



Large Infrastructure Projects

Application and implementation process



LIST OF ABBREVIATIONS:

CBC	Cross-border Cooperation
EC	European Commission
EU	European Union
Interreg Regulation	Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments.
JPC	Joint Programming Committee
JS	Joint Secretariat
LIP	Large Infrastructure Project
MA	Managing Authority
MC	Monitoring Committee
NDICI	Neighbourhood, Development and International Cooperation Instrument
PL-UA 2021-2027	Interreg NEXT Poland – Ukraine 2021-2027 Programme
PD	Programme Document for Interreg NEXT Poland – Ukraine 2021-2027
SCO	Simplified Cost Options

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1. LARGE INFRASTRUCTURE PROJECTS

1.1. Legal frameworks

1. Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy hereinafter referred to as 'CPR Regulation'.
2. Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments hereinafter referred to as 'Interreg Regulation'.
3. Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund.
4. Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe.

1.2. Definition and legal basis

According to art. 57 of the Interreg Regulation a large infrastructure project (LIP) means *"operations comprising a set of works, activities or services intended to fulfil an indivisible function of a precise nature pursuing clearly identified objectives of common interest for the purposes of implementing investments delivering a cross-border impact and benefits and where a budget share of a total cost of at least EUR 2 500 000 is allocated to the acquisition, construction or modernisation of infrastructure"*.

The Programme shall send to the Commission a list of planned large infrastructure projects indicating the prospective name, location, budget and Lead Partner. That list shall be sent as a separate document when transmitting the signed copy of the financing agreement (as referred to in Article 59 of the Interreg Regulation) to the Commission or at the latest two months before the meeting of the monitoring committee or, if applicable, the steering committee selecting the first of the envisaged large infrastructure projects.

Where the selection of one or more large infrastructure projects is on the agenda of a monitoring committee Programme shall transmit a concept note for each such project to the Commission, for information, at the latest two months before the date of the meeting. The concept note shall be a maximum of three pages and shall indicate the name, the location, the budget, the Lead Partner and the partners as well as the main objectives and deliverables thereof. If the concept note concerning one or more large infrastructure projects is not transmitted to the Commission by that deadline, the Commission may request that the chair of the monitoring committee or steering committee remove the projects concerned from the agenda of the meeting.

The Commission, in accordance with article 22.3 of the Interreg regulation, will request that the Programme notify the selection criteria for LIPs, to the Commission prior to their

initial submission to the Monitoring Committee, but after the formal Programme adoption. The same shall apply for any subsequent changes to those criteria.

1.3. Direct-award

Large Infrastructure Projects (LIPs) will be implemented within the Interreg NEXT Poland – Ukraine 2021-2027 Programme as operations of strategic importance and they shall be selected through a direct award procedure.

Co-financing of LIPs shall be possible in the following 5 (out of 6) Programme priorities:

- Priority 1 – Environment;
- Priority 2 – Health;
- Priority 3 – Tourism;
- Priority 5 – Borders¹;
- Priority 6 – Accessibility².

An indicative list of all the LIPs proposed for selection without a call for proposals has been annexed to the Programme Document (PD) of the PL-UA 2021-2027 Programme and shall be updated if necessary.

Selection of LIPs is based on a two-step procedure with submission of a project summary (PS) as the first step, followed by submission of a full application form (FAF).

Contrary to the LIPs selection procedure in the ENI Poland-Belarus-Ukraine 2014-2020 Cross-border Cooperation Programme, the selection process within Interreg NEXT Poland – Ukraine 2021-2027 does not include the step of approval by the European Commission (EC), provided that the provisions of § 57-4 the REGULATION (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021 are fulfilled.

1.4. Criteria

Each LIP which is to be implemented within the PL-UA 2021-2027 shall fulfil the following minimum criteria:

- deliver a clear cross-border cooperation impact and benefits and demonstrate added value to European Union strategies and programmes. It means that LIP shall be directly related to the PL-UA 2021-2027, its priorities and specific objectives; be crucial for the development of the Programme area and coherent with national development strategic documents;
- have a clear cross-border effect and benefit both sides of the EU border. Minimum 20% of the project budget is assigned to the activities of the cross-border partner.
- is implemented in the Programme eligible area; in special cases, activities may take place in other regions from the outside Programme area. When all or part of a project is implemented outside the Programme area inside or outside the Union, the selection of that project shall require the explicit approval by the Managing Authority and the Monitoring Committee;

¹ Exclusively LIPs.

