Interreg

EUROPEAN UNION

North-West Europe

European Regional Development Fund

2014-2020

Programme Manual

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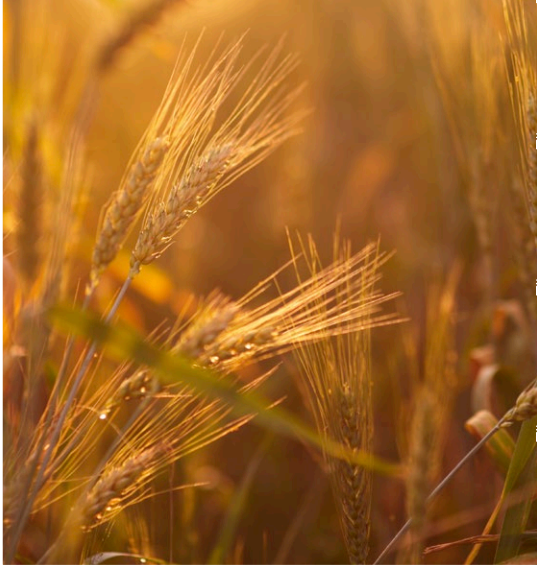
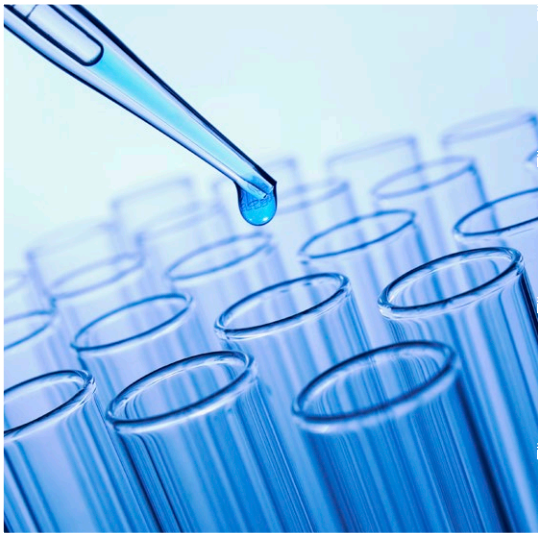
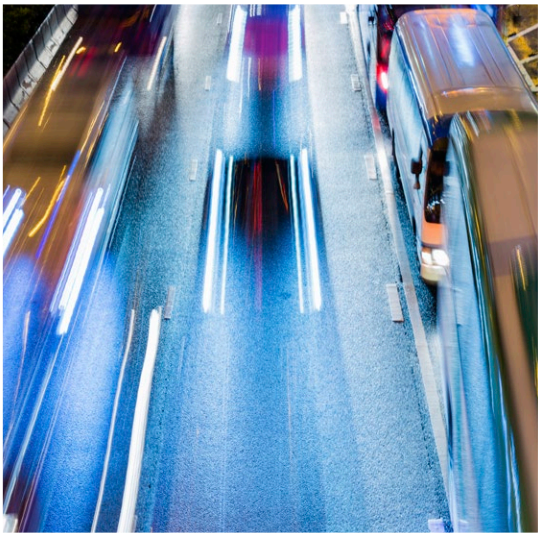
***Disclaimer:** This is a living document and further content will be developed at a later stage. The current version was endorsed by the Monitoring Committee (MC) on 16 January 2017.

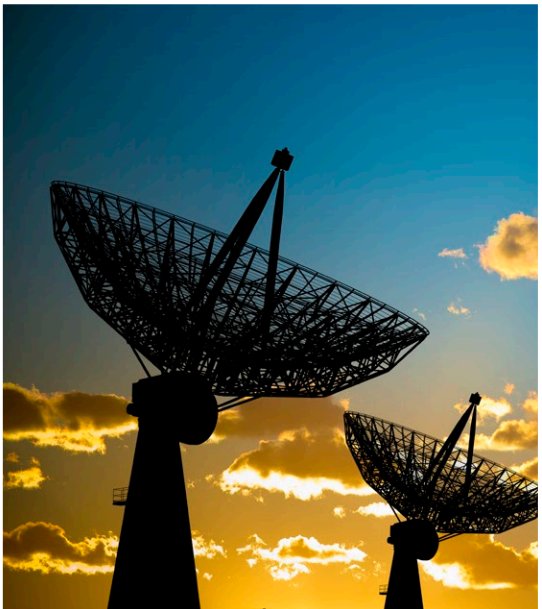
Région Hauts-de-France








List of Abbreviations

AA - Audit Authority

AF - Application form

CPs - Contact points

CA - Certifying Authority

EEIG - European Economic Interest Grouping

EGTC - European Grouping of Territorial Cooperation

eMS - Electronic monitoring system

ERDF - European Regional Development Fund

ETC - European Territorial Cooperation

EU - European Union

FLC - First level control

FLC AB – First Level Control Approbation Body

GBER - General Block Exemption Regulation

GHG - Greenhouse gases

JS - Joint Secretariat

LP - Lead partner

MA - Managing Authority

MC - Monitoring Committee

MS - Member State

NGO - Non-governmental organisation

NWE - North-West Europe

PA - Partnership agreement

SME - Small and medium sized enterprises

SC - Subsidy contract

SLC - Second level control

SO - Specific objective

SWOT - Strengths, weaknesses, opportunities and threats

TA 2020 - Territorial agenda of the European Union 2020

VAT - Value-added tax

WP - Work package

The North-West Europe Programme area

CHAPTER 1

INTRODUCTION

1.1 Aim of the Programme

The Interreg North-West Europe (NWE) Programme is one of the fifteen transnational *cooperation programmes*[1] financed by the European Union. These programmes encourage public, scientific, private and civil society organisations to cooperate with a view to improving the economic, environmental, territorial and social development of Europe's regions. The programme co-finances these organisations to work together in transnational projects on specific themes.

In contrast to programmes that target specific sectors (e.g. energy, transport, or research related programmes) or a single region, this programme focuses on cooperation across borders in a large European area; specifically, North-West Europe. Transnational cooperation is therefore fundamental for the programme and will be crucial in reaching stronger cohesion between its regions.

As the map shows, the programme targets all or parts of 8 participating countries, including 7 EU Member States (Belgium, the Netherlands, the United Kingdom, Ireland, Luxembourg, France and Germany) and the Non-Member State Switzerland.

The Member States of the NWE Programme analysed the strengths and weaknesses of the area and designed a strategy to address the challenges identified. The area's characteristics and challenges are presented in the *Cooperation Programme* document.

The analysis identifies significant disparities in the economic, environmental and social performance of NWE's regions. The aim of the NWE Programme is, therefore, to both reduce these disparities and raise the overall level of performance across the whole NWE area.

By doing this, the Member States aim to achieve the following overall ambition for NWE:

"To become a key economic player in the world and create an attractive place to work and live, with high levels of innovation, sustainability and cohesion"

1 http://ec.europa.eu/regional_policy/sources/images/map/cooperat2007/transnational/transnat_mosaic.pdf

To deliver this ambition, the programme has identified three thematic priorities, each of which is sub-divided into specific objectives. These priorities and specific objectives (SO) are:

Priority 1:

Innovation

Specific objective 1:

To enhance innovation performance of enterprises throughout NWE regions

Priority 2:

Low Carbon

Specific objective 2:

To facilitate the implementation of low-carbon, energy and climate protection strategies to reduce GHG emissions in NWE

Specific objective 3:

To facilitate the uptake of low carbon technologies, products, processes and services in sectors with high energy saving potential, to reduce GHG emissions in NWE

Specific objective 4:

To facilitate the implementation of transnational low-carbon solutions in transport systems to reduce GHG-emissions in NWE.

Priority 3:

Resource and materials efficiency

Specific objective 5:

To optimise (re)use of material and natural resources in NWE

More details on the programme's priorities and the types of actions it supports can be found in the *Cooperation Programme* **document**.

The programme has a budget of €372 million ERDF (European Regional Development Fund) available for projects. The maximum applicable co-financing rate for projects is 60% (ERDF). The programme will seek project applications through "calls for proposals", which are usually organised biannually. More details on how to submit an application form can be found in **chapters 3 and 4.**

Projects should in the first instance identify and quantify as far as is possible the change and result they want to achieve and make sure these fit with the programme's ambitions. Projects should bring together partners from at least three different countries, of which two need to be from within the NWE area. Every project that the programme finances will need to demonstrate high transnational cooperation intensity throughout its lifetime; this means that partners must work together to deliver, evaluate, disseminate and roll-out the results of their project. More details on how to develop a good project are given in **chapter 2.**

The *Programme Manual* is essential reading for any organisation wishing to participate in a NWE project. In addition, tailored support will be offered to all potential applicants (**section 2.4**).

1.2 Key documents

The table below lists the main documents that will be of help in developing or delivering a project. Some of these are essential, whilst others give useful background material. They can be found on www.nweurope.eu

Essential reading

Cooperation Programme, including a SWOT analysis detailing the challenges and opportunities of the NWE area.	*The programme document: sets out the aims, objectives and types of actions to be supported. The programme website contains the full approved version (as submitted to the European Commission) and a summary.*

EU background reading

EU 2020 Strategy	*The overall strategy for smart, sustainable and inclusive growth in the EU*
Territorial Agenda EU 2020 (TA 2020)	*Strategic policy paper on Territorial Cohesion in the European Union*
Sixth Report on Economic, Social and Territorial Cohesion	*Report on economic and social cohesion in the EU*
European legislative framework:	*The 3 regulations set out the basis for the EU cohesion policy funds*
Common provisions regulation (EU) No. 1303/2013 *ERDF regulation No. 1301/2013* *ETC regulation No. 1299/2013* *Delegated acts and implementing acts* ***Commission Delegated Regulation (EU) n°481/2014: ETC eligibility rules***	*The delegated and implementing acts detail the purpose and limits of European Regional Development Funds (e.g. on eligibility of costs, on revenues, on information and communication, on the performance framework for climate change)*

Technical guidance

Electronic Monitoring System (eMS) guidelines	*For all partnerships, the eMS portal is the entry point for the electronic preparation, submission and administration (progress reports, modification requests etc.) of an Interreg North-West Europe project. Separate eMS manuals are available to provide technical guidance.*
Visual identity guidelines for projects	*It explains how to use the visual identity and includes templates for the most commonly used items. Its purpose is to help you comply with their obligations laid down on Regulation (EU) No 1303/2013 of the European* *Parliament and of the Council and the Commission Implementing Regulation (EU) No 821/2014.*

Administrative documents

Application form	*A binding document that describes the project (objectives, results, outputs and partnership) and gives detailed information on the work plan and budget. The application form has to be submitted in two steps during the application procedure and is assessed and selected by the programme bodies.* *Once the project is approved, the application form becomes the reference document for the entire project throughout its implementation until its closure. It is the annex to the subsidy contract (see below).* *Its content may be modified to a certain extent during the project's lifetime, but only in compliance with the programme's project modification rules and procedures.*
Subsidy contract	*A contract between the NWE Managing Authority and the project lead partner that defines the rights and obligations of the partnership and is the legal basis for the subsidy.*
Partnership agreement	*A contract between the lead partner and the partners that defines the rights and obligations of each partner in relation to the project.*
Progress report	*A reporting template for projects during their implementation. This can be accessed and submitted through the eMS. Projects usually submit a progress report twice per year to the Joint Secretariat.*

1.3 Programme languages

The official languages of the NWE Programme are English, German, French and Dutch.

The programme's working language is English. All communication with the Joint Secretariat must therefore be in English. Any information provided in application forms, progress reports and any other official correspondence needs to be in English. However, for communication purposes, the project summaries in the application form need to be provided in all four of the programme's official languages. Please note that all of the programme's staff (contact points and Joint Secretariat) speak at least two of the programme's official languages.

1.4 Key programme bodies

The NWE Programme has a 30-strong team ready to support projects in their different phases, from developing the project idea throughout implementation and post-closure. Approximately one third of the team works as an extensive geographical network of contact points in the eight countries of the programme and about two thirds of the team work in Lille (France) at the Joint Secretariat. The team works closely together in every phase of the programme, but the contact points and the Joint Secretariat have a different focus:

The contact points (CPs)

Each participating Member State has appointed a contact point to facilitate the development of project ideas at national/regional level. The contact points are the 'front-office' of the programme – they possess knowledge of the local, regional and national contexts, and are therefore the first port of call for project promoters.

Project applicants can contact the contact points for:

- general information about the NWE Programme
- detailed information on national regulations
- development of a project idea (does it fit the objectives of the NWE Programme?)
- assistance with building a transnational partnership (partner search)
- feedback and guidance on how to develop a project idea up to step 1 submission; and assistance with the development of a full project proposal (step 2)

The Joint Secretariat (JS)

Appointed by the Managing Authority (see below), the Joint Secretariat is responsible for the day-to-day management of the programme. The Joint Secretariat implements the *Cooperation Programme* and is responsible for the project development process in close collaboration with the contact point network. It is also responsible for project monitoring once projects have been approved and assists applicants and partners in all stages of the project (from development to post-closure).

Project promoters can contact the Joint Secretariat officers for:

- detailed information about the NWE Programme and assessment procedures
- information on European Regulations and programme rules
- development of a project proposal (in particular in step 2)
- assistance during the implementation of a project

Monitoring Committee (MC)

The Monitoring Committee consists of national and regional representatives of the countries involved in the North West Europe programme. It is responsible, among other things, for the development and implementation of the programme Strategy, the planning and the contents of the calls for proposals and for the selection of project proposals. Its decisions on project selection are taken on the basis of consensus.

Managing Authority (MA)

The Managing Authority, which is the Région Hauts-de-France in France, is responsible for managing the *Cooperation Programme* in accordance with the principle of sound financial management. It ensures that the different programme bodies interact efficiently. It is assisted by the Joint Secretariat.

Certifying Authority (CA)

The Certifying Authority, which is the Province of East Flanders (Belgium), is responsible for drawing up and submitting payment applications to the Commission. It draws up the programme's accounts, certifies their completeness, accuracy and veracity and certifies that the expenditure complies with applicable EU and national rules. The Certifying Authority is in charge of paying ERDF to the projects.

Audit Authority (AA)

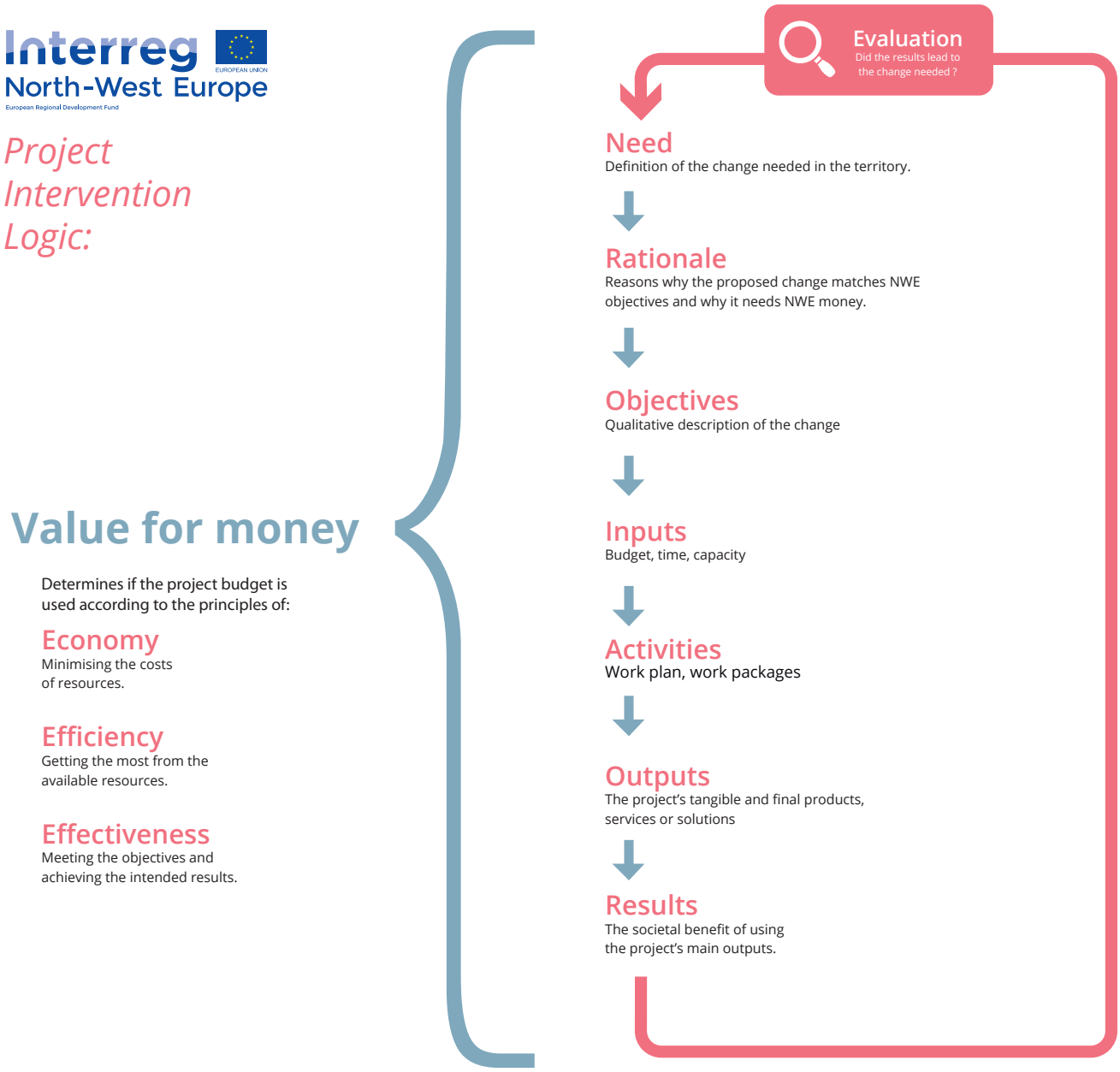
The Audit Authority, which is the Commission Interministérielle de Coordination des Contrôles des actions cofinancées par les Fonds structurels (CICC) in France, is responsible for auditing projects during the programme's lifetime (**second level controls – see section 5.13.2**). The Audit Authority is assisted by a Group of Auditors consisting of a representative from each NWE Member State.

CHAPTER 2

PROJECT DEVELOPMENT

2.1 What makes a good project?

A project is an undertaking that must be structured according to a particular intervention logic. The NWE Programme uses the project intervention logic that is shown below. This is not a rigid NWE structure, but is intended to achieve a common understanding of the relations between the different requirements. The different components are explained in the following text.



A good project starts with defining its need

From the outset, each project must specify precisely WHY it is needed, what common issue or challenge it will address, and what change it aims to bring about (known as the project 'result'), including who is going to benefit from it in the long term.

A good project is not a stand-alone initiative but is embedded in an overall strategic framework (known as 'external coherence'). This means that projects should be consistent with the trends, developments and the objectives of relevant European, national or regional strategies or policies in the specific field being addressed (for example regional or national energy plans or smart specialisation strategies). Projects must therefore demonstrate both the need and its strategic relevance to qualify for public funding.

A good project contributes to achieving the programme's objectives

Each project needs to contribute to achieving one of the NWE Programme's specific objectives (SO's) as outlined in the *Cooperation Programme* document. The *Cooperation Programme* document provides examples of types of actions and guiding principles for each specific objective. Reference to these will be helpful in identifying whether the project idea is in line with the programme's objectives.

In addition to this 'thematic fit', the territorial dimension is also crucial. The *Cooperation Programme* sets out which types of territories (such as urban, rural or socially deprived areas) are primarily addressed by each specific objective. Each project should therefore define – in precise terms – both the specific issue or challenge it intends to address and the territory where it will be addressed.

A good project quantifies as much as possible

With the help of the programme indicator system, each project will be able to demonstrate its achievements towards the project and programme objectives both in terms of its outputs (how much and how well did the project do?) and results (is anyone better off and has anything improved?). At the same time projects will want to define additional indicators, which measure more specifically the project deliverables, outputs and results.

Projects are also asked to adequately quantify their inputs, activities and outputs in the application form, see **chapters 3 and 4**.

More information on the programme indicator system can be found in **section 5.9**.

A good project delivers value for money

Since public money is a precious commodity, projects need to continuously monitor value for money. In other words, the project budget has to be used in accordance with the principles of economy, efficiency and effectiveness.

The principle of economy concerns minimising the costs of resources. The resources used by the project's partnership for its activities should be made available in due time, in appropriate quantity and quality and at the best price.

The principle of efficiency concerns getting the most from the available resources. It is concerned with the

relationship between resources employed and outputs delivered in terms of quantity, quality and timing. The principle of effectiveness concerns meeting the objectives and achieving the intended results.

A good project shows a high level of cooperation

It is pivotal that projects are genuinely based on a transnational approach to achieving a translational goal (i.e. a need must exist). Cooperation will therefore be at the heart of all projects, which must deliver joint activities, and explain the additionality of the transnational approach compared to, for example, regional, national or cross-border approaches. Stand-alone activities or investments serving local aims alone cannot be part of a transnational project. This means that, in order to achieve the project's planned result, there is an intrinsic need for partners to work cooperatively.

NWE projects are therefore expected to work transnationally throughout each phase of the project (joint design and development, decision-making, implementation, evaluation and dissemination). Clear areas of cooperation need to be identified at the start when setting up the partnership and allocating roles.

A good project makes a lasting change

The NWE Programme will finance projects that generate tangible and lasting results; in other words, projects that have a demonstrable impact on the performance of cities, regions and territories. The programme funds projects that implement tangible strategies, solutions and concepts. Paper-based deliverables such as studies and concepts are considered only as a means to obtaining the output, but not the main project output itself. Projects should be geared towards a specific product, service, process or transnational solution. They should test it on the ground and advocate its roll-out during and after the project's lifetime.

Applicants must therefore be clear on what change they want to achieve via the project, who they will target and who will benefit from the project's activities. Projects must explain the current trends in their field, determine baselines and set clear objectives and realistic targets at the start in the application form.

A good project evaluates and learns

Projects need to continuously monitor their results (e.g. answering questions such as whether anyone is better off or whether anything has improved as a consequence of the project's activities). Evaluations (either internal or external, as part of project management) must be integrated into the action plan in such a way that lessons learnt and recommendations can be acted on during the project's lifetime.

A good project manages the risks

Projects should understand the implementation risks they face from the outset (e.g. potential modifications to the project plan, partners dropping out, delays in delivery due to e.g. external factors influencing the project's implementation, difficulties with decision-making, a need for additional expertise, etc.). To be able to mitigate any risks to successful delivery, projects should incorporate risk management into their project management practice. In the application form, projects need to provide an assessment of the main potential risks they envisage (see **section 5.10** for more information).

A good project is innovative

Innovation is a cross-cutting theme but also a specific objective of the programme. A project idea must satisfy the innovation criteria as defined in the *Cooperation Programme* – i.e. "something original, new, and important – in whatever field – that breaks into (or obtains a foothold in) a market or society" and predominantly focuses on 'test' or 'development' phases. Innovation can cover for example, technological, social, process or eco-innovation.

In the innovation chain, from fundamental research to the commercialisation of a product or service or the application of a new process, Interreg plays a role in the 'intermediate' stages. Interreg projects should focus on applied research and should include a testing or implementation phase, while commercialisation is to be left to the market. Interreg's public funds therefore aim to fast track innovations in the sometimes long and difficult path from the brilliant idea to a market ready solution.

A good project builds on previous work

Experience shows that projects do not start from scratch, but take into account lessons learnt or research from previous projects at regional/national or European levels.

For the NWE Programme, projects will not be asked to re-invent the wheel but instead to build on previous work. For a number of specific objectives in the *Cooperation Programme*, the aim is indeed to implement or apply existing solutions by optimising, adapting or improving them.

At the same time, a project needs to ensure there is no duplication of activities carried out by other projects, and must clearly explain the added value.

In short: a good project is aware of recent developments and results achieved in the sector or field concerned and builds on these. It explains why transnational cooperation is needed in order to take the sector or field forward and to achieve the change that is needed.

A good project has a strong partnership

The partnership reflects the needs of the project and therefore a thorough territorial analysis needs to be conducted to select the most relevant partners either in *advanced* or *less advanced* regions.

The partnership should involve the right types of organisations. This would normally be a diverse mix of stakeholders, representing different levels of governance (regional, national, European) or sectors (e.g. public, private, academic or end users). A strong partnership combines a different mix of experiences and skills to achieve the best result possible. All partners must be meaningfully and actively involved in the project.

See **section 2.3** for more details on the different types of partners and who may participate. The Guiding Principles for each specific objective in the *Cooperation Programme* also give more details on the types of partners who may be involved.

► *The key features of a good project are listed above but this list is by no means exhaustive. More detailed information on the programme's requirements is given in the rest of this chapter, as well as in* **chapters 3 and 4,** *on* **eligibility and quality assessment criteria.**

2.2. How should a project be structured?

This section provides practical guidance on the key organisational components of an Interreg NWE project. This does not mean that every project should follow this approach to the letter; rather, this guidance is intended to ensure that all projects are on a stable footing and that their organisational arrangements are tailored to the results they are seeking to achieve.

How should a partnership be structured?

Each project is run by a lead partner, who manages and coordinates the project partners as well as the overall implementation of the project. The lead partner is responsible for submitting the application form and will be the single point of contact for the Joint Secretariat once the project has been approved.
More information on the partnership structure and types of partners can be found under **section 2.3.**

What is the right size for a partnership?

This depends on what a project's aims are. In the previous Interreg NWE Programme (2007-2013), the average partnership size was 9 partners, although this number varied greatly.

Project managers should seek the right balance: the size of the partnership has a direct impact on the efficiency of project implementation particularly in terms of reporting and financial management where large amounts of information will need to be collected (delays from some partners are almost inevitable).

In short: quantity does not mean quality. The programme will encourage strong and focused partnerships where each partner has a specific role to play.

It is important to note that not all Member States need to be represented in each project.

How should a work plan be organised?

Project implementation follows a work plan that consists of a set of work packages. Each work package is broken down into identified activities linked to deliverables, i.e. a side-product or service that contributes to the development of the project's main output. The main outputs must clearly contribute to the programme's output indicators, which the project must select in the application form.
A project may have up to 6 work packages.

3 are compulsory: long-term effects, communication and project management. 3 work packages are dedicated to implementation. They should ideally be organised thematically and correspond to each sub-objective defined by the partners. If the project plans a voucher scheme it needs to be described in a separate work package. In case there is a voucher scheme, the total number of work packages would then be 7.
For each work package, one of the project partners will be responsible for coordinating the delivery of the related activities.

The work plan may include investments, where these are necessary as pilot or demonstration actions to deliver the project's objectives. Since Interreg NWE is not an infrastructure Programme investments should be proportionate to the work plan and budget, and should therefore represent good value for money. They should be the result of joint development and decision-making.

More details on the application form and the work packages can be found in **chapters 3 and 4.**

How much should the project budget be?

Project budgets can vary significantly depending on the planned result, the size of the partnership, the duration of the project, and whether the project plans to make significant investments or not. In the previous Interreg NWE Programme (2007-2013), projects' total budgets varied greatly, with the average being €6.8 million (approximately 50% of which was financed by the ERDF). In this programme 'value for money' will be an important criterion for assessing the quality of the proposals. Resources allocated (such as staff time and other costs, e.g. for tangible outputs) need to be proportionate to the objective and planned result.
More information on the project budget can be found **in sections 4.2** and **5.2.**

How long should a project run for?

Projects should optimise their duration and this will be part of the assessment of the work plan carried out by the Joint Secretariat. The recommended duration is 30 to 36 months. This can vary of course depending on the work plan, the complexity of investments, etc. However, the duration should be as short as possible in order to ensure that results are achieved quickly and that the project is efficient and effective. The duration of a project should therefore be proportionate to the action plan and to the result envisaged.

What types of investments are possible?

Investments are considered as an infrastructure that is jointly developed by the partners and that will last beyond the lifetime of the project. Many types of infrastructure are possible, such as: demonstration plants, works on buildings to increase energy efficiency, enhancement of bicycle paths, logistics hubs, transnational living labs, renewable energy demonstration facilities etc.

The following types of investments are possible:

One investment for the whole project

- A single investment concept designed to achieve the project's objective (the change aimed for) and delivered by each of the partners. It is possible for several partners to contribute financially to one investment. For example, this could be one large transnational living lab in which all partners invest, and which can be used by all the partners for testing their products, services or solutions.

'Network/spider web' investments

Several investments in different partner territories constitute one overall investment

- This means the partnership develops a joint concept and implements the different components in a decentralised way (in different partner territories). The components are interdependent and require partner interaction and use. The investment only works when all decentralised components are implemented and jointly evaluated and used by other partners.

Replicate investments

- An investment concept is developed jointly and then implemented in different partner territories. The results in each territory are compared (e.g. creating a benchmark) in order to identify the importance of specific contextual factors. This type of investment particularly concerns projects with a specific territorial dimension.

Sufficient time should be planned between the delivery of an investment and the end of a project so as to allow the latter's evaluation, dissemination and roll-out (the minimum should be 6 months).

For physical investments, the land an investment is based upon should be owned by a partner or sub-partner. Other scenarios need to be discussed during step 2 development and should be approved by the Programme.

More information on durability related obligations for partners with infrastructure investments can be found in **chapter 6.** More information on ownership and IPR can be found in **section 5.7.**

2.3. Who can participate? Types of partner and their roles

2.3.1 Types of partner

Participating project partners can be any public or private organisation that is a legal entity, as listed in the table below. Partner organisations can be categorised according to the following classification, which is also used in the application form:

Classification of type of partners

Main categories	Examples
local public authority	*municipality, etc.*
regional public authority	*regional council, etc.*
national public authority	*ministry, etc.*
sectoral agency	*local or regional development agency, environmental agency, energy agency, employment agency, etc.*
infrastructure and (public) service provider	*public transport, utility company (water supply, electricity supply, sewage, gas, waste collection, etc.), airport, port, railway, etc.*
interest groups including NGOs	*international organisation, trade union, foundation, charity, voluntary association, club, etc.*
higher education and research	*university faculty, college, research institution, RTD facility, research cluster, etc.*
education/training centre and school	*primary, secondary, pre-school, vocational training, etc.*
enterprise	*any enterprise that does not fall under the SME category*
SME	*micro-, small, medium sized enterprises*
business support organisation	*chamber of commerce, chamber of trade and crafts, business incubator or innovation centre, business clusters, etc.*
EEIG (European Economic Interest Grouping), EGTC (European Grouping of Territorial Cooperation)	
international organisation	*under national law, under international law*

The project should involve a variety of partner types in line with the Guiding Principles specified in the *Cooperation Programme* for the respective specific objective (SO):

SO1: Partnerships must involve a diversified mix of innovation stakeholders (e.g. enterprises, researchers, education institutions, training organisations, policy-makers, and private investors).

SO2: Partnerships should involve all key stakeholders from the field in question and ensure an integrated approach. The involvement of local and /or regional public authorities is a basic prerequisite.

SO3: Partnerships should involve all key stakeholders from the field in question, particularly from territories and sectors with high energy saving potential.

SO4: Partnerships must involve a diversified mix of innovation stakeholders active in the transport sector (e.g. enterprises, researchers, education institutions, training organisations, policy-makers, and private investors).

SO5: Partnerships must involve a diversified mix of innovation stakeholders active in the field of resource efficiency, waste management, industrial production or any other water and/or land intensive sectors.

It is important to note that private and public entities whose activities consist in project management related tasks (such as consultants) will not be eligible as project partners.

Private partners

Private partners, including profit-making partners (e.g. SMEs) can participate in the NWE Programme. However, only not-for-profit private partners (this means that the entire business is not-for-profit and not only the aspect relating to the project delivery) can be lead partners. The economic activities performed by the partners influence the relevance of State aid for the project. If the project's activities are regarded as State aid relevant, additional restrictions (lower co-financing rate, ceiling of ERDF contribution etc.) might be applied.

