct negative impact on the environment and sustainable development will not be funded.

Priority 2 relates directly to environmental protection and resource efficiency. Thus, projects funded under this priority need to have a direct positive impact on sustainable development. Low-carbon economy is a horizontal objective for all priorities. This principle highlights the practical implementation of sustainable development in all priorities and clearly strengthens the programme's contribution to sustainable development.

Equal opportunities and non-discrimination

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

These principles apply in the implementation of the programme as a whole, but also in the selection and implementation of individual projects. Contribution to the horizontal objectives is an assessment criterion. Projects with a negative impact on equal opportunities and anti-discrimination will not be funded.

Projects supporting equal opportunities and anti-discrimination directly may be most relevant under priority 4, but relevant actions can also be foreseen under Priority 1. Actions under priorities 2 and 3 are expected to be neutral on equal opportunities and non-discrimination, but projects funded from these priorities should also not have a negative impact on these principles.

Equality between men and women

In addition to the general principle of anti-discrimination the programme pays attention to the equality between men and women. An assessment will be made of the relevance of gender in the project: does the project take gender into account, does the project have an impact on the equality between men and women, etc. Projects with a negative impact on equality between men and women will not be funded. This principle is relevant for all projects and priorities. Equality between men and women is taken into consideration also in programme implementation, for instance when recruiting staff and in all personnel policy.

Low-carbon economy

Supporting the region's move to a low-carbon economy, the theme has been chosen as a horizontal objective. This principle should be incorporated in projects of all priorities when relevant.

SO 3.1 'Improved transport flows of people and goods' aims at identifying and target the challenges related to integration of different transport nodes so as to reduce time in transportation of both passengers and cargo, **and at the same time reducing the CO^2 emissions** (defined as less CO^2 emissions per person per tonne).

For achieving CO^2 reductions, within SO 3.1 'Pilot investments leading to lower CO^2 emissions and more efficient transport flows' is described as indicative action within supported projects.

Information and communication technologies

The use of ICT is also seen as a horizontal objective that can be furthered by projects from all priorities. The potential of ICT and low-carbon solutions have been defined as a basis for new business creation. Specific relevance has been identified in the following SOs:

Within SO 1.2 'Designing and creating of e-platforms and e-tools' is described as an indicative action within supported projects.

Within SO 2.2 'E-platforms and solutions for supporting participatory processes, planning processes and management' is described as an indicative action within supported projects.

Within SO 3.1 'Planning and investing into ICT solutions to improve transport nodes and corridors efficiency' is described as an indicative action within supported projects.

Within SO 3.2 'Planning and investing into ICT solutions to create new services or improve existing port services' is described as an indicative action within supported projects.

Within SO 4.1 'Designing and creating ICT solutions to contribute to the solution of problems' is described as indicative action within supported projects.

Within SO 4.2 'Designing and creating distance learning and e-learning platforms' is described as an indicative action within supported projects.

The EU Strategy for the Baltic Sea Region (EUSBSR)

The Central Baltic programme 2014-2020 is designed to contribute to the EUSBSR supporting all three objectives of the strategy: 'Save the sea', 'Connect the region' and 'Increase prosperity'. The programme priorities and SOs as well as the selection criteria for the projects to be financed all reflect the objectives of the EUSBSR.

Project applicants should be familiar with the objectives of the EUSBSR. The relevant links between the programme and the EUSBSR are explained in this chapter. Projects should strive to support the EUSBSR and to be in touch with priority area coordinators or other EUSBSR-relevant actors to ensure maximum added value between programme funding and the EUSBSR. Where relevant, the projects should obtain flagship project status as explained later in this chapter and inform the programme about the links in the application form.

More information on the relevance of the EUSBSR for the programme can be found in this chapter. More detailed information on the EUSBSR, its relevant actors and the division of responsibilities can be found at www.balticsea-region-strategy.eu.

The table below describes how the programme priorities contribute to the EUSBSR policy areas and horizontal actions.

Table 2. The connection between the programme priorities and the EUSBSR policy areas and horizontal actions.

EUSBSR Policy areas	Priority 1 Competitive economy	Priority 2 Sustainable use of common resources	Priority 3 Well-connected region	Priority 4 Skilled and socially inclusive region
Bioeconomy	●	●		
Culture	●	●		
Education	●			●
Energy				
Hazards		●		
Health				●
Innovation	●			
Nutri		●		
Safe			●	
Secure				
Ship			●	
Tourism	●	●	●	
Transport			●	
EUSBSR Horizontal actions				
Capacity				
Climate			●	
Neighbours				
Spatial planning		●		

Priority 1 contributes to the EUSBSR objective 'increase prosperity', which is strongly related to the Europe 2020 strategy via the sub-objective 'EUSBSR contributing to the implementation of Europe 2020 Strategy'.

By applying 'ICT' as a horizontal objective within all priorities the new Central Baltic programme can contribute to the 'digital single market', which has been emphasised by EUSBSR as of 'paramount importance for the economies in the BSR and to its global position as an innovative region'

In relation to EUSBSR policy areas, the Priority 1 of the Central Baltic programme 2014-2020 is directly contributing to the following policy areas: 'Bioeconomy' ('Agriculture, forestry and

fisheries'), 'Tourism' ('Reinforcing cohesiveness of the macro-region through tourism'), 'Culture' (Culture & creative sectors) and 'Innovation' ('Exploiting the full potential of the region in research, innovation and SME, utilising the Digital Single Market as a source for attracting talents and investments') and also less directly to 'Education' (Education, research and employability).

Priority 2 will contribute to policy area 'Bioeconomy' ('Agriculture, forestry and fisheries'), policy area 'Hazards' ('Reducing the use and impact of hazardous substances'). priority 2 will also contribute directly to policy areas: 'Nutri' ('Reducing nutrient inputs to the sea to acceptable levels'), policy area 'Culture' ('Culture & creative sectors') and policy area 'Tourism' ('Reinforcing cohesiveness of the macro-region through tourism'). Because the chosen SOs allows cooperation in joint planning of urban space, maritime and coastal areas, this priority contributes directly to the horizontal action 'Spatial Planning'.

In the context of the EUSBSR priority 2 contributes to 'Save the sea' objective and particularly to the sub-objective 'Clear water in the sea'. Because of the chosen focus on tourism it also contributes to the objective 'Increase prosperity'.

Priority 3 contributes to the 'Connect the region' objective and, more specifically, targets existing bottlenecks and efficiency of transport nodes and corridors.

This priority with the chosen SOs directly contributes to the policy areas: 'Transport' ('Improving internal and external transport links'), 'Safe' ('To become a leading region in maritime safety and security') and 'Ship' ('Becoming a model region for clean shipping') which is in line with the small ports' services development focus. The priority also contributes to 'Tourism' which is in line with the small ports' focus on contributing to tourism development.

Additionally, priority 3 supports the horizontal action 'Climate' by its aim to reach the desired improvements in transport together with reduced CO_2 emissions.

Priority 4 contributes to the objective 'Increase prosperity' and more specifically to the sub-objective 'Improved global competitiveness of the Baltic Sea region', where labour market inclusion and integration is emphasized.

On policy area level this priority with its SOs contributes to the 'Education' ('Education, research and employability') and 'Health' ('Improving and promoting people's health, including its social aspects').

The EUSBSR flagship projects

Flagship projects are actions that directly support the EUSBSR. A flagship can be a single project, a set of projects contributing to the same action, or a process (e.g. a network or a new cooperation platform). A flagship project fleshes out the ambition of a policy area in a specified field of action, and it may, for example, develop key solutions, new methodologies, practices or new forms of cooperation. Flagship projects may also concern key investments of regional importance.

How to get the flagship status?

The projects are strongly encouraged to investigate the possibilities of gaining the status of EUSBSR flagship to their project. In order to receive the EUSBSR flagship project status there is a need to establish good information exchange with relevant national contact points, policy area

coordinators and horizontal action leaders of the EUSBSR preferably already in the preparation phase of the project. The decision of granting the label is ultimately made by the EUSBSR High Level group, which consist of national representatives from the Baltic Sea countries.

Projects/processes interested in obtaining the label of flagship in the EUSBSR should take the following steps:

1. Identify to which action of a chosen policy area/horizontal action the proposed flagship would contribute.

2. Establish contact with the policy area coordinator/horizontal action coordinator concerned (the contact information can be found at http://www.balticsea-region-strategy.eu.

3. After assessing the proposed flagship, the policy area coordinator/horizontal action coordinator will make a recommendation to the steering committee/coordination group for decision.

4. If the proposal is supported by the committee/group, the policy area coordinator/horizontal action coordinator makes a recommendation to DG REGIO regarding the project, indicating how the requirements for becoming a flagship have been met.

5. DG REGIO considers the proposal and may consult other European Commission services before making a recommendation to the national coordinators.

6. As soon as the national coordinators agree on the proposal, flagship status is granted. The flagship will be included in an Annex to the Action Plan and published on the EUSBSR and DG REGIO websites.

7. The High Level Group of macro-regional strategies will be informed about the modifications in the Annex to the Action Plan (concerning flagships).

A flagship can be listed under one policy area/horizontal action only. If a flagship contributes to several policy areas/horizontal actions, it is recommended to liaise with the other relevant policy areas/horizontal actions.

The added value of the flagship status

The added value of the flagship status for a project or a process can take several forms. It represents a recognition for the project and for what is addressing; questions of high macro-regional importance, central to the EUSBSR objectives and its policy areas/horizontal actions. Flagship status will also help raise the profile of the project or process. Flagship status will help raise the profile of the project and the contribution to the EUSBSR will also be highlighted in programme communication activities. Each project's contribution to the EUSBSR will eventually be included in an overall assessment of the programme's contribution to regional, national or other strategies.

Additionality

The principle of additionality refers to the fact that projects should not be built around activities that are or should be done by other funds/measures. For example, partner organisations' regular tasks should not be done by a project.

The different characteristics and requirements of small and regular projects

The programme can be implemented through either small or regular projects. The differences of the two types of projects have been explained below.

Table 3. Comparison of small and regular project characteristics

	Small project	Regular project
Budget	max EUR 200.000 ERDF	more than EUR 200.000 ERDF
Project duration	max 2 years	no set limit, but typically 2-3 years
Application	only selected parts of the Application Form, less detail required, 1-step application procedure	full Application Form 2-step application procedure
Reporting	shorter reporting forms	full reporting form
Relevant SO's	SO 4.1. is only for small projects, but small projects can be used for all SO's if relevant	Regular projects are foreseen under all other SO's than SO 4.1.

Small projects

The programme allows for small projects to be implemented. The aim is to jointly solve issues on grass-root level without extra bureaucracy. The small projects are limited by duration and budget size. To match the small size, these projects have simplified application and reporting systems.

Small projects can be used for all SOs, but it should be noted that SO 4.1. More people benefiting from stronger Central Baltic communities is reserved exclusively for small projects.

Small projects may not have a budget of more than EUR 200.000 ERDF and they cannot last for longer than 2 years.

Simplified applications procedures mean that the projects only fill in part of the regular Application Form.

The questions concentrate on the objectives of the project and how they will be fulfilled. Less detail is required.

During the implementation, small projects automatically benefit from several simplifications:

- Project reporting follows the simplified Application Form, meaning that there are fewer questions to be answered when reporting.

- Flat rates are used for office and administration costs. The flat rate is calculated from the eligible staff costs. This significantly reduces the reporting needs for the project and shortens the time of controls by the FLC.

- Lump sums (for trainings, seminars and similar activities) are especially useful for small projects. The lump sums are paid upon fulfilment of set targets and invoices will not be included in reporting. Thus, reporting is simplified considerably.

Regular projects

No limits have been set for the budget or duration of regular projects. All aspects of the projects should follow the principles of relevance and be in line with the key characteristics of a project (as presented earlier).

2.4. Eligibility of partners

Geographical eligibility

The programme supports only projects with partners (meaning lead partner and project partner) from at least two of the Member States. Therefore, in the case of involving partners from the Åland islands, there has to be at least one partner from Estonia, Latvia or Sweden in the project. Projects between only Åland islands and mainland Finland aren't possible.

Table 4. Participating (NUTS 3) regions according to their status as core area or additional area

Country	Core areas	Additional areas
Estonia	Kesk-Eesti Kirde-Eesti Lääne-Eesti Põhja-Eesti	Lõuna-Eesti
Finland	Kymenlaakso Satakunta Uusimaa Varsinais-Suomi	Etelä-Karjala Kanta-Häme Pirkanmaa Päijät-Häme
	Åland (autonomy)	
Latvia	Kurzeme Pierīga Rīga	Vidzeme Zemgale
Sweden	Gotlands län Gävleborgs län Stockholms län Södermanlands län Uppsala län Östergötlands län	Västmanlands län Örebro län

Public authorities which according to their legal address are located outside the programme area (core and additional areas) but within the national borders of the participating Member States/Åland and which are active in and working for the benefit of the programme area may participate as full-fledged partners in case their jurisdiction (operational status) covers also the respective (sub-)programme area or have an active and established presence (office) there. The partner in question is obliged to verify this jurisdiction and its active engagement in the area in question by providing adequate proof in writing when submitting the Application Form (2nd step). These cases are handled on a case by case basis by the JS.

The **Central Baltic sub-programme** supports projects with partners from at least two of the Member States (including Åland) bringing added value to the whole Central Baltic region. Bilateral cooperation between Finland and Estonia is, however, excluded from the Central Baltic sub-programme and is always funded from the Southern Finland – Estonia sub-programme.
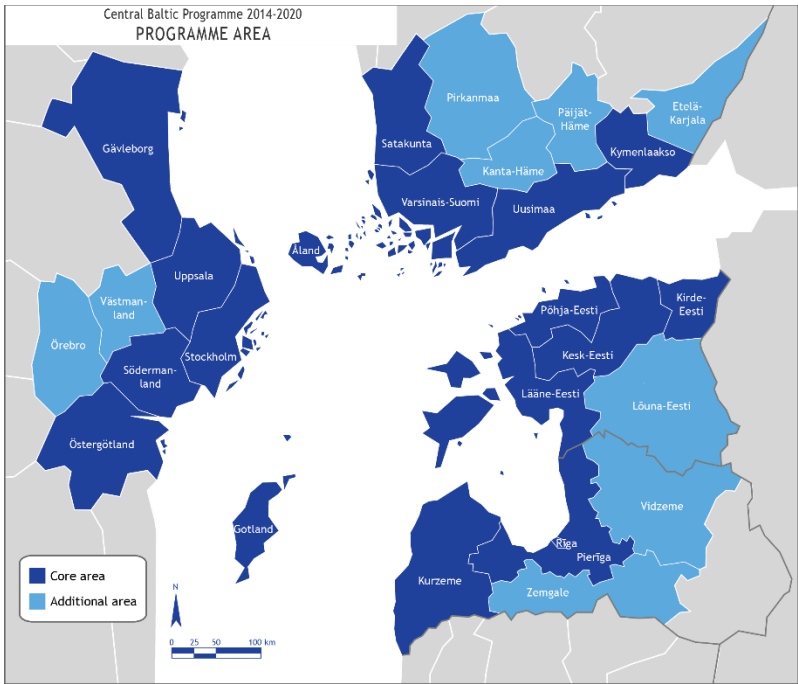
Figure 2. The programme area of the Central Baltic sub-programme

The **Southern Finland – Estonia sub-programme** covers all programme regions from Estonia and Finland (excluding Åland).
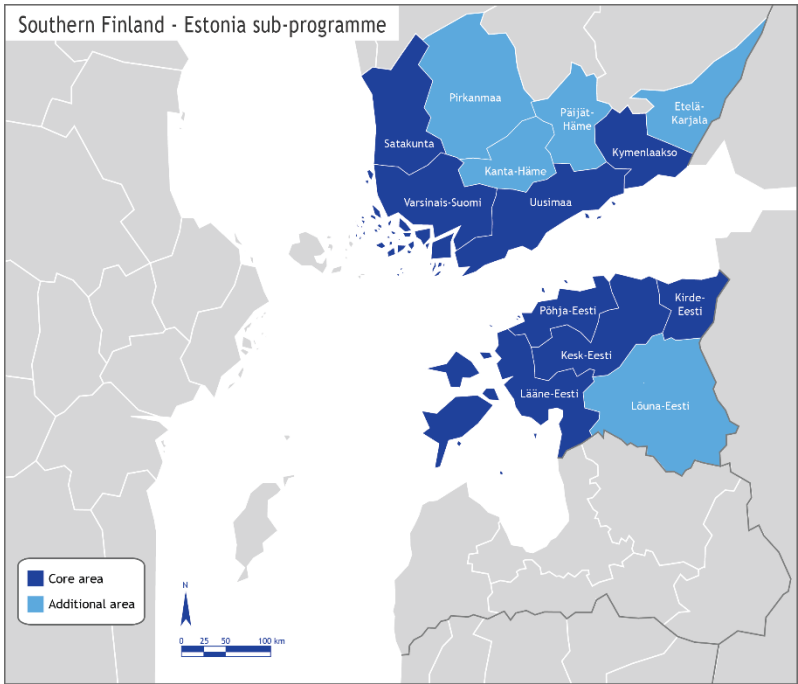

Figure 3. The programme area of the Southern Finland – Estonia sub-programme

The **Archipelago and Islands sub-programme** covers the islands and archipelago parts of the coastal municipalities from the programme area. This sub-programme only supports projects whose activities benefit the islands and archipelago parts of the sub-programme area. Projects will be funded from the Archipelago and Islands sub-programme providing that the partners come from Member States participating in the sub-programme and at least one partner is located in the sub-programme area and the project benefits the sub-programme area.

In all cases where the project focuses on islands (excluding islands in lakes) and archipelago issues and development the project application must be submitted to the Archipelago and Islands sub-programme. This is the only exception where Finnish-Estonian bilateral cooperation is not submitted to the Southern Finland - Estonia sub-programme.

Project activities should always benefit the islands and archipelago parts of the sub-programme area. The JS will evaluate if the benefit criterion is fulfilled on a case-by-case basis for each project application.