² Exclusively LIPs.

- comprise a set of works, activities or services intended to fulfil an indivisible function of a precise nature pursuing clearly identified objectives of common interest;
- have minimum 2 500 000 EUR on acquisition, construction or modernization of infrastructure;
- have long-lasting impact and outcomes of a sustainable character (at least 5 years after the project completion);
- be compliant with the criteria defined by the Programme procedures in terms of the cross-border partnership, size of grant, eligibility of the applicants, eligibility of the action, eligibility of costs etc.;
- each LIP partner must be clearly identified and their engagement justified to be able to implement the LIP.
- prove readiness for project implementation.

1.4.1. LIP partnership

Each LIP shall designate one lead partner to represent the partnership. Other organisations participating in the LIP shall be regarded as partners. All partners shall actively cooperate in the development and implementation of projects. In addition, they shall cooperate in the staffing and/or financing of projects. Each partner shall be legally and financially responsible for the activities that it is implementing and for the share of the Programme funds that it receives. The specific obligations as well as the financial responsibilities of the partners shall be laid down in the partnership agreement.

The lead partners and partners have the possibility to award contracts. Contractors are not regarded as partners and are subject to the tendering rules.

Responsibilities of the lead partner

The lead partner (representing the partnership) submits the LIP PS/FAF, signs a grant contract with the MA and shall:

- be able to receive the financial contribution from the MA (the total amount of the grant) for implementation of the LIP activities;
- ensure that the partners receive the corresponding amounts of the grant as quickly as possible and in full in accordance with the arrangements of the partnership agreement. No amount shall be deducted or withheld and no specific charge with equivalent effect shall be levied that would reduce these amounts for the partners;
- lay down the partnership arrangements with the partners in an agreement comprising provisions that, inter alia, guarantee the sound financial management of the funds allocated to the LIP including the arrangements for recovery of funds unduly paid;
- assume responsibility for ensuring implementation of the entire LIP;
- ensure that expenditures presented by the partners have been incurred with the purpose to implement the LIP and they correspond to activities set in the contract and agreed between all partners.

The lead partner shall act as the direct contact between the LIP and the management bodies of the Programme. It is the responsibility of the lead partner to create a well working consortium ensuring the proper and sound implementation of the LIP.

Responsibilities of the partners

Partners participate in designing and implementing of the project. The costs which partners incur are eligible in the same way as those incurred by the lead partner.

Project partners have the following obligations and tasks to fulfil:

- Ensuring the implementation of the part of the project under its responsibility, according to the project plan and to the partnership agreement signed with the lead partner;
- Cooperation with the lead partner in the implementation of the project, reporting and monitoring;
- Delivering project outputs planned in the application and agreed in the partnership agreement;
- Ensuring durability;
- Assuming responsibility of any irregularity in the expenditure which it has declared;
- Repaying the lead partner any amounts unduly paid in accordance with the partnership agreement signed between the lead partner and the respective project partner;
- Carrying out information and communication measures for the public about the project activities according to the visibility rules laid down by the Programme and the relevant regulations;
- Keeping available all documents related to the project for five years from the date of payment of the balance for the project . In particular they shall keep progress reports, supporting documents³, as well as accounts, accounting documents and any other document relating to the financing of the project;
- Facilitation of the audit trail by all relevant European Community authorities, Managing Authority, Audit Authority, national authorities and other relevant bodies;
- Signing a Partnership Agreement.

Composition of the partnership

The lead partners and partners in every project must establish one of the following compositions:

- Poland-Ukraine;
- Ukraine-Poland.

There may be more than one partner in the project from any of the abovementioned countries.