More detailed information on State aid can be found in **section 5.6**.

Private project partners should also be aware that:

- They might have to follow public procurement principles depending on national rules, but will have to follow the NWE Programme rules on public procurement. See **section 5.5.**
- There may be some restrictions on retaining Intellectual Property Rights. See **section 5.7.**
- In order to be reimbursed, costs will need to comply with the eligibility rules set out in **sections 5.1, 5.2 and 5.3.**
- Participating partners cannot act as external experts to other partners in the same project.
- The payment procedures may be prolonged due to possible controls, audits, legal proceedings etc. In such cases, partners should consider higher liquidity levels.
- They will undergo a solvency check before the approval of the application in step 2. Potential (lead) partners are asked to inform the Joint Secretariat as soon as it becomes clear that a non-public partner might join the partnership. See **section 4.2.7.** for more details.

Swiss partners

Swiss organisations may participate in NWE projects but are not entitled to ERDF funding. They may receive funding from the Swiss federal government to co-finance their share in the project budget, and in some cases, may need to provide own funding to cover their entire share of the project budget. Swiss partners have to contact their contact point before submitting their project application in order to discuss the possibilities of co-financing. Swiss organisations may only be project partners; they may not act as the lead partner of a NWE project.

Partners from outside the NWE Programme area (assimilated project partners)

It is possible to include project partners from outside the NWE area provided that the contribution of this project partner is to the benefit of the project and the programme area.

There are two possible cases:

- Partners located in a country that is part of the NWE area but the particular region is not (e.g. Munich, Germany): such partners can participate without further administrative requirements.
- Partners located in a country from inside or outside the European Union that is not part of the NWE area (e.g. Lisbon, Portugal or Vancouver, Canada): such partners can participate once the country in which the partner is located has signed an agreement with the NWE Managing Authority. The JS will liaise directly with the country concerned to manage the signing of such an agreement. Please note that agreements with Spain and Denmark exist. The Programme was informed though that Bulgaria would not agree to any participation in NWE. Furthermore, existing agreements do not mean that a project will receive automatic approval from those Member States.

However, partners from outside the NWE eligible area cannot act as lead partners unless they are competent in their scope of action for certain parts of the eligible area, e.g. federal or regional ministries, federal agencies, national research bodies. More information can be found in **sections 3.3.2 and 4.3.2** (eligibility criteria).

EGTC as a sole beneficiary

An EGTC which intends to be the sole beneficiary of a project must be composed of at least 3 participating partners from 3 different countries. At least 2 of these partners must be from a region within the NWE Programme area.

2.3.2 Partner roles

Lead partner

The programme applies the lead partner principle[1], meaning that in each project, one partner will act as the 'lead partner' (LP). The lead partner, in cooperation with the other project partners, will be responsible for drafting the project application and submitting it to the Managing Authority/Joint Secretariat. Profit making organisations can never be lead partners.

After the approval of their step 2 project, the lead partner will need to sign the subsidy contract with the Managing Authority and can then start the project. During the implementation phase, the lead partner's main task is to coordinate the project and respect the principle of sound financial and project management. The lead partner must ensure the long-term effects of the project's outputs and results. In addition, the lead partner should maintain effective communication within the partnership and ensure that there is sufficient exchange of information to guarantee the successful delivery of outputs. Internal communication and transferring messages to and from the programme level (Managing Authority/Joint Secretariat/contact points), as well as to and from project level (project partners and all stakeholders involved) is a pivotal responsibility of the lead partner.

In order to define partners' mutual rights and obligations, the lead partner and project partners conclude the partnership agreement. To summarise, the lead partner:

- submits the application form and the partnership agreement;
- signs the subsidy contract;
- submits the progress reports (activities and expenditure);
- ensures that the progress reports include only expenditure that has been incurred in implementing the operation and that corresponds to the activities agreed;
- ensures all included expenditure has been verified by a controller (see **section 5.13, controls**);
- is responsible for financial and project management;
- acts as contact organisation for the Joint Secretariat (JS) in Lille.

Project partner

Project partners have the following tasks:

- delivering project outputs planned in the application form and agreed in the partnership agreement;
- ensuring the durability of the main outputs and results (see **section 6.2**);
- assuming responsibility for any irregularity in the expenditure claimed;
- • contributing to the delivery of the progress reports (activities and expenditure);
- carrying out information and communication activities in line with the communication plan and the programme's publicity requirements.

1 See REGULATION (EC) No 1299/2013 Art. 13

Sub-partners

Programme's general principle is to work with full partners only, but organisations without the financial capacity to participate in a project or that only wish to participate to a limited degree in a project (e.g. in one or two activities) may participate as sub-partners.

In general, sub-partners are small in size, have specific expertise and should work in close cooperation with one particular partner. Their involvement in the project is often limited in time and content. Nevertheless, sub-partners can be regarded as an integral part of a project as they are directly involved in its implementation.

Sub-partners fall under the responsibility of another partner (the 'responsible partner') with which they are required to sign an agreement to ensure good working relations. The full partner acts as guarantor of their financial contribution to the project. The full partner submits the sub-partner expenditure together with his. Like full partners, sub-partners must keep a complete audit trail of all documents of probative value (in contrast to external experts or consultants, sub-partners can include staff costs). The first level controller of the full partner must control the expenditure of the sub-partner. When deemed necessary, he should also include on the spot checks (see **section 5.13**).

Sub-partners may only claim costs through their responsible partner and only if they are listed as a sub-partner in the application form. While, it is not necessary for them to sign the partnership agreement, a written agreement between the sub-partner and the partner should exist, clearly stating that the rules deriving from the subsidy contract are also applicable to them. Please note that actions should not take place at sub-partner level in order to avoid following those rules.

The total budget of all sub-partners cannot exceed 50% of the responsible partner's budget. If this condition is not fulfilled, then the proposed sub-partner(s) must become (an) official partner(s).
For example, alLead partner with a budget of EUR 500,000 has a sub-partner. The maximum budget of the sub-partner amounts to EUR 250,000. If the lead partner has two (or more) sub-partners, their maximum cumulative budget would be EUR 250,000.

Sub-partners must be located in the same country as their responsible partner and their grant rate and staff cost calculation option (A or B) cannot differ from the partner they are attached to (see section 5.2 for further information on staff costs).

Associated partner (observers)

Associated partners are partners who do not financially contribute to the project but who have an interest in its results. They effectively act as observers. The travel and accommodation costs may be covered by one of the project partners although associated partners do not need to fall under the responsibility of one project partner.

2.4. Getting started

This section describes when and how applicants can receive assistance from the programme to develop their projects.

During each call for proposals, projects follow a two-step application process. Only if a step 1 application form is approved can the full project application form (step 2) can be submitted. Project proposals are therefore assessed twice. More information on the application and assessment criteria can be found in **chapters 3 (step 1) and 4 (step 2).**

The two-step application process has been introduced in order to better guide applicants on the development of their project and to reduce the effort they would waste in the event that their project is rejected. Applicants receive early feedback on their project's strategic fit with the programme with the step 1 decision.

There will usually be two call for proposals each year and each call has a fixed deadline. Calls will be published on the NWE website together with an applicant package (including the terms of reference of the call, the *Programme Manual* and a reference version of the application form in word format).

How to get help:
From project idea to application

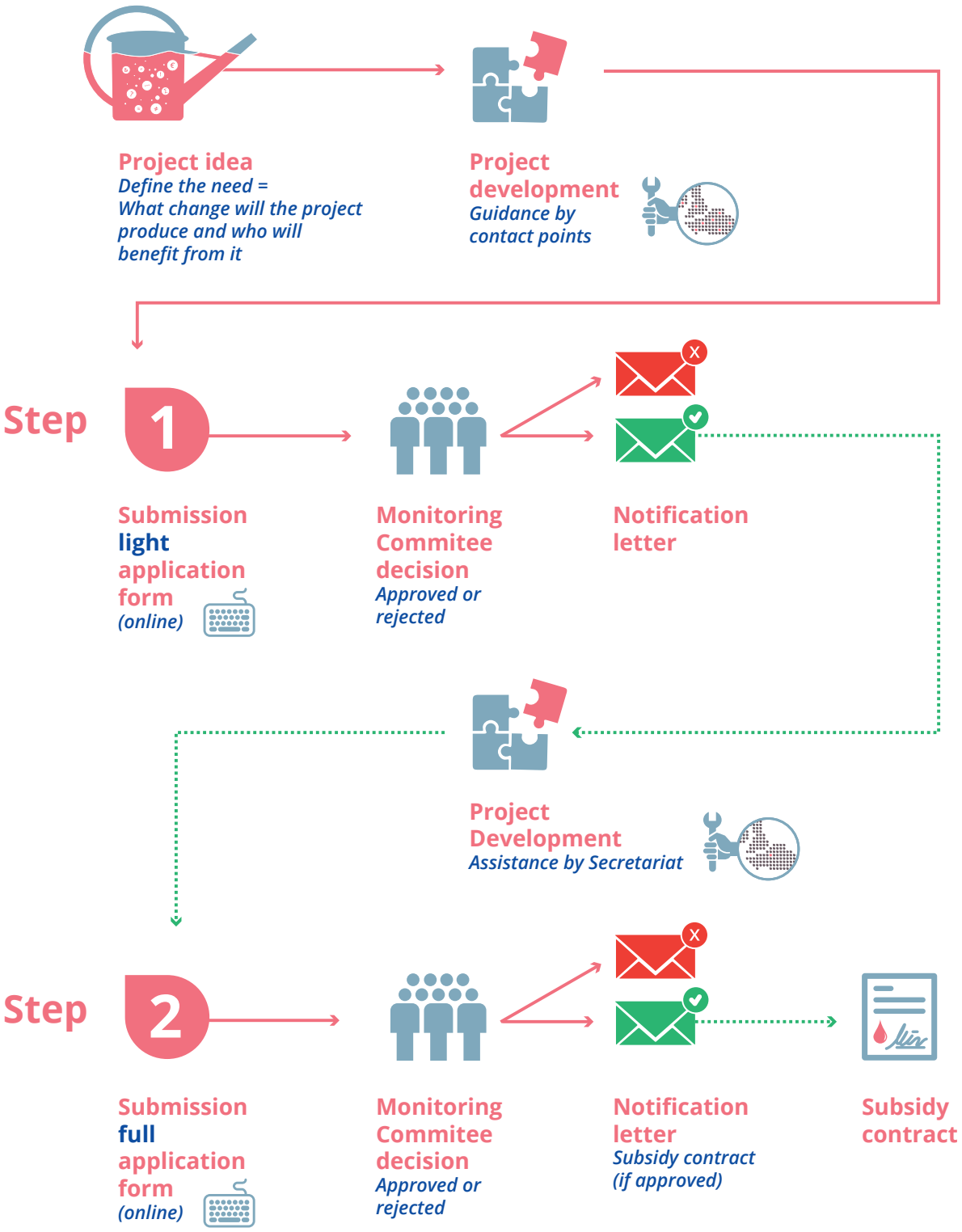
Applicants must first ensure that their project idea respects the main features that make a 'good project' (see **section 2.1**).

Once project applicants start defining their project intervention logic, they should contact their contact point for support with the development of their project idea, which is provided right up to the submission of the application.

To facilitate communication with contact points, applicants are encouraged to post their project ideas on the Interreg NWE website. This can also help finding new partners or match-funding opportunities The submission of project ideas is not to be confused with an official application and their publication on the site does not mean endorsement by the programme. For more details on the items that need to be covered in step 1 **see chapter 3** on the application form.

Application process

This process happens at each call for proposals and takes approximately one year.



Step 1 submission of the application form

Once the step 1 application form is completed it can be submitted online during the opening dates of the call.

Applications will be assessed against a set of eligibility and quality assessment criteria, see **section 3.3**. Although the Joint Secretariat assesses the application form, it is the programme Monitoring Committee (MC) that takes the final decision on approving (or not) projects. The Joint Secretariat will notify all projects of the decisions taken by the Monitoring Committee.

If the project receives step 1 approval by the Monitoring Committee, the notification will include a set of recommendations to further improve the project proposal. These should be taken into account by the projects when preparing the full application in step 2.

There will only be one unique opportunity for applicants to submit a specific project idea. If the project proposal is rejected, the applicants will have to come up with a new proposal (new scope, new objectives) in order to be able to re-apply at a later call (step 1).

In the event that a project is declared ineligible in step 1, it may resubmit under a subsequent call, provided that it addresses each of the eligibility issues.

Project development after step 1 approval

The period between step 1 and step 2 submission is crucial. Comprehensive support will be offered by the Joint Secretariat and the contact points to maximise the chances of approval (individual meetings, workshops etc.). This period will usually last for 4 months. Should more time be needed to finalise the project application, it is possible to submit it to the subsequent application round (usually 6 months later). This would increase the time for project development after step 1 approval to a maximum of 10 months.

Following step 1 approval, the applicant should contact the Joint Secretariat (JS) as soon as possible to meet, discuss the recommendations and agree on an action plan until the final submission of the full application.

Step 2 submission of the full application form

The full application form must be submitted online by the deadline set by the programme.

Step 2 application forms will then be assessed against a second set of eligibility and quality assessment criteria; see **section 4.3**.

As for step 1, the Joint Secretariat will notify all projects of the outcome of the Monitoring Committee decisions.

The partnership shall submit a scanned version of the signed **partnership agreement** (in pdf format only) together with the step 2 application form in the eMS in order to avoid any delay to the start of the project. If the decision is positive and no signed partnership agreement has been submitted with the step 2 application form, the notification will contain a deadline for submission (within 2 months from the Monitoring Committee meeting). If the signed agreement has not been submitted by the deadline set, the subsidy contract does not enter into force and the project will be rejected.

CHAPTER 3

APPLICATION and ASSESSMENT step 1

1

In step 1 the project must demonstrate why it matters for NWE and indicate the measurable result that it intends to achieve. Projects should identify their rationale, their need (why an intervention is desirable), the main objective and the envisaged results.

Details on how the project is going to deliver the expected change are only required to be set out in step 2. In step 2, applicants will provide a detailed project work plan and budget for the full partnership.

3.1 How to access, complete and submit the electronic application form

All applications must be submitted online through the programme's electronic monitoring system (eMS). Please consult the eMS for the latest version of the application form for your selected call. The eMS application form is THE key reference document and contains all the latest updates and information.

The eMS can be accessed on the NWE website at www.nweurope.eu.

A guide on how to use the eMS is available at:

http://www.nweurope.eu/media/1128/ems-technical-guidance.pdf

Each section contains specific questions. All questions need to be answered in a precise manner, following the order indicated. Paragraphs are strongly encouraged and will ease the assessor's work.

Submitting an AF will only be possible when a call for proposals is open. Call information will be posted on the Programme website. The online application form will remain editable until it is submitted within the deadline of the said call. After submission of a step 1 proposal, the application form becomes read-only for applicants, but it is still possible to export copies from the eMS. All submissions are final and the application forms cannot be re-opened for modifications, even if the call is still open. If the proposal is approved by the Monitoring Committee, the application form will be re-activated. The project can then edit and complete their application form with a view to its submission at step 2.

For information purposes, applicants can also download a pdf or html version of the application form template (step 1 and step 2) from the online system at all times. These versions cannot be used to submit an actual application.

The application form in step 1 is a shortened version of the full document. The application form in step 2 is the full version.

3.2 What's important in step 1

3.2.1 Project overview

Summary: In step 1 it is crucial that the project idea is well summarised. **A project summary needs to be provided in all 4 programme languages.** It should explicitly outline the current situation in the field and where the project idea has emerged from. The long-term effects should also be described briefly (see section 6.2 Long term effects, durability and roll-out).

Overall, the project summary should awaken the curiosity of the reader, be original and give a brief overview of aim and content, rationale and envisaged results. It should avoid technical language and translations should be of good quality.

Indicative budget: In step 1, the partnership indicates the total envisaged budget, which should include investments and the total ERDF budget. The specific budget foreseen for investments must be indicated separately.

Duration: In step 1, the project duration will need to be estimated (in number of months). The project's start date will be set at the date of the Monitoring Committee decision. Dates for the step 2 submission can be found on the NWE website in the terms of reference of each call. When deciding on the project duration, partners should bear in mind potential delays at the start of the project as well as the winding-up period (usually a few months). Projects should optimise their duration and this will be part of the assessment of the work plan carried out by the Joint Secretariat in step 2. The recommended duration is 30 to 36 months. **See 2.1 for what makes a good project.**

3.2.2 Partnership

At step 1 , the Programme does not expect projects to have a fixed partnership. The partnership only needs to be finalised in step 2. The only requirement in step 1 is that the project involves at least 3 partners from 3 different countries. At least 2 of these partners must be from a region within the NWE Programme area (see eligibility criteria).

However, the project needs to outline what profiles the project objective requires for an efficient partnership and where these specific competencies are in North-West Europe. This section should also be used to explain how roles are to be distributed (who should do what?).

In step 1, partners who have confirmed their participation should be listed, as well as any partners who are seriously interested in joining, but with whom discussions are still ongoing. Partners can be changed between step 1 and step 2, but at least two of the partners listed in the step 1 application need to be maintained in step 2 **(see section 4.3.2).** For step1, the project is only required to indicate a preliminary lead partner. This means the lead partner can be changed between the step 1 and step 2 submissions. Not all partners need to be full partners. For more details on possible types of partners see **section 2.3.**

3.2.3 Project description

Project relevance

In In this section, the partnership needs to give a good overview of the context in which the project will be developed, as well as a broad description of the project's scope, including the main outputs envisaged. The project is specifically asked to describe the societal challenge or issue it is aiming to tackle and how relevant the issue / challenge is to the North West European territory. It also needs to give an overview of the current situation and trends in the sector / field which the project is addressing. This requires describing the existing disparities within the NWE territory in the relevant field / sector.

The partnership should also describe the scope of the project: what it will specifically focus on within the sector / field, how it goes beyond the existing situation and practices, and in what way the approach taken is novel. A broad description of the main outputs is necessary in order to provide an idea of what the partnership will undertake in order to reach its objectives. The necessity of transnational cooperation to achieve the projects' objectives will also need to be explained.

Cooperation intensity: Cooperation should be at the heart of the project and should be visible throughout every stage of the project. The partnership is required to describe their approach to cooperation and explain how intensely they will cooperate in order to deliver the project and achieve its results.
It should be noted that in order to be eligible projects **must select and meet at least the 4 criteria 'joint development', 'joint implementation', 'joint staffing' and 'joint financing'** in the cooperation intensity table of the application form in step 1 and step 2 (see **sections 3.3.2 and 4.3.2 respectively, eligibility criteria**).

The criteria are the following:

Joint development *(eligibility criteria)*

- All partners define their role in the project and how this contributes to maximising the synergy effect.
- All partners contribute, but also gain from participating in the project.
- The project's concept is designed by all the partners; they define how it will operate; they jointly decide on the objectives, results, outputs, and work packages.

Joint implementation *(eligibility criteria)*

- All partners have defined tasks in the project and take responsibility for implementing them.
- The lead partner coordinates the process and bears the overall responsibility for project implementation.

Joint staffing *(eligibility criteria)*

- All partners allocate staff and define their roles in the project.
- Staff members coordinate their activities and exchange information regularly.
- Partners do not duplicate functions in different partner organisations.
- The project will appoint a joint project manager who coordinates the activities of all the partners and their staff.

Joint financing *(eligibility criteria)*

- The project has one single budget and all the partners have funding allocated to them from this budget according to the activities they perform in the project.
- The lead partner is responsible for administering and distributing these funds and for reporting on their use.

Joint communication

- The project has a single communication strategy.
- The project will appoint a communication manager in charge of setting up the communication strategy in close cooperation with the project manager and with partners.
- The communication manager coordinates the implementation and evaluation of all communication activities.
- All communication activities need to contribute to the objectives laid down in the single communication strategy.

Joint decision-making

- All project partners are involved in the decision-making process and are informed about project-related decisions.
- A decision making body (e.g. steering committee) is established.

Joint enabling of long-term effects

- All partners are committed to and will tangibly contribute to the project's long-term economic, environmental, or social effects (effects that will materialise in 5 years and 10 years after the project end-date, extending the project's impact in time).
- A roll-out strategy is put in place (uptake of results by other organisations etc).

Exchange of knowledge/experience

- Project partners share their knowledge/experience with others and learn from other partners.
- Partners use modern technology (web-based communication tools, e-learning tools, and social media) to learn and inform about the project results.
- The knowledge gained is widely available to potential target groups, project stakeholders and the general public.

Project objective, expected result and long-term effects

Objective and expected results:

Defining project objective and result in a precise and concise way is the main challenge in step 1. Before defining the project objective, applicants should carefully read chapter 5.9 of this Manual.

- The **project objective** defines what the project aims to achieve (what and who will benefit, where in the NWE Programme area?) and should not be limited to a mere description of activities. The project objective must correspond to ONE of the programme's specific objectives. This means projects should define their objective in relation to the selected specific objective. For full details on all the programme's specific objectives, see the *Cooperation Programme*.

- **Project result:** Each project is required to first quantify its baseline (what would happen if we did not act?) and then quantify the estimated change expected as value/or volume. To adequately describe the expected benefits of the project, applicants should indicate the project result expected for three distinct points in the future: the project's end date; 5 years after the project; and 10 years after the project.

3.3 Project assessment in step 1

Step 1 is obligatory. Only applicants who have submitted an application form in step 1 and received a positive notification from the Monitoring Committee will be allowed to submit a full application form in step 2.

3.3.1 Assessment procedure step 1

While the application procedure is presented in section 2.4 of the *Programme Manual* this section focuses on the actual assessment procedure. All applications submitted before the closure of a call are assessed according to a standardised procedure and against the criteria listed below.

The assessment procedure starts with an **eligibility check** by the Joint Secretariat. The Joint Secretariat assesses if the proposal meets the programme eligibility criteria (see **section 3.3.2** below). Ineligible projects will not be assessed further and will be notified of the decision.

If the application is considered eligible it will then be assessed against a number of **quality assessment criteria**, which look at the "strategic fit" with the programme and at the overall quality of the project application. The Joint Secretariat assesses four quality assessment criteria in total (see **section 3.3.3**).

A score from 1-5 will be awarded for each of the criteria:

5 (very good) the application fulfils the given criterion to an excellent level and the information provided is sufficient, clear and coherent for assessing the criterion;
4 (good) the application fulfils the given criterion well. However, the information provided falls short in minor aspects (e.g. details are missing from information provided in minor parts of the application, the timeline provides little space for unexpected delays);
3 (sufficient) the application fulfils the given criterion to a sufficient level; however, some aspects of the criterion have not been fully met or not explained clearly or in full detail (e.g. the proposed partnership lacks certain expertise to address the identified challenge; the implementation steps are not fully clear based on the description in the application form);
2 (weak) the application has serious shortcomings in fulfilling the given criterion and/or the information provided is of low quality; (e.g. the relevance of and need for the project is not clearly justified; the main outputs are not clearly described; the target groups are not described);
1 (insufficient) the application does not fulfil the given criterion/or required information is missing (e.g. the application addresses issues that are not of relevance to the programme as set out in the *Cooperation Programme*; the information in the application form is incomplete or unclear).

In addition, each of the criteria has a different weighting, see the criteria list in section 3.3.3 below.

3.3.2 ELIGIBILITY CRITERIA step 1

The project will be declared eligible if it complies with the list of criteria defined for step1.

No.	Eligibility Criteria	Description
1	**The application was submitted on time through the programme's electronic monitoring system (eMS).**	*By the deadline set in the terms of reference for the call for proposals.*
2	**All sections of the application are completed.**	*All mandatory fields of the application form are filled in.*
3	**The project confirms that it obeys national and EU legislation.**	*The lead partner confirms this by submitting the application form.*
4	**The application is completed in English.**	*All sections of the application must be written in English, with the exception of the project summary which needs to be provided in all 4 programme languages.*
5	**The project summary is provided in the 4 programme languages.**	*The project summary must be provided in English, French, Dutch and German.*
6	**The project involves at least 3 partners from 3 different countries. At least 2 of these partners must be from a region within the NWE Programme area.**	*As an example, this means that a project with three partners from Düsseldorf, Bristol, (both places within the eligible NWE area) and Marseille (outside the eligible NWE area) would be eligible whereas a project with three partners from Lyon, Bremen (both outside the eligible NWE area) and Rotterdam (within the eligible NWE area) would be ineligible.* ***Partners who are not yet confirmed at this stage will be taken into account for this criterion.***
7	**The lead partner is an organisation from an EU Member State and from within the NWE Programme area.**[1]	*This excludes lead partners from Switzerland and lead partners from outside the eligible NWE area (e.g. Toulouse, Hamburg etc.).*
8	**The lead partner is a public, non-profit or public-similar organisation.**	*The lead partner has selected a status of "non-profit" in the application form.* ***'Profit-making' organisations can never be lead partner. Application forms with such a lead partner are ineligible.*** ***The lead partner can be changed in the step 2 application.***
9	**The project has chosen a single programme objective and has described a project objective.**	*The project has chosen one of the five specific objectives. The project objective has been indicated in the appropriate textbox.*
10	**The lead partner confirms that partners will cooperate in project development, implementation, staffing and financing.**	*The lead partner confirms that partners will cooperate in the development, implementation, staffing and financing of the project. Information on the 4 criteria must be included in the "Cooperation Intensity" table.*

Projects should be aware that any automated checks by the eMS will not guarantee that a submitted application form cannot be declared ineligible. It will remain the responsibility of the lead partner to check that all eligibility criteria are met.

3.3.3 QUALITY ASSESSMENT CRITERIA step 1

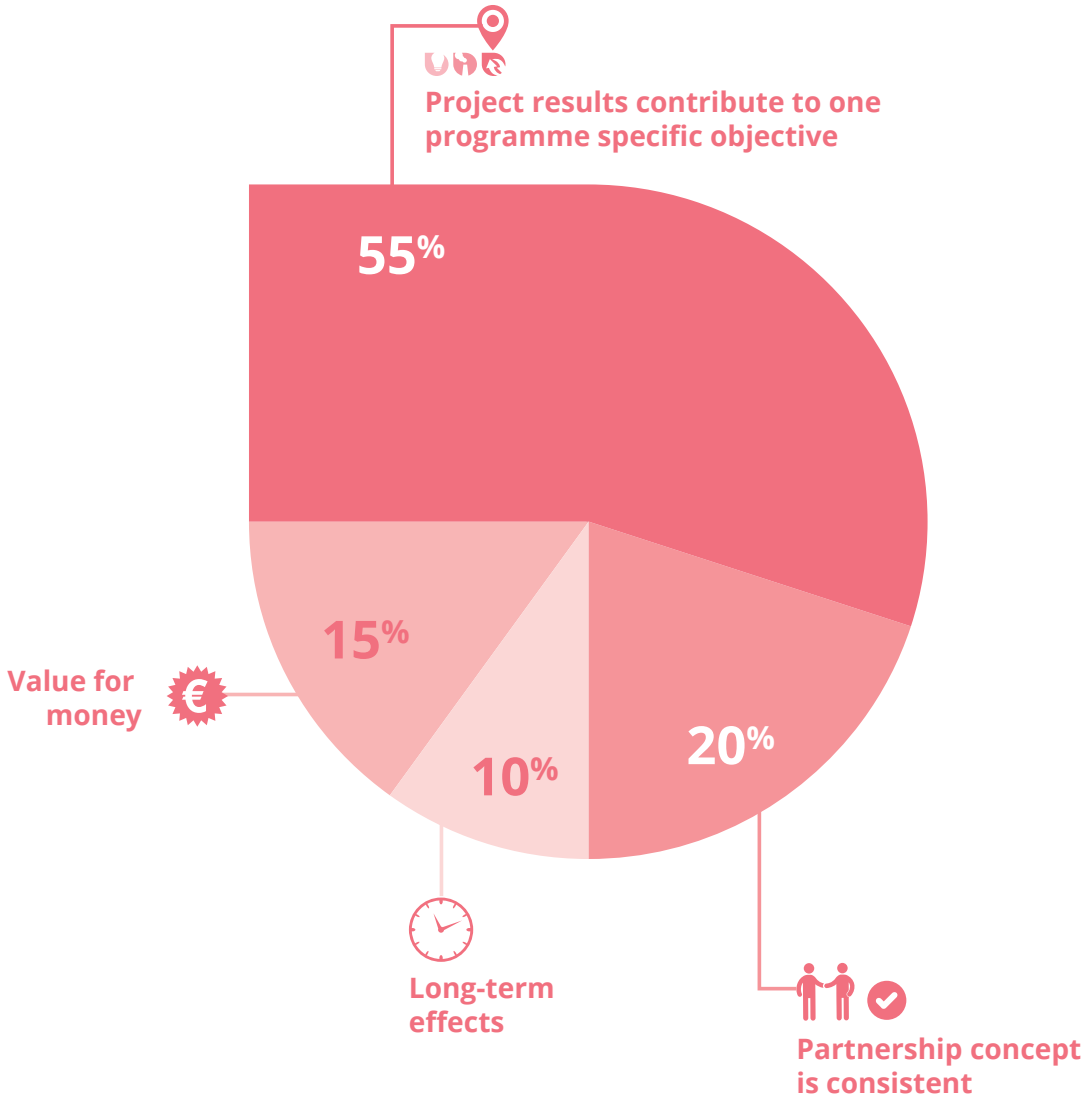
Eligible step 1 applications will be assessed against the following quality assessment criteria:

No.	Quality assessment criteria and questions	Scoring in pts	Weight of criterion
1	**Project results contribute to one programme specific objective** • How well is the need for the project justified? • Is the approach chosen by the project relevant? • Will the project contribute to reducing disparity in NWE? • Is the envisaged change on the ground measureable, realistic and achievable?	/5 pts	55%
2	**Partnership consistency** • Is the planned composition of the partnership relevant to deliver the envisaged result?	/5 pts	20%
3	**Long-term effects** • Will the project ensure long-term effects?	/5 pts	10%
4	**Value for money** • Does the project represent good value for money? • Is the project effective, or do results achieve the objectives of the project?	/5 pts	15%
		Total scoring weight of criteria	**100%**

1 For Member States participating in the NWE Programme but that are only partly covered (i.e. Germany, the Netherlands and France), legal entities located outside the NWE Programme area:

- which are competent in their scope of action for certain parts of the eligible area, e.g. federal or regional ministries, federal agencies, national research bodies which are registered outside the programme area etc., and;
- which fulfil the basic requirements as set out in the remaining eligibility criteria and;
- which carry out activities that are for the benefit of the regions in the NWE Programme area can become lead partners in programme funded projects.

Quality criteria in step 1



3.4 Decision on the step 1 application

Eligible step 1 applications will be assessed by the JS against the eligibility and quality assessment criteria (see *section 3.3*). The assessment reports drafted by the JS contain comments on each of the step 1 quality selection criteria and an overall conclusion for each application. These reports constitute a basis for discussion for the Monitoring Committee (MC) to take its decision.

Each delegation comes with its own opinion on each application and through exchange of opinions and argumentation the MC finally reaches a consensus. As the JS assesses the contribution of the application to the aims of the Programme, the country delegations will also assess the contribution to national, regional and local policy aims.

The MC meets regularly, at least twice per year, to discuss step 1 project proposals. A notification letter with the MC decision (rejection or approval) is - usually within one week after the MC meeting - sent to the lead applicant. This letter contains the main recommendations for further project development in case of approval or an explanation of the main reasons for rejection. The JS assessment report is not part of the feedback to the project as it only reflects the opinion of the JS before the deliberations and not necessarily the consensus opinion of the decision-making body, the MC.

An approved step 1 application is the ticket to the next phase. It is not an allocation of funds and it is not necessarily a guarantee of approval in step 2. However, it means that the idea corresponds well to the NWE Programme and that the project is offered additional project development support from the JS and CPs to enhance its chances of approval in the next phase.