As a minimum requirement, at least one partner in each project has, with its legal address, to be located within a municipality belonging to the sub-programme area mentioned in the below table. However, other project partners (including the lead partner) can be located outside the Archipelago and Islands sub-programme area as long as they are situated within the Central Baltic area of the Member States/Åland participating in the Archipelago and Islands sub-programme (Estonia, Finland including Åland and Sweden). Such organisations located outside the sub-programme area need to justify their participation in the project application by proving that it actively operates in the Archipelago and Islands sub-programme area and that its expertise is crucial for the implementation of the project.
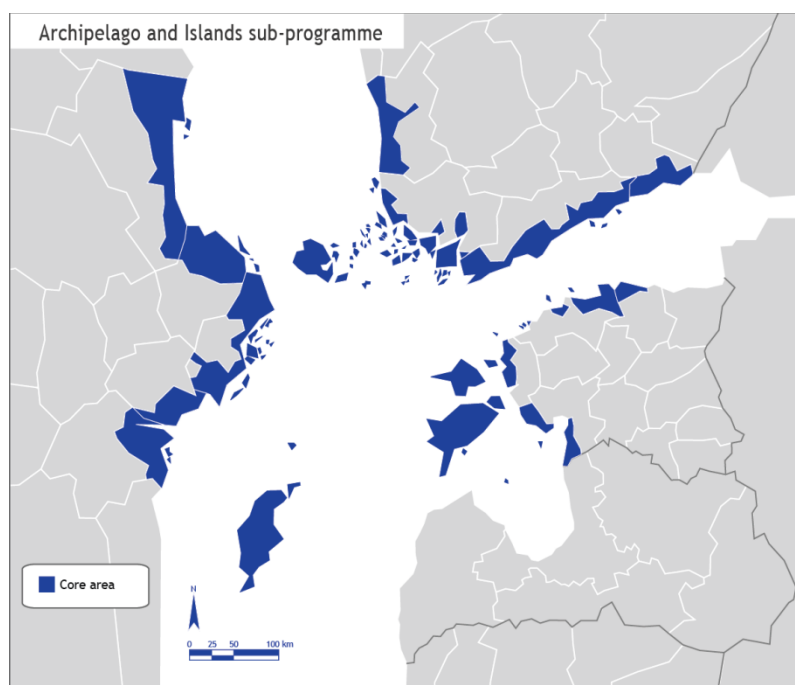

Figure 4. The programme area of the Archipelago and Islands sub-programme

Table 5. The municipalities included in the Archipelago and Islands sub-programme area

FINLAND (except Åland)	SWEDEN	ÅLAND	ESTONIA
Kymenlaakso **Hamina, Kotka, Pyhtää, Virolahti** Uusimaa **Espoo, Hanko, Helsinki, Ingå-Inkoo, Kirkkonummi, Loviisa, Porvoo, Sipoo Raseborg-Raasepori, Siuntio** Varsinais-Suomi **Kaarina, Kimitoön-Kemiönsaari, Kustavi, Masku, Naantali, Salo, Taivassalo, Uusikaupunki, Pargas-Parainen** Satakunta **Eurajoki, Luvia, Merikarvia, Pori, Rauma**	**Gotlands län** Gotland **Gävleborgs län** Gävle, Hudiksvall, Nordanstig, Söderhamn **Södermanlands län** Nyköping, Oxelösund, Trosa **Stockholms län** Haninge, Norrtälje, Nynäshamn, Österåker, Stockholm, Nacka, Södertälje, Vaxholm, Värmdö **Uppsala län** Östhammar, Tierp, Älvkarleby **Östergötlands län** Norrköping, Söderköping, Valdemarsvik	Brändö, Eckerö, Finström, Föglö, Geta, Hammarland, Jomala, Kumlinge, Kökar, Lemland, Lumparland, Mariehamn, Saltvik, Sottunga, Sund, Vårdö	**Hiiumaa (whole County)** Emmaste, Hiiu, Käina, Pühalepa **Saaremaa (whole County)** Kaarma, Kihelkonna, Kuressaare city, Kärla, Laimjala, Leisi, Lümanda, Muhu, Mustjala, Orissaare, Pihtla, Pöide, Ruhnu, Salme, Torgu, Valjala **Harjumaa** Jõelähtme, Kuusalu, Paldiski, Tallinn, Viimsi **Läänemaa** Noarootsi, Ridala, Vormsi Lääne-Virumaa Vihula **Pärnumaa** Häädemeeste, Kihnu, Tahkuranna, Tõstamaa, Varbla

Relevance of the partnership

The relevance of the partnership will be evaluated as part of the content assessment on basis of the assessment criteria. The partnership must be relevant for achieving the results of the project and must have the needed capacity to implement the project.

The benefit of projects should come mainly to the core programme area, which is the area defined by the EU as the border area. Therefore at least one partner in each project must come from the core area.

The partnership should be based on the relevance of each partner for the project. No optimal number of partners can be defined, but the best size of the partnership should be considered for each project individually. There is also no demand to have partners from all countries. Bilateral projects and projects with partners from more (or all) countries are assessed equally.

Experience shows that projects with a large partnership are more difficult to manage. Being a partner always involves administrative tasks and costs even for the smallest partner organisation. Therefore, projects should justify very large partnerships (more than 10 partners) and explain how they ensure a smooth management of the project.

The partnership can consist of three types of partners. Each project has to have:

- 1 lead partner;
- 1 or more project partners;
- And may in addition include associated partners.

The project partnership should only include partners that bring added value to the project. In some cases an organisation may better serve the needs of the project by being involved in the Steering Group, by being involved as a stakeholder or by providing external expertise to the project. This is especially true for SME's. SME's are technically eligible to act as partners (in priorities 2-4) whereas other ways to participate may be more appropriate. In case an SME participates, its role and rationale for acting as a partner should be especially well explained. Also, the selection process should be explained. Usually all similar organisations should have the possibility to participate and benefit from the project and only if the organisation has unique skills should it be selected directly. Private partners shouldn't be added as project partners with the ambition to avoid public procurement of their services.

The regular projects should know the core partnership in the 1st step application already. It is, however, accepted that some partners may change or be added for the complete application.

Eligibility of partners

The eligibility of partners has been defined according to their legal status and the location of the partner. The programme will accept public authorities (national, regional and local) as well as bodies governed by public law and bodies governed by private law. Only large companies are excluded from acting as partners. For the purpose of the Central Baltic programme, a large company has been defined as a company that employs more than 250 persons and which has an annual turnover exceeding 50 million EUR and/or an annual balance sheet total exceeding 43 million EUR. The principle of consolidation will not be used when defining if a company is considered large.

The rules defined in this Programme Manual apply to all partners, regardless of their legal status. As the programme gives public funding, the regulations reflect practices of the public sector. The private partners must follow the same rules (such as public procurement requirements, daily allowances etc.).

The financial stability of non-governmental organisations (NGO's) and private partners will be confirmed as part of the administrative and eligibility check. They are asked to submit a Declaration of Financial Capacity to Undertake Project Activities.

If the JS/MA considers it relevant, it has the right to ask and receive additional information from any partner for the following to prove their financial capacity:

- Annual Report (most recent, audited)
- Balance sheet (most recent)
- Confirmation of not having public financial obligations
- Bank account information on 'funds available'
- Any other document deemed relevant

The role of the lead partner

The project lead partner bears the **overall responsibility for the project** towards the partnership and the MA. Each project is an entity with one project plan, one set of targets and one budget. In all questions related to these topics the JS/MA communicates with the lead partner. The lead

partner therefore is the link between the project (partners) and the programme management, responsible for coordinating the information flow between these.

The lead partner must understand that it has the overall responsibility for the project implementation and for reaching the set targets. In case the project fails, it also is the lead partner which will be held (financially) responsible by the MA. The cooperation between the partnership as well as the responsibilities of the lead partner and other partners are stipulated in the Partnership Agreement.

The lead partner is responsible for coordinating the work of the partnership. This refers both to activities and project management. The lead partner should monitor and guide the partnership on issues such as budget flexibility, reporting, following the activity plan or the following the ERDF support level.

The lead partner must follow all the requirements set for a project partner; the lead partner responsibilities are in addition to the regular requirements.

Due to the lead partner special nature SME's will not be allowed as lead partners. Also, organisations with their legal address outside the programme area are excluded from being lead partners.

The role of project partners

The key characteristics of project partners are that they have a budget and that they have an active role in the project implementation. All project partners should take an active part in the project preparation, implementation of thematic, as well as information and communication, project management activities. Each project has a responsibility to implement its own activities (as defined in the project plan) and to manage its budget.

Each partner should ensure that they have enough staff resources to implement the activities and to contribute to the reporting on partner and project level.

Each partner is also responsible for the availability of financing the project activities. The financing is needed to generate the ERDF amount. The partners should also follow the use of their own budget and the fulfilment of their part of the activity plan as the performance of individual partners may have implications for the partnership as a whole.

Project partners are required to keep the lead partner informed of their financial progress and the progress of their activities. Should the partner have questions about project implementation, they should always approach the lead partner in the first instance.

The role of associated partners

Besides the project partners, a project can have associated partners. They participate in the project with their own means and do not receive ERDF funding. Associated partners cannot be sub-contracted by the partners and their costs cannot be covered by the project.

Being an associated partner opens up for the participation of organisations that cannot or do not want to be project partners but nevertheless would bring added value to the project. Associated partners can come from any region inside or outside the programme area.

The below table further specifies the different roles of the lead partner and project partner.

Table 6. The roles of the lead partner and the project partner

	Lead partner	**Project partner**
General	Ensure the implementation of the entire project according to the responsibilities defined in the Partnership Agreement, Subsidy Contract and approved application. Forward all relevant information from the JS/MA to the partners and guide the partners in project implementation.	Fulfil the project activities responsible for or involved in, as defined in the project application and Partnership Agreement.
Project management	Set up an efficient and reliable system for the project management and co-ordination (incl. thematic activities, administrative and financial management). Inform all partners of management requirements at the very beginning of the projects as well as keep the partners informed of any relevant information shared by the JS/MA.	
	Appoint or sub-contract a project manager fluent in English and qualified to handle the thematic co-ordination of project activities, to act as a driving force in the partnership and to mobilise the partners to achieve the project objectives.	Nominate a coordinator to be the contact point between the project partner and the project manager.
	Appoint or sub-contract a financial manager fluent in English responsible for the accounting, financial reporting, internal handling of the ERDF funds and national financing according to guidelines set up by the national FLC and national laws. It is advisable, that the tasks of project manager and financial manager are carried out by two different people.	Nominate a book-keeper responsible for book-keeping in the project partner organisation.
Financial management	Guarantee the sound financial management of the funds allocated to the project, including the arrangements for recovering amounts unduly paid.	Manage the partner budget according to the principle of sound financial management.

	Follow up of the spending (per partner and per BL, the use of the flexibility rule, the ERDF co-financing rate of the project) and inform the partners of any potential problems on project level and/or instruct the partners of any actions needed.	Manage partner budget according to programme rules and in line with guidance from the lead partner. Keep the lead partner informed of the spending.
	Ensure that expenditure presented by project partners has been paid for the purpose of implementing the project and corresponds to the activities agreed upon between the project partners.	Assume responsibility in case of any irregularity in the expenditure which the project partner has declared.
	Have its expenditure verified by the FLC.	Have its expenditure verified by the FLC.
	Transfer the ERDF contribution to the project partners without delay as soon as received from the programme.	Repay to the lead partner amounts unduly paid in accordance with the Partnership Agreement.
Reporting	Produce regular Project Reports and a Final Report at the end of the project and verify that all partners have had their expenditure verified by the FLC (NB! Observe the duty to keep the relevant documents like any other project partner).	Keep available all its documents related to the project costs and activities (see chapter 3.11 for details). Some materials may be kept for a longer period due to national rules. It is the responsibility of each partner to find out and follow the national rules, where relevant.
Communication	Information and publicity measures on the project level.	Information and publicity measures on the project partner level.

2.5. Activity planning

The activity plan is made for the whole implementation period of the project. Projects should strive for a realistic and clear plan for how to achieve project results but on the other hand leave room for updates and unforeseen changes during project implementation. It is advisable to carry out an internal risk assessment of the project to identify the possible bottlenecks or critical points.

The activity planning should focus on how you will go about in reaching the project objectives. The plan should be realistic in that enough time is reserved for the key processes. The plan should provide a roadmap for how to reach the objectives. Taking into account that the projects last several years and preparations for the project are done much in advance, the activity plan should not consist of a detailed list of actions that the project would then be bound to for the coming years. The activity plan could rather be a process description, showing who takes responsibility for what types of actions at which stage, what kind of tools will be used in order to achieve the results and objective and what kind of outputs are foreseen to come out of the project.

The project can only start after the SC has selected it for funding. **The earliest possible day for the project to start is the first day of the month following SC meeting day.** If e.g. the SC met and approved a project on 12 May, the earliest day for the project to start is 1 June. The dates of the relevant SC meetings will be published on the programme website at www.centralbaltic.eu or you may consult the JS for establishing the start date. The actual duration of your project has to be indicated in the project application. The start and end dates will then be fixed in the Subsidy Contract. **Only costs incurred and paid during the duration of the project or within the preparation period are eligible.** The project duration consists of two phases: an implementation period and a project closure period. The preparation time is not included with the project duration period.

For projects that are finally approved, costs for the preparations phase will be covered as a lump sum. This means that all approved projects will receive a lump sum of EUR 10.000 ERDF. Therefore, all projects should budget for this contribution. Please, not that EUR 10.000 is not the total eligible budget for preparation costs, but the total amount of ERDF financing. The total amount to be budgeted for depends on the co-financing rate of the partners sharing the preparation costs (i.e. 75% or 85%). The total amount (ERDF + co-financing) should therefore be marked in the application.

The lump sum is intended to cover costs which have incurred in the preparation phase and are related to meetings between partners, staff costs and costs related to preparing investment documentation. The costs incurred in the preparation phase must follow the conditions set out in the Programme Manual, but for these costs no invoices or supporting documents are required. The lump sum is paid to the lead partner.

Once the project has started, you will be invited to a Lead partner seminar, where programme requirements will be explained in detail. Participation in the seminar is mandatory for all projects and costs for participation should be included in the project budget.

The duration of the project is strongly dependent on the objectives of the project. Based on what you want to achieve you will prepare an activity plan. In projects where new models, databases or similar are being created, time should be reserved for testing these and, based on the testing, the project should come up with a clear view of how the sustainability of the outputs will be

ensured. The end users should be involved in the project in relevant ways (participating in the Steering Group, testing and commenting outputs, involved in activities, etc.).

Each project should end with a **closure period**. In practice, this means that the activities should be finalised 3 months before the end date of the project so that the project accounts can be closed, and the project personnel is able to finalise the Final Report and submit it to the JS. During the closure period only costs for project management (salaries, office and rent costs, etc.) for the lead partner can occur. All costs incurred during or before the closure period must be paid out before the project end as all project costs have to be incurred and paid out (incl. necessary taxes, holiday payments etc.) during the project duration.

The project partners should understand that all project reporting may not be finalised even in the closure period but that it is the responsibility of the partner organisations to ensure that sufficient resources exist for finalising the project. This is especially the case of questions related to the Final Report. These will in all cases be received by the project after the project has ended. There should always be someone available to settle all open questions with the JS/MA. Changes in contact information must be communicated to the JS/MA until the final payment has been made.

Planning project activities should also include a plan for the sustainability of project outputs and results. Already from the beginning there should be a plan for how and by whom the project results and outputs will be used. Necessary steps to ensure that this happens should be included in the project plan.

2.6. Budget planning

Like all project planning, also the financial plans must be made jointly between all partners, striving for a realistic budget for each partner as well as for the project as a whole. The budget is based on the targets and activities set by the project partners and must be built in a way that ensures that these targets can be met cost-effectively. When planning project, you are advised to take into consideration the amount of money available for your (sub-) programme and priority. Up-to-date information regarding availability of funds and a follow-up of the result indicator target achievements can be found on the programme website at www.centralbaltic.eu.

The starting point for drafting your budget should be a thorough analysis of which activities you need to reach the objectives and targets of your project. These activities should then be sorted as detailed as possible:

- Thematically into WPs;
- Time-wise into 6-month (reporting) periods;
- According to the division of tasks per partner.

Once you have clarified the project activities adequately, you have to identify the required resources to implement these activities. Taking into account the financial and human resources of each project partner, you must also decide who is going to do what. Each project partner would then have to calculate the budget for the activities it has taken the responsibility for.

In the project Application Form the budget will be broken down in several dimensions (e.g. by partner, by WPs, by BL). This ensures that the partners have considered all aspects of the budget.

The individual partner budgets are at the same time a useful tool for the lead partner to keep the overview of to which extent project partners fulfil their obligations.

The project budget should cover only the realistic costs enabling the activities of the WPs. The programme has a spending profile that is binding towards the European Commission. The spending is made up of the payments to projects (based on project reporting). Therefore, the project spending forecasts from the Application Form are crucial for the programme implementation. The project spending should be considered carefully as the programme will follow up the spending. In case the programme is not able to meet its annual spending targets (due to projects not reporting according to schedule) the programme may lose ERDF funding. In such a case, the projects that were not reporting according to plan may suffer financial consequences and not receive full ERDF funds.

All partners are strongly advised to read chapters 3.5 Eligibility of costs **and** 3.6. Other rules already in the programming phase in order to have a good understanding of what costs will be eligible in project implementation.

Bear in mind that the partners will first have to cover all expenses and that you will get the costs reimbursed only afterwards. Full reimbursement of the ERDF funding will take place only after all checks have been performed by the FLC and the programme (JS/MA).

The lead partner should reserve enough funds to be able to participate in up to two events per year, organised by the programme. Seminars on communication, financial management and project management will be arranged and also other types of events are possible. The events will take place in the programme area.

The Central Baltic programme 2014-2020 operates in euros only. This means that in the application documents and all reporting you have to use euros.

Once the budget is ready, the funding plan has to be considered. The funding consists of ERDF co-financing and the partners' own contribution. The partners' contribution financing is needed to generate ERDF funding. The partners' contribution is at least 25% for project partners from Finland (including Åland Islands) and Sweden and at least 15% for project partners from Estonia and Latvia. This will be matched with up to 75% ERDF funds for partners from Finland including Åland islands and Sweden, and up to 85% ERDF for partners from Estonia and Latvia.

Simplified cost options

Flat rate for office and administration costs

The programme uses a flat rate for office and administration costs. The flat rate is counted as 15% of the eligible staff costs. More detailed information about what costs are covered by the flat rate can be found in chapter 3.5. Eligibility of costs. The flat rate is counted automatically by the eMS in the Application Form and reporting forms.

Note, that the flat rate is directly linked to the staff cost and is always counted from the final eligible staff costs. If staff costs would be reduced by the FLC or other programme bodies, also the office and administration costs would be proportionally reduced.