The criteria „At least three out of four cooperation criteria are met by the proposal” are interpreted in the following way:

For each project at least three of the following four cooperation criteria must be met:

- **Joint project preparation (obligatory)**
 - a. All partners contribute to the creation of a project summary;

³ Or during the period presumed in the state aid provisions, if the aid is applicable.

- b. Partners determine how the project will be managed, e.g. through the establishment of common objectives and outcomes, financial plan, implementation schedule and the division of responsibilities for project activities in order to achieve the project objectives;
 - c. Each partner defines what knowledge and experience may be involved and what are partner's expectations of project realization.
- **Joint project implementation (obligatory)**
 - d. The lead partner is responsible for the implementation of the entire project. Partners assume responsibility for respective parts of the project implementation;
 - e. Each partner responsible for some part of the project shall ensure the coordination and implementation of planned activities, reaching the objectives and solvency of unexpected problems;
 - f. Few partners may contribute to the implementation of one part of the project.
- **Joint project staff (optional)**
 - All project partners take over some roles in the project and engage staff for this purpose;
 - Employees of partners coordinate their tasks among themselves and exchange information on a regularly basis;
 - Unnecessary duplication of functions in partner institutions shall be avoided.
- **Joint project financing (optional)**
 - The project has a joint financial plan with funds allocated for partners according to their participation in the project;
 - At least one Polish and at least one Ukrainian partner contribute to the financial plan through their own contributions;
 - The financial plan shall include the responsibilities of the partners.

1.4.2. Eligibility of lead partners and partners

In order to be eligible partner of the LIP lead partners and partners **must**:

- a) be institutions of national, regional, local governments or association of such institutions;
- b) be bodies governed by public law or by private law established for the specific purpose of meeting needs in the general interest, not having industrial or commercial character, and having legal personality and financed for the most part by the state, regional or local authorities or other bodies governed by public law or that are subject to management supervision by those bodies or having an administrative, managerial or supervisory board with more than half of whose members are appointed by the state, regional or local authorities or other bodies governed by public law, or
- c) non-governmental organization with legal personality.

In case of Polish institutions falling within the category a) eligible are entities:

- having legal personality under the applicable national law;
- entities without legal personality:

- if their superior unit (having legal personality) grants them power of attorney and also assumes financial responsibility for the project implemented;
- on behalf of which the superior unit will apply for financing (with indication which entity will implement the project).

In addition to requirements mentioned above the lead partner/partner must:

- not fall under any of the exclusion situations set out in Article 106(1) and Article 107 of Regulation (EU, Euratom) No 966/2012; and
- be nationals⁴ of any of the participating countries, or legal persons who are effectively established⁵ in the Programme area or international organisations, and
- not be included on lists of bodies and persons encompassed by the restrictive measures or must not be associated with to bodies and persons mentioned on the afore-mentioned lists included in the attachments to the EU regulations:
 - a) COUNCIL REGULATION (EU) No 269/2014 of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine.);
 - b) COUNCIL REGULATION (EC) No 765/2006 of 18 May 2006 concerning restrictive measures against President Lukashenko and certain officials of Belarus.

Partners that do not meet establishment requirement shall fulfil all following conditions:

- a) they are established in Poland or Ukraine;
- b) their participation is required by the nature and by the objectives of the project and as necessary for its effective implementation.

1.5. Duration

As a rule, the maximum duration of the LIP is 30 months. In exceptional cases, after the positive decision of the MC, this duration may be longer, but in any case all project activities financed by the Programme shall end on 31 December 2029 at the latest, without prejudice to the eligibility rules defined in chapter 4.2.

1.6. Budget

Budget share of a total cost of at least EUR 2 500 000 shall be allocated to the acquisition, construction or modernisation of infrastructure.

⁴ Such nationality being determined on the basis of the organisation's statutes which should demonstrate that it has been established by an instrument governed by the national law of the country concerned. In this respect, any legal entity whose statutes have been established in another country cannot be considered an eligible local organisation, even if the statutes are registered locally or a "Memorandum of Understanding" has been concluded.

⁵ International organisations are international public-sector organisations set up by intergovernmental agreements as well as specialised agencies set up by them; the International Committee of the Red Cross (ICRC) and the International Federation of National Red Cross and Red Crescent Societies, European Investment Bank (EIB) and European Investment Fund (EIF) are also recognized as international organisations.