A rejection means that the idea doesn't (sufficiently) contribute to the aims of NWE. In case the consortium wants to reapply, please note that it should fundamentally rethink the idea, the envisaged results, the scope and the analysis of the context.

If a project is declared ineligible in step 1, it may resubmit under a subsequent call, provided that it meets the eligibility criteria.

CHAPTER 4

APPLICATION and ASSESSMENT step 2

2

4.1 How to access, complete and submit the electronic application form

Unlike in step 1, the application form in step 2 will be the full version.

The online application form will be opened once the Monitoring Committee has approved the project proposal in step 1 and will be available for editing until the deadline for step 2 submission. Only the partnerships whose project proposals were approved in step 1 will be able to submit their full application in step 2.

The online application form can be accessed on the NWE website at:
http://www.nweurope.eu/apply/

4.2 What's important in step 2

4.2.1 Project summary

The project duration and project summary (including all 4 language versions) needs to be updated to reflect any modifications made in the full and final project proposal for step 2.

4.2.2 Partner

Partnership description

The strategic concept of the partnership was outlined in step 1. In step2, the project is required to provide full details about the partnership and why its composition is appropriate for achieving the project's objective.

Information should be provided on:

- the types of organisations involved, their competencies and the roles they will play in the project,
- where the organisations are based.

The programme strongly recommends that the partnership submit a scanned version of the signed **partnership agreement** (in pdf format only) together with the step 2 application form.

Partner description

Partner descriptions should be added and updated as necessary, for instance, if additional partners join, or if the roles and/or experiences change subsequent to the step 1 application. It is also important to appoint the lead partner organisation.
In step 2, sub-partners may also be added to partner descriptions, see **section 2.3.** If sub-partners are involved in a project, they must be clearly identified as such and listed under the corresponding partner description. If they are not mentioned in the application form, their expenditure will not be eligible. Information about sub-partners needs to include the name of the organisation, a description of their role in the project and a corresponding budget.
If a project partner (micro-enterprise or micro NGO) would like to receive an advance payment in line with **section 5.4.9,** the partner will have to tick the relevant box in the partner description.

4.2.3 Project description

Project relevance

It is recommended that the partnership refines explanations provided on the context and scope of the project to ensure information provided is consistent with the work plan and partnership.

Cooperation intensity:

The partnership must demonstrate how intensely it will cooperate to delivering the project. In step 2, the partnership should refine the information given in step 1 and explain in detail which part of the work plan (work packages, activities, investments) will require intensive cooperation and how it is to be achieved.

Project objective, expected result and long-term effects

Projects are expected to give more information on or refine the planned results (already described in step 1).

Sub-objectives:

In step 2, the project needs to develop a detailed work plan on how to achieve the project result defined in step 1. This includes defining up to 3 'sub-objectives', smaller targets (or delivery milestones) which need to be reached in order to achieve the main project objective. These sub-objectives should contribute to the main project outputs and indicators. Main outputs and indicators have to be indicated in the work package section of the application form. Before filling in the form, applicants should carefully read **section 5.9** on indicators.

Policy context

Policy fit (EU, national, regional strategies and policies):

A brief description of the particular policy context for the project should be provided. If the project aims to devote part of its work plan to policy work, it will be particularly important to take into consideration, and ideally refer to policy and election cycles or timelines for the programming of policies. This will be critical if several countries are involved. Policy work should also be result-oriented, meaning it must be defined in precise terms and measurable.

Use of past/current EU projects or initiatives:

Projects should summarise any past or current EU or other projects and initiatives that it will use and explain how their results/lessons learnt will be built into the work plan. Additionally, any other knowledge the project plans to capitalises on should be described.

Horizontal principles

Sustainable development, equal opportunities & non-discrimination, as well as equality between men and women & inclusion, are the three major horizontal principles that constitute an integral part of EU policies and the NWE Programme. Please carefully check the related eligibility criterion to make sure the application complies with the programme's requirements.

In practical terms this means that projects must not violate these principles in their activities, outputs and results, or at the very minimum should be neutral in their effect on them. The project assessment will consider the promotion of these horizontal principles as a positive factor. Projects should therefore mention if they are planning any specific measures to follow these principles. Further details of the horizontal principles can be found in the *Cooperation Programme*.

Project risks

To be able to mitigate any potential risks to successful delivery, the project should carry out risk assessment and management throughout its lifetime.

In step 2, the project will be required to indicate **three risks** that will need to be addressed in order to successfully achieve the project result. For details on the risk categories predefined by the Programme, **section 5.10**. The project will need to put together a complete risk matrix, which will involve indicating, for each risk, when the

risk is most likely to occur, the likelihood it will occur, the potential impact it could have on delivery, as well as the mitigation measures that are envisaged.

To ensure this exercise is useful in terms of project management, it is important to focus on the core of the project and to identify only the most critical risks to the project. More general risks, such as the potential departure of a partner should only be included if there is a particularly high probability of such an event during the project. For more details, see **section 5.10** on risk management.

4.2.4 Work Plan

List of work packages

The work plan must clearly show how the project objectives will be reached and the results achieved.

The main outputs are a means to achieve the expected results and may take the form of different types of tools, methods, products or model solutions developed by a project. Project main outputs are the main tangible products of the project activities that can be physically counted. Main outputs should only be allocated to the implementation work packages (with the exception of investment work packages). The compulsory work packages on communication, long term effects and project management are limited to deliverables and cannot have outputs.

Projects should limit the number of main outputs as they also need to correspond to the output indicators pre-defined by the programme **(for more details on indicators see section 5.9).** Not every work package needs to lead to a project main output. A work package focusing on evaluation for instance might be crucial for the project as mid-term evaluation results will indicate how to adapt the piloting to make it more successful. Still, it won't contribute to a project main output and indicator.

For a project to achieve its objective and to bring a positive change to the selected part of the programme territory, it is of pivotal importance that the main outputs are of a high quality, relevant and properly applied and utilised. The main outputs have to be of transnational value and:

1) *result from the intense cooperation of several partners,*
2) *be of practical use for the defined project target group in partner regions*
3) *be usable as a potential model solution that can be transferable to other locations within existing partner territories or in the longer term and potentially to other regions or countries. Ultimately, the long-term effects of the main outputs and results will depend on their successful use.*

As a rule, a project will also produce outputs other than its main outputs. These will be of an intermediary nature, i.e. they are understood as 'in-between 'stages' that will eventually feed into a main output. In the application form these intermediary outputs are referred to as **deliverables**, which result from the activities. A work package can contain up to 4 activities, each of which might result in several deliverables. When planning activities, it is crucial to plan the timing of these deliverables carefully.

Work packages: there are 6 work packages, including 'Management', 'Communication' and 'Long-term effects', which are compulsory. If the project plans a voucher scheme it needs to be described in a separate, additional work package. In case there is a voucher scheme, the total number of work packages could be up to 7.

1. Long-term effects

The project is required to demonstrate how it will ensure the long-term effects of its activities (five and ten years after the end of the project). It must explain:

- what exactly it will do step-by-step to **sustain** all the main project outputs (including investments) and their results;
- how the project will **roll-out** its main outputs (including investments) to additional places/organisations within partner regions or other regions; and how it will put a strategy in place so that, by the end of the project, an update can be submitted to the programme on its short and mid-term benefits/effects.

Before working on this section, applicants should read chapter 6.2 on long-term effects, durability and roll-out.

2. Communication

Projects are expected to communicate tailored messages to their target groups about the project's objectives, results and benefits, i.e. the reasons why the envisaged change is important for North-West Europe. This work package should cover all the steps from the development of a project communication plan to its implementation, and should include examples of communication objectives, messages, activities, tools and target groups. Applicants select from a predefined drop-down menu activity types and when defining the communication objectives of the project, standardised options are available. Project websites will need to be integrated in the programme's website, see **section 5.8.6** for more details. If the project wishes to develop a separate website, this needs to be mentioned in the step 2 application form. It will be subject to approval during the assessment of the project, with a specific justification being required.

3. Project management

This work package describes how the project will be managed on a strategic and operational level and should ideally contain information on the organisational arrangements, responsibilities and procedures for the day-to-day management and co-ordination of the project. This will include how internal communication and decision-making in the partnership, the reporting and evaluation procedures as well as provisions for risk and quality management will be organised.

Investments:

In step 2 all investments should be described in detail. Descriptions of investments are similar to those for work packages as they contain activities and deliverables. They have to be described in individual investment work packages that are linked to the implementation work packages.

The following information is required:

- Location and ownership: It is important to define the exact physical location (NUTS3 code) and provide the name of the owner of the site where the investment is to be made. To ensure the durability of the investment is in line with regulations, projects need to indicate who will retain ownership of the investment after the end of the project and who will maintain it so that it continues to function in line with programme requirements (on durability requirements, see **chapter 6**).

- Investment documentation and risk: To ensure that the planning and implementation timeline is as realistic as possible, projects need to list the main technical permissions (e.g. building permits) required by respective national legislation. Projects should indicate in detail if such permissions have already been acquired or when they can be expected. With respect to implementation risks, projects should highlight any key implementation steps where a go/no-go decision will have to be taken, explaining the particular risks in each case.

Possible types of investments are described in **section 2.2.**

Voucher schemes

A voucher is an instrument which serves to confirm a certain transaction. Vouchers can authorise payments, indicate services to be rendered, or goods to be provided. Vouchers distributed by partners to recipients (e.g. SMEs) will usually be used to pay for services such as the expertise of the partner's staff, usage of partner's infrastructure, participation in trainings, or advice of an external expert.

The voucher scheme has to be presented and implemented as a separate work package.

From a financial point of view there are two options:

a) The voucher scheme is free for participating recipients and it is co-financed by project partner(s) upfront.

b) Participating recipients will have to partially pay to obtain the voucher. Any payment will be treated as revenue for the project partner responsible for the voucher scheme. If there are no operating costs related to the voucher scheme (e.g. the cost of a consultant providing services) the payment of the recipient will be treated as a net revenue, will have to be reported and it will consequently diminish the total eligible costs and proportionally the ERDF payment to the partner.

In any case, the net revenues cannot be used as a source of co-financing to calculate the EU reimbursement (they reduce the eligible expenditure).

When describing the voucher scheme the following questions need to be answered:

1. What is expected to be achieved with the voucher scheme?

2. What services / products will a single voucher cover?

3. What kind of recipients are intended to be reached? (e.g. SMEs, NGOs etc.) In which sector(s)?

4. How many recipients will be reached with vouchers?

5. What will be the (range) amount of a single voucher?

6. What is the total budget foreseen to be spent for vouchers?

7. Do the participating recipients have to (partially) pay for the voucher?

8. From which area should these recipients come from? (e.g. specific Member State, NWE programme area, whole European Union)

9. What is the application procedure (when does the procedure start, when does it finish, is there an application form, what are the selection criteria, when will the proposals be assessed, who will assess the proposals)?

10. Where will the voucher scheme be advertised?

11. How will the voucher use be reported?

12. What will be done if the interest in the vouchers is less than expected?

13. Is the voucher scheme considered as state aid relevant and if so, how will the state aid be dealt with? (downstream de minimis, application of a specific GBER exemption)

A voucher scheme might be considered as a state aid relevant intervention and state aid provisions (e.g. downstream de minimis) might apply in relation to the recipients participating in the voucher schemes. In case of de minimis this means that before granting the voucher the partner responsible for the voucher scheme will need to check how much de minimis aid was granted to an SME (standard form to be filled in) and after the voucher was issued the partner responsible for the voucher scheme will have to provide a letter to an SME stating the amount of de minimis granted. The documents regarding individual de minimis aid have to be kept for 10 years. See **section 5.6** for more details.

Target groups

The project should specify its 3 main communication target groups and indicate their size.

See section 5.8 for more details.

4.2.5 Project Budget and Project budget overview

Following the guidance given in **sections 5.1 and 5.2** (eligible expenditure, budget lines) each partner should define their budget (any expenditure for which they expect to be responsible and will claim back from the programme). This can be done by clicking on the define budget field.

When defining their budget partners should be as specific as possible and fill in the comments box defining the planned costs.

Partners need to manually define the budgeting periods of the project. Periods are automatically calculated, based on the start and end date of the project indicated in the project overview section. The first period is from the project start date to the end of the corresponding year. Further periods are automatically defined on a yearly basis. The last period automatically refers from the start of the year until the end date of the project. If during the preparation of the step 2 application the partnership decides to change e.g. the end date of the project the periods need to be recalculated by clicking the dedicated button in this section.

The partners should also specify the planned sources of match-funding. This can be done by clicking on the define contribution field. The partners then should fill in all of the sources of contributions for the project as well as mark if they plan to claim some part of the costs as in kind contributions and which amount they plan to claim in such a form (**section 5.4.4**).

Activities outside of programme area

If the project plans to perform some activities outside of the programme area or if one of the partners comes from outside of the programme area the project should define what these activities will be or why this partner is necessary to implement the project. The project should also define the planned cost of activities outside of programme area.

Project breakdown budget

The tables will be created automatically defining the details of the budgets of all the partners.

After all the partners have defined their budget the project budget overview will be created automatically presenting different budgetary divisions and configurations.

4.2.6 Attachments

The Joint Secretariat strongly recommends that the partnership submit a scanned signed version of the partnership agreement along with the step 2 application form in the eMS (in pdf format only).

Moreover, all necessary documents regarding solvency of non-public partners (see point below) should also be uploaded in the eMS.
The project should only upload additional documents in the eMS if specifically requested by the Joint Secretariat.

4.2.7 Solvency of non-public partners

All non-public partners will undergo a solvency check before the approval of the application in STEP 2. The responsibility of the checks lies with the respective National Authority of the Member State of the potential non-public partner. This authority will decide on a case-by-case basis how detailed this check will be and what documentation is required.

To integrate this procedure as smoothly as possible into the NWE selection process, potential (lead) partners are asked to inform the JS as soon as it becomes clear that a non-public partner might join their partnership.

The information that will normally be asked for are the national equivalents of:

1. Financial statement for the last three years;
2. Excerpts from the national company register;
3. Declaration of non-bankruptcy.

In some Member States these documents are already available through various databases while other Member States entitled JS to collect the documentation necessary for solvency checks. The table below specifies the requirements regarding the submission of the documents depending on the Member State where the private partner is located:

Member State	Documents required
Belgium	No documents need to be uploaded in the eMS. The Member State might ask the private partners directly to submit documentation.
France	All French private partners must submit the following documents: 1. Financial statement of the last **three** years 2. Excerpts from the national company register 3. Declaration of non-bankruptcy These documents must be uploaded in the eMS **before** the submission of the step 2 AF.
Germany	All German private partners must submit the following documents: 1. Financial statement of the last **three** years 2. Excerpts from the national company register 3. Declaration of non-bankruptcy These documents must be uploaded in the eMS **before** the submission of the step 2 AF.
Ireland	All Irish private partners must submit the following documents: 1. Financial statement of the last **three** years 2. Excerpts from the national company register 3. Declaration of non-bankruptcy These documents must be uploaded in the eMS **before** the submission of the step 2 AF.
Luxembourg	No documents need to be uploaded in the eMS. The Member State might ask the private partners directly to submit documentation.
The Netherlands	After submission of the Step 2 proposal the Dutch authorities will assess which private partners need to submit the following documents: 1. Financial statement of the last **two** years 2. Declaration of non-bankruptcy The documents must be uploaded in the eMS only **after** the partners have been asked to do so.
The United Kingdom	No documents need to be uploaded in the eMS. The Member State might ask the private partners directly to submit documentation.

To mitigate the risk that a possible case of insolvency harms the project or the Programme a clause is included in the Subsidy Contract to the effect that that the Programme reserves the right not to make payments to non-public partners that are at risk of insolvency and that the Programme will automatically act as a creditor in the event of bankruptcy.

Non-public partners are required to inform their Lead Partner and the Joint Secretariat, – without delay, – of any such problems.

Lead Partners must, after receiving such information, – immediately suspend any payments to such partners and the Programme will immediately suspend the payment of the non-public partners' part of any pending payment claim.

4.3 Project assessment in step 2

4.3.1 Assessment procedure

For details on the assessment and decision procedures in step 1 please see **section 3.3** of the *Programme Manual*. If the step 1 application is approved, the project may proceed to completing the full application form and drawing up the partnership agreement. The full form is then submitted in the next application round as published in the call's terms of reference (usually within 4 months following the notification of approval).
Upon receipt of the step 2 application, the Joint Secretariat will assess the project against a number of eligibility and quality assessment criteria.
Please note that the project will be assessed by members of the Joint Secretariat who were not involved in the project development process, in order to guarantee a complete objectivity. Only the content of the application form will be assessed.
The quality assessment criteria applied in step 2 are divided into *strategic* and *operational* quality assessment criteria. The strategic criteria are used to rank eligible project applications according to their strategic relevance for the programme while the operational criteria relate to the quality of the work plan. The Joint Secretariat assesses seven different quality assessment criteria in total (see **section 4.3.3)**

As in step 1, a score from 1-5 will be attributed to each of the criteria:

5 (very good) the application fulfils the given criterion to an excellent level and the information provided is sufficient, clear and coherent for assessing the criterion;
4 (good) the application fulfils the given criterion well. However, the information provided falls short in minor aspects (e.g. details are missing from information provided in minor parts of the application, the timeline provides little space for unexpected delays);
3 (sufficient) the application fulfils the given criterion to a sufficient level; however, some aspects of the criterion have not been fully met or not explained clearly or in full detail (e.g. the proposed partnership lacks certain expertise to address the identified challenge; the implementation steps are not fully clear based on the description in the application form);
2 (weak) the application has serious shortcomings in fulfilling the given criterion and/or the information provided is of low quality; (e.g. the relevance of and need for the project is not clearly justified; the main outputs are not clearly described; the target groups are not described);
1 (insufficient) the application does not fulfil the given criterion/or required information is missing (e.g. the application addresses issues that are not of relevance to the programme as set out in the *Cooperation Programme*; the information in the application form is incomplete or unclear).

*In addition, each of the criteria has a different weighting (see the list of criteria in **section 4.3.3**). More weight is given to the core strategic elements of the project, such as cooperation intensity, partnership quality, ensuring long-term effects and value for money. Operational elements, such as the work plan and the budget, are also important for assessing the quality and feasibility of a proposal.*

4.3.2 Step 2 ELIGIBILITY CRITERIA

No.	Eligibility Criteria	Description
1	**The application was submitted on time through the electronic monitoring system (eMS).**	*Within the deadline set in the terms of reference for the call for proposals.*
2	**All sections of the application have been completed.** **Partnership agreement was submitted within 2 month of approval.**	*All mandatory fields in the application form are filled in.* *A scanned signed and stamped version of the partnership agreement has been uploaded in the eMS (attachment section) within 2 month of the project approval.*
3	**The project has successfully passed step 1 and submitted the step 2 application by the deadline indicated after the step 1 decision.**	*The programme will only accept step2 applications from projects that have successfully passed step 1. step 2 applications must be submitted by the deadline that was indicated in the notification after the step 1 decision.*
4	**The project confirms that it obeys national and EU legislation.**	*The lead partner confirms this by submitting the application form.*
5	**The application is completed in English.**	*All sections of the application have been drafted in English.*
6	**The project summary is provided in the 4 programme languages.**	*The project summary must be provided in English, French, Dutch and German.*
7	**The project involves at least 3 partners from 3 different countries. At least 2 of these partners must be from a region within the NWE Programme area.**	*As an example, this means a project with three partners from Düsseldorf, Bristol, (both places are located within the eligible NWE area) and Marseille (outside the eligible NWE area) would be eligible while that a project with three partners from Lyon, Bremen (both places are located outside the eligible NWE area) and Rotterdam (within the eligible NWE area) would be ineligible.*
8	**At least two of the partners remain unchanged from step 1 to step 2.**	*At least two of the partners described in step 1 remain for step 2. The lead partner can be changed in step 2.*
9	**The lead partner is an organisation from an EU Member State and from within the NWE Programme area.**[1]	*This excludes lead partners from Switzerland and lead partners from outside the eligible NWE area (e.g. Toulouse, Hamburg etc.).*
10	**The lead partner is a public, non-profit or public-similar organisation.**	*The lead partner has selected "non-profit" in the application form. 'Profit-making' organisations can never be lead partner. Application forms with such a lead partner are ineligible. The lead partner can be changed in the step 2 application.*
11	**All partners are legal entities.**	*'Profit-making' organisations can never be lead partner. Application forms with such a lead partner are ineligible.*
12	**The project has chosen a single programme objective from the dropdown menu.**	*The lead partner can be changed in the step 2 application.*
13	**The project will be completed no later than 31 December 2022.**	*The project must end no later than 31 December 2022.*
14	**All partners contribute to project co-financing.**	*All partners have a budget in line with the eligible co-financing rate.*
15	**The project confirms that it makes a positive or neutral contribution to the programme's horizontal principles: equal opportunities and non-discrimination, equality between men and women, sustainable development.**	*In submitting the application form the project confirms that it makes a positive or neutral contribution to the programme's horizontal principles: equal opportunities & non-discrimination, equality between men and women, sustainable development.*

Projects should be aware that any automated checks by the eMS will not guarantee that a submitted application form cannot be declared ineligible. It will remain the responsibility of the lead partner to check that all eligibility criteria are met.

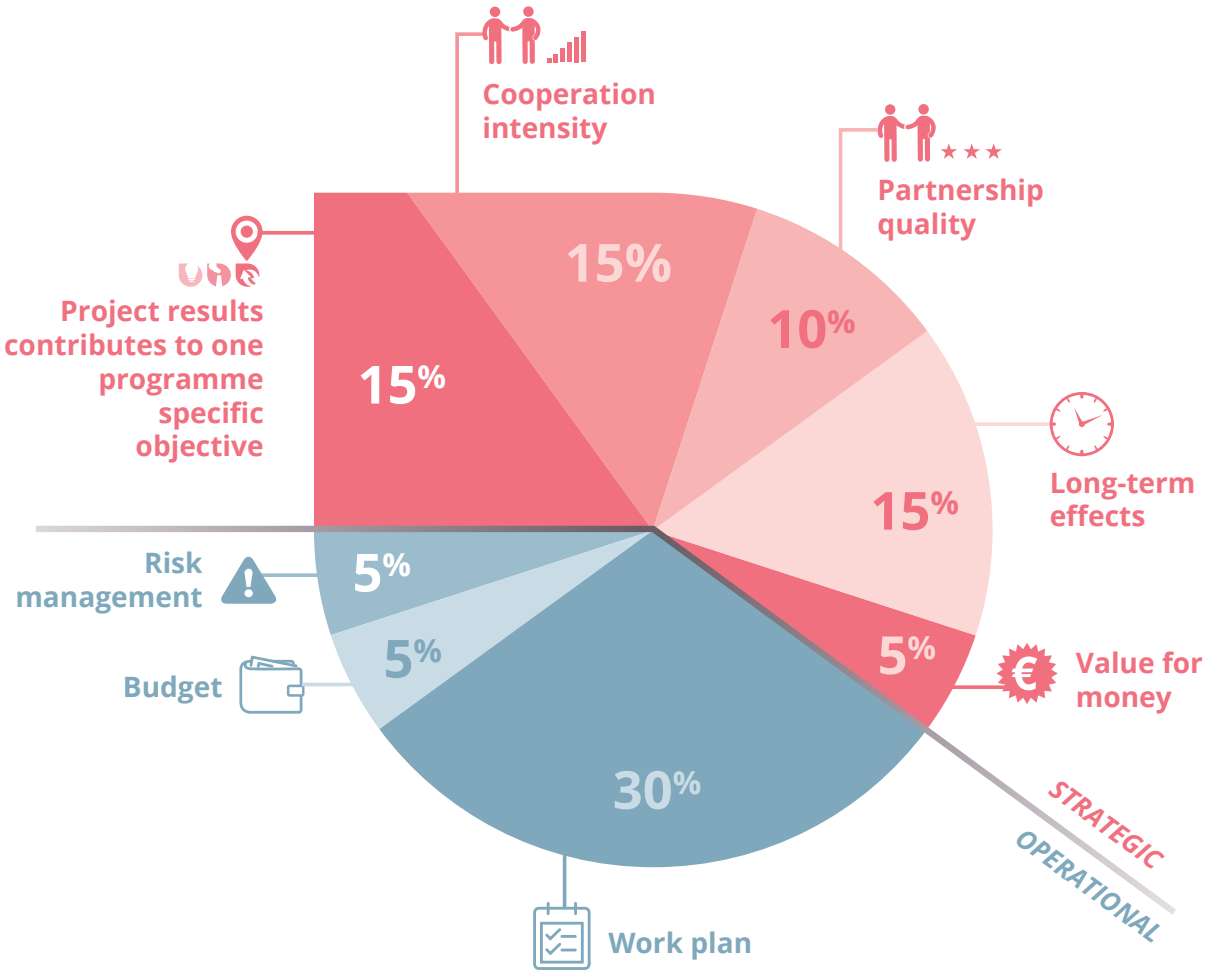
4.3.3 Step 2 QUALITY ASSESSMENT CRITERIA

No.	Quality assessment criteria and questions	Scoring in pts	Weight of criterion
	***Strategic* assessment criteria:**		
1	**Project results contribute to one programme specific objective** • How well is the need for the project justified? • Is the approach chosen by the project relevant? • Will the project contribute to reducing disparity in NWE? • Is the envisaged change on the ground measureable, realistic and achievable?	/5 pts	15%
2	**Cooperation intensity** • How intensively will partners cooperate to deliver the change envisaged?	/5 pts	15%
3	**Partnership quality** • Is the partnership composition relevant for the proposed project? • Is the partnership able to deliver the change envisaged?	/5 pts	10%
4	**Long-term effects** • *Will the project ensure long-term effects?*	/5 pts	15%
5	**Value for money** • *Does the project represent good value for money?* • *Is the project effective (meeting the objectives and achieving the intended results), economic (minimising the costs of resources) and efficient (getting the most from the available resources)?*	/5 pts	5%
	Total scoring weight of strategic criteria		**60%**
	***Operational* assessment criteria:**		
6	**Work Plan (main outputs, work packages, investments)** • Is the work plan realistic and coherent?	/5 pts	30%
7	**Budget** • Is the budget coherent?	/5 pts	5%
8	**Risk management** • How risky is the project? • Has the partnership identified the main risks?	/5 pts	5%
	Total scoring weight of operational criteria		**40%**

1 For Member States participating in the NWE Programme but that are only partly covered (i.e. Germany, the Netherlands and France), legal entities located outside the NWE Programme area:

- which are competent in their scope of action for certain parts of the eligible area, e.g. federal or regional ministries, federal agencies, national research bodies which are registered outside the programme area etc., and;
- which fulfil the basic requirements as set out in the remaining eligibility criteria and;
- which carry out activities that are for the benefit of the regions in the NWE Programme area can become lead partners in programme funded projects.

Quality criteria in step 2



4.4 Decision on the step 2 application

Eligible step 2 applications will be assessed by the JS against the eligibility and quality assessment criteria (see **section 4.3**). The assessment reports drafted by the JS contain comments on each of the step 2 quality selection criteria and an overall conclusion for each application. These reports constitute a basis for discussion for the Monitoring Committee (MC) to take its decision. Each delegation comes with its own opinion on each application and through exchange of opinions and argumentation the MC finally reaches a consensus. The MC meets regularly, at least twice per year, to discuss the step 2 project proposals.

As JS assesses the contribution of the application to the aims of the Programme, the country delegations will also assess the contribution to national, regional and local policy aims.

A notification letter with the MC decision (rejection or approval) is -usually within one week after the MC meeting- sent to the lead applicant. In case of approval, this letter contains a list of technical requirements which need to be met before the finalisation of the AF whereas in case of rejection, a detailed explanation of the main reasons for rejection is provided. The JS-assessment report is not part of the feed-back to the project as it only reflects the opinion of the JS before the deliberations and not necessarily the consensus opinion of the decision-making body, the MC.

The approval of the step 2 application is based upon the submitted application form (AF), but modifications could be asked as part of the technical requirements. If the deadline (usually 2 months) for meeting these technical requirements is not met, the decision becomes automatically null and void. As soon as the technical requirements are met the contracting phase of signing the subsidy contract (with the approved AF and a signed partnership agreement as annex) between the Managing Authority and the Lead Partner will start.

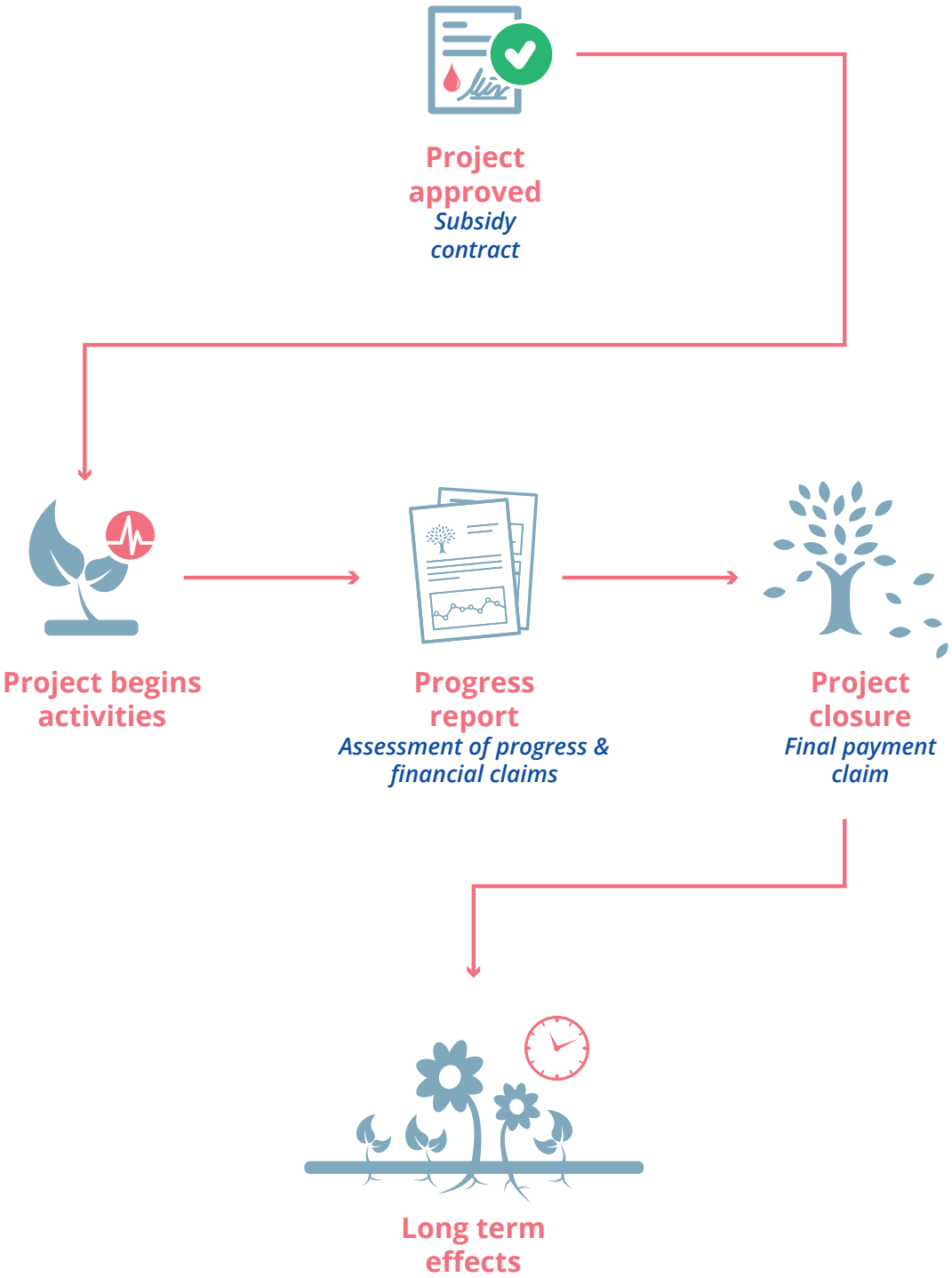
A rejection means that the originally approved step 1 idea did not develop into a sound project proposal and that major shortcomings are visible.