Flat rate for other costs, calculated from staff costs (from 5ᵗʰ call)

In the 5ᵗʰ call, the Central Baltic programme will introduce a new simplified cost option possibility. The flat rate is counted as 40% of the eligible staff costs. The calculated 40% will cover all remaining project activities. Thus, the project budget consists of only two budget lines: Staff costs and costs under the flat rate.

The use of the simplified cost option is voluntary. If a project chooses to apply it, it must be applied for all project partners. The suitability of this simplified cost option for any given project depends on the activity structure of the project. Typically, it is not suitable for projects that are heavy on investments, or which have a low share of salary costs. Each project planning to utilise this simplified cost option must carefully plan the project budget to determine the suitability. The project must also discuss it with the Joint Secretariat during the mandatory consultation. If a project indicates interest in using the simplification, the JS will assess the suitability of the project for this during the application assessment. All projects will provide a full budget in the initial application form.

The flat rate is counted automatically by the eMS in the Application Form and reporting forms. Partners choose between applying the 40% flat rate or a regular budget by choosing the responding call/application form in eMS.

During reporting, only staff costs are reported. Project activities and achievement of project results and outputs are reported in the activity part and monitored closely.

Note, that the flat rate is directly linked to the staff cost and is always counted from the final eligible staff costs. If staff costs would be reduced by the FLC or other programme bodies, also the other costs would be proportionally reduced.

Lump sums

The programme allows for the use of so-called lump sums. Lump sums mean that the partner plans for an activity and calculates a budget for it. Indicators are set to show if the activity took place in the planned way. Once the activity has taken place it will be reported. **If the indicators for the activity are fulfilled completely, the project will be compensated with the full amount that was budgeted. No supporting documents have to be provided for the actual costs.** Instead the detailed planning is needed at the time of submitting the application. An annex must be submitted with the Application, setting out the lump sum in detail. The project is advised to set the indicators very carefully, as no reimbursement of costs will be made in case any of the indicators would not be completely fulfilled. Note, that co-financing requirements apply to lump sums as to real costs. Thus, only the ERDF share of the total lump sum will be covered by the programme.

Lump sums are especially useful for bigger sets of costs where a lot of different individual costs are foreseen (for example a series of trainings with catering, premises, several lecturers, technical equipment, etc.). Lump sums cannot be used in case the whole project would be subject to public procurement.

The maximum limit for one lump sum is EUR 100.000 ERDF. The project can, however, include several lump sums. Lump sums cannot be used for the BL Staff costs or BL Equipment to cover the full unit cost of project staff or purchase/leasing of equipment (such as one person's full salary or the purchase of a laptop). Staff and equipment related costs can, however, form part of a lump sum if they refer to rent, leasing or other running costs of equipment or to covering staff costs as

minor hourly rates related to the activity defined as the lump sum. Costs for one person's salary cannot be covered as both direct and indirect cost (lump sum).

Please note, that the preparation cost lump sum of EUR 10.000 ERDF is one set by the programme. The programme has prepared the calculation methods and indicator and the only requirement set for the project is to include this cost in the budget.

Detailed explanations on how to apply for lump sums is given in the Guide for Filling in the Application Form. Here, also separate guidance for how to deal with the preparation cost will be given to projects using the 40% flat rate option.

Eligibility of funding

Each project partner is responsible for its own budget, based on the activity plan and division of tasks. In order to generate ERDF funding, the partner must provide the needed own contribution. It can come either from its own funding or from other eligible funds. Partner contribution cannot be covered by funding from other projects. The programme accepts both public and private funds as own contribution.

Therefore, partner contribution can consist of:

- The project partner's own funding **or**
- funding from other eligible organisations. Please note that all funding, whether it is from a partner's own budget or given to it by some other source, must fulfil the same criteria.

Whether partner contribution is reported as public or private financing depends on the type of the partner organisation:

Table 7. The type of the partner organisation

Type of organisation	Funding counted as
Public authorities	Public
Public equivalent bodies	Public, if the organisation fulfils the public equivalent criteria Private, if the organisation does not fulfil the public equivalent criteria
Private sector	Private

The public equivalent criteria are met if the organisation is:

1. Established under public or private law for the specific purpose of meeting needs in the general interest, not having only an industrial or commercial character[1] **and**

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[1] This does not exclude bodies having only <u>partly</u> an industrial or commercial character from being eligible. NB! It is the applicant's responsibility to provide the necessary information to the JS on the legal nature and organisational structure related to the public/commercial character of the organisation. The failure to do so will result in the application not being approved or in the termination of the Subsidy Contract and the repayment of granted co-financing if violations of partner eligibility rules are detected during the project life-span!

2. having legal personality **and**
3. is either financed, for the most part, by the state, or regional or local authorities, or other bodies governed by public law,
   a. **or** is a subject to management supervision by those bodies,
   b. **or** is having an administrative, managerial or supervisory board, more than half of whose members are appointed by the state, regional or local authorities or by other bodies governed by public law.

2.7. Application and assessment procedures

As of the fourth call, all projects apply in a one-step call. However, a simplified application form is used for small projects.

Table 8. Application and assessment of regular projects

	Opening/closing the call	JS assesses the projects and makes a proposal to SC	SC evaluates and selects projects
Total max days per activity	Approx. 60	Approx. 90	SC meeting date published on website

All projects must fill in the Application Form in the eMS. It consists of:

• Activity plan and its relevance for the programme;

• Information about partners and their relevance for the project;

• Budget and funding information.

Several documents need to be attached to the Application Form. The required annexes are listed in the Guide for Filling in the Application Form.

The application is filled in by the so-called lead applicant. The lead applicant coordinates the preparation of the application, ensures that all needed information has been discussed and is available. The lead applicant fills in the Application Form and submits it on behalf of the whole partnership. The lead applicant takes responsibility for the correctness of the information provided.

For detailed guidance on how to fill in the Application Form, please see the Guide for Filling in the Application Form. The amount of information required varies for regular and small projects.

The Central Baltic programme uses calls with an opening and closing date. The applications must be submitted between these dates. More detailed information on the exact opening and closing times (date and time) is made available on the programme website at www.centralbaltic.eu.

By default, when a call opens, all priorities of the programme will be open to applications. However, depending on the specific demand for certain topics or the availability of funding

(especially later in the programme period) restrictions might become necessary. These will also be announced on the programme website.

Application and assessment of regular projects

To be eligible, the project must first comply with technical aspects (submission of the application and its annexes, budget, partnership, etc.) of the programme. The admissibility check criteria are:

- The Confirmation Letter is submitted to the right location (Joint Secretariat office in Turku, Finland) by the set deadline.

- The Confirmation Letter is signed by the authorised signatory.

- All obligatory annexes are attached in eMS.

- The application package is compiled in English.

- The AF is correctly filled in (all fields have been filled in).

The criteria are further explained in the Guide for Filling in the Application Form. Furthermore, projects must comply with the programme priorities and SOs for each call (if relevant) in terms of content (topics to be covered, type of results, etc.)

Submitting an application

The call is launched and stays open for a predefined time, usually two months.

The information is submitted in English and it has to be precise and concise as the number of characters is limited.

It is strongly recommended for the applicant to get in touch with the JS as early as possible in the planning phase. The JS organises series of project development seminars for each call as well as provides individual consultations. All applicants are expected to make contact with the JS (the project manager for the chosen priority or a project coordinator) before the submission of the application.

After the call is closed, the JS assesses the submitted proposals. First, the admissibility assessment is made. If needed, the JS will ask the project to make technical corrections within a set deadline. All projects that are found admissible, will move to the content assessment.

The criteria for assessment are presented below and every applicant is encouraged to critically assess the project idea against these criteria:

Members of the JS will assess each project. The assessment will always be made by two members of staff. They will first make an individual assessment of the project and then they will coordinate their assessments and produce one joint assessment. This system ensures that the assessment is transparent and free from any bias.

Each criterion will be evaluated on a scale of 1-5. The scale is:

- 5 - Very good (relevant information has been provided, showing that project is exceptionally well in line with the requirements set by the programme);

- 4 – Good (relevant information has been provided, showing that the project is well in line with the requirements set by the programme);
- 3 – Acceptable (information has been provided, showing that the project meets the requirements set by the programme);
- 2 – Poor (information can be found to prove that the minimum requirements of the programme have been met);
- 1 – Unacceptable (no information has been provided or the information provided is not in line with the requirements set by the programme).

If a project receives the score 1 for even one criterion, it will be suggested to be rejected by the SC.

The assessment is done in two steps: if a project receives the score 1 on at least one strategic assessment criteria, it will not continue to the assessment of the operational criteria. Subsequently, the project will be presented to the Steering Committee as a project suggested to be rejected.

The JS may ask clarifying questions once during the assessment phase. This is not an opportunity to provide new information but to clarify information that was given in the original application. A deadline is set for receiving the reply. The JS assesses the project based on the information provided in the application and as a reply to potential questions.

The SC selection of projects is foreseen within 90 days after the closure of the call. The selection will be made by the member states representatives in the SC. The dates for the SC meeting for each call can be found on the programme website at www.centralbaltic.eu.

The fulfilment of the conditions is obligatory and will be assessed. If the project proposal is rejected, the applicant will receive an Administrative Decision on Rejection by the Managing Authority. The strategic assessment criteria are on:

Project's context (relevance and strategy)

- The project addresses common territorial challenges of the programme or a joint asset of the programme area – there is a real demand for the project;
- The project clearly contributes to a wider strategy on one or more policy levels (EU/national/regional) including the EUSBSR;
- The project makes use of available knowledge and builds on existing results and practices;
- The project has a neutral or positive contribution to the programme horizontal principles and objectives: equal opportunities and non-discrimination, equality between men and women, sustainable development, ICT and low-carbon economy.

Cooperation character

- The project demonstrates new solutions that go beyond the existing practices in the sector/programme area/participating countries or adapts and implements already developed solutions;
- The four cooperation criteria are fulfilled: joint development, joint implementation, joint staffing and joint financing; The importance of the cross-border cooperation approach to the topic is clearly demonstrated:

- The results cannot (or only to some extent) be achieved without cooperation and/or the cooperation has a significant added value for the partners;
- There is a clear benefit from cooperating for the project partners/target groups/programme area.

Project's contribution to programme's objectives, expected results and outputs

- Results and main outputs
- Project main outputs are durable (the proposal is expected to provide a significant and durable contribution to solving the challenges targeted) – if not, it is justified;
- The main outputs are applicable and replicable by other organisations/regions/countries outside of the current partnership – if not, it is justified;
- The detailed plan for project activities is in compliance with state aid rules.

Partnership relevance

- The project involves the relevant actors needed to address the territorial challenge/joint asset and the objectives specified
- With respect to the project's objectives the project partnership
  - is balanced with respect to the levels, sectors, territory;
  - consists of partners that complement each other.
- Partner organisations have proven experience and competence in the thematic field concerned, as well as the necessary capacity to implement the project (financial, human resources, etc.);
- All partners play a defined role in the partnership and get a real benefit from it.

The operational assessment criteria are on:

Management

- Management structures are proportionate to the project size and needs and allow partners' involvement in decision-making;
- Management procedures (such as reporting and evaluation procedures in the area of finance, project content, communication) are clear, transparent, efficient and effective;
- Project management includes regular contact between project partners and ensures transfer of expertise across the partnership (internal communication within the partnership);
- Necessary provisions for risk and quality management are in place;
- The lead partner demonstrates competency in managing EU co-financed projects or other international projects or can ensure adequate measures for management support.

Communication

- The communication objectives clearly link to the project SOs;
- The approach/tactics chosen are appropriate to reach communication objectives;
- Communication activities and deliverables are appropriate to reach the relevant target groups and stakeholders.

Work plan

- The proposed activities are relevant and lead to the planned main outputs and results;

- The distribution of tasks among partners is appropriate (e.g. sharing of tasks is clear, logical, in line with partners' role in the project, etc.);
- The time plan is realistic;
- Activities, deliverables and outputs are in a logical time-sequence;
- The added value of investments and equipment purchases, and their cross-border relevance is demonstrated to reach the project objectives (if applicable);

Budget

- Sufficient and reasonable resources are planned to ensure project implementation;
- The project budget appears proportionate to the proposed work plan and the main outputs and results aimed for;
- The total partner budgets reflect real partners' involvement (are balanced and realistic);
- The budget is coherent and proportionate;
- The financial allocation per BL is in line with the work plan:
- The distribution of the budget per period is in line with the work plan;
- The distribution of the budget per WP is in line with the work plan;
- The need for engaging external expertise is justified and the costs are realistic.

Application and assessment of small projects

Small projects are asked to fill in a simplified application form. The projects complete the whole application and the JS assessment and SC selection is made on this application.

To be eligible, the project must comply with the programme priorities and SOs for each call (if relevant) in terms of content (topics to be covered, type of results, etc.) as well as technical aspects (submission of the application and its annexes, budget, partnership, etc.).

The admissibility check criteria are:

- The Confirmation Letter is submitted to the right location (Joint Secretariat office in Turku, Finland) by the set deadline.

- The Confirmation Letter is signed by the authorised signatory.

- All obligatory annexes are attached in eMS.

- The application package is compiled in English.

- The AF is correctly filled in (all fields have been filled in).

The technical criteria for the small projects are further explained in the Guide for Filling in the Application Form. If needed, the JS will ask the project to make technical corrections within a set deadline. All projects that are found eligible, will move to the content assessment.

Table 9. Application and assessment of small projects

	Opening/closing the call	JS assesses the projects and makes a proposal to SC	SC evaluates and selects projects
Total max days per activity	Approx. 60	Approx. 90	SC meeting date published on website

The call is launched and stays open for a predefined time, usually two months. During this timeframe, the applicant should submit the Application Form to the JS through the eMS. The template for the Application Form will be made available in the beginning of the call.

The information is submitted in English and it has to be precise and concise as the number of characters is limited.

It is strongly recommended for the applicant to get in touch with the JS as early as possible in the planning phase. The JS organises series of project development seminars for each call as well as provides individual consultations. All applicants are expected to make contact with the JS (the project manager for the chosen priority or a project coordinator) before the submission of the document.

After the call is closed, the JS assesses the submitted proposals. The project will be assessed against strategic and operational assessment criteria. Every applicant is encouraged to critically assess the project idea against these criteria. Only projects that pass the strategic assessment will move onto an assessment of the operational criteria.

The strategic assessment criteria are:

- **Project's context** (relevance and strategy)
    - The project addresses common territorial challenges of the programme or a joint asset of the programme area – there is a real demand for the project;
    - The project is in line with a wider strategy on one or more policy levels (EU/national/regional) including the EUSBSR;
    - The project makes use of available knowledge and builds on existing results and practices;
    - The project has a neutral or positive contribution to the programme horizontal principles and objectives: equal opportunities and non-discrimination, equality between men and women, sustainable development, ICT and low-carbon economy.
- **Cooperation character**
    - The project demonstrates new solutions that go beyond the existing practices in the sector/programme area/participating countries or adapts and implements already developed solutions;
    - The four cooperation criteria are fulfilled: joint development, joint implementation, joint staffing and joint financing;
    - The importance of the cross-border cooperation approach to the topic is clearly demonstrated:

- The results cannot (or only to some extent) be achieved without cooperation and/or the cooperation has a significant added value for the partners;
- There is a clear benefit from cooperating for the project partners/target groups/programme area

- **Project's contribution to programme's objectives, expected results and outputs**
  - The project's results and main outputs clearly link to the programme priority and its indicators
    - The project overall objective clearly links to a programme priority SO;
    - The project results clearly link to a programme result indicator;
    - The project SOs clearly link to the project overall objective;
    - The project main outputs clearly link to the project SOs;
    - The project main outputs clearly link to the programme output indicators.
  - Results and main outputs
    - are in accordance with the selected target group's need;
    - are specific;
    - are realistic (it is possible to achieve them with the given resources – i.e. time, partners, budget – and they are realistic based on the quantifications provided).
  - The detailed plan for project activities is in compliance with state aid rules;
  - Project main outputs are durable (the proposal is expected to provide a significant and durable contribution to solving the challenges targeted) – if not, it is justified;
  - The main outputs are applicable and replicable by other organisations/regions/countries outside of the current partnership – if not, it is justified.

- **Partnership relevance**
  - The project involves the relevant actors needed to address the territorial challenge/joint asset and the objectives specified;
  - With respect to the project's objectives the project partnership
    - is balanced with respect to the levels, sectors, territory;
    - consists of partners that complement each other.
  - Partner organisations have proven experience and competence in the thematic field concerned, as well as the necessary capacity to implement the project (financial, human resources, etc.);
  - All partners play a defined role in the partnership and get a real benefit from it.

The operational assessment criteria are on:

- **Management**
    - Management structures are proportionate to the project size and needs and allow partners' involvement in decision-making;
    - Management procedures (such as reporting and evaluation procedures in the area of finance, project content, communication) are clear, transparent, efficient and effective;
    - Project management includes regular contact between project partners and ensures transfer of expertise across the partnership (internal communication within the partnership);
    - Necessary provisions for risk and quality management are in place;
    - The lead partner demonstrates competency in managing EU co-financed projects or other international projects or can ensure adequate measures for management support.

- **Communication**
    - The communication objectives clearly link to the project SOs;
    - The approach/tactics chosen are appropriate to reach communication objectives;
    - Communication activities and deliverables are appropriate to reach the relevant target groups and stakeholders.

- **Work plan**
    - The proposed activities are relevant and lead to the planned main outputs and results;
    - The distribution of tasks among partners is appropriate (e.g. sharing of tasks is clear, logical, in line with partners' role in the project, etc.);
    - The time plan is realistic;
    - Activities, deliverables and outputs are in a logical time-sequence;
    - The added value of investments and equipment purchases, and their cross-border relevance is demonstrated to reach the project objectives (if applicable).

- **Budget**
    - Sufficient and reasonable resources are planned to ensure project implementation;
    - The project budget appears proportionate to the proposed work plan and the main outputs and results aimed for;
    - The total partner budgets reflect real partners' involvement (are balanced and realistic);
    - The budget is coherent and proportionate:
        - The financial allocation per BL is in line with the work plan;
        - The distribution of the budget per period is in line with the work plan;
        - The distribution of the budget per WP is in line with the work plan;
        - The need for engaging external expertise is justified and the costs are realistic.

Members of the JS will assess each project. The assessment will always be made by two members of staff. They will first make an individual assessment of the project and then they will coordinate their assessments and produce one joint assessment. This system ensures that the assessment is transparent and free from any bias.