Minimum 20% of the EU funding within the project budget shall be assigned to the activities of the cross-border partner .

Programme co-financing amounts to maximum 90% of the project eligible expenditures.

Each Partner may receive a maximum of 90% of EU co-financing of the total eligible expenditure incurred during the implementation of the project. Each Partner's expenditure will be settled in accordance with their individual level of co-financing specified in the Application form.

2. APPLICATION PROCESS

The list of all the LIPs proposed for selection without a call for proposals has been included in the final version of the Programme Document (PD). However, the inclusion of the LIPs in the PD does not set the ground for any final approval of these projects by the MC.

2.1. LIP summary (PS)

PS shall be submitted on the relevant form as provided by the JS (annex 1 to this document). If available, together with the PS the lead partner can submit additional documents which prove the readiness of the project implementation, e.g. Feasibility Study, economic and financial analysis, technical documentation. Submission of these documents at this stage is not obligatory but shall allow to analyse the stage of project preparation. At any rate, all these documents will be requested at the later stage to be attached to the FAF.

The JS carries out the eligibility and quality assessment of LIPs PS. It may ask additional questions to the submitted documents and may ask for clarifications to ensure that the PS presented to the MC is of the appropriate quality.

The PS will be analysed by the JS regarding their compliance with the criteria approved and the LIP proposal submitted at the earlier stage. The comments of the JS will be sent to the JPC/MC members. The JPC/MC will take a decision on approval of the submitted summaries either via written procedure or during the meeting. The decision may set recommendations to the submitted PS.

2.2. LIP full application form (FAF)

Once the LIP PS is approved by the JPC /MC, the appointed lead partner will be invited to submit the LIP FAF. The FAF shall be filled in only in English.

2.2.1 Submission requirements of the FAF

The implementation of the INTERREG NEXT Poland – Ukraine 2021-2027 Programme is supported by the Central Information and Communication Technology System 2021 (Polish: *Centralny System Teleinformatyczny 2021*, CST2021). The responsibility for building, developing and maintaining the system rests on the Managing Authority.

What is CST2021

CST2021 is a central system that provides for the handling of:

1. processes related with the calls for proposals and assessment of application forms,
2. projects from the moment of selection for co-financing, including project settlement,
3. projects' control,

4. processes related with certification of expenditures to the European Commission.

The applicants shall fill in their FAF using the dedicated application within CST2021 system i.e. WOD2021. WOD2021 application facilitates the selection of projects for co-financing. It enables programme institutions to prepare application form templates, announce calls for proposals record the process of assessment of application forms, as well as transfer of data to SL2021 (an application for handling projects from the moment of selection for co-financing) and start projects. It also enables the applicants to prepare and submit the application forms including all attachments.

If the functional capacity of WOD2021 will not be available at the moment of the FAF submission, the latter may be conducted in traditional way with the use of annexes to the current document.

2.2.2 Required annexes to the FAF

Each FAF should be provided with the Budget for the project and following supporting documents:

Annex A1 Partnership statements of partners.

Annex A2 Statutes or other relevant documents e.g. internal regulations of the lead partner and all partners included in the project – not applicable for public institutions. If necessary for conducting a reliable evaluation - the JS and the PSC may ask for additional clarifications/documents regarding the legal status of each lead partner/partner;

Annex A3 If applicable, authorisation from the lead partner that the person has the right to sign the FAF (if the FAF shall be signed not by the head of the organisation). In case of Polish entities without legal personality a written statement on having the capacity to undertake legal obligations (including signing the grant contract) issued by supervisory institution shall be provided;

Annex A4 Register document applicable for the lead partner/partners:

FOR POLISH LEAD PARTNERS/PARTNERS: effective (up to date) extract from the National Court Register- Krajowy Rejestr Sądowy; (not applicable for public institutions)

FOR UKRAINIAN LEAD PARTNERS/PARTNERS:

- copy or the original of an extract (витяг) from the Unified State Register of legal entities and individuals, certified as true to the original by the partner, or:
- copy or the original of excerpt (виписка) from the Unified State Register of legal entities and individuals, as true to the original by the partner.

and for non-public institutions additionally:

- an extract from the Register of non-profit institutions issued by Tax Inspection of Ukraine.