In case the consortium wants to reapply, please note that it should fundamentally rethink the idea, its envisaged results, the scope and the analysis of the context and come back in step 1.

CHAPTER 5

PROJECT IMPLEMENTATION

Project implementation and long term effects



5.1 Eligibility of expenditure

There are different levels of eligibility rules for expenditure:

- the European level: EU regulations
- the programme level: specific rules decided for the Interreg NWE Programme
- the national level: national rules applicable in each Member State
- the partner institutional level: internal rules applicable to each partner organisation

The stricter rule prevails if there are differences between rules at different levels.

Generally speaking, to be eligible, project costs must:

- **relate to activities set out in the application form, be necessary for carrying out these activities and for achieving the project's objectives and be included in the estimated budget;**

- **be reasonable, justified, consistent with the usual internal rules of: the partner, the EU, the programme and national rules and be in accordance with the principles of sound financial management;**

- **be identifiable, verifiable, plausible and determined in accordance with the relevant accounting principles;**

- **be incurred and paid by the partner organisation, debited from its bank account after the start date and no later than the project end date,**

- **be substantiated by proper evidence allowing identification and checking.**

Where expenditure is reimbursed on the basis of a lump sum or flat rate the latter three principles do not apply.

Please note that the lead partner is asked to keep a digital or paper copy of all the partners' invoices claimed in a progress report.

5.2 Budget lines

The following sections provide an overview of the eligibility principles for the different budget lines:

- **staff,**
- **office and administrative expenditure,**
- **travel and accommodation,**
- **external expertise and services,**
- **equipment,**
- **infrastructure and construction works.**

For each budget line a definition is provided as well as guidance for budgeting and reporting. Projects are invited to study the information here carefully when planning their project, and also when preparing their progress reports.

I. Staff costs

Definition

Staff costs consist of costs for staff members employed directly by the partner organisation and working full time or part-time on the implementation of the project.
Staff costs relate to the costs of activities that the relevant partner would not carry out if the project concerned was not undertaken.

Overheads and any other office & administrative expenditure cannot be included in this budget line.

The following **options** for staff costs are eligible in this programme:

A. staff costs calculated as a 20 % flat rate of direct costs (all costs other than staff costs and office & administration costs)
B. staff costs calculated on a real cost basis (5 methods are possible depending on the staff contract and/or working arrangements – see below)

Each partner organisation must decide on one of the two options and indicate this choice in the application form. This means that, within a same project, different partners can choose different options (e.g. one partner applies option A and other partners apply option B). Once each partner has chosen an option, this choice will apply to all the staff members of the partner in question and will apply for the entire project duration (no change will be possible). Note that when a partner chooses option B, different methods can be applied to each staff member, according to their contract of employment and the amount of time they are involved in the project (see section on option B). The selected methods will have to be indicated in the List of Expenditures.

Please note that partners based in Flanders and Wallonia have fewer choices (see method 5).

The following sections provide more details and information on the different options.

In summary

STAFF COSTS:

RECOMMENDED OPTIONS AND METHODS

Option A: **Flat rate** *Concerns all employees at partner level*		**20% of direct costs (all costs other than staff, and office and administration costs)** • Documentation for direct costs needed: Yes • Documentation for staff costs needed: No • Timesheet needed: No
Option B: **Real costs** *Can be different for each employee*	**Method 1:** **Full gross employment costs**	**Staff working full time on the project** • Full gross employment costs can be claimed • Timesheet needed: No • A single document (e.g. work contract) specifying 100% of time to be worked on the project
	Method 2: **Fixed percentage of gross employment costs**	**Staff working on a fixed % on the project** • (Gross employment costs) X (fixed %) • Timesheet needed: No • A single document (e.g. mission letter) specifying the % worked on the project
	Method 3: **Flexible percentage of gross employment costs**	**Staff working on a flexible % on the project** • (number of hours) X (hourly rate) • Timesheet needed: Yes ***3.A) Hourly rate =*** *Monthly or Annual gross employment costs* ÷ *Contractual hours* ***3.B) Hourly rate =*** *Annual gross employment costs* ÷ *1,720 hours*
	Method 4: **Hourly basis**	**Staff working on an hourly basis** • (number of hours) X (hourly rate agreed in the contract) • Timesheet needed: Yes
	Method 5: **Country specific methods**	**The Netherlands** **Belgium (Flanders)** **Belgium (Wallonia) tbc**

OPTION A - Staff costs calculated as a 20% flat rate of direct costs

Key principles

The calculation of staff costs is based on a flat rate of 20% of the direct costs other than the staff costs and the office & administration costs.

The eligible amount for staff costs is equal to 20% of the total eligible amount budgeted and declared under all the other budget lines (excluding office and administrative expenditure).

Please note, that the organisation should have at least one employee in order to receive this flat rate.

Example Option A

A	Total eligible amount declared by the partner under all the other budget lines (excl. office and administrative expenditure)	€100,000
B	Staff costs flat rate	20%
C	Eligible staff costs (A * B)	€20,000

Supporting documents for the list of expenditure (first level control or FLC)

The only verification to be done by the FLC is that the organisation has at least one employee. Further justification or supporting documents to claim the staff costs are not necessary. Nor, therefore, do project partners need to document that the expenditure has been incurred or that the flat rate corresponds to the reality. Timesheets are not required. The FLC check focuses on the correct reporting of the other budget lines and that no expenditure related to staff costs is included in any other budget line.

OPTION B - Staff costs calculated on a real cost basis

Key principles

Staff costs must be calculated individually for each employee. Staff costs are taken from the payroll accounts and cover the partner organisation's gross employment costs, which usually comprise the following:

- Salary payments (fixed in an employment/work contract)
- Other costs directly linked to salary payments (e.g.: employment taxes or social security, including health coverage and pension contributions) that are:
    - Fixed in an employment document or by law
    - In accordance with the legislation referred to in the employment document and with standard practices in the country and/or organisation
    - Not recoverable by the employer

Where specified in the employment document, national or internal regulations and in accordance with the partner organisation's personnel policy, costs such as bonuses, fuel, lease car, relocation benefits, lunch vouchers etc. can be fully or partly claimed after calculating the eligible share for the project. They must be directly linked to the salary payments and indicated on the payslip.

Within the real cost option for staff costs there are five different cases that may be met:

1. A member of staff employed by the partner organisation and working **fully** on the project
2. A member of staff employed by the partner organisation working **partly** for the project on a **fixed** percentage
3. A member of staff employed by the partner organisation working **partly** for the project on a **flexible** percentage. Here, there are two options possible:
    - Option 3.A. Calculation based on dividing the total monthly salary costs or the annual gross employment costs by the contractual hours as indicated in the employment contract
    - Option 3.B. Calculation based on dividing the annual gross employment costs by 1,720 hours
4. A member of staff employed by the partner organisation on an hourly basis
5. Country specific methods

As mentioned above, within the same partner organisation, different cases and related calculation methods may co-exist where several people are working on the same project, but have different work contracts and varying time involvement in the project.

For each of these cases, one specific calculation methodology will apply, as explained below.

Method 1:
Person employed by the partner organisation, and working fully on the project

Key principles

Staff costs are calculated as follows:

- The employee's total monthly gross employment costs can be claimed.
- The employer issues a document for each employee specifying that they will work on the project 100% of the time.
- No separate working time registration ("timesheet") is needed.

Supporting documents for the list of expenditure (first level control)

The following documents must be provided to the first level controller to justify the eligibility of the costs:

- An employment contract or any other equivalent legal agreement that identifies the employment relationship with the partner's organisation;
- A document clearly showing that the employee works 100% of the time on the project (it may be the employment contract and/or any other document issued by the employer such as a 'mission letter');
- A document identifying the real salary costs (gross salary and employer's social charges) for the employee, such as pay slips or other accounting documents where the employment costs are clearly detectable;
- Proof of payment, according to the national standard accounting principles.

Example Option B Method 1

A	Total monthly salary costs (gross salary and employer's social charges)	€5,000
B	Percentage of time worked monthly on the project	100%
C	Eligible costs : (A * B)	€5,000

Method 2:
Person employed by the partner organisation, working partly on the project on a fixed percentage

Key principles

Staff costs are calculated as follows:

- A fixed percentage of the gross employment costs, in line with a fixed percentage of time worked on the project;
- A document clearly specifying the percentage of time to be worked by the employee on the project (it may be the employment contract and/or any other document issued by the employer, such as a 'mission letter');
- No separate working time registration ("timesheet") is needed.

Supporting documents for the list of expenditure (first level control)

The following documents must be provided to justify the eligibility of the costs when reporting to the programme:

- An employment contract or any other equivalent legal agreement that allows the identification of the employment relationship with the partner's organisation;
- A document specifying the percentage of time to be worked on the project (it may be the employment contract and/or any other document issued by the employer, clearly identifying the fixed percentage of monthly time dedicated to the project);
- A document identifying the real salary costs (gross salary and employer's social charges) for the employee, such as pay slips or other accounting documents where the employment costs are clearly detectable;
- Proof of payment, according to the national standard accounting principles.

Example Option B Method 2

A	Total monthly salary costs (gross salary and employer's social charges)	€5, 000
B	Fixed percentage of time worked monthly on the project	60%
C	Eligible costs: (A * B)	€3,000

Method 3:

Person employed by the partner organisation, working partly on the project on a flexible percentage

Method 3.A

Calculation based on dividing the total monthly salary costs or the annual gross employment costs by the contractual hours as indicated in the employment contract

Key principles

Staff costs are calculated as follows:

- A flexible share of the gross employment costs, in line with the number of hours (which vary from month to month) worked on the project.
- A time registration system ("timesheet" – the programme has created a template) is required and must cover 100% of the employee's working time (including the working time not related to the project). The timesheet covering the working time not related to the project will not be used for the calculation of the staff costs, but will instead be used to prove that there is no double financing if the staff member works for another EU project or any other activity that is partly financed by the EU.
- An hourly rate is calculated by dividing the monthly or annual gross employment costs by the number of hours per month as specified in the employment contract. The hourly rate is then multiplied by the number of hours actually worked on the project.
- Overtime (number of hours worked exceeds the number of hours fixed in the contract) is eligible only if foreseen by the employment document and in line with national legislation and the standard practice of the partner organisation and where the extra hours are paid to the employee by the employer. The overtime must be allocated to the project in a transparent manner.

Supporting documents for the list of expenditure (first level control)

The following documents must be provided to justify the eligibility of the costs when reporting to the programme:

- An employment contract or any other equivalent legal agreement that identifies the employment relationship with the partner's organisation;
- A document identifying the monthly or weekly working time and number of holidays per employee such as the employment contract or other internal document of equivalent value;
- A document identifying the real monthly salary costs (gross salary and employer's social charges) for the employee, such as pay slips or other accounting documents where the employment costs are clearly detectable;
- Proof of payment, according to the national standard accounting principles;
- A document showing the calculation of the hourly rate;
- Registration of the monthly working time covering 100% of the employee's working time and identifying the time spent on the project: timesheet or equivalent time recording system.

Example Option B Method 3(A) based on the total monthly salary costs

1/ STARTING POINT

A	Total monthly salary costs	€5,000

2/ CALCULATION OF HOURLY RATE

B	*Number of working hours per working day according to the employment contract*	*8 hours*
C	*July 2014: number of workable days (any public/bank holidays* are subtracted)*	*22 days*
D	Number of workable hours in July 2014 (B * C)	176 hours
E	*Number of annual holidays (days) according to employment contract*	*30 days*
F	*Number of monthly holidays (days) according to employment contract (E / 12 months)*	*2.5 days*
G	Number of monthly holidays (hours) according to employment contract (B * F)	20 hours
H	Monthly working time, excluding holidays (D – G)	156 hours

3/ HOURLY RATE

I	Hourly rate for July 2014 (A / H)	€32.05

4/ NUMBER OF HOURS WORKED (Based on timesheet)

J	Total number of hours worked on the project during the month of July	100

5/ ELIGIBLE COST FOR THE HOURS WORKED ON THE PROJECT

K	Eligible cost (I * J)	€3,205

N.B. Bank/public holidays refer to days such as 1 May, 1 January or Christmas Day.

Method 3.B

Calculation based on dividing the annual gross employment costs by 1,720 hours

Key principles

Where a staff member is employed by the partner organisation and is working partly on the project on a flexible percentage, then there is also the possibility to calculate the hourly rate on the basis of a fixed 1,720 hours worked per year.

Staff costs are calculated as follows:

- A flexible share of the gross employment costs, in line with the number of hours (which vary from month to month) worked on the project.
- A time registration system ("timesheet" – the Programme has created a template) that is required and must cover 100% of the employee's working time (including the working time not related to the project). The timesheet covering the working time not related to the project will not be used for the calculation of the staff costs, but will instead be used to prove that there is no double financing if the staff member works for another EU project or any other activity that is partly financed by the EU.
- An hourly rate is calculated by dividing the latest documented annual gross employment costs by the 1,720 hours. The hourly rate is then multiplied by the number of hours actually worked on the project.
- Overtime (number of hours worked exceeds the number of hours fixed in the contract) is eligible only if foreseen by the employment document and in line with national legislation and the standard practice of the partner organisation and if the extra hours are paid to the employee by the employer. The overtime must be transparently allocated to the project.

Supporting documents for the list of expenditure (first level control)

Following documents must be provided to justify the eligibility of the costs when reporting to the programme:

- An employment contract or any other equivalent legal agreement that identifies the employment relationship with the partner's organisation;
- A document identifying the monthly or weekly working time and number of holidays per employee such as the employment contract or other internal document of equivalent value;
- A document identifying the real monthly salary costs (gross salary and employer's social charges) for the employee, such as pay slips or other accounting documents where the employment costs are clearly detectable;
- Proof of payment, according to the national standard accounting principles;
- A document showing the calculation of the hourly rate;
- Registration of the monthly working time covering 100% of the employee's working time and identifying the time spent on the project: timesheet or equivalent time recording system.

Example Option B Method 3(B)

A	Total annual salary costs (gross salary and employer's social charges)	€60,000
B	Fixed number of working hours per year	1,720 hours
C	Hourly rate (A/B)	€34,88
D	Number of hours worked in a given month (as on timesheet)	100
E	Eligible costs for the given month (C*D)	€3,488

Method 4:
Person employed by the partner organisation on an hourly basis

Key principles

Staff costs are calculated as follows:

- The employee's hourly rate as indicated in the employment contract is multiplied by the number of hours worked on the project.
- A time registration system ("timesheets" is required and must cover 100% of the hours worked by the employee (including the working time not related to the project).

Supporting documents for the list of expenditure (first level control)

The following documents must be provided to justify the eligibility of the costs when reporting to the programme:

- An employment contract or any other equivalent legal agreement that identifies the employment relationship with the partner's organisation and the hourly rate;
- Proof of payment, according to the national standard accounting principles;
- Registration of the hours worked covering 100% of the employee's working time and identifying the time spent on the project: timesheet or equivalent time recording system.

Example Option B Method 4

	STARTING POINT	
A	Hourly rate (as indicated in the employment contract)	€30
	NUMBER OF HOURS WORKED (based on timesheet)	
B	Total number of hours worked on the project during the month of July	100
	ELIGIBLE COSTS FOR THE HOURS WORKED ON THE PROJECT	
C	Eligible costs (A * B)	€3,000

Method 5:
Country specific methods

Some Member States developed a country specific method for calculating staff costs:

The Netherlands:

Dutch partners can choose from all the possible methods and are not bound by their country specific method. See http://www.rvo.nl/subsidies-regelingen/publicaties-interreg

Belgium (Flanders):

Flemish partners cannot choose from all the possible methods but only between option A (flat rate) and their regional method described under the following link:
http://www.vlaio.be/artikel/personeelskosten-interreg-programmas-2014-2020

Belgium (Wallonia):

Walloon partners cannot choose from all the possible methods but are required to use their regional method only. To get more information on this method please contact the Walloon contact point: Mr Alain Colard, a.colard@wbi.be.

II. Office and administrative expenditure

Definition

Office and administrative costs cover the partner organisation's general administrative expenses that are necessary for delivering the project's activities.

Based on Article 68 (1) (b) of Regulation (EU) No 1303/2013, office and administrative expenditure are to be budgeted and reported as a **flat rate of 15% of each partner's staff costs**.

According to Commission Delegated Regulation (EU) No 481/2014 Article 4, office and administrative expenditure is limited to the following items (exhaustive list):

- *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 (e.g. stationary like paper, pens etc.)*
- *general accounting provided inside the beneficiary organisation*
- *archives*
- *maintenance, cleaning and repairs*
- *security*
- *IT systems (e.g. administration and management of office hard- and software)*
- *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*

Key principles

The budget line 'office and administrative expenditure' does not require a detailed budget to be drawn up as the application form will automatically calculate a budget on the basis of 15% of the planned staff costs for each partner.

Regarding the reporting of office and administrative expenditure, the flat rate of 15% is automatically applied to each project partner's eligible reported staff costs.

Example calculation for office and administrative expenditure when option B has been chosen for staff costs.

A	Eligible reported staff costs	€36,000
B	Flat rate for office and administrative expenditures	15%
C	Eligible reported office and administrative expenditures (automatic reporting without proof of actual costs) (A*B)	€5,400

Supporting documents for the list of expenditure (first level control)

Project partners do not need to provide any justification or supporting documents as they don't need to demonstrate that the flat rate corresponds to the reality. The first level control check focuses on the correct reporting of the staff costs and verifies that no expenditure related to the office and administrative budget line is included in any other budget line.

Points of attention

Where a contract with an external expert also includes administration charges, these costs must be included in the budget line "External expertise and services costs" as they are a part of the expertise contract.

Where a project partner chooses the 20% flat rate for staff costs, the method for calculating the office and administrative expenditure would be:

A. The basis of the expenditure is all costs reported in the budget lines relating to direct costs (i.e. travel & accommodation, external expertise and services and equipment, infrastructure and construction works). The eligible costs are calculated as a flat rate 20% of this total figure;

B. 15% of the eligible staff costs would then be reported for office and administrative costs.

Example calculation for office and administrative expenditure when option A has been chosen for staff costs.

A	Total eligible amount declared by the partner under all the other budget lines (excl. Staff and office & administrative expenditure)	€100,000
B	Staff costs flat rate	20%
C	Eligible staff costs (A * B)	€20,000
D	Flat rate for office and administrative expenditures	15%
E	Eligible reported office and administrative expenditures (automatic reporting without proof of actual costs) (D*C)	€3,000

III. Travel and accommodation

Definition

This budget line concerns the travel and accommodation costs of staff employed by a project partner.

Key principles

According to Commission Delegated Regulation (EU) No 481/2014 Article 5, expenditure on travel and accommodation costs is limited to the following items:

a) travel;
b) meals;
c) accommodation;
d) visa;
e) daily allowances.

Any item listed in points (a) to (d) covered by a daily allowance will not be reimbursed in addition to the daily allowance. The following general principles must be respected:

- Costs must be definitely borne by the partner organisation. Direct payment by an employee must be supported by a proof of reimbursement from the employer.
- Real costs and daily allowances must be in line with the specific national or institutional rules applicable to the partner organisation. In the absence of national or internal rules on daily allowances, real costs apply. Note that travel and accommodation costs should remain reasonable as they are reimbursed with public money.
- Normally, travel and accommodation costs should relate to trips undertaken within the programme area. Trips outside the NWE area but within the NWE countries are eligible without any prior approval from the Joint Secretariat. Trips outside the NWE countries should be exceptional and will need prior approval from the Joint Secretariat. Therefore, a specific request needs to be submitted by the lead partner to the Joint Secretariat for validation **in advance**. This request should clearly demonstrate the added value of the trip to the project, the specific roles of each person travelling and the detailed travel budget.

Supporting documents for the list of the expenditure (first level control)

The following documents must be available for control purposes:

- Agenda (or similar) of the meeting/seminar/conference;
- Documents proving that the journey actually took place (for example, boarding passes or participant lists etc.);
- Paid invoices (including hotel bills, transport tickets, etc.) and, if applicable, the employee's expense report along with proof of reimbursement by the employer to the employee;
- Daily allowance claims (if applicable), including proof of reimbursement by the employer to the employee.

Points of attention

Travel and accommodation expenses related to individuals other than staff directly employed by the beneficiaries of the project (such as consultants, experts, associated partners), must be included under the 'external expertise and service' budget line.

IV. External expertise and services

Definition

External expertise and service costs include expenditure paid on the basis of contracts or written agreements and against invoices or requests for reimbursement to external service providers who are subcontracted to carry out certain tasks/activities linked to the delivery of the project (e.g. studies and surveys, translation, website development, coordination, financial management, first level control).

According to the Commission Delegated Regulation (EU) No 481/2014 Article 6, expenditure on external expertise and service is limited to the following services and expertise provided by an organisation other than the project partner:

- *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 a project or to a Cooperation Programme as such;*
- *financial management*[1]*;*
- *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 notaries' services, technical and financial expertise, other consultancy and accountancy services;*
- *intellectual property rights (see also section 5.7);*
- *verifications under Article 125(4)(a) of Regulation (EU) No 1303/2013 and Article 23(4) of Regulation (EU) No 1299/2013 (i.e. First Level Control costs);*
- *the provision of guarantees by a bank or other financial institution where required by Union or national law or in a programming document adopted by the Monitoring Committee;*
- *travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;*
- *other specific expertise and services needed for operations.*

Key principles

External expertise and services costs are connected to certain project tasks that cannot be carried out by the project partners themselves (mainly to bring in more expertise or capacity) and are therefore outsourced to external service providers.

The work of external service providers must be necessary for the project and should be linked to activities foreseen in the application form.

All applicable EU, national and internal public procurement rules must be respected. Even below EU thresholds, contracts with external providers must comply with the principles of transparency, non-discrimination, equal treatment and effective competition (see also **section 5.5** on public procurement).

1 Project management would be covered under 'other specific expertise and services needed for operations'

Supporting documents for the list of expenditure (first level control)

The following documents must be kept available for control purposes:

- Evidence of the selection process, in compliance with the applicable EU, NWE Programme, national and internal public procurement rules. Any modifications to the contract must comply with the public procurement rules and must be documented.
- A contract or other written agreements of equivalent probative value laying down the services to be provided with a clear link to the project.
- An invoice or a request for reimbursement providing all relevant information in line with the applicable accountancy rules.
- Proof of payment.
- Outputs of the work of external experts or service deliverables.

Points of attention

- Project partners cannot enter into contracts with one another in relation to activities required as part of the same project. This is due to the fact that the roles of project partner and service provider are different and incompatible: a project partner is required to cooperate with the other partners in the delivery of the project against partial reimbursement of ERDF; a provider delivers services/goods against payment and in compliance with the applicable public procurement rules. If a project partner cannot implement a certain task, the task may be reallocated to another partner or procured to an external service provider.

- Subcontracting in-house or to other affiliated companies must be done on a real costs basis and reported in:
    A. each relevant budget line, according to the nature of service provided, as long as the reporting requirements applicable to the budget lines are fulfilled. For instance, in the case of an internal audit department carrying out first level control, time spent on checking the claims must be reported as staff costs, provided that the rules applicable to staff costs are fulfilled.
    B. the external expertise and services budget line, where a service from an internal service inside a different legal entity is provided. In this case, the relevant public procurement rules must be complied with.

- Advance payments may only be accepted if they are supported by an invoice or another document of probative value. The corresponding activity must have taken place (and verified to have done so by the first level controller) by the end date of the project at the latest.

- The costs of services contracted by project partners for arranging the travel and accommodation of their own staff members (e.g. travel agencies, etc.) must be claimed under the budget line 'travel and accommodation'.

V. Equipment

Definition

Expenditure on equipment that is purchased, rented or leased by a partner, and necessary to achieve the objectives of the project. This includes the costs of equipment already in the possession by the partner organisation and used to carry out project activities.

According to the Commission Delegated Regulation (EU) No 481/2014 Article 7 expenditure on equipment is limited to the following items:

- *office equipment;*
- *IT hardware and software;*
- *furniture and fittings;*
- *laboratory equipment;*
- *machines and instruments;*
- *tools or devices;*
- *vehicles;*
- *other specific equipment needed for operations.*

Key principles

Equipment costs are eligible if they have been approved through the application form by the programme. Normally, only such planned equipment is eligible for funding. Unplanned equipment may be eligible for funding but only in exceptional cases and needs to be agreed with the Joint Secretariat.

In addition, even planned items of equipment can only be funded by the programme if no other EU funds have contributed towards their financing. All equipment must be purchased in line with public procurement rules.

When reporting expenditure on equipment the following points should be considered:

- If the equipment is used solely for the purpose of the project, will be fully depreciated before the end date of the project and was purchased and paid for within the eligible period, the full purchase cost of the equipment should be reported.

- If the equipment was purchased before the project was approved, a pro-rata depreciation will be applied. Only the value of the depreciation incurred during the project timeframe is eligible.

- If the equipment is purchased during the project lifetime but the depreciation plan is longer than the project duration, a pro-rata depreciation will be applied. Only the value of the depreciation incurred during the project timeframe is eligible. For example, a project buys a machine that has a depreciation period of 5 years. The machine is bought when the project will run for another 24 months. Therefore, only 2/5^{ths} of the purchase price of the machine is eligible. This is assuming that the machine is used 100% for the project (see below).

- If non-depreciable equipment (e.g. low-value asset) is purchased, the full purchase cost of the equipment should be reported where the equipment is used 100% on the project.

- If the equipment is rented or leased, depreciation does not apply, i.e. full cost is reported where the equipment is used 100% on the project.

- If the equipment is purchased by the partner organisation, but is used only partially for the project, only the share related to the use of the equipment for the project may be reported. This share must be calculated according to a justified and equitable method in line with legislation or the partner organisation's general accounting policy.

- If the equipment represents a core component of the project investment (this means that the equipment is essential to carry out the investment, for example the purchase of a laboratory machine for the purpose of research activities in the project, or the purchase of fixed assets necessary for infrastructure), then the full cost of the item can be reported (in the equipment budget line).

The provision of equipment as an in kind contribution is eligible (ref: Art. 69.1 Common Provisions Regulation (EU) No 1303/2013), provided that the value of the contribution does not exceed the generally accepted price on the market and that this can be independently assessed and verified (see also **section 5.4.4**).

Supporting documents for the list of expenditure (first level control)

The following documents must be kept available for control purposes:

- Evidence of compliance with the applicable EU, NWE Programme, national and internal procurement rules;
- Invoices (or a supporting document having equivalent probative value to an invoice in the case of depreciation) providing all relevant information in line with the applicable accountancy rules;
- Documents presenting depreciation calculations in compliance with the applicable national schemes;
- Proofs of payment.

Points of attention

- Regarding rented equipment: any equipment necessary for the implementation of project activities needs to be budgeted and reported in this budget line. Renting costs for equipment do not fall under the budget line 'external expertise and services costs'.

- Regarding second hand equipment: the costs of second-hand equipment may be eligible under the following conditions:

  A. No other assistance has been received for it from the European Structural and Investment Funds;
  B. Its price does not exceed the generally accepted price on the market in question;
  C. It has the technical characteristics necessary for the project and complies with applicable norms and standards.

VI. Infrastructure and construction works

Definition

The 'infrastructure and construction works' budget line covers costs related to investments in infrastructure that do not fall into the scope of other budget lines. This includes costs for:

- *Purchase/provision of land*[1]*;*
- *Purchase/provision of real estate;*
- *Site preparation;*
- *Delivery;*
- *Handling;*
- *Installation;*
- *Renovation;*
- *Other costs necessary to the implementation of construction works.*

In order to be eligible, infrastructure and construction works must be the result of transnational cooperation activities (such as joint planning, design, decisions, and implementation) specifically directed at improving the development of the programme area in line with the additionality principle. The transnational dimension and added value must be evident.

Infrastructure and construction works will be financed only if crucial for the achievement of the project's outputs and results, and if they are inscribed in one or more investment work packages described in the application form.

In kind contribution is also eligible under this budget line, insofar as the requirements of Article 69 of Regulation No 1303/2014 are fulfilled (for further information see **section 5.4.4**.)

In order for the infrastructure and investments (financed under the infrastructure and construction works budget line) to be considered as eligible for co-financing by the programme, they must fulfil certain conditions in the period of 5 years after the programme has made the final payment to the project (see **section 6.1.1**).

Key principles

All costs are subject to applicable EU, NWE Programme, national and internal procurement rules. The partners in charge of the infrastructure and construction works are responsible for ensuring that these rules are respected.

- The full cost of infrastructure and construction works can be reported under this budget line insofar as it is fully justified as part of the project's activities (no depreciation will be applied). Land purchase costs cannot exceed 10% of the total eligible expenditure of the project[1].
-
- A project can also claim the provision of land and/or real estate in the form of in-kind contribution (see **section 5.4.4**.). The land an investment is based on should be owned by either a partner or sub-partner. All other cases should be discussed with the JS and approved by the Programme.

1 Limited to a maximum of 10% of the total project budget, for derelict sites and for those formerly in industrial use (e.g. brownfields) which comprise buildings, that limit shall be increased to 15 %. In exceptional and duly justified cases, the limit may be raised above the respective aforementioned percentages for operations concerning environmental conservation.

Supporting documents for the list of expenditure (first level control)

- Evidence of compliance with the applicable EU, NWE Programme, national and internal procurement rules;
- Documents pertaining to the work may be required – these may include feasibility studies, environmental impact assessment reports and planning permission documents;
- In the case of land and real estate purchase (or provision in the form of in kind contribution), a certificate from an independent qualified evaluator or duly authorised official body confirming that the cost is in line with the market value;
- In the case of land and real estate provided in the form of an in kind contribution, evidence of compliance with the applicable rules in the field of in kind contributions;
- Documents specifying the ownership of land and/or real estate where the works are carried out, as well as proof of commitment to establish and maintain an inventory of all fixed assets acquired, built or improved with the support of the ERDF grant.

5.3 Ineligible costs

The following costs are not eligible:

(A) Fines, financial penalties and expenditure on legal disputes and litigation;

(B) The costs of gifts. Please also refer to section 5.8.6 on giveaways;

(C) Costs related to fluctuation in the foreign exchange rate;

(D) National financial transactions charges.

Furthermore, the programme will not support:

(a) The decommissioning or the construction of nuclear power stations;

(b) Investments to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC;

(c) The manufacturing, processing and marketing of tobacco and tobacco products;

(d) Undertakings in difficulty, as defined under Union State aid rules;

(e) Investments in airport infrastructure unless related to environmental protection or accompanied by investment necessary to mitigate or reduce its negative environmental impact.

(f) The costs linked to the development of basic project websites are not eligible because the programme provides a dedicated space for each project on the Interreg NWE 2014-2020 website (www.nweurope.eu). Producing content (text, images, etc.) for this space is the responsibility of the partnership and is therefore eligible. Additional websites (i.e. external project websites) are eligible only if specifically approved as part of the communication work package of the application form (see **section 5.8.6**).

(g) The development of project logos is not eligible as projects are expected to use the programme's brand provided by the JS (see **section 5.8.5**).

(h) External events and publications by projects that are not sufficiently branded, will not be considered eligible.

5.4 Other programme rules

5.4.1 Grant rate

The maximum grant rate for all projects and project partners is 60%. Within a project not all partners need to have the same grant rate. Projects with a grant rate of lower than 60% may demonstrate better value for money for the programme. The difference between the total project budget and the Interreg-grant is called match-funding and must be provided by each individual project partner. Sub-partners must have the same grant rate as the partners that they are attached to.