Each criterion will be evaluated on a scale of 1-5. The scale is:

- **5 - Very good** (relevant information has been provided, showing that project is exceptionally well in line with the requirements set by the programme);
- **4 – Good** (relevant information has been provided, showing that the project is well in line with the requirements set by the programme);
- **3 – Acceptable** (information has been provided, showing that the project meets the requirements set by the programme);
- **2 – Poor** (information can be found to prove that the minimum requirements of the programme have been met);
- **1 – Unacceptable** (no information has been provided or the information provided is not in line with the requirements set by the programme).

If a project receives the score 1 for even one criterion, it will be suggested to be rejected by the SC.

The assessment is done in two steps: if a project receives the score 1 on at least one strategic assessment criteria, it will not continue to the assessment of the operational criteria. Subsequently, the project will be presented to the Steering Committee as a project suggested to be rejected.

The JS may ask clarifying questions once during the assessment phase. This is not an opportunity to provide new information but to clarify information that was given in the original application. A deadline is set for receiving the reply. The JS assesses the project based on the information provided in the application and as a reply to potential questions.

The SC selection will be made no later than 90 days after the closure of the call. The selection will be made by the member states representatives in the SC. The dates for the SC meeting for each call can be found on the programme website at www.centralbaltic.eu.

2.8. Selection of projects by the SC

Based on the evaluation of the projects, the JS will prepare a proposal for the SC. Projects which did not pass the JS assessment will be submitted to the SC for rejection. The SC will discuss the project applications and especially their general strategic relevance.

The proposal prepared by the JS is in no way binding for the SC but the SC is free to prioritise and select the projects to be co-financed (including the total budget and the duration of the project) based on the assessment criteria.

The SC may approve the project directly or under certain conditions. The conditions set by the SC must be fulfilled before signing the Subsidy Contract. The assessment of the fulfilment of conditions is made by the MA. If a project fails to fulfil the conditions set by the SC, the project will be rejected by the MA. The SC may also give recommendations to the project. The project must report to the MA on its reply to the recommendations.

The JS will inform the lead partner of the SC selection within 5 days of the SC meeting. It is the responsibility of the lead partner to inform the other project partners about the outcome.

The SC rejection is also justified. Projects are rejected if they do not meet the assessment criteria. A project can also be rejected in case the programme does not have funding available (in the priority or based on other financial concerns on programme level). Projects rejected by the SC will receive an Administrative Decision on Rejecting the Project Proposal from the MA. This includes the reasoning behind the rejection (protocol note of the respective SC meeting) and instructions for the lead partner on how to appeal against this MA's administrative decision.

3. Implementing a project

3.1. Applicable regulations

When implementing an EU project, several EU, programme and national level regulations or rules have to be taken into account. Below is a list of the main sources of information, although the list is not exhaustive.

The most important EU level regulations and rules are:

- Regulation (EU) No 1303/2013 referred to as "CPR Regulation";

- Regulation (EU) No 1301/2013 referred to as "ERDF Regulation";

- Regulation (EU) No 1299/2013 referred to as "ETC Regulation".

- Rules for public procurement and entry into the markets;

- Protection of the environment;

- Equal opportunities between men and women;

- State aid/de minimis rules.

In case EU regulations are in place for a certain topic, these take precedence over programme and national rules. The Programme Manual has already been written with this logic in mind, but in case none of the above EU rules has regulated a certain topic, national rules will apply.

3.2. Signing the relevant agreements

When a project is approved, the MA does an Administrative Decision on Project Approval and signs a Subsidy Contract with the lead partner of an approved project. This can be done at the earliest when eventual conditions set by the SC have been fulfilled. For project activities that have been identified already in the application and where permits are required, these are required before the contract can be signed. The Subsidy Contract constitutes the main and only legally binding agreement between the Central Baltic programme 2014-2020 (the MA) and the approved project (the lead partner). By setting out the rights and obligations of the contracting parties, including the appeal options during various later procedures, and confirming the final commitment of EU grants to each project, the Subsidy Contract regulates the legal and financial framework for the implementation of the project activities. A standard Subsidy Contract template is available on the programme website at www.centralbaltic.eu. The Subsidy Contract refers to the approved Application Form.

The Subsidy Contract covers the following points:

- Applicable legal framework and programme rules
- Role and obligations of the MA and the partnership;

- Information about the approved budget (including state aid);
- Budgetary principles;
- Financial management provisions for accounting, reporting schedules and consequences of delays, financial control, receipt of ERDF payments;
- Liability in case of failures in project delivery and project spending including provisions for changes in the work plan;
- Recovery of project costs found ineligible;
- Framework for how to use project funds;
- Information and publicity requirements;
- Ownership rights of the project results.

The MA signs the Subsidy Contract with the lead partner on behalf of the whole project. The lead partner, in turn, must prepare a Partnership Agreement to be signed with the whole partnership.

A basic template of Partnership Agreement has been made available by the MA on the programme website at www.centralbaltic.eu. A Partnership Agreement should include at least the following:

- Role and obligations of each project partner (including the lead partner) in the partnership and the project implementation;
- Budgetary principles (including state aid);
- Financial management provisions for accounting, reporting schedules and consequences of delays, financial control, receipt of ERDF payments;
- Distribution of the ERDF co-financing between the project partners (partner budget tables annexed) according to the approved project application;
- Liability in case of failures in project delivery and project spending including provisions for changes in the work plan;
- The partner's financial liability and provisions for the recovery of funds in case of amounts incorrectly reported and received by project partners;
- Information and publicity requirements;
- Resolutions of conflicts in the project partnership;
- Ownership rights of the project results.

Clearly defined procedures and responsibilities make cooperation easier and are of special importance to the lead partner. Please keep in mind that the MA or JS are not a party to the Partnership Agreement and all legal disputes that may arise from the Partnership Agreement are solely between the project partners.

The partnership is strongly advised to agree on an internal reporting procedure and to set internal deadlines in the Partnership Agreement to ensure that the documents reach the JS on time. The lead partner should ensure timely submission of the reports and for that purpose it is suggested to conduct trainings for the project partners. The partners should also carefully consider and agree on how the results and outcomes of the project really are joint property of all project participants (LP and PP(s)), and how each project participant grants a simple, non-exclusive right of use of any produced work to all other project participants.

The agreement must be concluded and signed by the partners at the earliest possible date and before any ERDF funding can be paid out to the lead partner. A copy of the signed agreement has to be provided to the FLC with the first Partner Report.

The programme has a zero-tolerance policy on fraud. All programme bodies will pay attention to risks of fraud in all stages of programme implementation. The projects must also commit themselves to acting in compliance with all relevant programme, national and EU rules. For further information on practical steps and policies, see Chapter 3.7. Other rules, Fraud declaration.

3.3. Starting the project

You will now start implementing your project at the date indicated in the approved application and in the Subsidy Contract. To support a smooth launch of your project, the JS will organise relevant training events for lead partners, project managers, financial managers, and communication managers etc. to discuss the details of project management, reporting and communication. The first important and mandatory event is the Lead partner seminar. Also individual meetings may be arranged with the programme staff.

All approved projects will be assigned a contact person in the JS for the whole project duration. The contact person will be in touch with the project immediately after project approval. The contact person should always be the project's first contact when any questions related to the implementation of the project arise. The contact person will actively follow the project's progress and support the project. A mid-term project meeting will be arranged with the project to discuss how the project is proceeding with achievement of project results, outputs and implementation of activities, if project management structure is well established and functioning, are there any obstacles or if some updates to the project plan are needed.

For the sake of transparency, a list of all partners and the amount of ERDF financing to be received will be published on the programme's website.

The lead partner is obliged to set up a Steering Group and arrange its first meeting **immediately after signing** the Subsidy Contract but not later that one month after signing the contract. The JS should be informed about the set up and the first meeting arranged so that the project's contact person can participate in it.

Steering Group

The Steering Group should:

- Monitor and steer the project in order to meet the targets/objectives set in the project application. If necessary, the Steering Group can propose changes to the implementation of the project. The lead partner then makes the official change request to the JS;
- Handle project modifications and approve them before the lead partner submits the material to the JS/MA;
- Approve the Final Report before it is submitted by the lead partner to the JS;
- Participate in the planning of information activities and spreading information about the project and its results.

The Steering Group should **consist of representatives of project partners and especially key stakeholders or end users** (who are not necessarily project partners). With such a set-up the

Steering Group can be a valuable support to the project in providing access to new networks and acting as catalysts for the change through analysing the achieved results and spreading information about them. The willingness for stakeholders to participate in the Steering Group can also be seen as an indicator for how relevant they find the project to be. Due to the role of the Steering Group in influencing the project work, project staff cannot be official members of the Steering Group.

It should be kept in mind, that the Steering Group bears **no legal responsibility** towards the Central Baltic programme or the project partners. The Steering Group should literally steer the project towards the best possible achievement of the objectives and doesn't need to spend much time on administration or day-do-day management. Thus, the Steering Group meetings can be used as an innovative and inspirational support forum for the project.

No fees or remuneration for Steering Group members are eligible.

3.4. Reporting and payment procedures

The reporting and payment procedures have been presented in the table below and more detailed information is given in this chapter.

Table 10. The reporting and payment procedures

	End of the 6-month reporting period	LP+PPs submit Partner Reports to the FLCs	LP compiles and submits the Project Report to the JS	MA makes the advance payment of 60% to the LP	JS assesses the report	Final payment of the remaining part of the reported costs to the LP
Deadline		15 days from the end of RP	4 months from the end of RP (including 3 months for FLC controls)	When Project Report received	90 days + needed days for clarifications from the LP	
Total time passed since the end of the reporting period (indicative)		15 days	4 months	4 months	Approx. 7 months	Approx. 7 months

It should be noted that during all levels of checks the project can be approached with requests to clarify or provide additional information. The deadlines for processing the project claims are put on hold for the period of time when the project provides its answer. Therefore, it is in the best interest of the project to submit correct and complete reports and to reply to questions within the set deadlines. Both the JS/MA and the FLC's also handle reports in the order of arrival. Thus, timely submission of the reports ensures that your projects are handled as early as possible.

Although all programme bodies carry out their work as quickly as possible, it is important to understand that the programme cannot guarantee when money will actually be paid out to partners. Therefore, partners must have sufficient liquidity to carry out the project even in unforeseen events.

During the project implementation, all projects will report on their progress regularly. The reporting covers both the project activities and the financial implementation. The project contact person is responsible for the follow-up of the project progress and also supporting the lead partner in the project implementation. The central instrument for the project monitoring is the Project Report.

The report forms the basis of the monitoring and assessment of a project's progress. It allows the monitoring of expenditure and is the basis for the regular payments made to the project. Furthermore, it is a tool to foresee and communicate potential problems and delays in the implementation process to the JS.
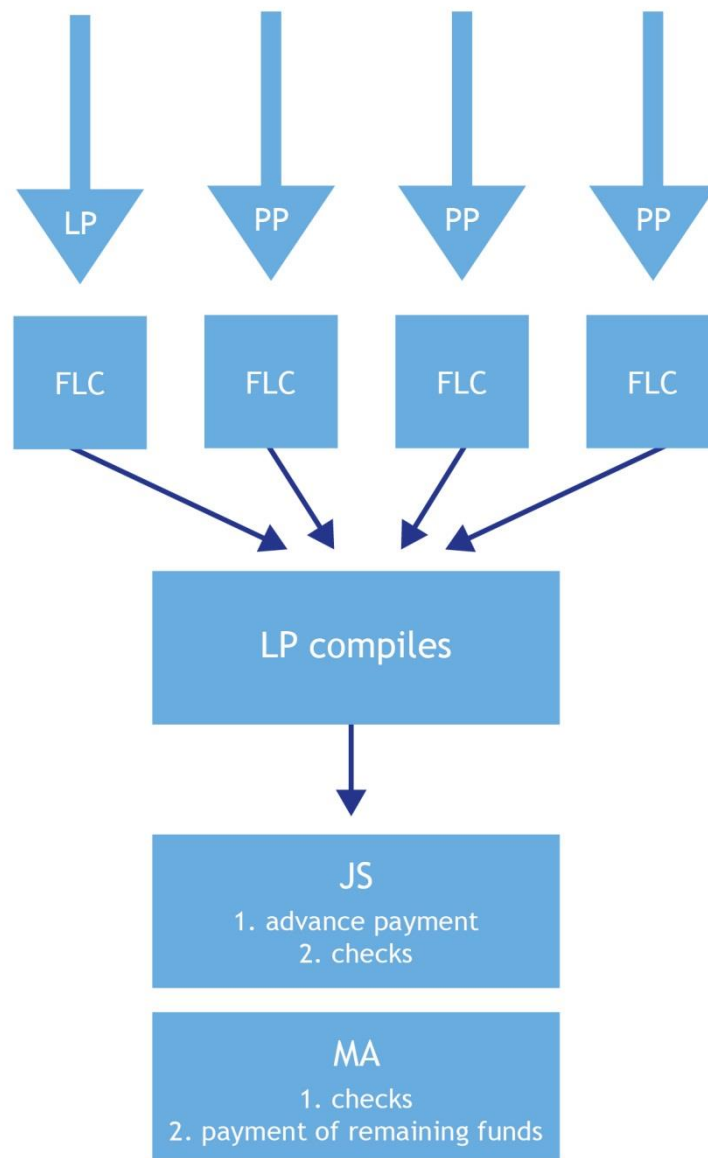
Figure 6. The reporting procedure

Reporting periods

All projects must submit Project Reports to the JS twice a year during the lifetime of the project. The reporting period is six months. The reporting periods are automatically set based to the start date of the project. The first period starts on the first eligible cost date of the project, which is at its earliest the first day of the month after the SC meeting for the selection of projects.

At the end of each reporting period each project partner will finalise the Partner Report and submit to the for the FLC trough the eMS. Lead partner will compile and prepare Project Report

and submit it to the JS in 4 months after the end of the reporting period. The Final Report must be submitted 5 months after the end of the project.

For detailed guidance on how to report in eMS, please read the Guide for Project Implementation available on the programme website at www.centralbaltic.eu.

The reporting of the project consists of:

Partner level reporting (Partner Report)

Within 15 days after the end of each reporting period each project partner (including the lead partner) must fill in the Partner Report (consisting of an Activity report, List of expenditure, Contribution and Forecast and attachments) and send that with all mandatory annexes to its national FLC body for the verification of the costs. For a more detailed explanation of the control system please read chapter 3.8. Audits.

The FLC verifies the expenditure based on supporting documents such as invoices, procurement documentation, lump sum indicators and other relevant material or information. The FLC can clarify any issues and deduct any expenditure that is considered ineligible. The FLC confirms eligible expenditure in a form of the FLC Certificate, which is available in eMS for the relevant project partner, the lead partner and all relevant programme authorities.

Project level reporting (Project Report)

Four months after the end of each reporting period the lead partner submits the Project Report. Project Report consists of a following sections: Project summary, Work packages, Certificates, Project report tables and Attachments) where information is reported at project level. The lead partner should make sure that individual Partner Reports include only costs and activities occurred which are relevant for and belonging to the project. Only costs verified by the FLC can be included in the Project Report. The lead partner checks the costs of each partner against these criteria and includes only the relevant costs in the Project Report. This report is then submitted to the JS for assessment.

In case a project partner has not managed to get its report verified in due time, the lead partner may submit the Project Report without the costs of that partner. This will mean delays for the partner receiving the funds. Costs must be reported no later than a year after the deadline. After this the costs will not be approved by the MA but will be borne by the project partner.

Together with the last Project Report, a separate Final Report form should be submitted in addition to the regular reporting period information. The Final Report provides an analysis of the project success/failure and lessons learned for the whole project period.

The sections Summary report and Work packages provides a description of project activities and the outcomes achieved during the respective reporting period. The partnership is expected to implement the activities and make the costs according to the approved Application Form and should always keep in mind that the project is monitored against the approved Application Form.

Lead partners are advised to use these reports as efficient communication tools: be concise and to the point while reflecting on the overall progress of the project. The main text of the reports should summarise the implementation of the actions and their outcome(s) as snapshots of the

reporting periods. A brief, relevant and informative description is better than a profuse and detailed account of activities without a clear relation to the project and its action plan. In this respect, the reporting should focus on the implementation of the project itself, rather than on each partner's activities. Lead partners are encouraged to ensure the informative quality and consistency of the reports. Accompanying the Project Report, lead partners should provide relevant supporting material such as copies of studies and reports, press articles etc. These should be listed in the report next to the relevant actions and copies should be uploaded to eMS in electronic format when possible.

Along with information about implemented activities, financial data are submitted to request the payment of ERDF funding. It corresponds with the activities and shows the expenditure incurred (expenditure actually paid by the lead partner and the partners) during the reporting period.

Assessment of the reports and payment

The assessment of the Project Reports by the JS will begin when the documents are received. They will be dealt with on a 'first come first served' basis. If there are questions about any part of the report during the assessment, the JS will contact the lead partner project's manager and/or financial manager for clarification or additional information. The lead partner must ensure that it gets replies from project partners in due time.

The JS has 90 days to process the reports and make a payment to the project. The clock stops whenever a request for clarification is being sent out to the lead partner and continues after the answer provided by the lead partner is considered satisfactory. If the lead partner does not answer to the JS request during 2 weeks without a solid reason, the JS proceeds with the processing of the report based on the incomplete information. This might lead to the deduction of the questionable costs or actions.

An assessment report, including an updated spending profile and assessment of project implementation and spending will be sent to the lead partner of each project. This information should be communicated to all project partners by the lead partner.

All payments will be made to the lead partner in euro and deposited into the bank account indicated on the approved Application Form. It is the lead partner's responsibility to inform the JS immediately of any changes to bank account information. The lead partner bears the risk and any costs that may incur if the payment is made to the wrong bank account.

Payments to projects

Advance payments will be used for small projects. Advance payments mean that once the JS has received the technically complete Project Report (excluding the period 0 costs for preparation costs and the Final Report), 60% of the requested ERDF amount will be paid to the lead partner. The payment will be made without delay.

After the relevant checks and certification of the costs have been made, the payment for the remaining (maximum) 40% of the eligible ERDF amount is made. A payment decision with relevant reasoning behind the decision and with appeal instructions is sent to the lead partner through the eMS.

The payments should always cover the last six-month period. The Project Report must include all costs that have been incurred and paid out during the period. Costs should be reported in later reporting periods only in exceptional cases.

After receipt of funds from the MA, the lead partner is obliged to transfer in time and in full the share of ERDF which corresponds to each project partner. It is the lead partner's responsibility to transfer ERDF money to partners as soon as possible. These arrangements should be made clear in the Partnership Agreement.

Partners should be aware that the MA can make payment only under the condition that the European Commission has made the necessary funds available to the programme. In case funds are not immediately available, the MA makes payments to projects as soon as possible when funding becomes available.