Annex A5 Declaration on the entitlement to the recovery of VAT (applicable only for Polish lead partners/partners in the projects with the total cost of at least EUR 5 000 000,00, including VAT).

Annex A6 – A full feasibility study to be prepared in line with Guidelines for drafting Feasibility Study. The document shall be submitted the original language (i.e. Polish, Ukrainian) together with the Summary in English. To be submitted also as an electronic file (doc or pdf format);

Annex A7 – shall be submitted before signature of the grant contract.

FOR POLISH LEAD PARTNERS/PARTNERS:

A self-declaration that either the building permission or its equivalent (e.g. notification of works component – zgłoszenie robót budowlanych) will be submitted in case of project award not later than 5 months after the date of the award notification letter. If the project implementation does not require a building permission or its equivalent a self-declaration with the reference to the relevant national regulation should be annexed that the works activities are not the subject of a building permission or its equivalent.

FOR UKRAINIAN LEAD PARTNERS/PARTNERS:

A self-declaration that the following documents (depending on the construction object complexity as listed below) will be submitted in case of project award not later than 6 months after the date of the award notification letter:

- for construction objects falling under CC1 category of complexity: positive Decision of expertise should be provided before signature of the grant contract, and then after the grant contract signature once available a registered Declaration on the beginning of construction works should be provided;
- for construction objects falling under CC2 and CC3 category of complexity: positive Decision of expertise should be provided before signature of the grant contract, and then after the grant contract signature once available a Building permission should be provided.

If the project implementation does not require a building permission or its equivalent (Declaration on the beginning of construction works) a self-declaration with the reference to the relevant national regulation should be annexed that the works activities are not the subject of a building permission or its equivalent.

Annex A8– Declaration of the lead partner/partner on the right for the land/real estate disposal for the construction/supplies purposes.

Annex A9

FOR POLISH LEAD PARTNERS/PARTNERS:

Decyzja o środowiskowych uwarunkowaniach. If not applicable – written statement issued by the relevant institution must be provided.

FOR UKRAINIAN LEAD PARTNERS/PARTNERS:

1. Environmental Impact Assessment (EIA) according to the national legislation is force, as the part of Technical Documentation according to National Construction Standards A.2.2-1-2003 (ДБН А.2.2-1:2021) (EN) – Оцінка впливу на навколишнє середовище як частина технічної документації згідно ДБН А.2.2-1:2021 (UKR), if required

ADDITIONAL REMARK FOR UKRAINIAN LEAD PARTNERS/PARTNERS: If the project is listed in Annex I to the Directive 2011/92/EU of the European Parliament and of the Council 13 December 2011 on the assessment of the effects of certain public and private projects on the environment, the following documents as proof of the compliance with the 2011/92/EU should be provided:

- a) a copy of the non-technical summary- a document which has been used during the public consultations,

- b) information about the consultation with the public (when, where, information about public hearings, etc) and the environmental authorities, as well as other Member States, if transboundary consultations are applicable;
- c) a copy of the development consent, the information about mitigation and compensatory measures, and main considerations on which the decision is based including information about the public participation process.

EIA should be also in line with the UN/ECE Espoo Convention on Environmental Impact Assessment in a Transboundary Context of 25 February 1991.

If the project is covered by Annex II and the competent authority has determined that there is no need for the full EIA procedure for the project, the partners have to provide an explanation on the reasons and to give the thresholds, criteria or case by case examination carried out to reach the conclusion that the project has no significant environmental effects.

Annex A10 Declaration of the lead partner/partners on maintaining the projects results and objectives for at least five years after project completion⁶.

Annex A11 Budget for the project

Annex A12 Project communication plan

Annex A13 Other necessary documents required by Polish/Ukrainian law.

All supporting documents must be supplied via WOD2021.