5.4.2 Preparation costs

Preparation costs are reimbursed through a lump sum of €30,000 ERDF (irrespective of the grant rate) to all projects approved in step 2 of the Application process.

Points of attention:

- This amount will be automatically added in the application form, under work package 0.
- Projects will only be reimbursed their preparation costs once.
- Projects will not need to provide any justification or supporting documents to receive the preparation costs lump-sum. Project partners will not need to document that the expenditure has been incurred or that the lump sum corresponds to the reality.
- In order to reduce the administrative burden, the lump sum for preparation costs will be exclusively reimbursed to the lead partner. The project may decide to share the lump sum among all the partners; however this will not be taken into account in the reporting (for more information on reporting, see **section 5.11**). If the partners decide to share the lump sum for preparation costs the division among the partners should be laid down in the partnership agreement.

5.4.3 Eligibility period

The start date is the date of the project's approval by the Monitoring Committee. Costs paid prior to this date are not eligible, except for:

- Costs related to preparation, which will exclusively be covered by the lump sum;
- Equipment items for which depreciation during the project lifetime is eligible.

The end date indicated in the application form is the date by which:

- All project activities must have been completed (including those related to the administrative closure of the project – e.g. first level control);
- All payments must have been made;
- The final progress report must have been submitted to the Joint Secretariat.

Any expenditure incurred, invoiced or paid after the project end date is ineligible.

Points of attention

- No content-related activities should be scheduled close to the end date of the project; the administrative closure often requires more time than expected (i.e. a minimum of 3 months based on past experience)
- Even if, in justified cases, the deadline for submission of the final progress report is extended, this does not alter the eligibility end date
- It is not possible to claim invoices that are paid in advance for activities that are not finalised by the project end date

5.4.4 Contribution in kind

Contributions in kind in the form of provision of works, goods, services, land and real estate for which no cash payment supported by invoices, or documents of equivalent probative value, has been made, may be eligible according to Article 69 of Regulation No 1303/2013, which sets also a number of specific conditions:

a) the public support paid to the operation which includes contributions in kind does not exceed the total eligible expenditure, excluding contributions in kind, at the end of the operation;
b) the value attributed to contributions in kind does not exceed the costs generally accepted on the market in question;
c) the value and the delivery of the contribution can be independently assessed and verified;
d) in the case of provision of land or real estate, a cash payment, for the purposes of a lease agreement of a nominal amount per annum not exceeding a single unit of the currency of the Member State, may be made;
e) in the case of contributions in kind in the form of unpaid work, the value of that work is determined by taking into account the verified time spent and the rate of remuneration for equivalent work.

Contributions in kind are eligible only if they are included in the approved application form, if they comply with the applicable European rules and if they do not contravene national rules. In kind contributions in the form of unpaid voluntary work can be deemed eligible insofar as its value is in line with the cost of an equivalent type of work in the Member State where the partner claiming in-kind contributions is located. In kind contributions in the form of equipment can be deemed eligible insofar as the item of equipment was not previously paid for or co-financed by European funds. In the case of land and real estate, the value must be certified by an independent qualified expert or duly authorised official body.

5.4.5 Exchange rate

All financial claims and project follow-up will be in euros. Expenditure has to be declared to the Joint Secretariat in euros. The programme will also pay the ERDF co-financing in euros.

In accordance with Regulation (EU) 1299/2013 Article 28, expenditure will be converted into euros using the exchange rate of the Commission in the month during which the claim was first electronically submitted to the partner FLC.

This will be done automatically by the online submission system (eMS).

The monthly exchange rates of the Commission are published on:
http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm

Expenditure was incurred in:	The partner bookkeeping is in:	In the eMS you will use:
Euros	Euros	Euros
	Other	Euros
Other	Euros	Euros
	Other	Euros

5.4.6 Budget flexibility

Projects are allowed to overspend by a maximum of 20% of the individual project budget lines without the prior approval of the Joint Secretariat. The overall ERDF funding cannot be exceeded.

Increases of more than 20% on individual project budget lines must be submitted and duly justified to the Joint Secretariat via a **modification request**. No modification will be allowed later than 6 months before the project end date (see **section 5.12** on project modifications)**.**

Partner budget lines are not monitored as such by the programme. This means that partners can over- or underspend their budget lines provided that all their activities are implemented and that budget lines at project level stay within the 20% flexibility described above.

5.4.7 Shared costs

As a general recommendation projects are advised to share tasks and not costs. Experience has shown that it is much more efficient to allocate tasks that are for the common benefit of all project partners equally among the partnership instead of sharing the costs for those tasks.

It is nevertheless also possible to share costs between the partners, but the contracting-partner-only principle applies to the budgeting and reporting of these costs. In practice this means that:

- The contracting partner is the only one that budgets, actually pays and claims 100% of the cost item and receives the related ERDF;
- All the other partners can decide to reimburse the share of the cost that is not covered by the ERDF to the contracting partner. However, the other partners cannot claim this reimbursement in their payment claims because the total ERDF share has already been paid to the contracting partner. The programme nevertheless advises projects to agree on and specify the internal procedures and the shares of such contributions in the partnership agreement.

Example:

Partner 3 has produced a leaflet for the whole partnership. The costs are €10,000. As partner 3 has the contract with the provider, they will claim the whole invoice in an upcoming progress report and receive the ERDF co-financing (with a 60% co-financing rate this amounts to €6,000). All partners contributing financially will reimburse partner 3 on the part that was not financed by the programme (each pay their respective share of the remaining €4,000). This reimbursement to partner 3 cannot be included in the progress report of the other partners, as this would be double financing.

5.4.8 Revenues

Definition

Revenues are defined as cash in-flows directly paid by users for goods or services provided by a project, such as charges borne directly by users for the use of infrastructure, sale or rent of buildings, or payment for services.

Net revenues are revenues as defined above – less any operating costs and replacement costs for short-life equipment incurred during the corresponding period.

If operating costs and replacement costs for short-life equipment are claimed during the lifetime of the project, they cannot be deducted from revenues.

The net revenues cannot be used as a source of co-financing to calculate the EU reimbursement (they reduce the eligible expenditure).

Treatment of net revenues

a) At the project application stage

The eligible expenditure will be reduced in advance to take into account the potential of the project to generate net revenues over a specific period – covering both the implementation of the project and the period after its completion.

If known beforehand, the amount of net revenues should be specified in the application form, in the net revenues budget line. Net revenues will be deducted from total eligible expenditure and will consequently decrease the ERDF contribution. If the net revenues are only partially generated due to the eligible expenditure they should be reported on a pro-rata basis.

b) At the project implementation stage

All net revenues (including revenues that are not foreseen at the application stage) generated during the project's implementation stage must be reported in the project progress reports before the closure of the project.

Project partners are responsible for keeping proper accounts of all the revenues and operating costs (if applicable) and for keeping these available (e.g. for control purposes).

c) After the completion of the project

If net revenues are expected to be generated after the project's end date (e.g. to ensure durability of the results), it must be estimated and deducted from the budget at the application stage.

Where it is objectively not possible to estimate net revenues in advance, the project should contact the Joint Secretariat to get further guidance.

If the project is subject to State aid rules (de minimis/general block exemption/notification was applied) in most cases the net revenues will not be deducted unless national rules request otherwise. Generally, only large organisations in some cases (subject to some articles of GBER) are expected to deduct net revenue when it is generated after the completion of the project only or during their implementation and after the completion of the project.

5.4.9 Advance payments

Conditions

Solvent non-public partners with micro-enterprise[1] and ”micro” NGO[2] status can request an advance payment limited to either 50% of the partner’s ERDF budget or €50,000 ERDF at project level, whichever is the lower. Only one advance payment per project is possible: the amount may be divided among several partners and it will be disbursed only once; i.e. at the beginning of the project. The distribution among the partners should be agreed upon in the partnership agreement. The advance payment can be paid only to the project partners. Sub-partners or associated partners are not eligible to request and receive advance payments.

Procedure

The advance payment must be formally requested and submitted with the step 2 application form. The request will be subject to the Joint Secretariat assessment procedure and will be disbursed to partners whose solvency check was positive (see above).

The advance will be paid out to the lead partner upon signature of the subsidy contract and the lead partner will then distribute the advance to respective partners in accordance with the stipulations of the partnership agreement. The advance will be offset against the payment claim at the end of the project. If a beneficiary leaves the project before its end the advance will be offset at the end of that beneficiary’s participation in the project.

The Joint Secretariat will monitor the schedule of expenditure to detect any risk of under-consumption and the partners with no or low spending might be asked to return the advance.

1 A micro-enterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

2 A ”micro” NGO is defined as an non-governmental organisation which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million.

5.5 Public procurement

What is public procurement?

During the implementation of a project, virtually all project partnerships buy goods and services externally. For example, external auditors are hired to carry out the first level control; a project, finance and communication manager are hired to assist the lead partner with the organisational and administrative aspects of project's implementation; catering and technical equipment for conferences and meetings is ordered, etc. Whenever purchases are made and contracts are awarded to external suppliers, the public tendering principles must be observed so that project partners demonstrate efficient use of public funds.
The public procurement rules define the tendering and publicity procedures applicable to different threshold values. Each contract should be awarded on the basis of objective criteria that ensure compliance with the principles of transparency, non-discrimination and equal treatment and which guarantee that tenders are assessed under the conditions of effective competition.

How to comply with public procurement rules?

When dealing with public procurement rules, four levels need to be considered:

- the EU's public procurement directives;
- national rules;
- partner organisations' internal rules;
- programme specific rules.

As a matter of principle, the stricter rules must always be applied. In the event that national/regional rules set stricter requirements (such as for publicity, free competition, lower thresholds) than those established by the European directives, then they must be applied. The same principle goes for internal rules and programme rules.

Specific NWE Programme rule:

For all contracts above €5,000 (excl. VAT) project partners (public or private) need to have documented proof that three quotes have been asked for. In the event that the partner must comply with other, stricter rules (e.g. internal rules), these stricter rules must apply.

The failure to apply this Programme rule, will result in a 25% flat rate cut for all the expenditure related to the contract.

The fundamental principles of transparency, non-discrimination and equal treatment also apply for all purchases and subcontracted activities below the threshold values. Basically, below and above the thresholds, the main difference for public contracts is the degree of publicity and formality of the tendering procedure: in certain cases a request for three offers ('bid-at-three') might be sufficient whereas for others it is necessary to announce the tender in national/regional media or EU wide, etc.

Central to ensuring adherence to the public tender rules is the tender documentation, which usually consists of the following:

- Terms of reference (with sufficiently detailed specifications, including clear information for candidates about award and weighting criteria);
- Request for offers or procurement publication/notice;
- Offers/quotes received;
- Report on assessment bids (evaluation/selection report) including:

    - Justification for the procedure chosen in the light of the identified needs;
    - Evaluation of the offers in the light of the previously announced award and weighting criteria;
    - Letters of acceptance and rejection;
    - Contract, including any amendments and/or renewals (with evidence that these did not modify the conditions of the tender and that there was no modification of the object of the initial contract);
    - Evidence that the payments made match the contract (invoices and proof of payment);
    - Proof of delivery of goods or services.

Where there are doubts about which specific rules apply in a specific case, the Joint Secretariat recommends that projects refer to the following sources:

- The internal market website: http://ec.europa.eu/internal_market/publicprocurement/index_en.htm;
- National First Level Control Approbation Body;
- The national public procurement authority;
- The legal department of the relevant project's partner organisation.

For information on current European thresholds please check the following European Commission website: http://ec.europa.eu/growth/single-market/public-procurement/rules-implementation/index_en.htm

Public procurement for private partners

Private partners that can be defined as bodies governed by public law must respect the provisions of Article 2(4) of Directive 2014/24/EU. Private partners are regarded as bodies governed by public law if they fulfil the following three criteria:

1. are established for the specific purpose of meeting general interest needs, do not have an industrial or commercial character, and;
2. have a legal personality, and;
3. are financed, for the most part, by the State, or regional or local authorities, or other bodies governed by public law, or are subject to management supervision by those bodies, or are governed by an administrative, managerial or supervisory board, more than half of whose members are appointed by the State, regional or local authorities or by other bodies governed by public law.

Private organisations not fulfilling these conditions are not obliged to respect the provisions of Directive 2014/24/EU, unless there are national or internal rules which oblige them to do so.

In the event that there are no existing rules, all private partners must abide by the above mentioned programme rule stipulating that for all contracts above €5,000 (excl. VAT) project partners need to have documented proof that three quotes have been asked for.

Points of attention

- Public procurement rules and principles are applicable to all public authorities and bodies governed by public law. These rules are therefore also applicable to the expenditure incurred as part of the Interreg NWE project. Evidence has to be available on how the choice of contractor was made. Project partners must keep a record of every step of the public procurement procedure for first level control and audit purposes.

- The greater the interest of the contract to potential bidders from other Member States, the wider the coverage (publicity) should be. Depending on the nature of the services and goods, an EU-wide advert may therefore be advisable even if the value of the contract is below the EU-threshold.

- The applicable tender procedure changes according to the contract value. When calculating the value of a contract, the maximum total amount that may be paid during the entire contract period (incl. renewal periods) needs to be estimated. This means that partners cannot exclude the value of potential contract renewal periods with the aim of avoiding a given tender procedure by staying below a certain threshold.

- When calculating the contract value, the project partner has to take into consideration all (potential) contracts of the same type that the partner organisation either has implemented or will implement during the financial year (including contracts that are unrelated to the project).

- A procurement offer may not be divided into several smaller offers for the purpose of fitting them individually into the value range applicable to direct awards.

- If a direct award procedure is used for reasons of urgency, it has to be proven that the urgency was due to unforeseeable circumstances. Insufficient planning by the project partner does not justify the direct award procedure.

- If a direct award procedure is used for technical /exclusivity reasons, it must have been ruled out that any other supplier than the one being contracted is capable of providing the requested services. This elimination procedure must be based on objective criteria. With regard to project management services for example, a direct award of procedure for technical reasons/exclusivity cannot normally be justified. **The fact of having already worked with a certain external provider in the past, having been satisfied by the quality of the work and wishing to benefit from the knowledge the provider acquired through working with the partner organisation in the past and on similar subjects does not represent sufficient justification for a direct award.** If objective proofs do not exist, an open tender still has to be organised. Its outcome will then prove if there is really no equivalent alternative on the market.

- To avoid any loss of ERDF, projects must be able to prove that their contract award procedures comply with public procurement rules. Due to the complexity of public procurement rules, project partners are invited to work closely with their legal departments to ensure the compliance of awarded contracts with EU, national and internal public procurement rules.

- Should corrections be necessary, they should be made in compliance with the Guidelines (see link below) for determining financial corrections to be made to expenditure financed by the Union under shared management, for non-compliance with the rules on public procurement.
  http://ec.europa.eu/regional_policy/sources/docoffic/cocof/2013/cocof_13_9527_annexe_en.pdf

Preventing fraud in public procurement

As highlighted in section 5.13.4 the programme recommends project partners to pay attention to fraud risks in the area of public procurement.

To prevent and detect potential fraud in this area, project partners are recommended:

- **to ensure the proper application of their internal conflict of interest policy (e.g. through conflict of interest declarations, conflict registers),**
- **to perform checks on companies participating in a tender in particular to prevent conflicts of interest, detect interlinked companies submitting tenders (e.g. checking general websites, online companies registers, etc.)**
- **to have measures in place to detect persistently high or unusual bid data (e.g. bid evaluators that have a knowledge of the marketplace) and verify the plausibility of the price of activities/services (e.g. comparison with similar contracts, online price comparison tools).**
- **to perform checks on goods and services provided in particular to verify compliance with tender specifications, the prices quoted and the actual delivery of activities/services (e.g. request if needed additional information on staff involved, time spent, etc.).**
- **use standard unit costs for regularly purchased supplies/services.**

In addition, for all public procurement above the lowest applicable threshold, partners should implement a robust internal control system, in line with the proportionality principle, to avoid in particular:

- **irregular split purchases;**
- **unjustified direct awards;**
- **irregular extensions of contract;**
- **irregular amendments of existing contracts;**
- **the leaking of bid data;**
- **that bid specifications are too narrow;**
- **that procurement procedures are not followed.**

This should involve the internal review of all public procurement procedures above national and EU thresholds. For example, it is recommended that contract awards or amendment of existing contracts are reviewed by a secondary mechanism within the partner organisation other than the selection panel (e.g. senior level personnel within the beneficiary). Another measure could be that evaluation boards are comprised of senior management personnel who are rotated, with some level of randomness in their selection for participation.

Similarly, if the partner organisation owns an internal audit function, it is recommended that the relevant service/person regularly reviews the implementation of internal controls over procurement.

Moreover, on top of the minimum requirements defined by the applicable European and national public procurement law, the programme recommends project partners to ensure:

- **a high level of transparency in the award of contracts (e.g. publication of all contract information that is not publicly sensitive);**
- **that the tender process includes a transparent bid opening process and adequate security arrangements for unopened tenders (in order to avoid the manipulation of bid data).**

5.6 State aid

What is State aid?

State aid is defined as any advantage the programme may give to a project partner in the context of their funded project, where this advantage has a potential to distort the competition or trade within the Union. During a project's preparation, assessment or implementation phases, it may turn out that some of the activities are State aid relevant.

State aid is in principle forbidden because it may distort competition by favouring certain organisations or the production of certain goods (which is incompatible with the internal market). However, there are several exceptions that allow for aid in certain areas, up to a certain amount (de minimis) or for certain organisations that are crucial for the European economy as they perform certain activities (e.g. those activities that are specified in the General Block Exemption Regulation = GBER).

Who is affected by State aid?

All entities engaged in an economic activity fall under the State aid rules, regardless of their legal status and regardless of whether they aim to make a profit, such organisations engaged in economic activities are called undertakings. This means that both public and private partners can be affected by State aid and they can be described as undertakings. Public institutions may perform economic activities (e.g. a regional council can implement a support scheme for SMEs) and such activities are State aid relevant. On the other hand, the participation of an SME in a project does not necessarily mean that its activities within the project will be State aid relevant.

The programme published a Guidance document named *State aid* in the *North-West Europe Programme* which explains in more detail the state aid approach applied.

On which basis is it possible to determine if the activity is State aid relevant or not?

To be considered State Aid, a funded activity must fulfil the following 5 criteria which stem from the definition of State aid provided in the Article 107(1) of the Treaty on the Functioning of the European Union:

1. The aid is provided by the Member State or through State resources
   In case of NWE programme the answer is always yes.

2. The aid favours certain organisations or the production of certain goods, in other words, the measure is selective.

   In case of NWE programme the answer is always yes. There will be almost always some kind of selectivity, for example sectoral or geographic. The programme as such is geographically selective, it promotes the interventions in the North West Europe and not in the whole European Union. Usually, the measures are selective as well, they do not address all the organisations, but according to the priority of the project, they focus on some specific sector (for example biobased industry, automotive industry etc.)

3. The aid affects (or potentially affects) trade between Member States

   In case of NWE programme the answer is usually yes. The aid measures are intended not to be local, but transnational, therefore the answer is positive.

4. Aid measure distorts (or potentially distorts) competition and has effect on trade.

   This criterion is closely related to the criterion 5 discussed below. If an organisation receives a competitive advantage over its competitors such situation could usually potentially distort the competition. For example, if a car producing company receives a grant or a tax exemption (not necessarily of significant value) it would be given a competitive advantage over its competitors because as a final consequence the cars produced by this company could be sold cheaper which would (potentially) distort the competition.

5. The aid measure confers an advantage to the organisation.

While analysing this criterion we need to decide two things. Firstly, we need to determine if the beneficiary is an undertaking. In order to determine it we need to know if the activity the beneficiary performs is an economic activity.

Secondly, we need to consider if the beneficiary receives the advantage by participation in the project. State aid is present when two conditions are met: when a beneficiary performs economic activities AND they give them a selective advantage. As these two points are fundamental there are some auxiliary questions stated below which help to state if the organisation receives an advantage. The main focus of the analysis is the scope of the project and the activities therein, not the customary activities of the beneficiary.

Economic activity

Economic activity means putting goods or services on the market. It is not necessary to make a profit to be engaged in economic activity, if others in the market offer the same or similar goods or service, it is economic activity. However, if project activities are carried out in order to make a profit it will increase the possibility of State aid occurrence. To state that project activities are economic activities one of the below questions need to be answered positively:

- In the context of the project, does your organisation undertake any activities and/or develop/offer goods/services for which a market exists?
- In the context of the project, does your organisation implement activities or provide goods/services that could be carried out or provided by an operator in order to make profit (even if this is not the intention of your institution)?
- In the context of the project, does your organisation plan to carry out the economic activities on your own i.e. not to select external service provider via public procurement procedure?
- Does your organisation plan to disseminate goods/services achieved within the project on an exclusive and discriminatory basis, for example through restricted access databases, restricted publications or software?
- In case your organisation, within the project, plans to carry out any activities involving construction of infrastructure, will this infrastructure be exploited commercially and/or will it be available after payment of a fee?

Selective advantage

The second condition that must be met is the selective advantage that organisation receives which would not have been obtained under normal market conditions. Selective advantage may take the shape of relieved costs that the organisation would normally bear.

If there is no selective advantage or benefit to the applicant, then there is no State aid. To determine if there is a selective advantage one of these two questions need to be answered positively:

- Does your organisation gain any benefits from the economic activities which would not have received in the normal course of business, i.e. in the absence of funding granted through the project?
- Is your organisation relieved of any costs from the economic activities, which would not have happened in the normal course of business, i.e. in the absence of funding granted through the project?

NWE procedure to assess State aid relevance

State aid compliance in the NWE Programme will be assessed on the basis of the planned activities described by project partners in the submitted application forms. The initial assessment will be done when the step 1 application is submitted. A further and more in-depth state aid assessment will be performed when the step 2 application is submitted, as that is where work packages and activities per partner will be described in detail.

In the event that State aid activities are identified, project partners should take into account that some restrictions may be applied (e.g. there will be a maximum ERDF contribution or the grant rate will be lowered).

De minimis

The 'de minimis' rule allows for State aid relevant activities, but only those that are of minimum financial importance, up to a threshold. The amounts of de minimis aid granted per Member State[1]. to a single undertaking within the last 3 fiscal years cannot exceed €200,000[2].

In practice, this means that the partner which meets the requirements of the single undertaking and which did not receive any de minimis aid within the last 3 fiscal years can receive up to €200,000 from several Member States within one project. In the context of NWE Programme the de minimis aid is granted by 6 Member States: Belgium, France, Germany, Ireland, the Netherlands, and the United Kingdom which means that a single undertaking can receive up to €1,200,000[3] of de minimis aid within one project if it did not receive any de minimis within the last 3 fiscal years.

It must however be stressed that State aid can have different forms: apart from grants, an organisation may receive tax exemptions, or its employees may participate in free seminars granted on the 'de minimis' basis. The organisation receiving ERDF from the NWE Programme and that falls under the 'de minimis' rule and is considered an undertaking after step 2 approval will be asked to provide a self-declaration (will be provided by the JS) listing all de minimis aids received within the last 3 fiscal years. The maximum ERDF grant amountwill be calculated on the basis of this declaration. After the 'de minimis' State aid is granted (i.e. the subsidy contract is signed), the programme will send a letter to the organisations specifying the granted de minimis amount. These amounts will have to be taken into account when applying for further de minimis aid and included in self-declarations in other aid schemes.

1 For Luxembourg the application of regular de minimis is acceptable for minor amounts and in justified cases.
2 In the road freight transport sector this threshold is decreased to €100,000 and will not apply for acquisition of road freight transport vehicles.
3 This threshold was adopted by MC decision from 13 of September 2016 and is applicable as of Call 3. The threshold for Call 1 and Call 2 projects amounts to €200,000.

General Block Exemption Regulation (GBER)

Another possibility is to use one of the exemptions offered by the General Block Exception Regulation:

5a) General Block Exemption Regulation Article 20, cooperation costs incurred by SMEs participating in European Territorial Cooperation projects

If this exemption is applied, the maximum grant rate (from all public sources) will be limited to 50% (known as 'maximum intensity') of eligible costs and the absolute ceiling for co-financing will be limited to €2,000,000 per project. Among other requirements, the applicant must meet the criteria that establish it as 'an SME that is not in difficulty'. The eligible costs under this exemption scheme will be claimed under the following budget lines:

- Staff costs, to the extent that these are linked to the cooperation project;
- Office and administrative expenditure, to the extent that it is linked to the cooperation project;
- Travel and accommodation that is directly related to the project;
- External expertise and services linked to cooperation and delivered by external consultants and service providers. These services cannot be a continuous or periodic activity nor relate to the undertaking's usual operating costs, such as routine tax consultancy services, regular legal services or routine advertising;
- Equipment that is directly related to the project and depreciation of tools and equipment used directly for the project;
- Infrastructure and construction works.

5b) Exemptions regulated by other articles of the General Block Exemption Regulation

There are also different exemptions (for example: aid for research and development, aid for innovation clusters) that might apply other restrictions especially on the maximum grant rate, maximum ERDF ceiling or scope of activities to be co-financed The NWE Programme registered a scheme covering the following articles: Article 25 - Aid for research and development projects, Article 26 - Investment aid for research infrastructures, Article 27 - Aid for innovation clusters, Article 28 - Innovation aid for SMEs, Article 29 - Aid for process and organisational innovation, Article 31 – Training aid, Article 36 - Investment aid enabling undertakings to go beyond Union standards for environmental protection or to increase the level of environmental protection in the absence of Union standards, Article 38 – Investment aid for energy efficiency measures, Article 41 – Investment aid for the promotion of energy from renewable sources, Article 45 – Investment aid for remediation of contaminated sites, Article 46 – Investment aid for energy efficient district heating and cooling, Article 47 - Investment aid for waste recycling and re-utilisation.

Large organisations in some cases (subject to some articles of GBER) are expected to deduct net revenue when it is generated after the completion of the project only or during the implementation and after the completion of the project.

Notification to the European Commission

In very exceptional cases, where neither de minimis nor GBER can be applied, notification to the European Commission can be considered. Project partners must however take into account that it is a burdensome and lengthy administrative process. The project activities will be allowed to be implemented only once the European Commission approves the State aid scheme.

State aid granted by the project partner

The project might also involve project partners granting State aid "downstream" to other organisations. This means that the NWE subsidy will not be regarded as State aid. Such aid would only be deemed to be State aid in the case where project partners offer marketable services to organisations (for free or partly paid). This might include offering free services to organisations (e.g. SMEs) for which they would otherwise have to pay. In such a case State aid will be deemed to be granted by project partners and project partners would be required to meet the State aid requirements (e.g. ask for de minimis self-declarations, keep the register and inform SMEs about the amounts granted). Receiving organisations will be considered undertakings and must abide by the State aid rules (eg. provide de minimis self-declaration). Alternatively, the project partners might exclude State aid relevant activities by charging market prices for services offered to SMEs, or by excluding selectivity i.e. offering services to all interested SMEs. Where a project involves such "downstream" State aid project partners should contact the JS for additional guidance.

5.7 Ownership and intellectual property rights (IPR)

Cohesion policy – and European Territorial Cooperation (Interreg) in particular – are about solidarity, collaboration, joint results and joint activities. The outputs and results (referred to as 'foreground Intellectual Property'[1]) must therefore be owned by the partnership as a whole.

Furthermore, and as a general principle of serving the general interest with the ERDF public funding, project outputs (e.g. processes leading to new products or services, studies, policy recommendations, good practice guides) are expected to be freely available for the public. Therefore, project partners should disseminate their project outputs and results to a wide European public.

However – in exceptional cases – partnerships might have good reasons to protect their project outputs and results. These cases must be examined during the assessment prior to approval of the project and should therefore be mentioned in the risks section of the application form and in the partnership agreement. Access-rights to foreground IPR will be granted on a royalty-free basis.

Projects should make use of the partnership agreement to make the necessary provisions for questions on ownership and intellectual property rights. The partnership agreement template already includes a paragraph that indicates shared ownership among all project partners.

1 Foreground means all the intellectual property that is generated during the implementation of the project as a result of the collaboration in the partnership.

5.8 Communication

Communication is an integral part of projects and requires careful planning, as well as adequate resources (human and financial). The rules and recommendations included in this chapter aim to help projects plan and implement their communication successfully. Project communication shall be planned at the same time as the rest of activities and key information about it will be required in the application form of step 2, which includes a compulsory work package on communication.

After approval projects are encouraged to create a fully-fledged communication strategy that should include the strategic approach of all the communication foreseen in the application form. The partnership is then expected to update this strategy as needed during the lifetime of the project. Guidance on how to prepare the communication strategy is included in this chapter (point 5.8.4.)

5.8.1 Project and programme communication

Project communication should contribute to the Programme's communication strategy. It must therefore systematically include the message that the positive effects of the project's activities are possible thanks to financial support from the European Regional Development Fund provided by the Interreg North-West Europe Programme.

The Joint Secretariat will support project communication with training, joint communication activities, web spaces and templates. In return, the Secretariat expects projects to actively participate in programme's communication initiatives by delivering content (text and high-quality, copyright-free photos) for digital and print communication materials and involving the Secretariat in major communication events (as speakers at events, for example).

5.8.2 Communication in the application process

The **application form (step 2)** requires information about the communication strategy in different work packages:

a) Communication focused on external audiences during the project's lifetime, reflected in the communication work package.

b) Internal communication focused on the partnership during the project's lifetime, included in the management work package.
This refers to the communication among partners to ensure the smooth and successful implementation of the project. It includes staff with tasks within the partnership as well as people working for the same organisation but with no direct involvement in the project.

c) Communication (internal or external) after the end of the project, included in the long term effects work package.

d) Other communication actions might be included in other sections of the application form, like implementation or investment work packages.

5.8.3 Communication Manager

To ensure consistency, the lead partner should appoint early on in the process a qualified **communication manager**, and must enter his/her contact details in the eMS immediately after the approval of the project at the latest. He/she shall be in charge of planning and coordinating the project's communication strategy. The role of the communication manager typically involves the following main responsibilities:

- *Designing the project's communication strategy in close cooperation with the project coordinator and project partners;*
- *Coordinating the implementation of communication activities;*
- *Managing the project web space;*
- *Liaising with the Joint Secretariat on project/Programme communication issues, including the provision of information about the project achievements (photos, articles, etc.)*

5.8.4 Communication Strategy

Before developing communication tools – a video documentary, for example – it is necessary to develop a strategy that is based on an ongoing and iterative process. A communication strategy is a means of organising how the project networks, participates, and interacts in its context. Good communication is a dynamic process: listening to the needs and wishes of the target group(s) and gathering feedback to assess and adapt the project results.

All projects should define a communication strategy. There are many ways to do this, but the following steps may be considered useful:

1) Define what you want to achieve

a. Set objectives: What to achieve? Communication objectives should always be in line with the project objectives. They should be brief, few in number and specific, measurable, affordable, relevant and time-bound (what is known as SMART objectives). Example: 'To increase employers' use of public transport by 10% in Town X by 2018'.

b. Define the target group(s): A particular segment of population whose perceptions, knowledge and behaviour you intend to change in the framework of your project. Success will very much depend on how well these groups are defined and how well you know them.

2) Define how to achieve your objectives

a. Establish budgets: Explain how are you going to allocate your resources, including staff costs and other expenditures.

b. Create an implementation plan: Include the main communication activities specifying **What** (the name of the activity), **Who** (the person in charge), **When** (expected time for the activity) and **How much** (rough estimates). This plan should be a living document that can be adapted through the implementation of the project.

3) Define how you will monitor and evaluate your results

a. Develop an evaluation plan: Specify how are you going to check that the objectives of your communication strategy have been met.

5.8.5 Branding

Consistency is a cornerstone of brand identification. For this reason and in order to limit costs, projects will share the programme's brand. Interreg NWE provides projects with a visual identity brand package and related templates for plaques, billboards, posters, publications, etc. These documents can be downloaded from the Interreg NWE website.