Use of euro

Expenditure incurred in a currency other than the euro is automatically converted into euro by the eMS, using the monthly accounting exchange rate of the Commission in the month during which expenditure was submitted for verification to the FLC. The conversion method applies to all partners, regardless of whether they use the euro or not. The costs of fluctuation of foreign exchange rates are not eligible.

3.5. Modification procedures

The activity plan and the budget should be planned as thoroughly as possible. Nevertheless, it has to be taken into consideration that the development of the project can sometimes take place years before the actual implementation. Therefore, whenever the project partnership foresees the need to modify the project, the contact person of the JS should be contacted.

There are different types of project modifications that a project might face: partnership, budget, activities and outputs, extension of the project end date, etc. The different modifications have been divided into two groups depending on whether the change requires a modification of the Application Form or not.

The programme follows the project budget based on the total costs per BL. Therefore, costs per cost items are not binding during project implementation.

Project modifications are in force from the date of the decision (by the JS, MA or SC as relevant). No costs requiring formal approval can be incurred before the decision has been made.

Practical guidance on the different types of modifications can be found in the Guide for project implementation.

Modifications having no impact to the Application Form (no formal modification procedure required)

Flexibility rule

Minor modifications to the individual BLs are not monitored by the JS: projects are allowed to overspend by a maximum of 20% of the individual BLs at project level. Increases of more than 20% of the individual BL are the subject of project modification. Therefore, lead partner should inform the JS contact person as soon as possible.

It should also be clear to the partnership that using the flexibility rule can only affect the BLs and cannot affect the project content and activities is any way (i.e. the activities must follow the approved project plan). This is a technical tool to make the partners' work easier and more flexible, but that can't have an impact to the content of the project.

The use of the flexibility rule must be agreed with the lead partner before using it. The lead partner is responsible for coordinating the budget of the whole partnership, thus it is also responsible for allowing a partner to use the flexibility. If the flexibility rule is exceeded the lead partner is responsible for making the necessary cuts in partner costs.

The flexibility is shown when the project reports. The increases are cumulative on project level. The flexibility is not evaluated on partner level, where the increases can at times even exceed 20%.

Restrictions for flexibility rule:

- The project or partner total budget may never be exceeded. If project partner budget needs to be changed then formal modification procedure is necessary.
- The flexibility rule does not apply to lump sums.
- Although flexibility rule applies to BL Equipment, please note that it is not possible to change the nature (and intended use) of equipment items/increase amount of planned equipment. Project partner should purchase them as specified in the Application Form unless there is a justified reason for not purchasing the planned equipment.
- The flexibility rule cannot be used to increase the BL staff costs.

The JS only approves staff changes when they are considered significant. The JS contact person must approve the following cases before the partner can:
- change (decrease or increase) the work load of a staff position by more than 25% compared to the plan in the AF; or
- add completely new tasks to the staff plan

Note: rearranging planned staff positions between existing staff members or taking on a new person to do work already planned in the application does not need to be approved. For example, if the project has planned for a communication manager, it is possible to involve a trainee to take care some of the promised tasks; or if 50% project management and 50% communication management had been planned for two separate staff members, it is possible to combine these tasks for one 100% staff member.

However, if, as an example, no communication staff or procurement lawyer had not been planned and such are found to be needed during the project implementation, this needs to be approved by the JS.

Normal annual, "index" increases to the salary do not need to be approved by the JS; they will be verified by the FLC in the normal course of checking the report.

Minor adjustments of the project activities

Minor adjustment like change of timetable for activities or deliverables, place of meetings should be communicated as deviations in Partner Report and Project Report.

Minor adjustments like additional workshop with the project target group, participation in the initially not planned conference should be communicated with the JS contact person before the additional activity takes place.

Technical modifications

Technical modifications, that don't have an impact to the content of the project (bank data change, change of the partner's (NB! not the LP) name, legal status, change of hosting organisation, change of contact person etc.) are made based on need. These changes are typically made in the Supplementary information section in eMS and the lead partner should notify JS should of these types of modifications as soon as possible.

Modifications having an impact to the Application Form (formal modification procedure required)

Any modifications beyond the scope of the flexibility rule, minor adjustments or technical modifications require a formal approval by the JS/MA and in certain cases, by the SC. The lead partner should inform the JS contact person about necessary modification as soon as the need for them appears.

Modification in project activities having an impact to the project results and/or indicators must be well justified and can only be implemented upon formal request and approval by the MA or the SC – depending on the significance of the modifications.

Budget modifications that do not fall within the scope of the flexibility rule require the approval by the MA or the SC - depending on the significance of the modifications.

Partner modifications: if the partnership is modified (an existing partner drops out and is replaced by another partner, or a partner drops out and other partners overtake its obligations, or if a different partner becomes lead partner, etc.), the lead partner must submit the Modification Request and duly justify it to the JS using the request for modifications function in the eMS.

Prolongation of project duration can only be approved in exceptional cases and usually not for more than 3 months. Any prolongation must be justified by external reasons hindering the timely closure of the project. It should not be used as a tool to prolong the project without severe reasons and delays during the project implementation.

Some technical adjustments do not have the impact to the content of the project (change of the partner's (NB! not the LP) name, legal status, change of hosting organisation, change of contact person, small adjustment or technical correction on data of personnel cost (correcting a technical mistake, changing workload in the limits of approved budget, etc.) but have to be included in the Application Form in order to have up to date information. The JS contact person should be informed about need for such modifications as soon as possible, approval received, if relevant.

Such changes are entered mostly when formal modification procedure is initiated, and Application Form is opened for modifications.

Once the need for a modification has arisen and the JS has been informed, the lead partner must justify and describe the modifications in relevant places in the eMS. The JS has 20 days to assess a Modification Request and forward it to the MA/SC for approval.

A decision by the SC is needed in case of:

- increasing the ERDF share or the total ERDF amount of the project,
- if more than two partners withdraw from the project and/or are replaced. The replacement with new partners is subject to the approval of the Member States/Åland locating the partners,
- if the objectives of the project or the results are modified so that the provisions of the original project application are considerably changed.

Please remember that project **modifications come into force on the date of the MA/SC approval only.**

It is strongly suggested to carefully plan ahead and incorporate as many of such modifications as possible needed by the project into one request for modification, in order to avoid the lengthy procedure of changing the Application Form too often. The lead partner must involve all partners in the discussions in due time so that the needs of the whole partnership are reflected in the Modification Request.

Modifications related to activities or the budget should be done not more than two times during project implementation.

Please note that the final Modification Request must be submitted no later than 6 months before the end date of the project.

Once the MA has signed a Subsidy Contract with the lead partner, no separate amendments will be prepared for modifications. As stated in the preamble and in §15 Concluding provisions, the Subsidy Contract refers to the project Application Form in the eMS and all modifications or changes related to implementation are made in eMS. Thus, the Subsidy Contract always refers to the valid version of the project Application Form. The person authorised to sign documents on behalf of the MA confirms these changes in the eMS, upon which the new version is valid.

3.6. Eligibility of costs

Any item of the expenditure categories shall refer to expenditure paid by the project partner and shall be directly related to the achievement of the results or outputs of the project.

All costs must follow the principles of sound financial management. All costs incurred must be free from partiality and conflict of interest. That is the case when a decision is compromised for reasons involving family, emotional life, political or national affinity, or where any economic interest or any other interest is shared with another person.

The rules for eligibility, as all programme rules, apply to all types of partners, regardless of their legal status (public or private). Thus, all requirements for documentation, tendering, providing pay slips or any other relevant rules apply for all partners.

The following costs are **not** eligible:

- Costs incurred and/or paid outside project duration (except for preparation costs);
- Fines, financial penalties and expenditure on legal disputes and litigation;
- Costs of gifts, except those not exceeding EUR50 per gift where related to promotion, communication, publicity or information and where communication rules have been respected;
- Costs related to fluctuation of foreign exchange rate;
- Interest on debt;
- Purchase of land not built on or land built on in the amount exceeding 10% of the total eligible expenditure of the project;
- Recoverable VAT;
- Charges for national financial transactions;
- Travel and accommodation costs of participants of events organised by the project, where the participants do not contribute to delivery of the project;
- Consultant fees or other service costs between partners for services and work carried out within the project;
- Costs (invoices) shared by partners, or invoicing between project partners;
- Contracting of employees of the partner organisations as external experts, e.g. as freelancers;
- Advance payments not foreseen in the contract and not supported with an invoice or another document of probative value. Also, advance payments cannot cover the whole sum of the product or service as this must be delivered before the final payment can be made;
- During the closure period costs other than project management costs (salaries, office and rent, etc.) for the lead partner;
- In kind costs.

Publicity rules must be respected for all costs, particularly events, equipment and publications. More instructions on publicity rules is given in chapter 3.7 Project communication.

The programme uses both real costs and simplified cost options. The simplified cost options are reported based on pre-defined calculation methods. Therefore, these costs are not expected to match with bookkeeping. In some cases, the costs will not even be presented in project bookkeeping. All programme rules apply also when using simplified cost options.

For details on reporting, see the Guide for Project Implementation. The programme website Frequently Asked Questions (FAQ) also gives good practical guidance on the application of programme rules in project implementation.

Staff costs

Definition

Expenditure on costs of staff members employed by the partner organisation, who are formally engaged to work on the project:

- Full-time
- Part-time
  - part-time with a fixed percentage of time dedicated to the project per month
  - part-time with a flexible number of hours worked on the project per month
- Contracted on an hourly basis

BL Staff costs includes staff costs of employees in line with the employment/work contract, and costs of natural persons working for the partner organisation under a contract other than an employment/work contract and receiving salary payments.

Note: both the employment/work contract and an appointment decision/contract of natural persons working for the partner organisation and receiving salary payments are hereinafter referred to as 'employment document'.

General principles

Staff costs must relate to activities which the partner organisation would not carry out if the project was not undertaken.

Overheads and any other office and administration costs cannot be included under this BL.

Daily allowances and any other travel and accommodation costs cannot be included under this BL.

Staff costs must be clearly separated from external expertise and the same cost cannot be covered from both BL.

The programme reimburses staff costs only on the basis of real costs:

- Staff costs cover real costs paid out based on a pay slip or a document of equivalent probative value. Data from the organisation's accounting system may be accepted, in line with the controllers' professional judgment regarding reliability of the system.
- The following costs are eligible components of staff costs:
  a. Salary payments fixed in the employment/work contract, an appointment decision (in the case of natural persons working for the partner organisation under a contract other than an employment/work contact), or by law.
  b. Any other costs directly linked to the salary payments, incurred and paid by the employer, such as employment taxes, social security

including pensions or holiday payments as long as they are fixed in the employment document and they are in accordance with the legislation and standard practices in the country and/or organisation. Organisation standard practices shall refer to all staff of the organisation and no special rules can be made for project employees.

- The salary payments must relate to responsibilities specified in a job description of the individual staff member;
- Costs of social security including pensions are only eligible, if they are not recoverable by the employer;
- Taxable benefits linked to salary payments are eligible as long as they are in line with the employment policy of the partner organisation, e.g. lunch vouchers, relocation benefits, bonus payments.[2] They must be directly linked to the salary payments and figure on the pay slip;
- Holidays as resulting from normal employer's obligations are eligible. The cost forms part of the gross employment cost;
- Occasional and justified overtime is eligible, provided it is in conformity with the national legislation and the employment policy of the partner organisation, and it is actually paid to the staff member;
- Staff costs must be calculated individually for each staff member.

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[2] Extra bonuses or changes to salaries due to running of an EU project should be evaluated against sound financial management principles (if they are justified by e.g. special qualifications, changes to the task description, etc.).

Calculation of staff costs and audit trail

As of the fourth call the programme only allows partners to use to methods from the list below. These are:

- Full-time

- Part-time assignment with a fixed percentage of time worked on the project per month

This is done as a simplification measure for the partners, as these staff methods are the most simple to report.

For all partners, depending on the assignment (full-time, part-time or contracted on an hourly basis) to work on the project, staff costs of each individual are calculated as explained in the below table. It is important to notice that the calculation of staff costs has been defined in EU regulations, wherefore the methods have to be followed exactly as specified below:

Table 11. Calculation of staff costs

Full-time	An individual dedicates 100% of his/her working time to the project.
	Staff costs = total of the gross employment cost
	Audit trail
	The following main documents must be available for control purposes:
	- Employment/work contract or an appointment decision/contract considered as an employment document. - Job description providing information on responsibilities related to the project. - Pay slips or other documents of equivalent probative value. - Proof of payment of salaries and the employer's contribution. No registration of the working time is required.
Part-time assignment with a fixed percentage of time worked on the project per month	An individual dedicates a fixed percentage of his/her working time to the project.
	Staff costs = fixed percentage of the gross employment cost
	Audit trail
	The following main documents must be available for control purposes:
	- Employment/work contract or an appointment decision/contract considered as an employment document. - Document setting out the percentage of time to be worked on the project per month (if not specified in the employment document). - Job description providing information on responsibilities related to the project. - Pay slips or other documents of equivalent probative value. - Proof of payment of salaries and the employer's contribution. - No registration of the working time is required.
Part-time assignment with a flexible	An individual dedicates a flexible share of his/her working time to the project.
	Staff costs = part of the gross employment cost depending on the number of hours actually worked on the project (excluding holidays, sick leave etc.)

number of hours worked on the project per month	The staff costs can be calculated on the basis of (1) or (2):
	1. An hourly rate established based on the monthly working time (number of hours per month) fixed in the employment document:
	Hourly rate = monthly gross employment cost/number of hours per month fixed in the employment document
	Staff costs = hourly rate * number of hours worked on the project per month
	2. An hourly rate established based on a standard number of 1720 hours per year:
	Hourly rate = latest documented annual gross employment cost/1720 hours
	Staff costs = hourly rate * number of hours worked on the project per month
	For each employee working part-time (and a flexible number of hours per month) on the project, the partner organisation should select one of the two methods to calculate the hourly rate. The same method will apply for all duration of the project.
	Audit trail
	The following main documents must be available for control purposes:
	• Employment/work contract or an appointment decision/contract considered as an employment document (including information on the monthly working time, if method (1) is used).
	• Job description including information on tasks related to the project.
	• Pay slips or other documents of equivalent probative value.
	• Data from the working time registration system, e.g. time sheets, providing information on the number of hours spent per month on the project. The time registration system must cover 100% of the actual working time of the individual.
	• Proof of payment of salaries and the employer's contribution.
	• Staff cost tool
	Note that these documents must be made available by all partners, including private bodies.
Contracted on an hourly basis	An employee is contracted on an hourly basis and dedicates a certain number of hours to work on the project.
	Staff costs = part of the gross employment cost depending on the number of hours worked on the project
	The staff costs are calculated on the basis of an hourly rate fixed in the employment document:
	Hourly rate = fixed in the employment document
	Staff costs = hourly rate * number of hours worked on the project
	Audit trail
	The following main documents must be available for control purposes:
	• Employment/work contract or an appointment decision/contract considered as an employment document (including information on the hourly rate).
	• Job description providing information on responsibilities related to the project.
	• Pay slips or other documents of equivalent probative value.

| | • Data from the working time registration system, e.g. time sheets, providing information on the number of hours spent per month on the project. |
| | • Proof of payment of salaries and the employer's contribution. |

Programme specific rules

The programme suggests employing one project manager and one financial manager in the lead partner organisation. In addition project partners need some resources for project management and all partners may need staff for implementing project activities. The number of staff and their working time must be in relation to the project activities.

The salary of the project personnel cannot differ from the salary that is paid for similar tasks in a comparable structure in the same country.

Office and administration

Definition

The BL for office and administration costs covers operating and administrative expenses of the partner organisation that support delivery of project activities.

General principles

- No cost item can be taken into account twice, i.e. no double funding is permissible;
- Office equipment, IT hardware and software, and furniture and fittings cannot be included under this BL; the cost must be reported as equipment expenditure. This does not include IT system support of an administrative nature; the cost falls under the office and administration BL;
- Costs of control and audit of the project cannot be included under this BL; they must be reported as external expertise and services costs.

The programme uses a flat rate for calculating and reporting office and administrative expenditure. The calculation is done automatically in the Application Form and reports by the eMS. Eligible costs under the office and administration BL are calculated as a flat rate of 15% of eligible direct staff costs. An all-inclusive list of cost categories covered by the flat rate is defined below. The below list of office and administrative expenditure is also limiting so that these cost items cannot be reported under any other BL.

Office and administrative expenditure shall be limited to the following elements:

- Office rent;
- Insurance and taxes related to the buildings where the staff is located and to the equipment of the office (e.g. fire, theft insurances);
- Utilities (e.g. electricity, heating, water);
- Office supplies (this includes also coffee and snacks for meetings);

- General accounting provided inside the beneficiary organisation (bookkeeper or similar position carrying out regular partner organisation tasks such as e.g. accounts payable and salary payments that are not directly linked to financial management and reporting of the project). Note, that this work cannot be outsourced;
- Archives;
- Maintenance, cleaning and repairs;
- Security;
- IT systems;
- Communication (e.g. telephone, fax, internet, postal services, business cards);
- Bank charges for opening and administering the account or accounts where the implementation of an operation requires a separate account to be opened;
- Charges for transnational financial transactions.

The flat rate covers all office and administration costs, i.e. there is no distinction between direct and indirect costs.

In case coffee and snacks for internal project meetings are purchased as groceries they fall under office and administration costs.

Audit trail

By applying the 15% flat rate, partners do not need to document that the expenditure on office and administration costs has been incurred and paid, or that the flat rate corresponds to the reality.

Travel and accommodation costs

Definition

Expenditure on travel and accommodation costs that relate to delivery of the project and related to project staff as well as target groups, where relevant. Only travel costs, accommodation costs, visa costs, and/or daily allowances can be included under this BL.

General principles

- Travel and accommodation costs must clearly link to the project and be essential for effective delivery of the project activities;
- Costs must be definitely borne by the partner organisation. Direct payment by a staff member of the partner organisation must be supported by a proof of reimbursement from the employer;
- The principles of sound financial management should apply to the choice of transport and accommodation. In line with the result-oriented policy approach, effectiveness should be the leading principle. In the second instance, cost-efficiency should be ensured, taking into account the entire cost of the mission (travel cost, staff costs related to the travel, etc.). Business class travel is, as a general rule, not accepted;
- Any expenditure item defined as travel costs, accommodation costs, costs of meals or visa costs that is already covered by a daily allowance, cannot be eligible in addition to the daily allowance, i.e. no double funding is permissible;

- Travel and accommodation costs of external experts and service providers cannot be included under this BL; they must be reported as external expertise and services costs;
- Travel and accommodation costs of natural persons (e.g. speakers, chairpersons, teachers, etc.) contributing to the project must be reported as external expertise and services costs, unless the cost is borne directly by any of the partner organisations.