2.2.3 Evaluation and approval procedure

All documents constituting the FAF shall be submitted to the JS (via WOD2021) where administrative and eligibility assessment takes place. The JS may ask additional questions to the submitted documents and may ask for clarifications to ensure that the LIP FAF presented to the MC is of the appropriate quality.

At the next stage, the quality assessment together with the verification of the costs eligibility will be carried out by the JS. During the quality assessment, among others, the following aspects will be verified:

- long-term project sustainability (organisational, financial, etc.);
- budget and economic aspects of the project (efficient use of allocated funds and value for money, sufficient sources of finance);
- quality of the partnership and lead partner's capacities;
- environmental sustainability (the projects with negative impact on environment cannot receive funding within the Programme).

The LIP FAFs with the assessment results and comments made by assessors will be systematically (individually) sent to the MC for its approval. Upon request the access to the full project documentation will be granted to the MC members. During the MC meeting (or request via written procedure, if applicable) the JS shall present its remarks regarding the

⁶ Or during the time presumed in the state aid provisions if applicable.

submitted LIP FAFs. After the discussion (or remarks made during the written procedure, if applicable) the MC takes the decision on approval of each LIP FAF. The final MC decision regarding approved LIPs may contain also recommendations to the quality and validity of all additional documents.

Where the selection of one or more LIPs is on the agenda of the MC, the MA shall transmit a PS for each such project to the Commission, for information, at the latest two months before the date of the meeting.

If the concept note concerning one or more LIPs is not transmitted to the Commission by that deadline, the Commission may request that the chair of the MC remove the projects concerned from the agenda of the meeting.

Before the grant contract signature, the lead partners of the projects approved by the MC will be asked to submit:

- the final budget of the project;
- updated schedule;
- The lead partner declaration on ensuring the funds necessary to project implementation (one document for the total amount of project co-financing, including also co-financing provided by other partners);
- and other annexes necessary to conclude the grant contract.

3. IMPLEMENTATION

3.1. Tendering procedures

Contracts must be awarded in accordance with the following procurement rules and procedures:

- a) ensuring sufficient transparency, fair competition and adequate ex-ante publicity;
- b) ensuring equal treatment, proportionality and non-discrimination;
- c) avoiding conflicts of interests throughout the entire procurement procedure.

Contracts must not be split artificially to circumvent procurement thresholds.

Tendering procedures at the level of projects depend on the nationality and legal status of the partner launching the tender.

Partners based in Poland have to comply with Polish law on public procurement. This law is compliant with the Union legislation applicable to procurement procedures.

Preparing and conducting public procurement, as well as awarding a contract within the project, shall be carried out in a manner that guarantees compliance with the principle of transparency, fair competition and equal treatment of contractors, including potential contractors. In addition, with respect to all contracts awarded within the project, regardless of their value, the manner of selecting a contractor and awarding authority, it is required that the principle of sound financial management is complied with. Thus, this must be in accordance with the principles of economy, efficiency and effectiveness and the reasonability of spending public funds as well as with other conditions for the eligibility of expenditures as specified in the Programme.

In order to implement competition and public procurement principles referred to above, contracts within the project have to be awarded pursuant to EU and national regulations on tendering and awarding contracts if the regulations are applicable in awarding the given contract.

Partners in Poland must additionally comply with the competition rule while awarding contracts. Specific rules for awarding contracts for the Polish project partners are provided in an Annex 6 to this Manual.

Partners from Ukraine have to comply with the requirements of article 58 of the Interreg regulation as well as rules for external procurement provided for in the Financial Regulation⁷.

Procurements must not be awarded to any entities involved in or supporting directly or indirectly the aggression on Ukraine. Entities must be consulted with the lists:

- art. 5l.1 of Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine;
- art. 7.1 of Act as of 13.04.2022 on special solutions in the field of counteracting supporting aggression against Ukraine and serving the protection of national security;
- list of persons and entities against whom sanction measures will be applied on the website of the Public Information Bulletin of the Minister of Internal Affairs and Administration;
- publicly available national data bases to verify if bodies are associated with entities supporting aggression against Ukraine (if established nationally).

The conflict of interest and antifraud policy

The European Commission principle **ZERO TOLERANCE TO FRAUD!**⁸ is followed by the Programme.