Projects may – in exceptional cases – develop brands for their products or solutions if this is sufficiently justified in the application form and communication strategy.

5.8.6 Project partners' legal responsibilities – Information and publicity requirements

Annex XII, section 2.2 of EC Regulation 1303/2013 lays down the project partners' obligations regarding information and communication measures for the public.
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:347:0320:0469:EN:PDF

All information and communication measures implemented by partners must acknowledge and promote the ERDF support received from the Interreg NWE Programme.

NOTE: Non-compliance with the following rules will lead to the withholding of payment.

In the application phase

I. The applicant's name should correspond to the records in the Companies Register where relevant.

II. We recommend using project names that are concise and informative. They should be able to be clearly communicated to the general public and easily displayed on the project communication material (A3 posters, list of operations and in certain cases on billboards and plaques).

III. Applicants are required to indicate the geographical coordinates of their investments to enable the use of electronic maps by the programme.

During and after implementation of the project

I. Project information in project **partners' websites:** Project partners must publish information about their projects on their websites, where such websites exist. This should include, at least, the following:

- the EU emblem together with reference to the European Union and the relevant EU fund; these must all be visible when arriving at the website, inside the viewing area of a digital device, without requiring a user to scroll down the page; and the reference to the relevant Fund must be made visible on the same website.
- a brief description of the project, its objectives and results together with information on EU financial assistance.

II. Project partners must place at least **one poster** with information about the project (minimum size A3), including the financial support from the European Union, at a location readily visible to the public, such as the entrance area of a building (e.g. the institution's headquarters).

III. During **activities** such as training sessions, conferences, work sessions, specific training courses, trade fairs, exhibitions, etc. beneficiaries should ensure that all stakeholders are provided with information about the EU funding for the project by displaying the emblem together with reference to the European Union and the relevant EU fund at a location (for example in front of the premises) where the project operation/event is implemented. It is appropriate to use easily movable, folding banners (if possible it is advisable to enclose photographs of such banners in project documentation).

IV. **Infrastructure and construction sites** financed by NWE must be branded during and after the completion of works. This obligation applies to projects with a total public contribution of more than €500,000. 'Public contribution' means funds from NWE and from any other public sources and the budget threshold refers to the total public contribution to the project (not to a particular investment or partner). To ensure transparency, the Interreg NWE Programme strongly encourages projects with a public contribution of less than €500 000 to apply the same rules.

While works are ongoing, project partners must put up, at a location readily visible to the public, a **temporary billboard** of a significant size for each project consisting in the financing of infrastructure or construction works for which the total public support to the operation exceeds €500,000. This temporary billboard must be replaced by a **permanent billboard plaque** no later than 3 months after completion of the works.

Characteristics of the temporary and permanent billboard/plaque:

a. Information required
The name of the project, its main objective, the Union emblem together with the reference to the Union and the reference to the Fund or Funds displayed on the temporary billboard must take up at least 25% of that billboard.

b. Consistent visual style
To facilitate the project's task, the NWE Programme provides projects with a standard template for information billboards/panels and permanent plaques meeting the technical characteristics laid down by the European Commission. These templates can be downloaded from the programme's website. Beneficiaries only have to add the required project-specific data (type, name and purpose of the project, end date and the amount of the support allocated).

c. Size
The size of the billboard should be 1 x 1 metres. The exception should only be cases where it is not possible, due to the nature and place of the operation, to use such dimensions.

d. Placement
The billboard must be in place at the date when the work physically starts. If the physical implementation of the project starts prior to signing the contract for EU support the billboard must be put in place directly after signing the contract.
The billboard must be maintained at the location of implementation for the duration of the operation concerned.
If the operation is implemented at several locations, the Joint Secretariat should agree in advance with the project partner where the billboard/billboards will be located.

e. Materials
For the permanent billboard/plaque, projects should use durable materials (metal, glass, stone, cured/reinforced plastic substance, etc.)

V. **Promotional giveaways** (e.g. project gadgets) will only be eligible for funding if they are the only way to reach one or more of the defined target groups and objectives. Such publicity materials need the explicit approval of the Joint Secretariat before being produced. Their cost must not exceed €50 per gift.

VI. Project websites

The Interreg NWE 2014-2020 website will include one detailed page per project. The Joint Secretariat will give projects access information (username and password) and guidance on how to produce and upload content (textual and audiovisual) to their page. Project pages on the programme website will include:

Overview

- Project pages are made up of data automatically pulled through from the eMS and information manually entered by the project owner (Beneficiary).
- When a project is approved (and status updated in eMS) the project pages will be automatically created on the website and an email sent to beneficiary notifying them of their login details.

Login details

- The login will allow the beneficiary to access their project pages, edit and upload information, including images and files in addition to the automatically generated information. This user will only have access to that respective project and linked media folder, ensuring that users can only change their own project details.

Automated Project content

Project pages will pull through data automatically from the eMS. This will include the following fields:

- *Project name*
- *Co-funding budget received from Interreg NWE*
- *Total budget*
- *Timeline*
- *Countries*
- *Project summary*
- *Lead partner*
- *Organisation*
- *Address*
- *Email*
- *Partner names/ countries*
- *Partner location (plotted on map)*

Beneficiaries will be able to add multiple pages within their project.
Each page will allow them to add content from a range of available modules including:

- *Hero image (i.e. horizontal space to place an image, with the possibility to overlay a short text)*
- *Rich text to write and format content*
- *Listings to show news and events*
- *Expandable content blocks*
- *Pull quote*
- *Share links*
- *Sidebar to show share links and download icon*
- *Statistics panel to promote key facts and figures in a visually engaging way*
- *Related links/ downloads/ promos*
- *Video content*
- *Image carousel to display a gallery of images (with or without comments)*
- *In page promos (linking to internal or external pages)*

Social media integration will include the ability to share the page on Twitter, Facebook and/or LinkedIn, and the ability to create promo links out to the project's social media pages.

Any additional functionality required will need to be handled on a separate website, if well justified in the application form and communication strategy.

Projects could develop a **separate website for self-standing tools or products with a life reaching beyond the project.** The development of such a separate website will be subject to approval during the assessment of the project and a specific justification will be required. In the event that this separate website is approved, the project will be required to follow the programme's corporate design guidelines and include the programme logo set on the tool's website.

5.9 Indicator framework

Objectives, results, outputs: definition

All partnerships applying for NWE funding are required to identify their project objective, envisaged outputs and results, and to quantify these.

At the application stage projects commit themselves to achieving targets against the programme indicator framework. **Partnerships will be held accountable** for these and must therefore make genuine and realistic commitments.

A **project objective** is a **qualitative description of the desired change** that the partnership would like to implement on the NWE territory in the course of the project.

The objective:

- *Explains how things would work if the challenge tackled by the project was to be effectively solved*
- *Defines the benefits or improvements that the partnership expects to achieve*

A well-formulated project objective:

- *Is clear and concise*
- *Provides a concrete description of the project's outcome*
- *Is developed in a participatory process by the project partners*
- *Addresses the project target group and stakeholders and is accepted by them*

In the application form, the description of the objective should **leave no room for misinterpretation**. The use of technical jargon and acronyms should be avoided; the objective should be easy to understand by external readers who are not experts in the themes tackled by the project. The project objective should fit with and be relevant to the specific objective of the programme.

A project objective should not describe what the project plans to do, how it plans to do it, or what it plans to produce. These elements are related to the project result, activities and outputs. What needs to be measured in a project in terms of results and what should be done in its course in terms of activities and outputs will naturally fall out of the definition of good project objectives.

A project result is the societal benefit of the project outputs. It measures the ultimate change that the partnership aims to accomplish in NWE by the end of the project. The project result is tied to the project objective and quantifies the degree to which the objective has been achieved in the project timeframe.

- A project result is the effect taking place in NWE owing to the implemented project. The effect would not happen if the project did not exist.
- The result provides an answer to one of the following questions: Is anyone better off? Has anything improved in NWE?
- The desired result needs to be measurable and have a baseline (for the project outset) and target value (for the end of the project).
- A project result clearly shows the additionality of a project to the programme territory.

In order to measure the change, a partnership needs to envisage the trends it would like to influence in the course of the project. A robust analysis of the context or situation that the project wants to tackle will help the partners establish a result baseline describing the starting point for the situation addressed by the project as well as the target in a measurable manner. Baselines and targets need to already be included in the step 1 application form.

Apart from the project objective and result, the applicants for programme funding need to define the **project outputs**. These:

- Are the main tangible products of the project activities that can be physically counted;
- Should directly contribute to the achievement of the project result;
- Need to contribute to the specific programme output indicators listed below.

Project results are perceived as the effects of the application of the outputs.

Output indicators: what projects need to report on

The Interreg NWE Programme has defined a list of output indicators per specific objective. These will help the programme to measure its success and effective change achieved on the NWE territory.

In the step 2 application form projects have to refer to the output indicators of their selected specific objective and specify the targets (see table below). Please note that all projects are obliged to contribute to the indicators highlighted in bold. As far as the remaining output indicators are concerned, the project contributions to the programme framework will vary depending on the project objective, planned result and context. The definitions of each indicator can be found at the end of the *Programme Manual*.

Specific objective 1[1] – Output indicators

Number of new or enhanced transnational clusters or innovation networks

Number of technologies, products, services and processes developed and tested in real life conditions

Number of jobs created in all economic sectors

Number of jobs maintained in all economic sectors

Amount of funding leveraged by the project (in €)

Number of end-users benefitting from social innovation

Number of pilot actions implemented, focusing on social innovation

Number of enterprises receiving support

Number of enterprises co-operating with research institutions

Number of enterprises supported to introduce new-to-the-market products

Number of enterprises supported to introduce new-to-the-firm products

Specific objective 2 – Output indicators

Number of solutions facilitating the delivery of existing or emerging low-carbon, energy or climate-protection strategies

Number of combined mitigation-relevant adaptation solutions implemented

Number of jobs created in all economic sectors

Number of jobs maintained in all economic sectors

Amount of funding leveraged by the project (in €)

Number of households with improved energy classification

Decrease in annual primary energy consumption in public buildings

Estimated annual decrease of GHG

1 For SO1, there are two compulsory indicators: at least one compulsory indicator needs to be chosen

Specific objective 3 - Output indicators

Number of adopted or applied low-carbon technologies
Number of jobs created in all economic sectors
Number of jobs maintained in all economic sectors
Amount of funding leveraged by the project (in €)
No. of enterprises co-operating with research institutions
Number of enterprises supported to introduce new-to-the-market products
Number of enterprises supported to introduce new-to-the-firm products
Additional capacity of renewable energy production
Number of households with improved energy classification
Estimated annual decrease of GHG

Specific objective 4 - Output indicators

Number of implemented low-carbon solutions in transport
Number of new or improved transport management systems leading to GHG reduction
Number of transport operators supported implementing low-carbon solutions
Number of jobs created in all economic sectors
Number of jobs maintained in all economic sectors
Amount of funding leveraged by the project (in €)
No. of enterprises co-operating with research institutions
Number of enterprises supported to introduce new-to-the-market products
Number of enterprises supported to introduce new-to-the-firm products
Estimated annual decrease of GHG

Specific objective 5 - Output indicators

Number of innovative uses of waste processes/products/services from waste materials
Number of efficient natural and material resources solutions tested and implemented
Amount of funding leveraged by the project (in €)
Amount of decreased raw material use (in tons)
Amount of increased material recovery, re-use and recycling (in tons)
Number of jobs created in all economic sectors
Number of jobs maintained in all economic sectors
Number of enterprises receiving support
No. of enterprises co-operating with research institutions
Number of enterprises supported to introduce new-to-the-market products
Number of enterprises supported to introduce new-to-the-firm products

Project-specific indicators

Projects are further encouraged to set their own, additional tailored indicators, on top of those proposed by the programme. Should this be the case, the project-specific indicators cannot replace the programme's ones.

These additional project specific indicators are project and partner specific and may, for instance, relate, among others, to the:

- General partner performance (e.g. Key performance indicators or KPIs)
- Progress in activity delivery
- Financial leverage of the project
- User increase of the products, processes, services applied
- Visibility gained by partners on the NWE territory
- Etc.

The partnerships are however asked to prioritise indicators that are relevant to the existing national, regional and local environmental monitoring systems (for example to measure air, noise or water pollution) and consult the authorities responsible for monitoring prior to their setting.

In contrast to the outputs, the **project deliverables** are side-products of the project. They contribute to the development of a project's main outputs. Deliverables are of an intermediary nature (e.g. feasibility studies, interim or evaluation reports, workshops/ events).

5.10 Risk management

Delivering projects is taking risks

The programme is committed to risk management and requires projects to introduce the same practice. The project objectives and results are closely tied to those of the programme. If the approved projects underperform, the programme will not be able deliver its expected results. This shared responsibility requires a common risk management approach applied to both programme and project level in parallel.

This chapter contains the programme guidance for applying risk management successfully in NWE projects.

Risk management brings a lot of benefits during the lifetime of a project and can save a substantial amount of time and money by enabling partnerships to deal pro-actively with uncertain project events. It helps to:

- minimise the impact of threats to successful delivery;
- implement the project on time and budget;
- ensure the quality of outputs and results envisaged.

A **risk** event **is an occurrence that may affect the project positively or negatively**.

The **type of risk** event can be divided into the following areas:

a. **Strategic** – relating to the rationale, quality and timely delivery of the project objective, final result or the main project outputs (e.g. project results not achievable, major difficulties in delivering key project outputs);

b. **Technology or innovativeness** – linked to the development or implementation of innovative technology or solutions; Intellectual Property Rights should also be thoroughly considered;

c. **Action plan** – related to the sequencing of individual activities and how this affects other parts of the work plan; the adequacy of the time required for each activity – realism of the delivery timetable; the parameters determining whether an activity can be implemented; underperformance of individual partners or partnership as a whole; qualitative and quantitative modifications to the project deliverables that might affect the main project outputs; modifications in the type and scope of activities, etc;

d. **Investment plan** – linked to the investment delivery stages (feasibility study, permits and agreements including political approval and planning, procurement – including unsuccessful procurement, types of works to be undertaken), ownership or durability issues[1] as well as Intellectual Property Rights, etc;

e. **Procurement** – apart from the investment angle mentioned above – linked to the involvement of external experts or consultants in project implementation (e.g. externalized project management, etc.);

f. **Communication** – potentially ineffective project communication strategy with internal or external effects (e.g. on target groups or stakeholders and hence the quality of outputs or deliverables), poor visibility on the NWE territory making roll-out difficult, non-compliance by partners or sub-contractors with programme publicity rules, etc;

g. **Finance** – linked to match-funding required for the project, accuracy of budgeting or financial milestone setting for ERDF subsidy contracts, State aid or de minimis rule related, individual partner cash flows, etc.

1 Please see the durability requirements of the programme detailed in the long-term effects **section 6.2** of this manual.

All the projects submitted to the NWE Programme at step 2 of the application process will need to identify the 3 main risks to the project's successful implementation and submit their risk mitigation plan after the project is approved (see section 4.2.2). In the assessment of the step 2 applications, all bids will be checked against the following criteria:

- **The ability of the partnership to correctly define its major risks, their probability and impact;**
- **Whether the mitigation plan provided balances out the risk level**

The programme application form allows the applicants to choose risk categories from the following drop-down menu:

- **Main thematic- a mix of the strategic and action plan types of risks mentioned above**
- **Technology and innovation related**
- **Financial**
- **Investment implementation related**
- **Other: Any other risk types that the partnership considers key to the implementation of the project to the Programme standard, on time or budget**

Ten rules for a successful risk management

1. Make risk management part of project management practice

As delivering a project is always subject to risk, risk management should be embedded in both project development and management practice. In order to do this, it is essential to consider a project as a process, with several dimensions, components, parameters, as well as recognise that it involves a range of people and organisations.

2. Identify risks early

Although not all risks can be identified before they occur, if all the parties involved are consulted, the vast majority of them can be defined. The recommended starting point is:

- The project intervention logic (the project's causal chain, e.g. 'objective – inputs - outputs – results') demonstrating all project dimensions;
- The work plan, consisting of the activities and investments, showing the delivery timetable and the dependencies between the individual components;
- The complete mapping and involvement of the parties required to ensure successful project delivery and roll-out (partners, sub-partners, sub-contractors, target groups, other stakeholders).

3. Consider both threats and opportunities

Although risk management has negative connotations, unexpected events – that are beneficial for the project or for participating organisations – can also occur during a project, bringing new opportunities. These opportunities can have a high pay-off and often do not require an allocation of substantial time or resources. Examples can include unexpected events in the project that allow partners to:

- Amplify the project results and hence increase the project's impact in NWE (e.g. adding a new dimension to the result);
- Enhance its long-term effects (e.g. Extend the roll-out of solutions to other sectors or stakeholders originally not foreseen).

4. Clarify ownership issues

The identification of risks is insufficient if it is not attributed to the risk owners.

- The risk owner is usually the organisation responsible for the activity (e.g. for overseeing an investment process, for delivering a specific output);
- Risk ownership might require contractual agreements or assignments (internally within the partner organisation or externally, e.g. with a sub-contractor) or imply liabilities which should be set at the project outset, in line with public procurement rules.

5. Analyse Risks

Understanding the nature of a risk is a precondition for a sound management response. The project managers and implementation teams are therefore required to:

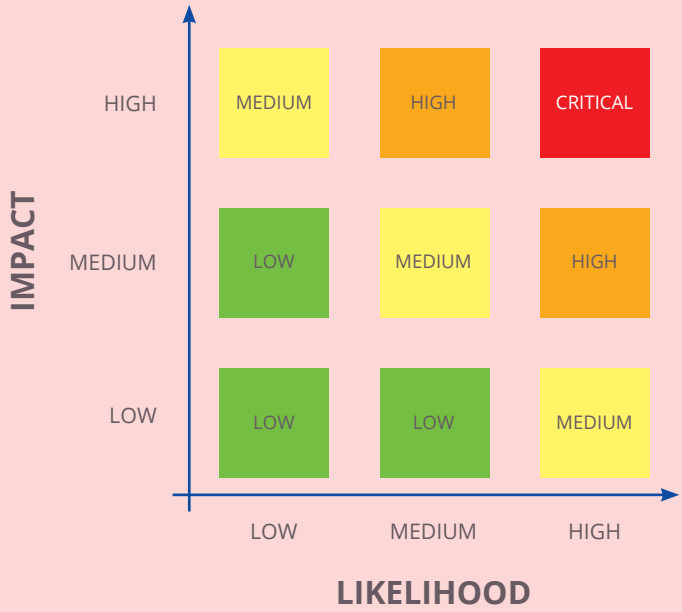
- Assess the **impact** the risk has for the project in terms of magnitude (low, medium, high);
- Assess the **likelihood** of it happening (low, medium or high);
- **Categorise** the risk (e.g. a street-light ranking system – green, yellow or red for low, medium and high risks).

Qualitative risk rating guidelines:

Rank	Impact	Likelihood
High	*If a risk event occurs, a significant impact to the project result, output quality, schedule, budget or target group satisfaction will result.*	Risk event is very likely to occur.
Medium	*If a risk event occurs, a moderate impact to the result, output quality, schedule, budget or target group satisfaction will result.*	Risk event is likely to occur.
Low	*If a risk event occurs, a minor impact to the result, output quality, schedule, budget or target group satisfaction will result.*	Risk event is unlikely to occur.

Defining high, medium and low risks is subjective, but essential.

Sample risk matrix:



6. Prioritise Risks

Risk prioritisation is a process of listing and ranking identified risks. Not all risks should be treated equally. As some risks will have a higher impact than others, it is essential to prioritise risks that bring the highest losses or gains.

The remaining risks can be objectively prioritised on the basis of a set of criteria or a consistent structure (e.g. rating in the risk matrix). The project team needs to decide which risk will be addressed (there will never be enough time and resources to respond to all risks). The threats and opportunities should be addressed separately.

Example:

Risk	Probability	Impact	Overall rating	Rank
A	Low	Medium	Medium	3
B	Medium	High	High	2
C	High	High	Critical	1

7. Communicate about risks

Communication is an important aspect of risk management. Risks should become a default item on the agenda of project meetings. The lead partner will also need to report to the Joint Secretariat on any risks related to the key components of the project (i.e. rationale and objectives, envisaged project result, quality and timely completion of the main project outputs and investments, expected long-term effects, financial milestones).

8. Plan and implement risk responses

A risk response is the activity that adds value to a project by either preventing a threat from occurring or by minimising negative effects. The response options are the following:

- Avoiding risk by **eliminating the cause**. This could mean, for example, changing a partner or a sub-contractor or, when dealing with a critical risk, terminating the project (e.g. the project objective is no longer viable for the target group).
- Mitigating risks – minimising their impact or likelihood. This can be done as a preventive measure (**influencing the causes**) or decreasing the negative effects that could result from the risk (**risk reduction**). Although many response alternatives can be identified, the selected response should always allow the project's objectives and results to be achieved.
- Transferring risks – shifting some or the entire responsibility for risks that are medium to low in terms of impact and likelihood to **third parties** (e.g. via sub-contracting).
- Accepting risks with low impact and/or likelihood. This is a good choice if the effects on the project are **minimal** or the chances of influencing it prove to be very difficult or time consuming.

Responses to events bringing opportunities to the project rather than risks are the reverse of the ones for threats. Project partnerships should implement an opportunity watch process with a view to maximising opportunities or ignoring them if their benefits are negligible.

9. Register Project Risks

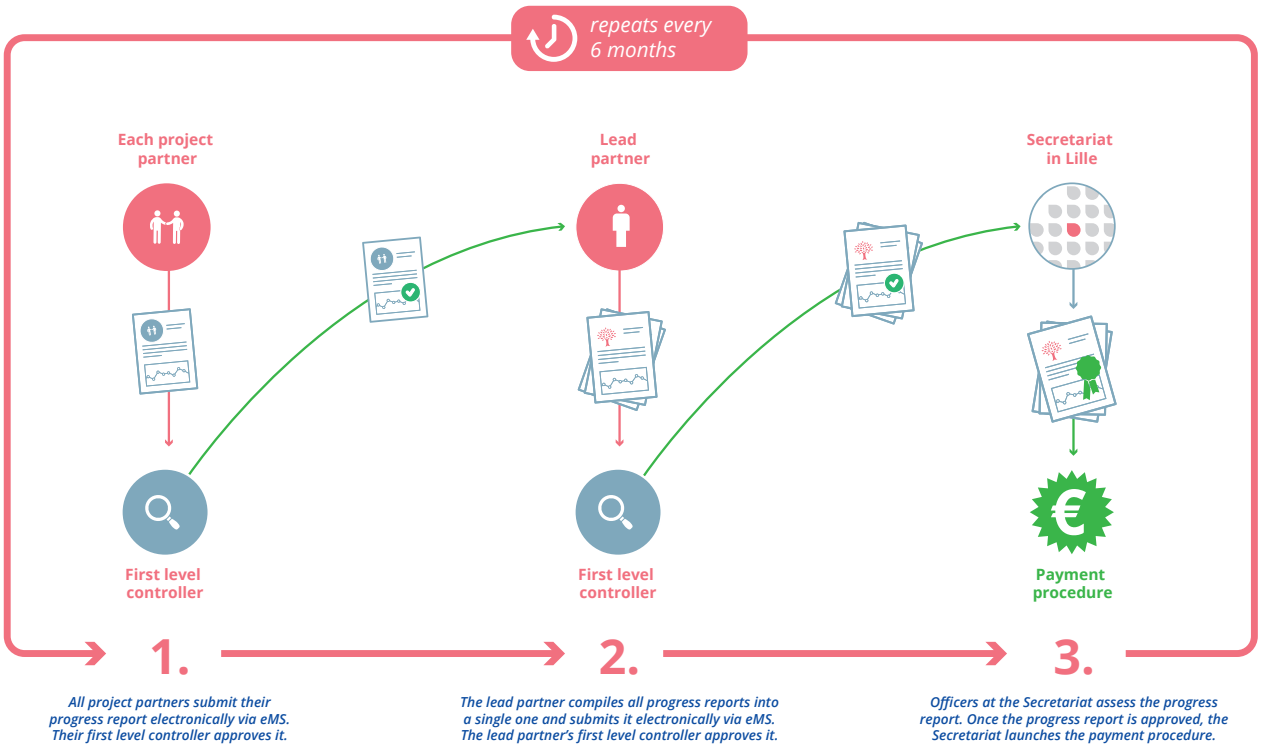
This rule is about registering the individual threats and opportunities for the project in a risk log:

- Maintaining a log enables the project partnership to view progress and make sure that no risks are forgotten;
- It is a perfect communication tool that informs the project's partners and stakeholders about the risks arising and the ways these have been managed.

10. Monitor risks and track associated tasks

Risk monitoring is the process of keeping track of the identified risks and defining new ones, thereby ensuring that risk management is carried out. Registering risks is meaningless however if the actions taken to address them are not evaluated. Evaluation needs to be performed continuously to examine whether corrective actions can be further improved.

5.11 Monitoring



Definition and objectives

All approved projects are selected on the basis of their contribution to programme results.

Project monitoring generally refers to the ongoing collection, analysis and use of information about project progress. The monitoring process can be divided into external and internal. Internal monitoring relates to the effectiveness and timeliness of the project decision making. In contrast, external monitoring is related to the accountability for results and resources used.

Approved projects must implement the application form, which constitutes the main annex to the subsidy contract. The aim of the monitoring process is to check that the costs claimed by the partners are in line with the results achieved by the project. Or in plain English: 'does the programme get what it pays for?'

The NWE programme has implemented a result-oriented approach to monitoring in order to check the extent to which projects contribute to the programme results. The project's intervention logic should be visible throughout its implementation. Actual impact and long-term results can only be measured ex-post. However, monitoring should explore the impact (i.e. the project's real contribution to the project objective), as well as the long-term effects (i.e. the likelihood of a continued impact after the project's closure). The value for money (economy, efficiency & effectiveness) will be monitored throughout the project duration.

Projects are required to report the progress in project implementation twice per year. The reports present project achievements and spending against the targets set in the application form. In addition, the projects are asked to report their success stories and results to date, which can be used for communication purposes.

Deviations from the approved project action plans may happen in exceptional cases, but only after approval of the programme. Deviations which have not been approved by the programme and have a negative effect on the project's contribution to the programme goals will lead to (partial) project budget cuts.

Monitoring process

The Joint Secretariat collects and analyses the information on project progress and performance. Payments will be made to projects that comply with programme standards and provide a complete progress report.

A. Reporting

The general principles of reporting are explained in the guidance Reporting in the eMS.

The project partners are required to get accustomed with these principles and the chapter "Partner report".

The lead partner is required to get accustomed with these principles and the chapters "Partner report" and "Project report".

Project monitoring report by the Joint Secretariat

The information provided in the project report should enable the Joint Secretariat to assess the joint achievements of the partnership over the past six months. It should also allow the JS to approve the activity plan proposed for the next six months and confirm the project justification.

In some cases, the Secretariat may revert the report to the lead partner or the FLC and partner. The secretariat might ask for a revised project or partner report.

Once the report is approved by the Secretariat, the payment procedure can be launched. Payments will be made by the Programme Certifying Authority, the Province of East-Flanders.

B. Active monitoring by the Joint Secretariat

The Joint Secretariat provides substantial support to partners during the implementation phase, thus going beyond the provision of formal feedback for reporting. The secretariat tracks the global project progress based on complementary monitoring activities. In addition to 6-monthly reports, the Secretariat uses information from project visits, meetings or other direct contacts with the partnership (formal or informal).

Visits, meetings

The Secretariat monitors project progress, performance and quality based on site visits and meetings (e.g. visit to a project investment or demonstrator, checks of the audit trail, etc.). In the first year of implementation, the secretariat organises a site visit to all projects. The site visit does not replace the on-the-spot verifications held in the course of the project implementation. In addition, the JS will attend partner meetings on a case-by-case basis.

The visits and meetings are an opportunity for the JS and the Lead Partner to discuss the project's progress in a casual setting.

Documentation

To better support and track project progress, the Secretariat may request additional documents like, for example, a Gantt chart with the project's critical path, a detailed work plan showing the prerequisites for the implementation of each work package or a matrix to supporting the implementation of the project intervention logic. The requests may also be related to the project risk management or communication process (e.g. risk matrix, communication plan).

In-depth monitoring

Risky and underperforming projects may need additional support. In such cases, further reporting, on-site visits, or meetings may be required.

C. Yearly appraisal

The secretariat will use the collected information (from reporting or active monitoring) to perform a **yearly quality appraisal.** Based on the quality criteria and standards for an effective and well managed project, this appraisal serves both the project (feedback to partners on performance and quality) and the programme (global performance).

The Joint Secretariat will also monitor project performance and quality based on the indicators set for the project main outputs and results.

The yearly quality appraisal should demonstrate that:

- High cooperation intensity drives project implementation
- The project is relevant to the programme (strategic fit) and feasible (project approach)
- Project objectives are being achieved (strategic aspects)
- The project is being well managed (operational aspects)
- Sustainability & durability issues are being clearly addressed (impact on NWE, long-term, eco-socio-environmental changes)

In conclusion: every 6 months, the LP will receive a project monitoring report with recommendations. Every year, the LP will receive a quality appraisal looking at the whole precedent year of implementation.

5.12 Project modifications

During project implementation, situations may arise that modify the originally agreed outputs, plan or objective, impact timeframes, budget, quality, scope, risk and benefits. Such modifications need to be identified and assessed by the secretariat. They will be approved, rejected or deferred.

Project modifications remain exceptions. Any modification should be agreed at both project and programme level before being implemented. A modification should only be agreed if it does not have a negative effect on the overall project quality, scope, duration and cost. An impact analysis of the change should thus cover the various project aspects (time, cost, scope, quality, risks and benefits).

The lead partner must contact the Joint Secretariat in case of any modification.

Please note that no modifications can be made during the last 6 months of project implementation.

5.13 Controls

5.13.1 First level control (FLC)

Before submission to the Joint Secretariat, each progress report must be verified and validated by an independent controller[1].

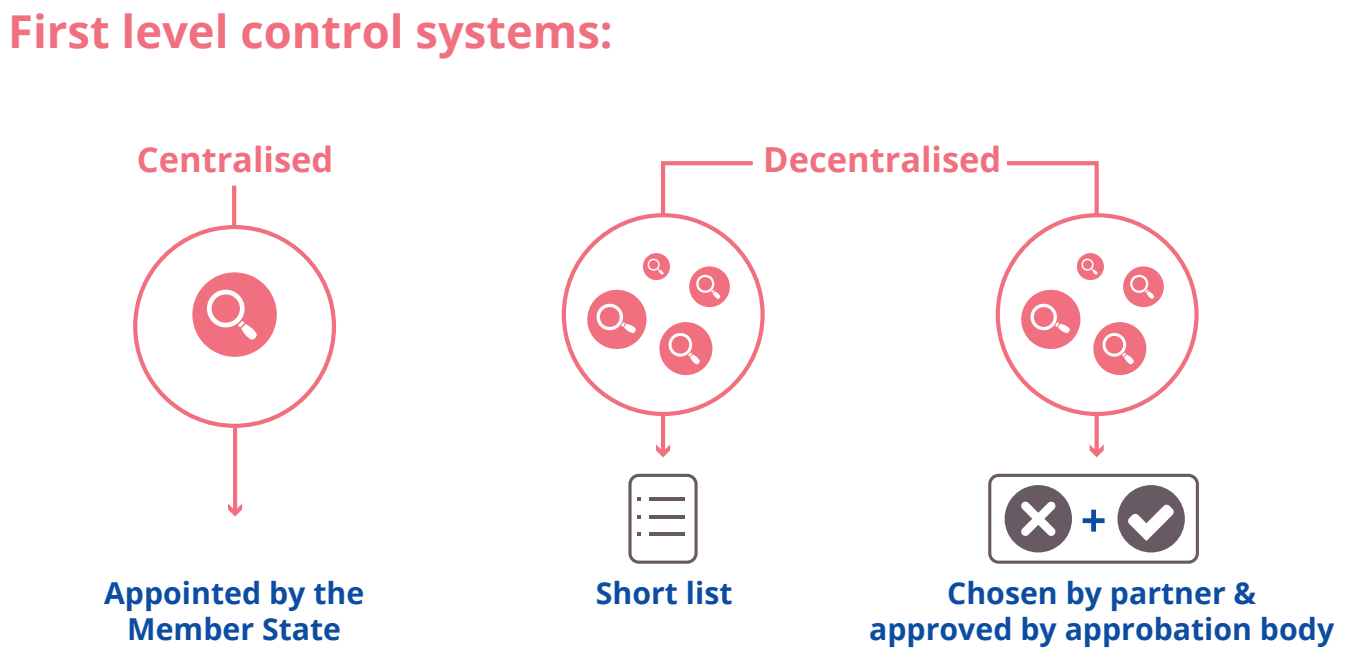
This process is carried out by a qualified first level controller - usually auditors or certified public accountants - to verify that the expenditure incurred to implement the project complied with the relevant EU, national, regional, institutional and programme rules as well as with the provisions of the subsidy contract and the approved application form. The main aim of the controls is to provide a guarantee for the Managing Authority, the Certifying Authority and, most importantly, for the project itself, that costs co-financed under the Interreg NWE Programme are accounted for and eligible.