BL specific rules

- Travel and accommodation costs must be justified by activities carried out within the project, e.g. participation in project meetings, project site visits, meetings with the programme bodies, seminars, conferences.
- Costs of travel and accommodation related to activities outside the programme area are only eligible, if they have been included in the approved Application Form or approved by the programme following a request for travel. In all cases, benefits of such activities to the programme area must be demonstrated.
- Maximum daily rates for hotel and subsistence should be respected, in accordance with the national legislation or, when it doesn't exist, internal policy of the partner organisation.
- Travel and accommodation cost should be properly documented in line with the national legislation or internal policy of the partner organisation. In very exceptional cases national rules concerning missing/lost documents may be accepted.

Audit trail

The following main documents must be available for control purposes:

- Agenda or similar (report) of the meeting/seminar/conference;
- Paid invoices (e.g. hotel bills, travel tickets);
- Daily allowance claims;
- Proof of payment.

Programme-specific conditions

CO_2 compensation or carbon footprint offset related to project travel is an eligible cost provided the cost is included or calculated in the price of the ticket.

Daily allowances are eligible only for the project staff working for the project tasks based on a written employment contract/job description or similar document.

External expertise and services costs

Definition

Under this line projects may include expenditure for the financing of external expertise and services provided by a public or private body or a natural person **outside**[3] of the partner organisation. External expertise and services cover costs paid on the basis of contracts or written agreements and against invoices or requests for reimbursement to external experts and service providers that are acquired to carry out certain tasks or activities, linked to the delivery of the project.

General principles

- The work by external experts and service providers must be essential to the project.
- Each partner organisation (including private partners) is responsible for ensuring that EU and national public procurement rules are respected and that all contracts comply with the basic principles of transparency,

    Non-discrimination and equal treatment as defined in the EC Treaty and the Commission Interpretative Communication on the Community law applicable to contract awards below the EU thresholds. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52006XC0801%2801%29 .

- No sub-contracting between project partners is allowed.

BL specific rules

- All additional costs related to external experts (e.g. travel and accommodation expenses for external experts) must be foreseen in the service contract and recorded under this BL.
- External expertise and services purchased for the purpose of the project control, audit, and communication must be included under this BL.
- All costs of external expertise and services that are linked to an investment in infrastructure must be included under this BL, e.g. feasibility studies, notarial fees.

Audit trail

The following main documents must be available for control purposes:

- Evidence of the selection process, in line with national procurement rules or the EU public procurement rules depending on the amount contracted.
- A contract or a written agreement laying down the services to be provided with a clear reference to the project. For experts paid on the basis of a daily fee, the daily rate together with the number of days contracted and the total amount of the contract must be provided. Any changes to the contract must comply with the public procurement rules and must be documented.

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[3] Different departments of the project partner organization are not considered to be outside, wherefore internal invoicing is ineligible.

- An invoice or a request for reimbursement providing all relevant information in line with the applicable accountancy rules.
- Outputs of the work of external experts or service deliverables.
- Proof of payment.

List of eligible costs

Expenditure for external expertise and service costs are limited to the following:

- Studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
- Training;
- Translations;
- IT systems and website development, modifications and updates;
- promotion, communication, publicity or information linked to the project
- Financial management;
- Services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
- Participation in events (e.g. registration fees);
- Legal consultancy and notarial services, technical and financial expertise, other consultancy and accountancy services;
- Intellectual property rights;
- Costs for FLC checks;
- The provisions of guarantees by a bank or other financial institution where required (by EU or national law or the Programme Manual);
- Travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;
- Other specific expertise and services needed for the project.

Programme-specific conditions

Costs for lunch are eligible for a whole-day meeting (minimum 6 hours including lunch). Costs for dinner can be included for events lasting for more than 1 day. Alcoholic beverages are only eligible at special occasions together with a meal and in moderation (understood as one glass per person).

The cost of groceries or similar catering costs is eligible under this budget line if the event is project relevant (does not matter whether it is listed in the AF or not); the event has external participants; and there is a separate invoice (not dividing invoices when the institution buys larger amounts of groceries). Internal meetings coffee and snacks belong under the flat rate (office and administration).

For Estonia, fringe benefits in the form of 'erisoodustusmaks' are acceptable costs for project staff in the case of events arranged for external participants.

Equipment

Definitions

Expenditure for the financing of equipment purchased, rented or leased by a partner, necessary to achieve objectives of the project. This includes costs of equipment already in possession by the

partner organisation and used to carry out project activities. In case of investment activities, 'equipment' covers costs of fixed investments in equipment, and costs of equipment that forms part of an investment in infrastructure.

Low-value asset - an accounting term that essentially means low value equipment. There is no single euro limit, but it depends on the size of the partner organisation. This is something you need to check with your accounting personnel.

Depreciation - an accounting term that means that the cost of an equipment is divided for several years instead of recording the cost as full cost.

Pro rata - a Latin term used to describe a proportionate allocation. It essentially translates to "in proportion," which means a calculation where the price of an equipment is distributed in equal amounts. This calculation takes into account the degree of use and can be calculated on the basis of either the full cost or the depreciation amount.

General principles

- Costs of equipment are eligible if they have been approved by the programme.
- Costs of equipment are eligible if no other EU funds have contributed towards financing of the same expenditure item, i.e. no double funding is permissible (ref: Article 65.11 Common Provisions Regulation (EU) No 1303/2013).
- All costs are subject to applicable public procurement rules and each partner organisation is responsible for ensuring that these rules have been respected.

BL specific rules

- Full purchase cost of equipment is eligible, if it is used solely for the purpose of the project or the target group in line with objectives of the project and incurred and paid within the eligible period.
- For equipment that has been purchased before the project approval but used solely for the project, only a pro rata cost related to the project (duration, degree of use) is eligible; for equipment that has been purchased before the project approval or during the project lifetime but used partially for the project, only a pro rata cost related to the project (duration, degree of use) is eligible. Pro rata is also applied if equipment is bought late in the project implementation period. This share has to be calculated according to a justified and equitable method in line with the legislation or general accounting policy of the partner organisation.
- Depreciation applies if the economic life-time of equipment exceeds the duration of the project (ref: Art. 69.2 Common Provisions Regulation (EU) No 1303/2013). The cost has to be calculated in accordance with the legislation and general accounting policy of the partner organisation. Only the value of depreciation is marked to the project budget and later reported.
- Full purchase cost of equipment that is not depreciable (e.g. low-value asset) is eligible.
- Purchase cost of second-hand equipment is eligible, provided the equipment complies with applicable norms and standards and its price does not exceed the generally accepted price on the market.
- In the case of fixed investments in equipment and when equipment forms part of an investment in infrastructure, full cost of equipment as approved by the programme is eligible, i.e. no depreciation is eligible.
- Equipment cannot be purchased, rented or leased from another partner.

Audit trail

The following main documents must be available for control purposes:

- Evidence of the procurement process (announcement, selection, award) in line with the national procurement rules or the EU procurement rules depending on the amount of the contract;
- Invoice (or a supporting document having equivalent probative value to invoices, in case of depreciation) providing all relevant information in line with the applicable accountancy rules;
- Calculation scheme of depreciation;
- Proof of payment.

List of eligible costs

Expenditure for equipment is limited to the following:

- Office equipment;
- IT hardware and software;
- Furniture and fittings;
- Laboratory equipment;
- Machines and instruments;
- Tools or devices;
- Vehicles;
- Other specific equipment needed for the project.

Infrastructure and works

Definition

Expenditure for the financing of infrastructure and construction works. BL Infrastructure and works covers costs related to investments in infrastructure that do not fall into the scope of other BLs. This includes costs for site preparation, delivery, handling, installation, renovation, and purchase of land, when applicable.

General principles

- Costs of infrastructure and construction works are eligible if they have been approved by the programme.
- Costs of infrastructure and construction works are eligible if no other EU funds have contributed towards financing of the same expenditure item, i.e. no double funding is permissible (ref: Article 65.11 Common Provisions Regulation (EU) No 1303/2013).
- All costs are subject to applicable public procurement rules and each partner organisation is responsible for ensuring that these rules have been respected.
- All investments in infrastructure must comply with the applicable EU and programme information and publicity rules.

BL specific rules

- Full costs of infrastructure and construction works that form part of the project are eligible, i.e. no depreciation is eligible.
- Documents specifying the ownership of land and/or buildings where the works will be carried out must be provided.
- Purchase of land cannot exceed 10% of the total eligible expenditure of the project. In the case of derelict sites and sites formerly in industrial use which comprise buildings, the purchase price cannot exceed 15% of the total eligible expenditure. In exceptional and duly justified cases, a higher percentage may be permitted for projects concerning environmental conservation, provided it has been approved by the programme (ref: Article 59.3(b) Common Provisions Regulation (EU) No 1303/2013).
- All compulsory requirements set by the EU and national legislation related to the respective investment in infrastructure must be fulfilled (e.g. feasibility studies, environmental impact assessments, building permission, etc.).

Audit trail

The following main documents must be available for control purposes:

- Evidence of the procurement process (announcement, selection, award) in line with the national procurement rules or the EU procurement rules depending on the amount of the contract;
- Contract laying down the works/infrastructure to be provided, with clear reference to the project and the programme. For contracts based on a daily fee, such fee together with the number of days contracted and the total amount of the contract must be provided;
- Invoice providing all relevant information in line with the applicable accountancy rules;

- Proof of payment and delivery.

Income (net revenue)

When talking about income, the programme refers to net revenues. Net revenue means cash inflows directly paid by users for the goods and services provided by the project, such as charges borne directly by the users of the project goods or services less any operating costs and replacement costs of short-life equipment incurred during the corresponding period. Thus, if a project receives income, the net revenue is what should be taken into account. Income is not typical for Central Baltic programme projects, but may in some cases occur.

All partners should estimate any net revenue that will be generated in the project already during the project preparation and include the information in the application. The estimated net revenues will then be deducted from the total budget of the project. The ERDF amount will be calculated based on the total budget after deducting net revenues.

Projects with a total budget of more than EUR 1.000.000 (before deducting the net revenue) determine the net revenue based on either:

- a flat rate net revenue percentage for the sector or subsector applicable to the operation (road, rail, urban transport, water, solid waste) as defined in Regulation (EU) No 1303/2013 Article 61;
- **or** a calculation of the discounted net revenue of the project, taking into account the reference period appropriate to the sector or subsector applicable to the operation, the profitability normally expected of the category of investment concerned, the application of the polluter pays principle and, if appropriate, considerations of equity linked to the relative prosperity of the Member State or region concerned.

Projects with a total budget of less than EUR 1.000.000 do not need to make a calculation of the net revenue according to the above defined principle but simply fill in the foreseen net revenue in the Application Form.

All net revenue generated during project implementation shall be reported in the Project Report. Where to report it and how it reduces the ERDF funding depends on whether the net revenue was foreseen in the application phase or not. More information on how to fill in the forms can be found in the Guide for Filling in the Application Form and Guide for Project Implementation.

Please remember that net revenue has to be reported 5 years after the project end date (more information on this in chapter 3.11 Duties after the project ends).

3.7. Other rules

Costs outside the programme area

In some cases, it may be justified that some costs incur outside the programme area. On a programme level, these costs may not exceed 20% of the total programme ERDF amount. Such costs must always be described and justified. The benefit should in all cases come to the programme area and the project. Note, that travel costs are never calculated towards this limit. Travels and activities outside the programme countries must nevertheless be justified in the Application Form.

VAT

VAT is an eligible expenditure if it is genuinely and definitely borne by the project partner and is shown in bookkeeping. It must be noted that if the VAT is recoverable by whatever means, it cannot be considered eligible, even if the beneficiary does not actually recover it.

Whether VAT it genuinely and definitely borne by the project partner will be defined for each project partner separately in the project application and/or if the VAT status changes. Project partners stating that VAT is the final cost for them should fill in this information in the application and provide to the FLC necessary documentation to prove the organisation's VAT status. In case of any doubt, the VAT will be deemed not eligible for the partner.

Public procurement

For costs that are estimated to exceed EUR 5.000 (with VAT, if relevant for the organisation) a price comparison must be made (if national public procurement level will not apply with lower limits). The comparison must be documented. Typically, at least three comparable offers should be requested so that at least two offers can be received. In some cases, information may be available (online, price lists etc.) and in such cases the information may be used. If the service represents unique skills or no other options are available elsewhere in the market, it may not be possible to get price comparisons. This must be documented in a detailed way to prove that the service couldn't have been bought from another supplier. These cases are exceptions as usually there are options available.

All material related to tendering must be kept.

Public procurements should be done **according to national rules or following EU rules, depending on the thresholds.**

Note, that also not public procurement subjects have to respect the rule of price comparisons from EUR 5.000 and have to follow the national public procurement principles act in full when thresholds are reached. In such cases they must prove that the awarded project-related contracts are in compliance with EU principles.

Nota, that a financial correction of up to 100% of the cost may be applied by the MA when the EU/programme or national legislation has not been followed.

GDPR, General Data Protection Regulation

The Central Baltic programme bodies, such as the Joint Secretariat and Managing Authority, First Level Controllers and Audit Authority, all carry out tasks that are defined in EU legislation. Thus, a separate consent is not requested from a person submitting their data to the programme.

We only collect information that is required and needed for the programme to function and reach its goals.

Below you will find a detailed listing of what is collected and how long data is expected to be stored.

If you have questions related to the information we collect or are interested in knowing what information is stored about you, please contact: info@centralbaltic.eu

Personal data collected because of tasks defined in laws and regulations

Information about eMS users and applicants

During registration to the eMonitoring System or filling in the application, some basic details (name, e-mail, position) are asked for. The information is collected only to be able to handle the project application process, or to later communicate with the project applicant/beneficiary about matters related to project selection or implementation. This information must by law be kept until the programme period has been finally closed.

Information related to reporting costs of approved projects

During project implementation, each partner is required to report all activities and costs with supporting documents. Information can cover salaries, participation lists, etc. The information is used only by authorised staff to verify the correctness of costs. Costs selected by the partner as containing personal data will only be shown to the programme bodies who have the legal responsibility to verify the costs. This information must by law be kept until the programme period has been finally closed.

Seminar registrations

When you register for events organised by the programme, we will ask for information such as your name, project or organisation that you represent and potential dietary requirements. The information is used by the programme authorities to select the right participants if needed, to better define the event programme and to inform catering of any food allergies or diets. Information about dietary requirements is only sent to the catering company, and without being personalised (not attached to a name). If the information for some reason needs to be personalised, the programme bodies send the information with a requirement for the catering company to delete the information immediately after the event. Other information about participants must by law be kept until the programme period has been finally closed.

Partner search tools

If you wish to use our online partner search tool, you are asked to provide basic information about your organisation and its contact person. The information is used by programme bodies to match potential partners with each other. The information will be deleted after 2 years.

Job applications

If you apply for a job in the Central Baltic programme, you will have to provide detailed personal data, such as CV and motivational letter. The information is used purely to fill job positions in the programme, meaning the position you applied for and potentially applications may be reviewed for later positions as well. The applications for candidates that were not chosen will be kept for 2 years.

Other personal data during application or project implementation

If any other personal data is collected during project application or implementation, the programme bodies will always make sure that as little information is collected or received as possible; that all data is handled professionally by staff carrying out tasks related to programme implementation; and all data is erased at the earliest possible moment. The programme may, for example, compile statistical databases (Excel) from existing information that are used internally to ensure proper implementation of the Central Baltic programme".

Webpage intranet

An account is created based on email and name for programme authorities to fulfil their tasks. Users are deleted from the system when the account is no longer needed for fulfilling those tasks.

Personal data collected based on consent

Programme newsletter

If you wish to sign up to the programme newsletter, we need your e-mail address. You are free to leave the newsletter at any point by clicking the respective link. Otherwise the data about newsletter subscribers will be kept until the programme period has been officially closed.

Appearance in pictures and videos

The programme collects pictures or may take videos of project and programme activities. Such data is used to promote the projects, the programme or the benefit of EU funding in general. If you wish to not be depicted in pictures or videos, please refrain from submitting them to the programme or inform the programme staff at the beginning of an event or other activity. Otherwise the material will be kept until the programme period has been officially closed.

State aid

The Programme Manual provides a general overview of the application of state aid procedures and specifically de minimis in the programme. More detailed information can be found in the MA guidance note - A technical note on the concept and application of de minimis aid on the programme website.

The concept – which projects are state aid relevant?

State aid refers to financial support that can distort competition and intra-market trade. For those reasons state aid is normally not allowed in projects.

For state aid to take place the recipient of project funding must be an undertaking. The term 'undertaking' is in this context used in a wide sense as any entity has an activity of an economic nature and which offers goods and services on the market, regardless the legal form and the way of financing of this entity. Also, if an entity is not profit-oriented state aid rules will apply as long as it competes with companies that are profit-oriented. Therefore, not only private companies are subject to state aid rules but also public authorities or other organisations if they carry out an economic activity on the market.

The next step in establishing state aid is to use the set of four criteria that all have to be fulfilled. Two of those (the existence of aid and selectivity) always apply for Central Baltic programme projects. Thus, state aid exists if the remaining two conditions are also met:

- Economic advantage: The project support is an economic advantage that the undertaking would not have received in the normal course of business. Such an economic advantage can be assumed if the undertaking does not provide for any market-driven consideration (e.g. it promises to create jobs in return for state funds received or it buys land from the state for a price lower than the market price).
- Effect on competition and trade: This criterion is already fulfilled if an aid has potential effect on competition and trade between Member States. It is sufficient if it can be shown that the beneficiary is involved in an economic activity and that it operates in a market in which there is trade between Member States. As a general rule, no effects on competition and trade are to be expected in case of purely local activities such as taxi drivers, retail sale.

The criteria are described in full detail in the "Commission Notice on the notion of State Aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union".

Where the above conditions are met, and state aid exists, the programme as a first instance uses de minimis aid (Regulation (EU) No 1407/2013). This means that an organisation can receive up to EUR 200.000 for a period of 3 (fiscal) years (including the ERDF support from the Central Baltic programme). In these cases, the support amounts are considered so small that they do not distort competition. It is the responsibility of the project to provide this information to the JS.

Where the de minimis aid is not appropriate, the programme may use other state aid instruments, such as a General Block Exemption Regulation. In such case separate, lower co-financing rates apply.