The projects of the Programme are being co-financed from the funds, derived from the taxes of the European Union citizens. Therefore, institutions of the Programme implementation shall ensure that decisions, related to spending of the European funds, are taken in a transparent, impartial and objective way. The bodies, related to the Programme implementation are Programme institutions, applicants seeking for the co-financing as well as Partners, being co-financed through expenditure reimbursement. All these bodies shall follow the principles, related to spending of the European funds: both national legislation and European Union regulations, as well as Programme requirements. Abovementioned principles are applicable on every stage: when applying for the co-financing, during the project implementation as well as within the sustainability period. Violation of these rules constitutes irregularity or fraud.

What irregularity and fraud mean?

Irregularity means every violation of the EU or national legislation, resulting from actions or omissions of the institutions dealing with European funds, which may result in unjustified expenditure on the Union budget.

⁷ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council

⁸ Article 325 of the Treaty on the Functioning of the European Union <https://eur-lex.europa.eu/legal-content/PL/TXT/?uri=CELEX:12016E325>

Financial fraud means action or omission, aimed at the misappropriation or unlawful retention of funds derived from the EU budget. Frauds may include:

- issuing or use of false, inaccurate or incomplete statements or documents,
- non-disclosure of information in violation of a specific obligation,
- misuse of the European funds for purposes other than those for which they were originally granted,
- misuse of legally obtained benefit.⁹

The fraud often involves willful misrepresentation to obtain personal gain, providing benefits to a related person (e.g. a family member) or a third party (e.g. a public procurement contractor), or exposing someone to loss.

The most frequently identified frauds include: conflict of interest, corruption, forgery and violation of public procurement rules.

What conflict of interest means?

A conflict of interest is a specific case of fraud.

A conflict of interest occurs when the impartiality or objectivity of the decision-maker related to the spending of European funds is compromised for reasons of family, emotional, political, economic or any other direct or indirect personal interest.¹⁰

This means that a serious risk of a conflict of interest exists, inter alia, in a situation where the contracting authority and the contractor (or authorized representatives of the program institution and the partner) are related (in particular parents, children, siblings, spouses, parents and siblings of the spouse) or have economic or political relations.

All persons involved in spending European funds are obliged to avoid any conflict of interest.

Ways of preventing irregularities and fraud

⁹ COUNCIL ACT of 26 July 1995 drawing up the Convention on the protection of the European Communities' financial interests (95/C 316/03)

https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.C_.1995.316.01.0048.01.ENG&toc=OJ%3AC%3A1995%3A316%3ATO C#document1

¹⁰ REGULATION (EU, Euratom) 2018/1046 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012
<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32018R1046&qid=1691391708695>

COMMISSION NOTICE Guidance on the avoidance and management of conflicts of interest under the Financial Regulation (2021/C 121/01) <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021XC0409%2801%29&qid=1691391779480>

All institutions involved in spending of European funds shall introduce the rules of fraud prevention and procedures to be followed in case of finding or suspecting fraud, including a conflict of interest.

To ensure protection of European funds against fraud, the Programme anti-corruption policy has been introduced. Its rules are described in detail in the Anticorruption Manual published on the Programme website.

If an irregularity or fraud on the part of the institutions responsible for the Programme implementation during its execution or during the carrying out of the project that has received Programme co-financing is noticed or suspected, it shall be reported to one of the following institutions:

- Managing Authority,
- National Authority,
- Controller,
- Joint Secretariat, or
- on the mailbox: *NieprawidlowosciInterreg@mfi.gov.pl*

If a crime is suspected, it shall be immediately notified to:

- competent investigating authorities - in accordance with national law,
- Managing Authority (for Polish partners),
- National Authority (for Ukrainian partners).

Each person who makes decisions related to the spending of European funds is obliged to submit a declaration of impartiality. The purpose of this statement is to reduce the risk of the conflict of interest. This obligation is based on the European Commission's guidelines on the avoidance and management of conflicts of interest.