Designation of the first level controller (FLC)

It is the responsibility of each Member State to designate the first level controllers for partners located on their territory and participating in a project. In practice, this means that each partner needs a controller that is authorised by its Member State. *More detail is available on the programme website concerning the approbation process for each Member State.*

In principle, there are three general models:

- centralised control at Member State level;
- decentralised control through controllers selected from a central shortlist;
- decentralised control through an internal or external controller selected by the project partner and approved at Member State level by the approbation body.



1 in accordance with Article 125 of Regulation (EU) No 1303/2013 and Article 23 of Regulation (EU) No 1299/2013

Without an approved first level controller it is not possible for the Joint Secretariat to approve a partner's progress report. If, during the implementation of the project, a new first level controller is appointed, a new approbation certificate has to be provided.

The requirements that have to be fulfilled to become a first level controller are set by each Member State. The main principle is that controllers have to be independent and qualified to carry out the control.

In order to be considered independent, the controllers must fulfil certain criteria: an internal controller, if authorised by the Member State, has to belong to a unit that is organisationally separate from the units dealing with project activities and finances. An external controller can only be considered independent if there is clear separation between the first level control task and any other contractual relationships.

With regard to the qualification of the first level controller, the partners should bear in mind that the task of controlling project expenditure co-financed under the Interreg NWE Programme goes beyond checking the accounts: it also involves a judgment on the compliance with ERDF, national and programme rules. The controllers are therefore expected to have good knowledge of controlling project expenditure under the Structural Funds regulations. The programme and/or the Member States involved will provide training for controllers. They are also expected to have a good knowledge of English (since all programme documents and reports are in English). The country-specific control requirements are binding and provide further conditions concerning the choice of first level controller.

If an external controller is selected by the project partner, this controller must be designated in accordance with public procurement rules.

Role of the first level controller

The first level controllers' task is to verify that the expenditure reported by the partners in each progress report fulfils the following conditions:

- the costs are eligible (see **section 5.1**), incurred and paid;
- the programme's conditions, the approved application form and the subsidy contract have been observed and followed;
- the invoices and payments are correctly recorded and sufficiently supported by evidence;
- the related activities, sub-contracted supplies and services are in progress or have been delivered or carried out;
- Community rules have been respected, especially with regard to information and publicity, public procurement, equal opportunities and protection of the environment.

The controllers have to be familiar with the content of the following documents in order to be able to confirm the compliance with the provisions laid down in the EU regulations and directives, i.e. in particular with:

- Regulation (EU) No 1303/2013 (Common Provisions Regulation)
- Regulation (EU) No 1301/2013 (ERDF Regulation)
- Regulation (EU) No 1299/2013 (European Territorial Cooperation Regulation)
- Regulation (EU) No 481/2014 (Eligibility of expenditure for *Cooperation Programmes*)
- EU Directives on public procurement
- further national rules and guidance (e.g. national public procurement rules)
- the *Programme Manual*
- the application form
- the subsidy contract
- the partnership agreement
- further national rules and guidance (e.g. national public procurement rules)

If there are amendments to the project application form, subsidy contract and partnership agreement, both the lead and other partners need to ensure that the latest version is made available to the first level controllers.

The programme provides standard documents (below) that give guidelines for the controllers for their control work, to ensure the consistent application of quality standards and to document the control steps properly, and specifically with regard to:

- A standard first level control certificate validated by each project partner's first level controller (to be found in the eMS). The partner control certificates need to be available to the lead partner, to the lead partner's first level controller and to the Joint Secretariat via the eMS.
- A standard control report template with a checklist, which has to be filled in online - as part of each progress report - by each project partner's first level controller. Both the checklist and the report must be available to the lead partner, their first level controller and the Joint Secretariat.
- A special checklist for public procurements

Further guidance on the FLC work can be found here:
http://www.nweurope.eu/help-support/implementation-resources/

Verifying the delivery of services, goods and work and on-the-spot checks

Is it an obligation to carry out on-the-spot checks?

The first level controllers have to verify that the reported activities have taken place as well as that the delivery of sub-contracted supplies, work and goods is in progress or has been completed.

In accordance with Regulation (EU) No 1303/2013 Article 125 (5), this verification needs to take place on-the-spot, at least once during the project's lifetime. At the same time, the Regulation stipulates that the means invested on 'on-the-spot' verifications should remain proportionate to the costs to be verified and the level of risk identified.

Role of the lead partner and its first level controller

Following the lead partner principle[1], the lead partner bears the overall responsibility for ensuring the implementation of the project. When submitting a progress report, the lead partner has to:

- ensure that the expenditure reported by the partners has been incurred for implementing the project and corresponds to the activities agreed between all the partners, i.e. is in line with the application form and subsidy contract. Any deviations from the application form, should they exist, have been properly described and justified in the progress report;
- check that amounts and activities reported are correctly integrated in the joint progress report and that they give a correct description of the implementation and present status of the project;
- check that the overall spending in a budget line does not exceed 120% on project level;

The programme therefore asks the FLC of the lead partner to confirm:

- that the lead partner keeps copies of invoices of all partner expenditure;
- that the documents presented by the project partners are complete and have been validated by the partner FLC;
- that the information provided in the checklist of the partners is sufficient;
- that the ERDF payment from the lead partner to the project partners has been made without unnecessary delays and in full.

This verification by the LP FLC does not imply re-performing the checks already carried out at partner level. However, it is still up to the lead partner, due to its particular role and knowledge of the project as a whole, to apply due diligence by screening the information available.

1 Regulation (EU) No 1299/2013, Article 13 (2)

Timing of first level control

In order to ensure timely submission, the controls at project partner and lead partner levels have to be scheduled carefully in relation to the submission deadlines. It is up to the partnership to decide on those deadlines taking into account the availabilities of the controllers.

In this context, it is important to keep in mind that:

- expenditure has to be reported regularly,
- the project partner's controller can only carry out the control after receipt of all the documents from the partners;
- some project partner's controllers have fixed time limits for carrying out the control, which have to be respected when the documentation is submitted (and which limits the time for potential clarifications);
- the lead partner can only submit the progress report after receiving and having checked the control documents from the partners reporting expenditure.

In light of these points and the complexity of reporting procedures, it is crucial that projects establish a clear timeline for the reporting procedure. The programme recommends that the project partners should have their payment claims validated and submitted to the lead partner level one month before submission date. This gives the lead partner an additional month for questions and sufficient time for the lead partner's controller to do the additional checks.

First level control costs

Control costs for the verification of expenditure are considered eligible. Projects should therefore earmark a budget for these controls depending on the control arrangements applicable in the relevant Member State for each of the project partners.

Points of attention:

- Internal independent control should be included under the budget line 'staff'. For example, if the accounting department of a county council carries out the first level control for the environment department of the (same) county council, the expenditure should be reported under the budget line for staff costs, in accordance with applicable rules for staff costs, because the person(s) carrying out the verification is (are) on the payroll of the partner institution.

- The expenditure for an external independent first level controller should be reported under the budget line 'external expertise and services'. For example, the environment department of a county council subcontracts first level control to a public accountant, in compliance with the relevant public procurement regulations. As this first level controller is not directly employed by the partner institution, the expenditure should be reported under the budget line 'external expertise and services'.

Average control costs for an external controller in the decentralised system usually range from €1000 to €4000. In order for the control costs for the final progress report to be eligible, **the activity** (first level control) **and the payment** must be carried out/made before the official end date of the project.

First level control systems (FLC) in the Member States:

- **Belgium Wallonia:** Centralised first level control system, costs are charged to the partner (2.5% of certified expenditure).
- **Belgium Flanders:** Decentralised system with an established shortlist, costs are charged to the partner.
- **Belgium Brussels Capital:** Centralised first level control system, costs fully charged to the partner.
- **Germany:** Decentralised, costs fully charged to the partner.
- **France:** Decentralised first level control system with a shortlist of controllers, costs are fully charged to the partner.
- **Ireland:** Centralised first level control system, costs are charged to the partner.
- **Luxemburg:** Centralised first level control system, no costs will be charged to the partner.
- **Netherlands:** Decentralised first level control system, costs fully charged to the partner.
- **United Kingdom:** Decentralised first level control system, costs fully charged to the partner.

Contact details for the first level controllers and the approbation bodies in the Member States can be found in the implementation section of the programme's website.

5.13.2 Second level control: sample checks on projects

Between 2017 and 2023, sample checks on projects will be carried out every year to verify that projects have declared their expenditure in their progress reports correctly. These checks will be performed under the responsibility of the Audit Authority, which is assisted by a group of auditors with at least one representative from each participating country. The actual checks will be sub-contracted and carried out by a private audit firm. The purpose of these checks is to ensure that no mistakes are made in the accounting records at the level of individual projects and, on that basis, to obtain an overall picture of whether the management and control procedures and documents set up at programme level are being applied and that they allow the prevention and correction of potential weaknesses and errors.

Should a project be selected for a sample check, it is incumbent on both the lead partner and the other partners to cooperate with the auditing bodies, present any documentary evidence or information deemed necessary to assist with the evaluation of the accounting documents as well as to give access to business premises.

5.13.3 Other controls

Besides the sample checks explained above, other responsible programme bodies such as the European Commission's audit services, the European Court of Auditors, national bodies, Managing Authority/Joint Secretariat, and Certifying Authority may carry out audits to check the quality of the implementation of the project and in particular its financial management in relation to compliance with EU and national rules. Projects may be checked even after the project has ended. That is why it is important to ensure not only good documentation but also the safe storage of all project documents at least until the date indicated in the project closure notification.

5.13.4 NWE anti-fraud policy

The managing authority has a zero tolerance policy to fraud.

The programme is strongly committed to prevent and detect cases of fraud. For this reason, the programme has set up robust control systems, measures and procedures and will follow-up on all cases of suspected fraud. We also encourage all partners, first level controllers, contractors to do their outmost to prevent fraud from happening, to put in place proportionate measures to detect it and to come forward with any suspicion of fraud in relation to the programme.

For first level controllers a specific programme template is available (http://www.nweurope.eu/help-support/first-level-control/) to report cases of suspected or established fraud to the programme. A whistleblowing procedure will also be put in place to allow partners and members of the public to report to the managing authority any suspicion of fraud (by sending an email to a dedicated email address).

The programme recommends project partners and first level controllers pay attention to staff costs (e.g. plausibility of staff costs in light of the activities performed, risk of double financing) and public procurement (e.g. potential conflict of interest, splitting of contracts -see also section 5.5) as they have been identified as the two riskiest areas for irregularities and fraud in NWE.

This is the reason why the FLC checklist tackles fraud risks in these areas. The programme and national authorities as well as the second level auditors may also carry out targeted verifications concerning project partners to identify potential risks of irregularities or fraud.

CHAPTER 6

PROJECT CLOSURE

6.1 Requirements after project closure

After their closure, projects must fulfil certain requirements regarding durability/ownership, revenue and record keeping. These requirements are aimed at guaranteeing transparency and durability of the projects funded.

6.1.1 Durability / Ownership

The ownership of the project's infrastructure and investments (financed under the infrastructure and construction works budget line), and produced during the implementation of the project, must remain with the project partners for at least five years after the project end date. There may be no substantial modification of the infrastructure and investments within five years after the project closure date regarding:

- a cessation of operation;
- a relocation outside the programme area;
- a change in ownership giving a firm or a public body an undue advantage;
- a substantial change affecting the nature of the infrastructure and/or construction work which would result in the undermining of its original objective.

Any unduly paid sums will be recovered by the programme in proportion to the period for which the requirements are not fulfilled. In the event of a non-fraudulent bankruptcy of a partner, this measure will not be applied.

6.1.2 Revenues

See **section 5.4.8** (point c) which also deals with revenues generated after the completion of the project.

6.1.3 Keeping records

All supporting documents (such as invoices, public procurement files, contract, etc.) must be made available during the **lifetime of the project.** At the end of the project **the deadline for keeping documentation will be communicated** to the lead partner. If any State aid was granted (de minimis, GBER, or notification to the EC) to any partner or final beneficiary all the related documentation must be made available for **10 years** from the date of granting State aid.

The following rules apply to the archiving of documents:

- The documents must be kept either in the form of the originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only.
- Where documents exist in electronic form only, the computer systems used must meet accepted security standards that ensure that the documents held comply with national legal requirements and can be relied on for audit purposes.

Other, possibly longer statutory archiving periods, as required by national law, remain unaffected by the rules mentioned above.
Representatives of the Managing Authority/Joint Secretariat, Audit Authority, Group of Auditors, auditing bodies of the Member States, authorised officials of the European Commission and the European Court of Auditors are entitled to examine all relevant documentation and accounts of the project even after its closure.

6.2 Long-term effects, durability and roll-out

Long-term effects

The programme expects that all NWE projects will bring long-lasting effects to the programme territory.

Long-term effects are understood as the beneficial economic, environmental or social effects that occur in a defined period of 5 years and 10 years after the project end-date, extending the project impact in time. The programme estimates that a period of 5-10 years would be the average time that is needed for projects' longer-term contributions to materialise and stabilise. The expected long-lasting effects should be estimated prior to the submission of a bid to the programme and should be based on the assumption that the project is successful in reaching its objectives.

The long-term effects will occur if:

- **Projects are adapted to their context;**
- **They aim to influence the context pro-actively via their actions.**

There is a causal chain between the socio/economic/environmental results of the projects and the long-term effects generated by them. Direct long-term effects can be estimated on the basis of:

- **The trends in the project's field of activity, which could also inspire partners to develop the project and provide the justification for its need on the NWE territory;**
- **The ability of partners to forecast developments in the field in question, that is, their ability to carry out theoretical impact evaluation to analyse the difference between how trends would develop with and without the action of the project. This can provide a benchmark against which the result at the end of the project can be compared as well as help to monitor the impact on the NWE territory;**
- **A clear vision of the project (a clear objective and target result), setting the project ambition levels and projecting the project success in the long-term perspective;**
- **Involvement of stakeholders, crucial for the project to deliver its result and sustain the effects in the long-term;**
- **The projects' ability to effectively meet the needs of the project target groups that will become a leverage to multiply gains.**

Durability of investments

In order to help projects to determine their long-term impact, the programme requires that all applicants draw up clear plans and provisions for both the durability aspects of their project's investments and the roll-out of their achievements across the NWE territory in a dedicated work package in the application form. Durability and roll-out can trigger or lead to long-term effects.

As far as the **durability** (see Art. 71 Common Provisions Regulation (EU) No 1303/2013) **of infrastructure**[1] **and investments** (financed under the infrastructure and construction works budget line) is concerned, in order for the investments to be considered as durable and hence eligible to be co-financed by the programme, they must fulfil certain conditions in the period of 5 years after the final payment is made to the project by the programme[2]. If these conditions are not respected the sums unduly paid will be recovered (**see 6.1.1 above**).

For **equipment-related investments** financed under the equipment budget line, the above provisions on durability will not apply directly. However, equipment should remain operational after the project's closure and continue to serve the same purpose as during the project.

1 The infrastructure investments are understood as basic physical and organisational structures and facilities (e.g. buildings, power supplies) needed for the operation of the NWE society or enterprises. These include transportation, energy as well as water and waste management infrastructure.

2 The following conditions must be respected:

- No cessation of operation;
- No relocation outside the programme area;
- No substantial change (e.g. different use than indicated in the application form);
- No change of ownership giving an undue advantage.

Please see the Infrastructure and construction works budget line description for further details.

Roll-out

In addition, the programme requires all projects to indicate how they envisage to roll-out the technologies, products, processes or services they have implemented through their projects. Roll-out is defined as a series of project activities that increases the viability of project outputs and results (their applicability, use or market share) for a period of 5 years after the project end date.

- **Projects must therefore incorporate meaningful roll-out activities in the action plan section of the long-term effects work package.**

- **The programme defines roll-out widely and as a result partnerships should conceptualise it as potentially acting through several different channels, as follows:**

  - *Geographical (approaches/solutions applied in locations different from those covered by the project, as well as outside the NWE territory);*
  - *Institutional (deployed in organisations other than project partners themselves);*
  - *Sectoral (applied in the same sector on a larger scale or in different economic sectors);*
  - *Contextual (applied in the same or different thematic context), etc.*

The programme places importance on the robustness of the roll-out plan as this ensures that the partnership is committed to achieving long-term results, which justify the allocation of ERDF funds, and in particular, the programme expects that:

- **Project results can be sustained and used/applied ever more widely in NWE and beyond;**

- **The ERDF funds invested in the projects can be further leveraged and consequently that;**

- **The long-term benefits of funded projects will outweigh their initial costs.**

CHAPTER 7

COMPLAINTS

7.1 Making a complaint during the application/selection phase

The project lead applicants whose project proposals are rejected are informed in writing about the reasons why their application was not eligible or was not approved. Any questions applicants may have in relation to the assessment of their proposal will be examined and answered by the Managing Authority/Joint Secretariat. Projects that are not selected for funding have the right to make a formal complaint against the programme's decision not to select a proposal. However, such a complaint must be well-grounded and follow a specific procedure. Please note that further details and specific complaint forms may be published with each call.

In principle, complaints can only be made on the following grounds:

(1) the reasons for rejection/ineligibility do not correspond to the information provided by the lead applicant, and;

(2) the project assessment and selection process failed to comply with the specific procedures laid down in the call publication and *Programme Manual* that materially affected or could have materially affected the decision.

Only the project's lead applicant can make a complaint. Potential complaints from partners must be channelled through the lead applicant. Complaints must be submitted in writing (post or email) to the Joint Secretariat within 3 weeks after the official notification of the non-selection of the project by the Managing Authority and should be addressed to the programme director.

The complaints will be examined and answered by a complaints panel involving the past, current and future chairs of the Monitoring Committee and the Managing Authority/Joint Secretariat. If deemed necessary, the complaint panel may decide to refer a complaint back to the programme's Monitoring Committee.

7.2 Making a complaint during the project implementation phase

Complaints related to first or second level control must be made to the responsible national authority according to the applicable national rules.

Complaints against a decision of the programme's Managing Authority/Joint Secretariat during project implementation are dealt with as follows:

The Managing Authority/Joint Secretariat and the lead partner will do everything possible to settle any dispute arising between them during project implementation and the performance of the subsidy contract in an amicable way. Complaints must be submitted in writing (post or email) to the Joint Secretariat within 3 weeks after the notification of a decision and should be addressed to the programme director. The Joint Secretariat must reply to a request for an amicable settlement within 3 weeks. If no amicable agreement is reached, the dispute may, by common agreement of the parties, be submitted for conciliation to the complaints panel, which is comprised of the past, current and future chairs of the Monitoring Committee and the Managing Authority/Joint Secretariat. The decision of the complaint panel is made by majority vote, and the majority must involve at least two Member States.

Further details may be published at a later stage.

7.3 Legal action

At any time, but preferably only after the failure of the above procedures, each party may submit the dispute to the courts. The place of jurisdiction is, as defined in the subsidy contract, Lille (France).

INTERREG NWE PROGRAMME GLOSSARY

Term	Definition
Activity	*A specific task performed as part of a project work package and resulting in a deliverable or an output. Up to 4 activities may be chosen per work package.*
Applicant	*An organisation which is applying for funding.*
Application form (AF)	*A binding document and annex to the subsidy contract. It describes the project and gives detailed information on the work plan and budget. The application form is submitted in two steps during calls for proposals and is assessed by the Programme bodies which select the projects to be funded. See section 1.2. Key Documents.*
Assimilated project partner	*A project partner from outside the NWE area. See section 2.3.1.*
Associated project partner (observer)	*Partners who do not financially contribute to the project but who have an interest in its results. They act as observers. See section 2.3.2*
Baseline	*Reference level against which the project is monitored and controlled (starting point).*
Call for proposals	*An announcement by the programme for new project proposals to be submitted. Dedicated terms of reference are published on the NWE website to open a call for proposals. There will usually be two calls each year.*
(Programme) Co-financing	*The financial support provided by the programme to the project. In NWE, this includes support from the ERDF fund and from ERDF equivalent funds (Swiss co-financing).*
(Programme) Co-financing rate	*The maximum programme co-financing rate, which is applied to the eligible expenditure of the project and to each individual partner.*
Match-funding	*Is the counterpart to programme co-financing that is secured by the partners (paid by the partners from their own resources or received by the partners from non-EU external sources). Depending on the source of contribution (partner's own resources, external sources) and their legal status, the contribution can be public and/or private.*
Cooperation Programme	*The programme document: sets out the aims objectives and types of actions to be supported. The programme website contains the full approved version (as submitted to the European Commission) and a summary.*
Cross-sectoral relevance	*Relating to or affecting more than one group, area, or sector. Projects are expected to involve the main key stakeholders from the field in question in the proposed project activities.*

Deliverable *A project side-product or service that contributes to the development of its main outputs. Deliverables are of an intermediary nature, an 'in-between step', which will eventually feed into a main output of the project (such as workshops/events, feasibility studies, mid-term reports, etc.). Deliverables result from the activities. Up to 3 deliverables per activity may be identified.*

Depreciation *Depreciation is a loss in value of an asset over time.*

Direct costs *Direct costs are costs that can be attributed directly to the project. They are directly related to an individual activity of the partner organisation, where the link with this individual activity can be demonstrated (for instance, through direct time registration).*

Eligibility criteria *A list of criteria to which a project must comply in order to be declared eligible for funding.*

(NWE) electronic Monitoring System (eMS) *The entry point for the electronic preparation, submission and administration (progress reports, modification requests etc.) of an Interreg North-West Europe project (see section 1.2 Key documents for link to the eMS guidelines). Separate eMS manuals are available to provide technical guidance*

Equivalent probative value *Invoices and other documents equivalent to invoices used as supporting evidence for expenditure incurred by project partners. Accounting documents of equivalent probative value must be provided by project partners in the case of expenditure for which there is no invoice available.*

(Project) Evaluation *The systematic and objective assessment of an on-going or completed project, programme or policy, its design, implementation and results. The aim is to determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact and durability.*

External coherence *Coherence with other European and other policy contexts. Projects building on the results of other European projects and programmes are welcome. Projects should refer to activities under these programmes, provide an explanation of synergies and must ensure there is no duplication of existing or previous projects carried out under other EU or other programmes;*

Flat rate *Specific categories of eligible costs which are clearly identified in advance by the programme and are calculated by applying a percentage fixed ex-ante to one or several other categories of eligible costs. Flat rates involve approximations of costs and are defined based on fair, equitable and verifiable calculation methods, or they are established by the Fund specific regulations.*

Horizontal principles *Horizontal principles, as mentioned in Articles 7 and 8 of REGULATION (EU) No 1303/2013, are core principles of importance that cut across and have relevance to all areas of the work of EU funded projects. Projects need to refer to them in their application form. There are 3 horizontal principles: sustainable development, equal opportunities and non-discrimination, and equality between men and women*

Indirect costs *Indirect costs cannot be assigned to the project in full, as they are linked to various activities of the partner organisation. As such costs cannot be connected directly to an individual activity (for instance, telephone, water, electricity expenses, etc.) it is difficult to determine precisely the amount attributable to this activity.*

Innovation *For NWE, Innovation means "something original, new, and important - in whatever field - that breaks into (or obtains a foothold in) a market or society" and predominately focuses on 'test' or 'development' phases. The programme will focus on applied innovation and cooperation projects focusing on a specific product, service or process to increase its level of market-readiness. Activities focus mostly on the concept/technology validation phase of the innovation idea including its design, testing and development phases.*

Integrated approach *An approach that combines all aspects which are relevant to tackle in a project. This can for example be relevant for the implementation of e.g. low carbon strategies (within programme specific objective 2).*

(Project) Intervention logic *Logic chain of a NWE project, following the identification of the need, the rationale, the project's main objective, input needed (investments in time and money, activities), project outputs and the final project result. It should integrate an evaluation phase in order to proof that the identified need and objectives have been met. See graphic in chapter 2.1 What makes a good project).*

IPR (Intellectual Propery Rights) *Intellectual property rights are the rights given to persons and organisations over the outcomes of their thinking and creation activities. These rights might protect works, ideas, solutions created.*

Lead partner (LP) *Refers to the project partner with overall responsibility for developing and implementing a project. See section 2.3.2.*

Lump sum *A lump sum is a total allocation of the grant (calculated ex-ante), paid to the project upon completion of pre-defined terms of agreement on activities and/or outputs. Lump sums involve approximations of costs established based on fair, equitable and verifiable calculation methods.*

NUTS (code) *The Nomenclature of territorial units for statistics, abbreviated as NUTS (from the French Nomenclature des Unités territoriales statistiques) has been created by Eurostat in order to provide a standard classification of the EU territory. It is a geographical nomenclature subdividing the territory of the European Union into regions at three different levels.*

On-the-spot checks *Refers to checks undertaken by first level controllers (and/or Managing Authorities) on the premises of a project partner or any other project-related site. See section 5.13.*

Partnership agreement *A contract between the lead partner and the project partners that defines the rights and obligations of each partner within the context of the project .See section 1.2*

(Programme) Output indicator *Refers to the indicators defined in the Cooperation Programme for each specific objective. They describe the "physical" product of spending resources through policy interventions. Each project needs to identify and monitor its contribution to the output indicators.*

Programme priority *The fields of policy in which the programme intervenes. There are 3 priorities in NWE: Innovation, Low Carbon, and Resource and Materials Efficiency.*

Progress report *A reporting template for projects during their implementation that must be regularly submitted to the Joint Secretariat. It provides an assessment by the project of what objectives have been achieved, what resources have been expended, what problems have been encountered, and whether the project is expected to be completed on time and within budget. It is linked to a specific reporting period.*

Project Idea (PI) *A concept that can evolve into a project proposal (application form step 1) that will present an effective contribution to the needs identified by the programme and that forms the first concept for negotiation with the programme and possible partners.*

(Project) main output *A project's tangible and final product, service or solution that will be used further by the relevant target groups. It tells us what has actually been produced for the money given to the project and may take the form of different types of tools, products or model solutions developed by a project. It is captured by a programme output indicator, and directly contributes to the achievement of the project result.*

Project overall objective *Provides the overall strategic aim on what the project is trying to achieve, and contributes to one of the programme's specific objectives.*

Project partner *An eligible organisation that forms part of a project partnership and is involved in delivering the project. See section 2.3.2.*

(Project) Result *The immediate advantage of carrying out the project, telling us about the benefit of using the project main outputs. It should indicate the change the project is aiming for (or eventually is reaching) for the target groups.*

Real costs *Expenditure actually incurred and paid (taking into account any rebate, discount or financial support) and supported by invoices or other documents of equivalent probative value.*

Site visit/ Monitoring Visit *A visit by the Joint Secretariat to the lead partner premises to perform a quality control check and monitor activities or investments on the ground. See section 5.13*

Reporting period *A designated period of time during the project lifetime. Each progress report refers to one reporting period, where activities and expenditure incurred are reported on.*

Risk *An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. A risk is measured by a combination of the probability of a perceived threat or opportunity occurring, and the magnitude of its impact on objectives.*

Risk assessment *A process that is aimed at obtaining a better understanding of the project, its environment and/or the project partner in order to identify and assess the risks.*

Roll-out *Roll-out refers to the degree to which the project main outputs and/or results can be generalised or transferred to other contexts, organisations or settings.*

Shared costs *Means the costs of the project that are common to at least two project partners, and thus shared between them according to a transparent, fair and equitable method. Shared costs derive from the joint implementation of the project, and link to activities that benefit a number of project partners or the whole partnership (e.g., activities related to project management, project communication). See section 5.4.7.*

Social Innovation *Social innovation refers to the development and implementation of new ideas (products, services and models) to meet social needs and create new social relationships or collaborations. It represents new responses to pressing social demands, which affect the process of social interactions. See definition in the Cooperation Programme.*

(Programme) Specific objective (SO) *Refers to an objective that is defined in the Cooperation Programme for each Priority. Each project needs to contribute to one programme Specific Objective and the related programme indicators.*

Stakeholder *Anyone, internal or external to an organisation, who has an interest in a project or will be affected by its outputs and results.*

Sub-partner *Partners that participate in the project in a limited capacity only. See section 2.3.2.*

Subsidy contract *Grant agreement between the NWE Managing Authority and the project lead partner that defines the rights and obligations of the partnership.*

Sustainability *Capacity of a system or process to endure. To develop such systems or processes, we often make reference to sustainable development which fully considers people, planet and wealth to ensure that none negatively impact the others.*

Sustainable development *It stands for meeting the needs of present generations without jeopardising the ability of future generations to meet their own needs – a better quality of life for everyone, now and for generations to come. It offers a vision of progress that integrates immediate and longer-term objectives, local and global action, and regards social, economic and environmental issues as inseparable and interdependent components of human progress (EU Sustainable Development Strategy)*

Target *A quantified objective expressed as a value to be reached, which is called an indicator, usually within a given timeframe.*

Target group *Individuals and/or organisations that directly benefit from the project's results. Such target groups may exploit project outputs for their own benefit even though they do not necessarily receive a financial grant and may not even be directly involved in the project.*

Territorial cohesion *In the NWE Programme, territorial cohesion is mainly understood as balanced development, focusing on European solidarity, stressing inclusive growth, and the reduction of economic disparities.*

Total budget *The project's total budget based on the cumulative costs planned by all project partners in the application form.*

Total eligible budget *Total eligible budget is the total budget of a project subject to programme co-financing. In the application form, it is calculated on the basis of the total budget minus any potential net revenue from the project.*

Value for money *Refers to whether the project budget is used in accordance with the principles of economy (minimising the costs of resources), efficiency (getting the most from the available resources), and effectiveness (meeting the objectives and achieving the intended results) (see section 2.1 on the NWE intervention logic).*

Work package *A component in the project's work plan that groups related project activities required to produce the project's main outputs and results.*

A project may have up to 7 work packages of which 3 are compulsory: long-term effects, communication and project management.