The de minimis aid is always granted by the Member State where the partner is located. Each organisation receiving de minimis aid should follow the ceiling of EU 200.000 and make sure that it is not exceeded. The programme asks for declarations to prove that this is the case, where relevant. **The organisation receiving the de minimis aid bears all responsibility for following the limits.** In case the Central Baltic project funding brings the aid received above the EUR 200.000 limit, the organisation must repay the full project support.

If the project self-assessment shows a possibility of state aid, the project should consult the JS at the earliest stage possible. The JS will support the project applicants in the assessment of the existence of state aid and guide on how to proceed.

When a project partner receives De minimis aid

The final amount of de minimis aid per partner will be defined in the Subsidy Contract, based on information provided in the Application Form and the De minimis declaration. No further action is required from the partnership.

Please note, that for partners that have received de minimis aid, costs can only be certified once the Managing Authority has informed the Member State granting the aid about the aid. This is done once the Subsidy Contract is signed.

When a stakeholder participating in the project receives De minimis aid

The programme is using the De minimis framework especially for granting state aid in form of services via intermediary organisations to target group companies. In this case the final beneficiary of De minimis aid is not the partner itself but an organisation to whom the project partner targets aid. This principle applies when intermediary organisations (project partners of the projects under specific objectives 1.1 and 1.3) are providing services to target group companies. The services can be for example provided as face-to-face consultations by external experts to support the company, paying expenses of companies' representatives for travel and accommodation to take part in events, participation fees of companies, costs related to trade fairs etc.

In these cases, the partner should first ask from potential beneficiaries to fill De Minimis declarations. If the 200 000.- EUR ceiling of De Minimis aid is reached or would be exceeded due to the aid channelled through the project, the company cannot take part in the project activities. Where the final beneficiaries are known from the beginning, the De minimis declarations should be submitted with the Application Form.

1. Partner/Lead Partner is responsible for identifying the amounts of De Minimis received by target group companies – using De Minimis declarations – to be collected during the selection process of participating companies.

2. Calculating De minimis state aid – what costs are in? What is out (e.g. management costs of the partner, information, communication activities, activities where specific company did not participate)

> -Direct costs (e.g. cost of tickets, delivery cost of one to one consultancy, part of the exhibition stand cost...)

3. Notifying/informing target group companies and the national central registry, if relevant

> -For the De Minimis notification, national languages can be used

The notification should include the following information:

> -Project Partner name who provides De minimis aid to the company
>
> -Project name and number
>
> -De minimis recipient company name
>
> -Company registration number
>
> -De minimis EUR ERDF sum

-Total cumulative De minimis to the company

In countries where central registry on state aid exists, the information should be sent there as well.

In case more assistance is needed, please consult with JS or national responsible organisation.

Fraud declaration

The Managing Authority (MA) for the Central Baltic programme has from the start been committed to maintain high legal, ethical and moral standards, to adhere to the principles of integrity, objectivity and honesty and wishes to be seen as opposed to fraud and corruption in the way that it conducts its business. The programme has a zero-tolerance for fraud policy. The objective of this policy is to promote a culture which deters fraudulent activity and to facilitate the prevention and detection of fraud and the development of procedures which will aid in the investigation of fraud and related offences and which will ensure that such cases are dealt with timely and appropriately.

This goal is shared by the staff of the programme. However, it is important to also see the role of our partners in the process. All potential applicants and project partners should be fully committed to acting in the interest of the public good and to gain benefit for all through cooperation. Although project work always needs to be motivated by some level of own interest, the own gain can never be a driving force in an Interreg and Central Baltic project.

The applicants are asked to read this policy before submitting their application; and submitting their application only if they can commit themselves to this policy.

Each lead partner, in turn, is asked to read this policy and reflect on it with its partnership and Steering Committee. Just as the programme, the projects are asked to put in place preventing and detecting tools towards fraud. This is to ensure that our common funds are properly used.

A procedure is in place for the disclosure of situations of conflict of interests.

The term fraud is commonly used to describe a wide range of misconducts including theft, corruption, embezzlement, bribery, forgery, misrepresentation, collusion, money laundering and concealment of material facts. It often involves the use of deception to make a personal gain for oneself, a connected person or a third party, or a loss for another – intention is the key element that distinguishes fraud from irregularity. Fraud does not just have a potential financial impact, but it can cause damage to the reputation of an organisation responsible for managing funds effectively and efficiently. This is of particular importance for a public organisation responsible for the management of EU funds. Corruption is the abuse of power for private gain. Conflict of interests exists where the impartial and objective exercise of the official functions of a person are compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with e.g. an applicant for or a recipient of EU funds.

Responsibilities

• Within the MA, overall responsibility for managing the risk of fraud and corruption has been delegated to the Head of MA who has the responsibility for

> o Undertaking a regular review, with the help of a risk assessment team, of the fraud risk;
>
> o Establishing an effective anti-fraud policy and fraud response plan;
>
> o Ensuring fraud awareness of staff and training;
>
> o Ensuring that the MA refers promptly investigations to competent investigation bodies when they occur;

• Process owners/managers of the MA are responsible for the day-to-day management of fraud risks and action plans, as set out in the fraud risk assessment and particularly for the anti-fraud policy statement, together with procedures for adequate fraud risk assessment and the putting in place of effective and proportionate anti-fraud measures through an action plan (whenever the net risk after controls is significant or critical), are key components of the managing authority's anti-fraud programme or strategy.

> o Ensuring that an adequate system of internal control exists within their area of responsibility;
>
> o Preventing and detecting fraud;
>
> o Ensuring due diligence and implementing precautionary actions in case of suspicion of fraud
>
> o Taking corrective measures, including any administrative penalties, as relevant.

• The certification of payments is done within a system which records and stores reliable information on each operation; and only after adequate information from the MA on the procedures and verifications carried out in relation to expenditure has been received

• The Audit Authority has a responsibility to act in accordance within professional standards in assessing the risk of fraud and the adequacy of the control framework in place.

Reporting Fraud

The MA has procedures in place for reporting fraud, both internally and to the European Anti-Fraud Office.

All reports will be dealt with in the strictest of confidence and in accordance with [...insert details of relevant Data Protection/Disclosure Act...]. Staff reporting irregularities or suspected frauds are protected from reprisals.

Anti-fraud measures

The MA has put in place proportionate anti-fraud measures based on a thorough fraud risk assessment (cf. the Commission's guidance on the implementation of Article 125.4 c)). In particular, it uses an IT tool (ARACHNE) to detect risky operations and ensures that staff is aware of fraud risks and receives anti-fraud training. The MA carries out a vigorous and prompt review into all cases of suspected and actual fraud which have occurred with a view to improve the internal management and control system where necessary. All cases of suspected fraud will

be reported further to the police, to the European Anti-Fraud Office and to the Ministries and regions participating in the programme.

Conclusion

Fraud can manifest itself in many ways. The MA has a zero-tolerance policy to fraud and corruption and has in place a robust control system that is designed to prevent and detect, as far as is practicable, acts of fraud and correct their impact, should they occur.

3.8. Project communication

It's not worth doing a project if no one knows about it. Also, people directly involved in the project need to know what they are doing and why. Effective communication, both internally and externally, is a key element in a successful project.

Communication is not important for the pure sake of communicating, nor is it a separate element from the rest of the project implementation. Communication is a part of all project activities and it requires careful planning in order to make the project succeed. Relevant questions in project communication are:

- Who needs to be aware about our project and what we do?
- What is the information and message for each target group?
- Which methods/tools work best in taking the message to the target group in question?
- How do we know the message is getting through and how can we adjust our communication where needed?

The answers to these questions are project specific. They need to be considered from the project preparation to the end of the project, throughout the whole project life cycle. This way the project will be more likely to reach its aims and the project outcomes will spread out and become sustainable.

All projects funded by the programme are required to indicate a strategic framework for project communication as part of the project application. All projects are to have one project partner appointed as the main person responsible for coordinating the communication work in the project.

Keep in mind that communication is a common responsibility of all project partners, who together have to ensure that active communication efforts are taken regarding the launch, progress and results of the project. The ways of doing this vary according to the identified target groups and messages for them but **all projects are obliged to disseminate information about the project proceedings**. It is crucial that the partners use and continuously update their networks for spreading information about project achievements.

The projects are to ensure efficient dissemination of the project results and outcomes. This is done throughout implementation. The public availability of results, for example on a project or partner website, must be guaranteed also after project closure. Results and outcomes must remain available for at least 5 years from the end date of the project.

Common message to spread out by all Central Baltic projects

In addition to the required communication about project proceedings, there is one more general message communicated by projects financed by the Central Baltic Programme 2014-2020: the benefits of the funding received from the EU through the ERDF.

This message can be spread out in several ways, e.g. by verbally or visually informing the target groups about the fact that EU financing is a key factor for the project to be implemented. All projects are encouraged to find innovative and inspiring solutions, including different media channels, to deliver the message of the benefits of EU funding.

Regulation requirements concerning project communication

According to the EU regulations the projects are to make sure the following requirements are met in project implementation:

- All information and communication measures of the project must display the **EU flag** together with textual reference 'European Union' and 'European Regional Development Fund' (exception: when space is limited the reference to the ERDF can be left out).
- The lead partner and project partner that has a website is obliged to ensure that at least basic information about the project (aims, partners, amount of funding and its source, description of activities) is available on the internet during the project implementation phase. Once the project has ended this information must include the main results and outputs available for dissemination. A short general description about the project should be added to the basic information mentioned above and updated accordingly once the project has ended.
- All project partner organizations must display in their premises at least one **information poster** (minimum size A3) informing about the project and the received EU funding. The poster is to be placed in a place where it is well visible for the public such as an entrance area of a building.
- At the site of an **infrastructure investment** carried out by a project with a budget exceeding EUR 500.000 of ERDF, a billboard has to be put up during the implementation of the infrastructure investment at the site of the operation. After the project has been completed, the billboard has to be replaced by a permanent explanatory plaque. Both the billboard and the plaque have to carry the above-mentioned references to the EU and to the Central Baltic Programme 2014-2020 highlighting the added value of the intervention of the European Community.

Technical instructions on the use of the logos and references

Making sure the needed logos and references are in place is important. The cost of any material or information activity, such as a seminar organised by the project, that does not include the required references to EU and the programme, are not considered eligible and thus the project partner will not receive co-financing for these. An internal project meeting is not considered an information activity. As the absence of required references can have some rather severe (financial) consequences, be sure to use them. Remember to always check also the other co-financers' publicity requirements and follow the national rules on publicity issues.

The needed references are the following:

- The flag of the EU together with the textual reference 'European Union'
- Textual reference 'European Regional Development Fund'
- The logo of the Central Baltic Programme 2014-2020

For **small materials** such as pens, where space for printing is limited, the following references have to be used:

- The flag of the EU with the textual reference 'European Union' AND
- EITHER the Central Baltic Programme 2014-2020 logo OR
- The project's own logo

If there are other logos displayed in addition to the EU flag, the flag is to have at least the same size as the biggest of the other logos, measured in height or width. The placement of the above mentioned references is to be well visible but can otherwise be freely decided. The logos should preferably not be displayed on a coloured background, but in case this can't be avoided, a white border should be added to the EU flag.

Figure 7. The programme logo and EU flag together with the needed textual references

The different versions of the needed electronic logo files can be downloaded from the programme website at www.centralbaltic.eu. Using the provided files with the EU flag and other references is preferred as they obey to the graphical requirements (colours, fonts) set by the EU Commission.

The Guide for Project Communication provides a useful overview table on the use of the references. The following short overview illustrates how the references and logos should be used for the different information materials, activities, equipment and infrastructure investments:

- **Information materials** have to contain the above-mentioned references to the funding source according to the size of and the space available on the information material. More information on the different kinds of materials and how to use the references in them can be found in the Guide for Project Communication available on the programme website.
- **Websites**: Information about the project and the received EU funding is to be published on each project partner's website. Websites created with funding from the Central Baltic Programme 2014-2020 must contain all the above-mentioned references to the funding source at the start/main page. The EU flag, in colour, and text 'European Union' must be displayed on the front page without the reader having to scroll.
- **Information activities**: The organisers of events such as meetings, seminars, fairs and exhibitions, which are part of and co-financed within the project, have to show the link to the project and EU funding. The needed references are described at the beginning of this chapter.
- **Infrastructure investments**: An explanatory billboard as described above.

The programme website Frequently Asked Questions (FAQ) also gives good practical guidance on how to apply programme communication rules.

Cooperation with the JS

The programme has a communication strategy (Central Baltic Programme Communication Strategy) to support successful programme implementation. The main aims of the programme communication strategy include the following:

- to support the projects in all phases of project implementation
- to support and encourage the projects in their communication activities
- to make the programme results and benefits widely known in the programme area

Besides the project's contact person in the JS, also the programme's communication manager and Communication officer will cooperate with the projects in communication matters. The support will include training seminars, information material as well as support in disseminating project news and outcomes. Projects are encouraged to be active towards the JS concerning their needs in making the project communication efficient.

The JS will publish at least the following information about each funded project on the programme website:

- Names of all project partners (including lead partner)
- Short description of the project
- The total budget of the project and the amount of ERDF co-financing granted for each partner

- Geographical location of the project

3.9. Audits

Audit trail

The audit trail is of vital importance for the assessment of the Project Reports. It can be described as the records that show how the funding of the project has been spent. The project partners have to retain for audit purposes all official files, documents and data about the project on customary data storage media (in the form of photocopies, microfiches and electronic versions) in a safe and orderly manner for 4 full calendar years (January-December) after they receive their final payment.

Project invoices must be stored, and they must be traceable in each partner's bookkeeping. The lead partner and the other project partners must ensure that all accounting documentation related to the project is filed separately and that all project related payments have a clearly distinguishable book-keeping code. All supporting materials related to costs as well as examples of project outputs and deliverables shall be kept by the responsible partner. The lead partner is responsible for informing the JS a list of all bodies having project documentation by updating the information into the eMS. The documents shall be kept as originals or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only.

First Level Control

FLC means the control of the project costs, which will be done on the project partner level (incl. lead partner). In practice, it means that at the end of each reporting period each project partner will fill in the Partner Report and submit it with all mandatory annexes to its FLC through the eMS.

The Member States/Åland participating in the Central Baltic programme have set up their systems for the national FLC in two different ways:

Centralised system: In the centralised system a central body to carry out the FLC has been appointed. The following countries have decided to implement the centralised system: Estonia, Sweden, Latvia and Åland. The audits are made free of charge.

The assigned FLC organisations are:

Estonia: The Ministry of Finance
Latvia: Ministry of Environmental Protection and Regional Development of the Republic of Latvia
Sweden: Swedish Agency for Economic and Regional Growth
Åland: Åland Government, Department of Trade and Industry

Decentralised system: The decentralised system will be implemented in mainland Finland only. The Finnish project partners should propose an independent auditor to be certified by the Finnish

Ministry of Employment and the Economy to act as the FLC of that project. The Ministry certifies the FLC only after the projects have been approved by the SC. The audits cost must be covered by the partner and can be included in the project as eligible costs.

The Finnish partners should start the certification process with the Finnish Ministry of Employment and the Economy immediately after the project has been approved by the SC in order to avoid any delays in the process. The partners should also carefully consider the content of their contract with the controllers. In addition to regular controls, at least these points should be covered by the contract:

- On-the-spot checks are required for all partners.
- The last audit must be done after the project has ended. The costs of the last audit are eligible. The partner and FLC must agree on the procedure for agreeing on the last audit and the inclusion of the costs in the last report.
- The auditor must remain available for questions from any other control body even after the project has ended.

The partners are reminded of the fact that they are purchasing a service and that they should expect good quality of their FLC checks. The FLC documents are of vital importance to the programme in paying out costs and it is in the best interest of the partners to have competent auditors/controllers who are able to detect any problems at the earliest possible stage of controls.

According to EU regulations the FLC has three months to conduct their check of the project costs. They will check the expenditure entered in the project accounts and the supporting documents (e.g. invoices, timesheets, and public procurement documentation).

The controllers will look at the documents in the audit trail to make sure that the costs claimed are real costs, the activities have taken place and that rules have been followed. The audit trail must allow controllers to enter the management system of the respective project partner and to eventually trace back all declared expenditure to the original invoices or other equivalent documents. It must be possible to verify the transfer of ERDF funds to the project partnership in order to be able to control that the requirements set for the national financing are adequately met by the project partners. The transfer of the ERDF funds can naturally be verified for the first time only during the second payment round.

The FLC has three months to perform its check. The clock stops when the FLC sends out questions to the partners and starts again when the answers are received, therefore it is of utmost importance that the partners respect the set deadlines.

After the controller has conducted the check, the documentation (FLC Certificate and FLC Report) will be submitted via eMS to the project and/or JS.

On-the-spot-checks

The FLCs will carry out on-the-spot-checks. On-the-spot-check means that the controller visits the project and verifies that certain purchases of services and products of the approved application have actually taken place during the project implementation and that the related processes (e.g. public procurement, archiving and bookkeeping) have been carried out according to rules.

Second Level Control

The AA is one of the Central Baltic programme authorities. Its tasks are to ensure that audits are carried out on the proper functioning of the management and control system of the programme. To formulate annual opinion on the functioning of the management and control system the AA will draw an appropriate sample of projects on the basis of the declared expenditure.

The AA is assisted by the Group of Auditors which are delegated by each member state of the programme. The projects to be audited will be selected under the appropriate sampling method, which means that one or more project partners can be chosen for second level control. The AA will check all costs and original supporting documents for the respective period of time.

The audit reporting procedure will have two phases: draft and final audit report. The organisation audited can comment on the results and findings of the draft audit report. The respective national member of the Group of Auditors (auditor) will circulate the final report to the AA and to the auditee.

Financial corrections

If a cost is found ineligible at any time during or after the project duration, a correction will be made. If the ineligible cost is found by the FLC or JS, the correction will be made by deducting the amount from the project payment in the relevant reporting period. In such cases, the project budget will not be affected.

If an ineligible cost is found after the project payment has been made and the MA has reported the cost to the European Commission, the correction will be made by the MA. The MA can either launch a modification process to reduce the project budget with the respective amount or send a so-called recovery letter to the lead partner, asking the lead partner to pay the money back to the MA. If the ineligible cost has been made by another partner, the lead partner will get the money from that partner. In these cases, the total ERDF amount of the project will be reduced and the same sum may not be used again by the project. More specific details regarding the process is set in the Subsidy Contract.

If the MA has reason to suspect fraudulent use of project funds, it may also reduce the budget by the value of the questioned cost.

Financial corrections regarding public procurements will be made according '*the Commission Decision of 19.12.2013 on the setting out and approval of the guidelines for determining financial corrections to be made by the Commission to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement*'.

The logic of the guidelines will be extended to other types of deductions, where relevant.

Regarding publicity requirements the following guidelines will be used:

Type of mistake	Amount of correction
Publicity requirements have not been fulfilled, but the publicity elements can be added	0-10%
Technical mistakes related to publicity requirements (mistakes with colours, size or similar)	10%
Elements of the publicity requirements missing	25%
No publicity requirements have been fulfilled, and no corrective measures are possible	50-100%

The rates are applied when it is not possible to quantify the financial impact.

In cases where making a judgment can be difficult and there is not necessarily one correct answer the auditors on all levels (FLC, second level audit and programme bodies) can apply professional judgment. Professional judgment is a process used to reach a well-reasoned conclusion that is based on the relevant facts and circumstances available at the time of the conclusion. A fundamental part of the process is the involvement of individuals with sufficient knowledge and experience. Professional judgment involves the identification, without bias, of reasonable alternatives; therefore, careful and objective consideration of information that may seem contradictory to a conclusion is key to its application. In addition, both professional scepticism and objectivity are essential to the process and to reaching an appropriate conclusion.

Other controls

Other controls on the projects may also be performed by the European Commission and any other programme body. In addition, the JS, MA and AA are entitled to perform needed checks at the project level to ensure that a sound management and control system has been implemented in the programme.

3.10. Closing the project

You should start preparing for project closure in good time. Factors connected to project closure, work contracts ending and especially the collection of all relevant information for the final report should be planned for. As activities have ended, some project partners might not anymore be that committed, have taken up new tasks, staff might have left the partner organization etc. It is therefore very important to start collecting the relevant information in good time. It is the LP's responsibility to ensure that adequate resources and time are reserved for the closure measures prior to the actual closure date indicated in the approved Application Form.

Closing the project is actually also your last opportunity to meet with all project partners and to evaluate together if your project has been successful. However, this is not just about checking if

you did all what you promised in the Application Form, but also an opportunity to identify best practices and lessons learnt, and to discuss how to ensure the sustainability of your project achievements – also in view of the general public.

The Final Report should be submitted together with the last Project Report latest five months after the end of the last reporting period. However, you are encouraged to submit the Final Report as soon as possible.

The project is considered ended at the end date of the Application Form, when the project implementation period and the closure period is over. After this the approval of at least the last project report and the Final Report remains. The project is therefore considered officially closed once the project has received its final payment and all project reports, including the Final Report, have been approved.

The Managing Authority will send a letter to inform the Lead Partner about remaining duties once the documents for the accounting year, in which the project final payment has been reported to the Commission, have been sent by the Managing Authority to the Commission.

The LP is obliged to ensure that at least basic information about the project (aims, partners, amount of funding and source, description of activities) is available on the Internet during project implementation. Once the project has ended this information must include the main results and outputs available for dissemination.

More information on closure and final reporting can be found in the Guide for Project Implementation.

3.11. Duties after the project ends

Although the project has ended, several duties remain for the partnership. All partners should familiarise themselves with these specific rules and follow them closely. It is the responsibility of the lead partner to ensure that all partners are aware of these rules and follow them.

Revenue generating

The obligation to report net revenue does not end once the project has ended. Revenues (net revenue) generated by the project need to be reported to the MA (the Regional Council of Southwest Finland) 5 years after the project end date and will need to be repaid.

Net revenue is defined as cash inflows directly paid by users for the goods and services provided by the project, such as charges borne directly by the users for the use of infrastructure, sale or rent of land or buildings, or payments for services less any operating costs and replacement costs of short-life equipment incurred during the corresponding period.

Investments

A project with investments in infrastructure or productive investment may have to repay the ERDF contribution if the productive activity ceases or is relocated outside the programme area; a change

in ownership takes place, giving a firm or a public body an undue advantage; or there is a substantial change affecting its nature, objectives or implementation conditions, undermining the original objectives. This obligation remains for up to 10 years after the final payment has been made to the lead partner. The lead partner must notify the MA (the Regional Council of Southwest Finland) of such changes beforehand so that the MA can assess the situation and needed actions.

A project without investments in infrastructure or productive investments shall repay the ERDF contribution if they are subject to an obligation for the maintenance of an investment under the applicable State Aid rules and they undergo a cessation or relocation of a productive activity within the period laid down in those rules.

Availability of documents

The partners must keep available all documents related to the project costs for 4 full calendar years (January-December) after they receive their final payment. For projects with state aid (including de minimis) the documents must be kept for 10 years from the date such aid was granted. Note, that national rules can require you to keep documents for a longer time. The project may be audited by EU, national or other audit bodies also after its closure. The project is obliged to assist the auditors and provide them with any information and material required. The project should also provide the MA with a list of contact details for each partner for any contacts after the project has ended. The contacts should usually be for the organisation rather than an individual person so as to ensure that the message can be delivered.

Although the project has come to an end, the aim is that the project outputs or results or the cooperation would not come to a stop. The partnership should have planned for the maintenance and updating of project outputs and results already during the project implementation.

Annexes

Annex 1

List of relevant guidance documents, to be published on the programme website

Guide for Filling in the Application Form

Guide for Project implementation

Guide for Project Communication

Annex 2

Glossary

Associated partner (Chapter 2.4.) does not fulfil the criteria of a project partner, but can participate in the project. An associated partner may participate in the project, but its own financial contribution does not generate ERDF funding, meaning the associated partner has to pay for all its activities within the project totally by itself.

Audit Authority, AA (Chapter 3.8.) is the authority designated by the Member States/Åland, functioning independently from the Managing Authority and responsible for verifying the effective functioning of the management and control systems. The Audit Authority is assisted by a Group of Auditors from the countries/Åland participating in the programme. It develops an audit strategy according to which it carries out the inspection of the programme systems and procedures and of a selected sample of projects. Actual audits are sometimes contracted to audit firms. In case of the Central Baltic Programme 2014-2020, the Audit Authority is the Regional Council of Southwest Finland.

Audit trail (Chapter 3.8.) is a sequence of information i.e. accounting records that provide detailed information about expenditure or activities actually incurred. The accounting records show the date they were created, the amount of each item of expenditure, the nature of the supporting documents and the date and method of payment. The audit trail provides evidence of the expenditures claimed and enables tracing the financial data back to its source.

Contact point network is established to support the work of the Joint Secretariat and the Managing Authority in the programme countries. The national contact points deliver information about the programme to the regions and from the regions to the programme with the aim of raising interest towards the funding opportunity, helping in partner search as well as spreading out news and results of the funded projects. The contact points do not assist the projects in their project implementation (e.g. support with project activities and costs, reporting). The contact points are located in Helsinki, Mariehamn, Stockholm, Linköping, Tallinn and Riga.

De minimis rule (Chapter 3.6.) requires that a project partner can only be granted aid if this partner can prove that it has not received public aid totalling to more than EUR 200.000 over a three-year period. The ceiling applies to the total of all public assistance considered to be de minimis aid and applies to all kinds of aid, irrespective of the form it takes or of the objective pursued, with the exception of export aid, which is excluded from the benefit of the de minimis rule.

Eligibility (Chapter 3.5.) is the term used i.e. in financial control to describe expenditure that complies with all relevant EU, national and programme rules. Eligible expenditure can be reimbursed (partly) from funding allocated to the project according to the applicable co-financing rate (up to 75% respectively up to 85%). Any spending that breaks one of the eligibility rules will be found ineligible and will not be co-financed by the programme.

eMonitoring System, **eMS** is the online system used by the programme for submitting applications and for implementing the projects. All communication between the approved projects and the programme will be done through the online system. All applications must be submitted through the eMonitoring System.

First Level Control, FLC (Chapter 3.8.) is the control on the project partner level conducted by authorised controllers before project partners submit their contribution to the Project Progress Report to the lead partner. 100% of the project expenditure of each project partner is certified by a controller in the partner's country. This may result in some deductions if some of the expenditure is incorrect. When the correct amount has been confirmed, the controller will sign a certification declaring that the expenditure of that respective project partner has been approved.

Irregularity means a failure by a project owner − either intentional or unintentional − to follow programme rules, leading to costs being ineligible. In particular, the term refers to costs that have been detected after they have been reported to the Commission in one of the MA payment claims.

Joint Secretariat, JS is the body responsible for the day-to-day management and implementation of the programme. In the Central Baltic Programme, the Joint Secretariat is located in Turku, Finland.

Lead partner (Chapter 2.4.) is the administrative leader of the project and the link between the project (partners) and the programme management, responsible to co-ordinate the flow of information between these and for ensuring that all project activities are carried out according to the approved project application.

Managing Authority, MA is the body responsible for ensuring the effective implementation of the programme in accordance with the Programme Document and the relevant EU Regulations. The Managing Authority is also responsible for establishing the implementation systems, structures and procedures of the programme and to monitor the implementation of the programme and projects. In case of the Central Baltic Programme, the Managing Authority is the Regional Council of Southwest Finland.

Monitoring Committee, MC is composed of national, regional, local and social representatives of the participating countries/Åland and takes decisions on the programme level, solves any irregularity and decides on the programme setup. It therefore needs to be kept informed of the progress towards programme objectives, the status of programme finances and any problems in programme level bodies and procedures.

Partnership Agreement (Chapter 3.1.) sets out the main responsibilities of the project partners, their relation with the lead partner and comprises the provisions guaranteeing the sound financial management of the project.

Preparation cost (Chapter 2.5.) refers to costs for the preparation of the project. The programme will cover some preparation costs for projects that are finally approved.

Project partner (Chapter 2.4.) is any partner that fulfils the admissibility criteria. One of the project partners will have to be chosen to be the project's lead partner.

Reporting period (Chapter 3.3.) is the time-unit used to divide the project's life-span into several (reporting) periods. Each reporting period encompasses six months.

Second Level Control (Chapter 3.8.) is carried out by the Audit Authority and covers structures and procedures both on the project and the programme level. It includes random sample checks covering the whole programme and a certain percentage of the programme expenditures will be examined this way.

State aid (Chapter 3.6.) refers to financial support that can distort competition and intra-market trade.

Steering Committee, SC (Chapter 2.8.) is the programme body responsible for the selection of projects for ERDF co-financing.

Project Steering Group (Chapter 3.2.) is a guiding body set up to give input to the project work. The Steering Group should consist of experts from partner organisation, stakeholders and/or end users as relevant. The Steering Group bears no formal responsibility for the project but may provide valuable content support to it.

Subsidy Contract (Chapter 3.1.) is the contract between the Managing Authority and the lead partner determining the rights and responsibilities of the lead partner and the Managing Authority, the scope of activities to be carried out by the project, the terms of funding, requirements for reporting and financial controls, etc.

Work packages, WPs (Chapter 2.6.) are a tool to categorise project activities and it is up to the project partners to define the WPs. Normally, a project consists of three to five WPs encompassing activities of one kind.

Annex3

Examples of small ports relevant for SO 3.2 Improved services of existing small ports to improve local and regional mobility and contribute to tourism development

The list is formed from existing small guest harbours delivering services to (international) maritime (yacht) tourists. The mapping and/or prioritizing has been done by different regional authorities, ministries or departments according to local strategies of ports' development or by JS staff according to information from different institutions or published in different public databases.

Finland:

1. Syväraumanlahti
2. Petäjäs
3. Kaunissaari
4. Säppi
5. Krookka
6. Kylmäpihlaja
7. Pori Eteläranta – Kirjurinluonto
8. Paraisten Portti
9. Borstö
10. Helsingholm
11. Rosala, Nötholm
12. Särkisalo
13. Österskär
14. Utö
15. Örö
16. Kabböle
17. Santalahti
18. Svartholm
19. Porkkala, Dragesviken
20. Rönnäs
21. Barösund

Åland:

1. Käringsunds gästhamn   Sundby Gård
2. Rödhamn gästhamn   Ålands segelsällskap/Familjen Kull
3. Seglinge besökshamn   Seglinge fiskelag
4. Enklinge besökshamn   Enklinge gästhamn
5. Glada Laxen   Henrik Beckman
6. Jurmo gästhamn   Djurmo turism AB
7. Notvikens gästhamn   Notvikens stugby & camping
8. Lotsudden Degerby gästh.   Föglö Marina, gästhamn

Estonia:

1. Narva-Jõesuu
2. Viinistu
3. Kelnase
4. Leppneeme
5. Sviby
6. Ristna Jahisadam
7. Sõru
8. Kõrgessaare
9. Roomassaare
10. Kõiguste
11. Abruka
12. Kihnu
13. Vergi
14. Eisma
15. Dirhami
16. Mõntu
17. Triigi
18. Orissaare

Sweden:

1. Gävle gästhamn (Nyhamn/Steneborgskanalen/Gavleån)
2. Skärså (Söderhamns kommun)
3. Agöns arkipelag (ej fastlandet) (Hudiksvalls kommun)
4. Mellanfjärden (Nordanstigs kommun)
5. Hudiksvalls gästhamn
6. Furuvik (Gävle kommun)
7. Boda
8. Dalarö
9. Grinda
10. Landsort
11. Lidö
12. Stavsnäs
13. Stora Möja
14. Utö
15. Östernäs
16. Ornö
17. Räfsnäs
18. Simpnäs
19. Årsta
20. Åsättra
21. Öregrund
22. Östhammar
23. Äspskär -Södra Gräsö
24. Visby
25. Slite

26. Klintehamn
27. Herrvik
28. Fårösund
29. Ronehamn
30. Nyköpings Gästhamn
31. Nävekvarn
32. Trosa Gästhamn
33. Stensund
34. Oxelösunds Gästhamn
35. Oxelösund- Fiskehamnen
36. Nyköping- small ports in the area of Stendörren/Studsvik
37. Nyköping- small ports in the area of Källviksbrygga
38. Lindö
39. Sandviken/Kolmården
40. Lagnöbron, Bryggviken
41. Tyrislöt
42. Valdemarsviks hamn
43. Fyrudden

Latvia:

1. Rīga yacht center Andrejosta, Daugava
2. Lielupe yacht marina
3. Engure
4. Mērsrags
5. Roja
6. Ventspils yacht marina
7. Pāvilosta

Annex4
Changes made compared to the previous versions of the Programme Manual

	Change	Page
Change version 3.2 -> 3.3	Clarifications on the terminology for project closure	45, 86, 94, 98, 102, 103, 104
Change version 3.1 -> 3.2	Explaining that the euro conversion is done automatically by eMS	
	Adding reference to Frequently Asked Questions	
	Fixing the link on public procurement on contract awards below EU threshold	
	Adding clarification that flexibility rule cannot change partner budget	
	Adding explanations on what kind of overtime can be approved	
	Clarifying for whom travel and accommodation costs apply	
	Adding explanations of three accounting terms	
	Clarifying that pro rata is applied for equipment bought at project end	
	Clarifying that up to 100% deductions are possible as financial corrections	
	Explanation about MA final closure letter added	

Change version 3.0 -> 3.1	**Adding new Simplified Cost Option for call 5**
	Adding a reference to applicable legal framework and regulations
	Clarifying the relevance of costs linking to project objectives
	Clarifying that all programme rules have to be followed also when using SCO's
	Daily allowance rule clarified
	Risk of not following public procurement rules clarified
	Clarifications regarding de minimis procedures
	Fraud declaration added
	Clarifications to the financial corrections section added
Change version 2.4>3.0	References made to which SO's are open in the 4th call
	Clarifying that only lead and project partners are considered official project partners
	Updating the application process to a one-step process from the 4th call onwards
	Explaining which staff cost changes need to be approved by the JS
	Limiting staff cost options from the 4th call onwards
	Clarifying that daily allowances are eligible only for the project staff
	Information about compliance with GDPR
	Clarifications regarding de minimis procedures (made already for 3.0 but missing from the list then)
Changes version 2.3>2.4	Wording revised regarding groceries for internal project meetings

Changes version 2.2>2.3	De minimis procedure guidance clarified
	Relation between real costs and simplified cost options clarified
	Requirement to use Staff Cost Tool
	Guidance on buying groceries for external events
	Calculation method for equipment clarified
	Information on closure requirements clarified
	Information on duties after the project ends clarified
Changes version 2.1>2.2	More information on project Steering Group composition (specified that project staff members cannot be Steering Group members)
	Information updated on when a project Steering Group decision is needed for partner changes
	The schedule for advance payments clarified
	Revised information on potential partners located outside the programme area
	Latvian FLC information updated
	Handling of the payment for period 0
	Better description of when EU logos and references are needed
	No Subsidy Contract amendments being prepared on paper
	Clarifying that changes in equipment and staff cost items must always be checked with contact person beforehand
	Information on the mid-term meeting to be arranged between the project and its contact person
Changes version 2.0>2.1	New layout for programme area maps
	Technical assessment check described better
	Lump sum calculations clarified
	Euro conversion rule clarified
	Travel related programme-specific rules added
	Equipment depreciation information added
	Clarification on public procurement requirements for private partners
	Document retention period re-defined
Changes version 1.1>2.0	Information added about publicity requirements of programme results and outputs
	Complementary information added about Water Management Plans for priority lists
	Complementary information added for prioritising ports that can receive support from the programme
	Practical information on presentation of SO 4.1. information in the Application Form added
	EUSBSR information updated against revised version of the strategy; information added about flagship projects

	The role of SME's as project partners clarified
	Cut: requirement for NGO's and private partners to submit last audited Annual Report with application
	The role of project partners clarified
	The preparation cost lump sum clarified
	The use and calculation methods of lump sums clarified
	The technical eligibility requirements clarified
	Advance payment removed for the final Project Progress Report
	The flexibility rule revised for different budget lines
	Travel costs for partners/stakeholders clarified
	References to a project level ERDF rate and the requirement to follow it have been removed
	Cross-border character and partnership relevance added to second step assessment criteria as already defined by the text
	Clarification on 'general accounting' added
	Clarification on cost-efficient travel added
	Requirement to label project equipment deleted
Changes version 1.0 > 1.1	Rewording result indicator 3.1. and 3.3.
	Adding output indicator to SO 1.1.
	Adding output indicator to SO 1.3.
	Correcting wording for lump sums: sub-contract -> public procurement
	Deleting irrelevant content to clarify the assessment procedure
	Delete 'of staff' for Travel and accommodation cost definition
	Deleted reference to Interact Matrix for list of eligible costs
	Correction of word eligible -> ineligible

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