DEFINITION OF PROGRAMME INDICATORS

Specific objective 1:

To enhance innovation performance of enterprises throughout NWE regions

Output indicator	*Definition*
Number of new or enhanced transnational clusters or innovation networks	Number of new clusters or networks put in place by the project. As far as existing clusters and networks are concerned, only those that have improved or strengthened in the course of a transnational cooperation projects should be counted. An innovation cluster is a grouping of independent organisations — innovative start-ups, small, medium and large organisations as well as research organisations — operating in a particular sector and region and designed to stimulate innovative activity by promoting intensive interactions, sharing of facilities and exchange of knowledge and expertise and by contributing effectively to technology transfer, networking and information dissemination among the organisations in the cluster. Networks are groupings of organisations (e.g., firms, universities, government agencies) that create, acquire, and integrate the diverse knowledge and skills required to develop and deploy innovative technologies.
Number of technologies, products, services and processes developed and tested in real life conditions	Number of technologies, products, services and process developed in the course of the project and applied by the partnership in a real-life testing environment.
Number of jobs created in all economic sectors	Number of jobs created directly by the project in all sectors, within the project timeframe, in all the project partner organisations as well as the target and stakeholder groups. The jobs adjusted to full-time equivalents (FTEs), directly created as a result of projects, should be counted, both temporary as well as permanent. A job is considered as one which has an employment contract for the employee. The jobs related to the project management should be excluded from calculations.
Number of jobs maintained in all economic sectors	Number of jobs maintained by the project, within its timeframe, in all sectors, in the project partner organisations as well as the project target and stakeholder groups. This means jobs adjusted to full-time equivalents (FTEs), directly maintained as a result of projects, both temporary as well as permanent. The term maintained jobs means jobs that would otherwise cease to exist if the project was not implemented. The jobs related to the project management should be excluded from calculations.
Amount of funding leveraged by the project (in €)	Funding leveraging is defined as using ERDF funds to attract others. This however excludes the match-funding required for the project to be approved (the programme funding only the maximum of 60% of operations). Funding leverage is not understood in terms of venture capital invested by the programme in private companies to generate more profit, but as an allocation of public funds to public and private organisations that can act as an incentive for further public, but also private sector funding in the project partner regions.
Number of end-users benefitting from social innovation	An end-user is a person that uses a particular technology, product, service or a process in real-life conditions. Social innovation is defined as development and implementation of innovative solutions for social needs and problems.
Number of pilot actions implemented, focusing on social innovation	Number of pilot actions demonstrating the application of innovative solutions for social needs and problems. Pilot actions are defined as organisations serving a demonstration purpose carried out in partner regions to test new approaches. They can be related to a completely new type of activity undertaken by a project partner or transfer of innovative practice from one partner to another.

Number of enterprises receiving support

Number of enterprises receiving support in any form from ERDF (whether the support represents State aid or not). The support can be financial or non-financial (including support that does not involve direct financial transfer, for instance guidance, consultancy, enterprise incubators, etc.). Venture capital is considered as financial assistance.
Multiple counting needs to be eliminated (i.e. an enterprise receiving grants more than once is still only one enterprise receiving support). Registering a unique identifier for each enterprise to avoid multiple counting is a good practice. This indicator should be used together with the indicators "number of enterprises supported to introduce new to the market products" and "number of indicators supported to introduce new to the firm products".
Enterprise is defined as an organisation producing products or services to satisfy market needs in order to reach profit. The legal form of enterprise may be various (self-employed persons, partnerships, social enterprises, etc.).

Number of enterprises co-operating with research institutions

Number of enterprises (including social enterprises) that cooperate with research institutions in R&D projects. At least one enterprise and one research institution participates in the project. One or more of the cooperating parties (research institution or enterprise) may receive the support but it must be conditional to the cooperation. The cooperation may be new or existing. The cooperation should last at least for the duration of the project.
Enterprise is defined as an organisation producing products or services to satisfy market needs in order to reach profit. The legal form of enterprise may be various (self-employed persons, partnerships, social enterprises, etc.). The origin of the enterprise (inside or outside of the EU) does not matter. In case one enterprise takes the formal lead and others are subcontractors but still interacting with the research institution, all enterprises should be counted. Enterprises cooperating in different projects should be added up (provided that all projects receive support); this is not regarded as multiple counting.
Research institution is defined as an organisation of which R&D is a primary activity. Cooperation can be counted based on either the operations or the participants. This indicator focuses on the enterprises as participants in projects.

Number of enterprises supported to introduce new to the market products

The indicator measures if an enterprise receives support to develop a 'new to the market' product in any of its markets. This includes process innovation as long as the process contributes to the development of the product. Projects without the aim of actually developing a product are excluded. If an enterprise introduces several products or receives support for several projects, it is still counted as one enterprise. In case of cooperation projects, the indicator measures all participating enterprises. A product is new to the market if there is no other product available on a market that offers the same functionality, or the technology that the new product uses is fundamentally different from the technology of already existing products.
Products can be tangible or intangible (incl. services). Supported projects that aimed to introduce new to the markets products but did not succeed are still counted. If a product is new both to the market and to the firm, the enterprise should be counted in both relevant indicators (see indicator 'Number of enterprises supported to introduce new to the firm products'). The boundaries of the market are defined by the business activity of the enterprise receiving support.
Indicator "number of enterprises receiving support" should also be used where this indicator is used. Please also note the relation with indicator "Number of enterprises that introduced new to the firm product". While most classic innovations lead to products new both to the market and to the firm, it is possible that the product is new to the market but not new to the firm, e.g. adapting an existing product to a new market without changing functionality.

Number of enterprises supported to introduce new to the firm products

The indicator measures if an enterprise is supported to develop a 'new to the firm' product. This includes process innovation as long as the process contributes to the development of the product. Projects without the aim of actually developing a product are excluded. If an enterprise introduces several products or receives support for several projects, it is still counted as one enterprise. In case of cooperation projects, the indicator measures all participating enterprises to which the product is new.

A product is new to the firm if the enterprise did not produce a product with the same functionality or the production technology is fundamentally different from the technology of already produced products. Products can be tangible or intangible (incl. services). Supported projects that aimed to introduce new to the firm products but did not succeed are still counted. If a product is new both to the market and to the firm, the enterprise should be counted in both relevant indicators (see indicator "Number of enterprises supported to introduce new to the market products").

Indicator "Number of enterprises receiving support" should also be used where this indicator is used. Please also note the relation with indicator "Number of enterprises that introduced new to the market product". While most classic innovations lead to products new both to the market and to the firm, it is possible that the product is new to the firm but not new to the market, e.g. certain technology transfers.

Specific objective 2:

To facilitate the implementation of low-carbon, energy and climate protection strategies to reduce GHG emission in NWE

Output indicator	*Definition*
Number of solutions facilitating the delivery of existing or emerging low-carbon, energy or climate-protection strategies	Number of approaches, techniques or measures tangibly applied by projects, allowing the implementation of the planned GHG emission reduction strategies in partner regions. The strategies can be both existent or emerging. The existing low-carbon, energy or climate protection strategies defined as are local, regional or national strategies that that have been fully approved and are applicable to and ready to be implemented in partner regions. The emerging strategies are considered as those that have not been planned or intended. Adopting an emergent strategy will help a partner region adapt more flexibly to the practicalities of changing low-carbon, energy or climate-protection market of goods and services.
Number of combined mitigation-relevant adaptation solutions implemented	Response measures combining the mitigation (addressing the causes of climate change - accumulation of GHGs in the atmosphere) and adaptation (looking into the impacts of climate change). Implementation of such synergies is required as even the most stringent mitigation efforts cannot avoid further impacts of climate change, which makes adaptation essential.
Number of jobs created in all economic sectors	Number of jobs created directly by the project in all sectors, within the project timeframe, in all the project partner organisations as well as the target and stakeholder groups. The jobs adjusted to full-time equivalents (FTEs), directly created as a result of projects, should be counted, both temporary as well as permanent. A job is considered as one which has an employment contract for the employee. The jobs related to the project management should be excluded from calculations.
Number of jobs maintained in all economic sectors	Number of jobs maintained by the project, within its timeframe, in all sectors, in the project partner organisations as well as the project target and stakeholder groups. This means jobs adjusted to full-time equivalents (FTEs), directly maintained as a result of projects, both temporary as well as permanent. The term maintained jobs means jobs that would otherwise cease to exist if the project was not implemented. The jobs related to the project management should be excluded from calculations.
Amount of funding leveraged by the project (in €)	Funding leveraging is defined as using ERDF funds to attract others. This however excludes the match-funding required for the project to be approved (the programme funding only the maximum of 60% of operations). Funding leverage is not understood in terms of venture capital invested by the programme in private companies to generate more profit, but as an allocation of public funds to public and private organisations that can act as an incentive for further public, but also private sector funding in the project partner regions.
Number of households with improved energy classification	Number of households in improved energy class. Improved class must be the direct consequence of the project completion. The classification system is governed by the directive 2010/31/EU.

Decrease of annual primary energy consumption of public buildings

Calculations are based on the energy certificate of buildings (see Art.12.1.b of Directive 2010/31/EU). In line with the deadlines set in the Directive, the indicator must apply to all public buildings above 500m2 total useful area and were reconstructed using Structural Funds support. If the construction starts after 9 July 2015, the threshold for public buildings decreases to 250m 2 total useful area. The Programme allows the inclusion of buildings with surfaces less than 250m2 or 500m2 before 09/07/2015, Value will be calculated from the energy certificates issued before and after the reconstruction. The indicator will show the total decrease of annual consumption, not the total saved consumption.

Estimated annual decrease of GHG (in tonnes per annum)

This indicator is calculated for projects directly aiming to increase renewable energy production or to decrease energy consumption through energy saving measures, thus its use is mandatory only where the indicator above is relevant. The indicator will show the total estimated of annual decrease by the end of the period, not the total decrease throughout the period.
In case of renewable energy production, the estimate is based on the amount of primary energy produced by supported facilities in a given year (either one year following project completion or the calendar year after project completion). Renewable energy is supposed to be GHG neutral and replacing non-renewable energy production. GHG impact of non-renewable energy is estimated through the Member State total GHG emission per unit of non-renewable energy production.
In case of energy saving measures, the estimate is based on the amount of primary energy saved through in a given year supported operations (either one year following project completion or the calendar year after project completion). Saved energy is supposed to be replacing non-renewable energy production. GHG impact of non-renewable energy is estimated through the Member State total GHG emission per unit of non-renewable energy production.

Specific objective 3:

To facilitate the uptake of low carbon technologies, products processes and services in sector with high energy saving potential, to reduce GHG emission in NWE

Output indicator	*Definition*
Number of adopted or applied low carbon technologies	Low carbon technologies applied by enterprises in real-life conditions or technologies adopted/accepted by their target groups on the market.
Number of jobs created in all economic sectors	Number of jobs created directly by the project in all sectors, within the project timeframe, in all the project partner organisations as well as thetarget and stakeholder groups. The jobs adjusted to full-time equivalents (FTEs), directly created as a result of projects, should be counted, both temporary as well as permanent. A job is considered as one which has an employment contract for the employee. The jobs related to the project management should be excluded from calculations.
Number of jobs maintained in all economic sectors	Number of jobs maintained by the project, within its timeframe, in all sectors, in the project partner organisations as well as the project target and stakeholder groups. This means jobs adjusted to full-time equivalents (FTEs), directly maintained as a result of projects, both temporary as well as permanent. The term maintained jobs means jobs that would otherwise cease to exist if the project was not implemented. The jobs related to the project management should be excluded from calculations.
Amount of funding leveraged by the project (in €)	Funding leveraging is defined as using ERDF funds to attract others. This however excludes the match-funding required for the project to be approved (the programme funding only the maximum of 60% of operations). Funding leverage is not understood in terms of venture capital invested by the programme in private companies to generate more profit, but as an allocation of public funds to public and private organisations that can act as an incentive for further public, but also private sector funding in the project partner regions.
No. of enterprises co-operating with research institutions	Number of enterprises (including social enterprises) that cooperate with research institutions in R&D projects. At least one enterprise and one research institution participates in the project. One or more of the cooperating parties (research institution or enterprise) may receive the support but it must be conditional to the cooperation. The cooperation may be new or existing. The cooperation should last at least for the duration of the project. Enterprise is defined as an organisation producing products or services to satisfy market needs in order to reach profit. The legal form of enterprise may be various (self-employed persons, partnerships, social enterprises, etc.). The origin of the enterprise (inside or outside of the EU) does not matter. In case one enterprise takes the formal lead and others are subcontractors but still interacting with the research institution, all enterprises should be counted. Enterprises cooperating in different projects should be added up (provided that all projects receive support); this is not regarded as multiple counting. Research institution is defined as an organisation of which R&D is a primary activity. Cooperation can be counted based on either the operations or the participants. This indicator focuses on the enterprises as participants in projects.

Number of enterprises supported to introduce new to the market products

The indicator measures if an enterprise receives support to develop a 'new to the market' product in any of its markets. This includes process innovation as long as the process contributes to the development of the product. Projects without the aim of actually developing a product are excluded. If an enterprise introduces several products or receives support for several projects, it is still counted as one enterprise. In case of cooperation projects, the indicator measures all participating enterprises. A product is new to the market if there is no other product available on a market that offers the same functionality, or the technology that the new product uses is fundamentally different from the technology of already existing products.
Products can be tangible or intangible (incl. services). Supported projects that aimed to introduce new to the markets products but did not succeed are still counted. If a product is new both to the market and to the firm, the enterprise should be counted in both relevant indicators (see indicator 'Number of enterprises supported to introduce new to the firm products'). The boundaries of the market are defined by the business activity of the enterprise receiving support.
Indicator "number of enterprises receiving support" should also be used where this indicator is used. Please also note the relation with indicator "Number of enterprises that introduced new to the firm product". While most classic innovations lead to products new both to the market and to the firm, it is possible that the product is new to the market but not new to the firm, e.g. adapting an existing product to a new market without changing functionality.

Number of enterprises supported to introduce new to the firm products

The indicator measures if an enterprise is supported to develop a 'new to the firm' product. This includes process innovation as long as the process contributes to the development of the product. Projects without the aim of actually developing a product are excluded. If an enterprise introduces several products or receives support for several projects, it is still counted as one enterprise. In case of cooperation projects, the indicator measures all participating enterprises to which the product is new.
A product is new to the firm if the enterprise did not produce a product with the same functionality or the production technology is fundamentally different from the technology of already produced products. Products can be tangible or intangible (incl. services). Supported projects that aimed to introduce new to the firm products but did not succeed are still counted. If a product is new both to the market and to the firm, the enterprise should be counted in both relevant indicators (see indicator "Number of enterprises supported to introduce new to the market products").
Indicator "Number of enterprises receiving support" should also be used where this indicator is used. Please also note the relation with indicator "Number of enterprises that introduced new to the market product". While most classic innovations lead to products new both to the market and to the firm, it is possible that the product is new to the firm but not new to the market, e.g. certain technology transfers.

Additional capacity of renewable energy production

Increase in energy production capacity of facilities using renewable energy resources, built/equipped by the project. This Includes electricity and heat energy. Renewable energy resource is any energy source that is not fossil or nuclear. See regulation 2009/28, art. 2(a).

Number of households with improved energy classification

Number of households in improved energy class. Improved class must be the direct consequence of the project completion. The classification system is governed by the directive 2010/31/EU.

Estimated annual decrease of GHG (in tonnes per annum)

This indicator is calculated for projects directly aiming to increase renewable energy production or to decrease energy consumption through energy saving measures, thus its use is mandatory only where the indicator above is relevant. The indicator will show the total estimated of annual decrease by the end of the period, not the total decrease throughout the period.

In case of renewable energy production, the estimate is based on the amount of primary energy produced by supported facilities in a given year (either one year following project completion or the calendar year after project completion). Renewable energy is supposed to be GHG neutral and replacing non-renewable energy production. GHG impact of non-renewable energy is estimated through the Member State total GHG emission per unit of non-renewable energy production.

In case of energy saving measures, the estimate is based on the amount of primary energy saved through in a given year supported operations (either one year following project completion or the calendar year after project completion). Saved energy is supposed to be replacing non-renewable energy production. GHG impact of non-renewable energy is estimated through the Member State total GHG emission per unit of non-renewable energy production.

Specific objective 4:

To facilitate the implementation of transnational low-carbon solutions in transport systems to reduce GHG emissions in NWE

Output indicator	*Definition*
Number of implemented low-carbon solutions in transport	Technologies, products, processes and services (inland or water transport, covering either passenger or freight) tested /demonstrated and implemented by the enterprises participating in the project.
Number of new or improved transport management systems leading to GHG reduction	Transport management systems are defined as those related to transport planning or optimization that would bring a CO2 emission reduction. New management systems are those developed for the market by one of the project partners in the course of the project; the improved ones are those existing prior to the project (used or not) and adjusted for use in the course of the project.
Number of transport operators supported implementing low carbon solutions	Number of transport operators (land, air or water transport operators, covering either passenger or freight transport) actively implementing the low carbon technologies, products, processes or services in the scope of the project.
Number of jobs created in all economic sectors	Number of jobs created directly by the project in all sectors, within the project timeframe, in all the project partner organisations as well as the target and stakeholder groups. The jobs adjusted to full-time equivalents (FTEs), directly created as a result of projects, should be counted, both temporary as well as permanent. A job is considered as one which has an employment contract for the employee. The jobs related to the project management should be excluded from calculations.
Number of jobs maintained in all economic sectors	Number of jobs maintained by the project, within its timeframe, in all sectors, in the project partner organisations as well as the project target and stakeholder groups. This means jobs adjusted to full-time equivalents (FTEs), directly maintained as a result of projects, both temporary as well as permanent. The term maintained jobs means jobs that would otherwise cease to exist if the project was not implemented. The jobs related to the project management should be excluded from calculations.
Amount of funding leveraged by the project (in €)	Funding leveraging is defined as using ERDF funds to attract others. This however excludes the match-funding required for the project to be approved (the programme funding only the maximum of 60% of operations). Funding leverage is not understood in terms of venture capital invested by the programme in private companies to generate more profit, but as an allocation of public funds to public and private organisations that can act as an incentive for further public, but also private sector funding in the project partner regions.

No. of enterprises co-operating with research institutions

Number of enterprises (including social enterprises) that cooperate with research institutions in R&D projects. At least one enterprise and one research institution participates in the project. One or more of the cooperating parties (research institution or enterprise) may receive the support but it must be conditional to the cooperation. The cooperation may be new or existing. The cooperation should last at least for the duration of the project.
Enterprise is defined as an organisation producing products or services to satisfy market needs in order to reach profit. The legal form of enterprise may be various (self-employed persons, partnerships, social enterprises, etc.). The origin of the enterprise (inside or outside of the EU) does not matter. In case one enterprise takes the formal lead and others are subcontractors but still interacting with the research institution, all enterprises should be counted. Enterprises cooperating in different projects should be added up (provided that all projects receive support); this is not regarded as multiple counting.
Research institution is defined as an organisation of which R&D is a primary activity. Cooperation can be counted based on either the operations or the participants. This indicator focuses on the enterprises as participants in projects.

Number of enterprises supported to introduce new to the market products

The indicator measures if an enterprise receives support to develop a 'new to the market' product in any of its markets. This includes process innovation as long as the process contributes to the development of the product. Projects without the aim of actually developing a product are excluded. If an enterprise introduces several products or receives support for several projects, it is still counted as one enterprise. In case of cooperation projects, the indicator measures all participating enterprises. A product is new to the market if there is no other product available on a market that offers the same functionality, or the technology that the new product uses is fundamentally different from the technology of already existing products.
Products can be tangible or intangible (incl. services). Supported projects that aimed to introduce new to the markets products but did not succeed are still counted. If a product is new both to the market and to the firm, the enterprise should be counted in both relevant indicators (see indicator 'Number of enterprises supported to introduce new to the firm products'). The boundaries of the market are defined by the business activity of the enterprise receiving support.
Indicator "number of enterprises receiving support" should also be used where this indicator is used. Please also note the relation with indicator "Number of enterprises that introduced new to the firm product". While most classic innovations lead to products new both to the market and to the firm, it is possible that the product is new to the market but not new to the firm, e.g. adapting an existing product to a new market without changing functionality.

Number of enterprises supported to introduce new to the firm products

The indicator measures if an enterprise is supported to develop a 'new to the firm' product. This includes process innovation as long as the process contributes to the development of the product. Projects without the aim of actually developing a product are excluded. If an enterprise introduces several products or receives support for several projects, it is still counted as one enterprise. In case of cooperation projects, the indicator measures all participating enterprises to which the product is new.
A product is new to the firm if the enterprise did not produce a product with the same functionality or the production technology is fundamentally different from the technology of already produced products. Products can be tangible or intangible (incl. services). Supported projects that aimed to introduce new to the firm products but did not succeed are still counted. If a product is new both to the market and to the firm, the enterprise should be counted in both relevant indicators (see indicator "Number of enterprises supported to introduce new to the market products").
Indicator "Number of enterprises receiving support" should also be used where this indicator is used. Please also note the relation with indicator "Number of enterprises that introduced new to the market product". While most classic innovations lead to products new both to the market and to the firm, it is possible that the product is new to the firm but not new to the market, e.g. certain technology transfers.

Estimated annual decrease of GHG (in tonnes per annum)

This indicator is calculated for projects directly aiming to increase renewable energy production or to decrease energy consumption through energy saving measures, thus its use is mandatory only where the indicator above is relevant. The indicator will show the total estimated of annual decrease by the end of the period, not the total decrease throughout the period.

In case of renewable energy production, the estimate is based on the amount of primary energy produced by supported facilities in a given year (either one year following project completion or the calendar year after project completion). Renewable energy is supposed to be GHG neutral and replacing non-renewable energy production. GHG impact of non-renewable energy is estimated through the Member State total GHG emission per unit of non-renewable energy production.

In case of energy saving measures, the estimate is based on the amount of primary energy saved through in a given year supported operations (either one year following project completion or the calendar year after project completion). Saved energy is supposed to be replacing non-renewable energy production. GHG impact of non-renewable energy is estimated through the Member State total GHG emission per unit of non-renewable energy production.

Specific objective 5:

To optimise (re)use of material and natural resources in NWE

Output indicator	*Definition*
Number of innovative uses of waste processes/ products/services from waste materials	This indicator refers to the alternative uses for waste established by projects in their lifetime. A "use" of waste material is understood as putting it into a new or modified process/product/service or employing it for a recycling/recovery/re-use purpose.
Number of efficient natural and material resources solutions tested and implemented	The number of methods, measures, processes, products, services or technologies trialled in real-life conditions and operating properly in their environment.
Amount of funding leveraged by the project (in €)	Funding leveraging is defined as using ERDF funds to attract others. This however excludes the match-funding required for the project to be approved (the programme funding only the maximum of 60% of operations). Funding leverage is not understood in terms of venture capital invested by the programme in private companies to generate more profit, but as an allocation of public funds to public and private organisations that can act as an incentive for further public, but also private sector funding in the project partner regions.
Amount of decreased raw material use (in tons)	This indicator refers to the resource saving rates that the projects generate in their course. It is understood as the amount of resource saved in manufacturing and industrial value chains in the resource-intensive sectors. Raw materials include metallic minerals, industrial minerals, construction materials, wood and natural rubber ("Tackling the Challenges of Commodity Markets and on Raw Materials", COM(2011) 25 final).
Amount of increased material recovery, re-use and recycling (in tons)	This indicator is understood as the amount of used or waste materials given new use or purpose (recovery), processed into a new product (recycling) or reused for the same or new function (re-use).
Number of jobs created in all economic sectors	Number of jobs created directly by the project in all sectors, within the project timeframe, in all the project partner organisations as well as the target and stakeholder groups. The jobs adjusted to full-time equivalents (FTEs), directly created as a result of projects, should be counted, both temporary as well as permanent. A job is considered as one which has an employment contract for the employee. The jobs related to the project management should be excluded from calculations.
Number of jobs maintained in all economic sectors	Number of jobs maintained by the project, within its timeframe, in all sectors, in the project partner organisations as well as the project target and stakeholder groups. This means jobs adjusted to full-time equivalents (FTEs), directly maintained as a result of projects, both temporary as well as permanent. The term maintained jobs means jobs that would otherwise cease to exist if the project was not implemented. The jobs related to the project management should be excluded from calculations.

Number of enterprises receiving support

Number of enterprises receiving support in any form from ERDF (whether the support represents State aid or not). The support can be financial or non-financial (including support that does not involve direct financial transfer, for instance guidance, consultancy, etc.). Venture capital is considered as financial assistance.
Multiple counting needs to be eliminated (i.e. an enterprise receiving grants more than once is still only one enterprise receiving support). Registering a unique identifier for each enterprise to avoid multiple counting is a good practice. This indicator should be used together with the indicators "number of enterprises supported to introduce new to the market products" and "number of indicators supported to introduce new to the firm products".
Enterprise is defined as an organisation producing products or services to satisfy market needs in order to reach profit. The legal form of enterprise may be various (self-employed persons, partnerships, social enterprises, etc.).

No. of enterprises co-operating with research institutions

Number of enterprises (including social enterprises) that cooperate with research institutions in R&D projects. At least one enterprise and one research institution participates in the project. One or more of the cooperating parties (research institution or enterprise) may receive the support but it must be conditional to the cooperation. The cooperation may be new or existing. The cooperation should last at least for the duration of the project.
Enterprise is defined as an organisation producing products or services to satisfy market needs in order to reach profit. The legal form of enterprise may be various (self-employed persons, partnerships, social enterprises, etc.). The origin of the enterprise (inside or outside of the EU) does not matter. In case one enterprise takes the formal lead and others are subcontractors but still interacting with the research institution, all enterprises should be counted. Enterprises cooperating in different projects should be added up (provided that all projects receive support); this is not regarded as multiple counting.
Research institution is defined as an organisation of which R&D is a primary activity. Cooperation can be counted based on either the operations or the participants. This indicator focuses on the enterprises as participants in projects.

Number of enterprises supported to introduce new to the market products

The indicator measures if an enterprise receives support to develop a 'new to the market' product in any of its markets. This includes process innovation as long as the process contributes to the development of the product. Projects without the aim of actually developing a product are excluded. If an enterprise introduces several products or receives support for several projects, it is still counted as one enterprise. In case of cooperation projects, the indicator measures all participating enterprises. A product is new to the market if there is no other product available on a market that offers the same functionality, or the technology that the new product uses is fundamentally different from the technology of already existing products.
Products can be tangible or intangible (incl. services). Supported projects that aimed to introduce new to the markets products but did not succeed are still counted. If a product is new both to the market and to the firm, the enterprise should be counted in both relevant indicators (see indicator 'Number of enterprises supported to introduce new to the firm products'). The boundaries of the market are defined by the business activity of the enterprise receiving support.
Indicator "number of enterprises receiving support" should also be used where this indicator is used. Please also note the relation with indicator "Number of enterprises that introduced new to the firm product". While most classic innovations lead to products new both to the market and to the firm, it is possible that the product is new to the market but not new to the firm, e.g. adapting an existing product to a new market without changing functionality.

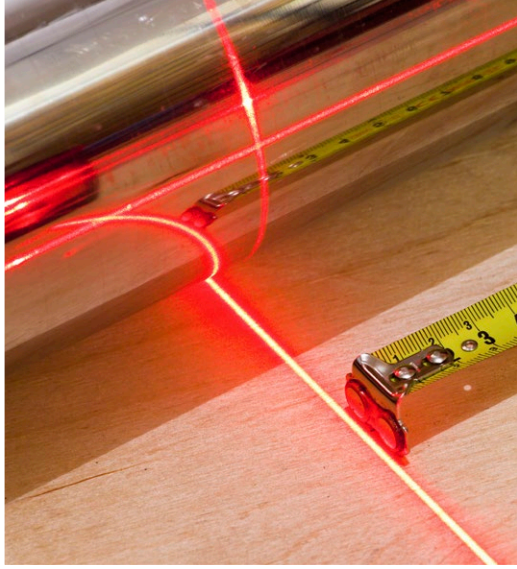
Number of enterprises supported to introduce new to the firm products

The indicator measures if an enterprise is supported to develop a 'new to the firm' product. This includes process innovation as long as the process contributes to the development of the product. Projects without the aim of actually developing a product are excluded. If an enterprise introduces several products or receives support for several projects, it is still counted as one enterprise. In case of cooperation projects, the indicator measures all participating enterprises to which the product is new.

A product is new to the firm if the enterprise did not produce a product with the same functionality or the production technology is fundamentally different from the technology of already produced products. Products can be tangible or intangible (incl. services). Supported projects that aimed to introduce new to the firm products but did not succeed are still counted. If a product is new both to the market and to the firm, the enterprise should be counted in both relevant indicators (see indicator "Number of enterprises supported to introduce new to the market products").

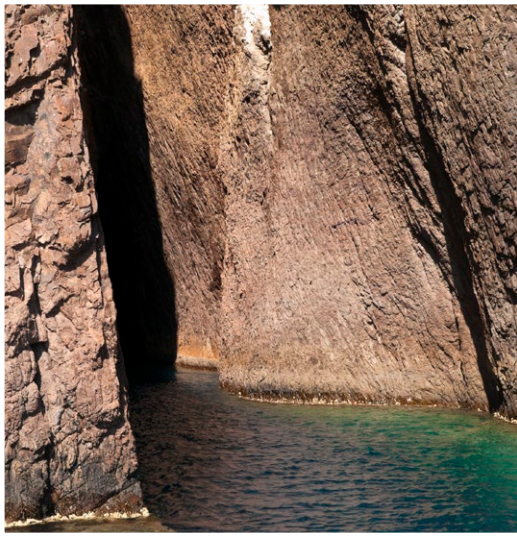
Indicator "Number of enterprises receiving support" should also be used where this indicator is used. Please also note the relation with indicator "Number of enterprises that introduced new to the market product". While most classic innovations lead to products new both to the market and to the firm, it is possible that the product is new to the firm but not new to the market, e.g. certain technology transfers.

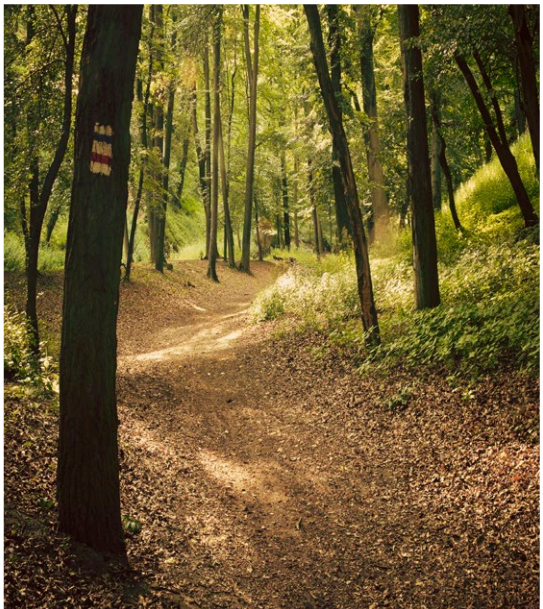
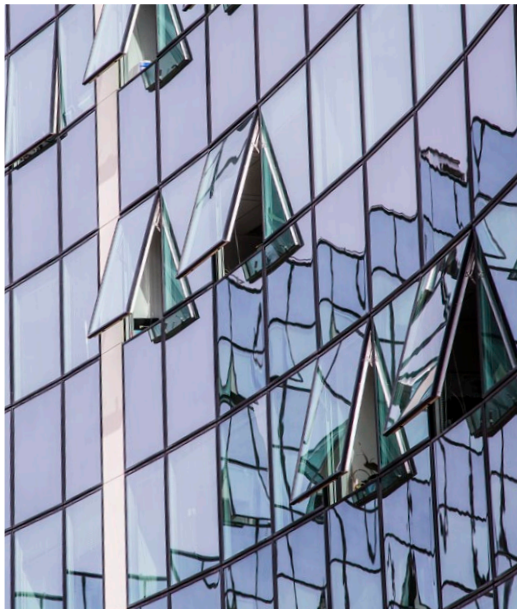










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Interreg NWE
Les Arcuriales | 45, rue de Tournai, 6/D
F-59000 Lille, France
Tel : +33 3 20 78 55 00 | Fax : +33 3 20 55 65 95

kurth.lu