This means that the Partner must sign and keep a declaration of impartiality in the project documentation for each contractor in the project. If the Partner identifies or suspects a conflict of interest, it shall refrain from making a decision. During the control activities, the Controller, Joint Secretariat or Audit Authority, on the basis of the available registers, may check whether the declaration has been submitted and whether it is reliable.

Irregularities and frauds in public procurement¹¹

All project expenses must comply with the law. The process of selecting suppliers of goods, services and contractors for construction works must be conducted in a manner ensuring transparency of decisions and equal treatment of all participants.

When acting as a contracting authority in a procurement procedure, the Partner shall avoid situations that may lead to a conflict of interest. The contracting authority shall take immediate action to remedy the situation where there is a conflict of interest. The measures taken in such a situation depend on the stage of the procedure.

For example, at the stage of selecting a contractor:

- a member of the tender committee who declares that he is related to the tenderer must refrain from working in the committee and be replaced by another person,

¹¹ Art. 24 of Directive No 2014/24/UE

<https://eur-lex.europa.eu/legal-content/PL/TXT/PDF/?uri=CELEX:32014L0024&from=PL>

- the contracting authority that finds a relationship with a tenderer cannot award a contract to this tenderer,
- if a conflict of interest is detected after the contractor selection procedure is completed, the procurement procedure must be cancelled and repeated.

Obligations of the Polish partners related to the conflict of interest are regulated by:

- Public Procurement Law, and
- competition rule.

Obligations of the Ukrainian Partners related to the conflict of interest are regulated by: the Law of Ukraine "On Prevention of Corruption".

If it is found that the award of public contracts has been irregular or fraudulent, an appropriate financial correction will be applied in line with the current Commission guidelines¹². According to these guidelines, a conflict of interest that affects the outcome of the procurement procedure results in a correction of 100% of the costs incurred in relation to the contract. This means that the Controller will consider such expenditure fully ineligible.

Most common mistakes when awarding contracts have been gathered and presented in Annex 7 to this Manual.

The financial corrections for non-compliance with the rules on public procurement

In case of breach of the regulations or principles on the award of public contracts (this applies to all project partners) or the Programme procurement principles, the relevant expenditure will be deemed, in whole or in part, ineligible and the financial correction will be made. The financial corrections will be made taking into account the nature and gravity of the irregularities and the financial loss and shall apply a proportionate financial correction. The criteria for establishing the level of financial correction to be applied are laid down in the up-to-date European Commission's document on determining financial corrections for non-compliance with the rules on public procurement or in programme rules.

The partners **who launch the project before signing the grant contract** are obliged to follow the above regulations and principles on the award of public contracts. In case of breach of the regulations or principles on the award of public contracts the rules regarding the financial corrections mentioned above also apply.

Please be advised that public procurement procedures have to be well documented. Documents such as public procurement notes, terms of reference, offers/quotes, order forms, and contracts have to be available for financial control and audit purposes.

3.2. Monitoring of the projects implementation

LIPs will be implemented in closer cooperation with the JS and MC than regular projects. A person from the JS will be appointed as a contact person to each LIP. LIPs and their

¹² COMMISSION DECISION of 14 May 2019 laying down the guidelines for determining financial corrections to be made to expenditure financed by the Union for non-compliance with the applicable rules on public procurement

progress will be presented regularly at the MC meetings and written information may be provided if needed.

4. ELIGIBILITY OF COSTS

This chapter gives a brief outline of the main financial requirements applicants have to consider when developing project proposals, as well as when implementing their projects.

4.1. Applicable documents

The rules for eligibility, as all Programme rules, apply to Large Infrastructure Projects financed within the PL-UA 2021-2027 and all project partners, regardless of their legal status. Three levels of rules apply to the eligibility of expenditure within the framework of the Programme:

- **EU rules.** Taking into account that the Programme is co-financed within European Regional Development Fund and Neighbourhood, Development and International Cooperation Instrument, all general rules concerning eligibility of expenditure set in the Legal Frameworks of the Programme are applicable. Importantly, support may be provided only to such projects that respect the sustainable development principle (including the "do no significant harm" principle). The manner in which the sustainable development principle is included in a project should be logically linked with the project's subject and activities. It is important that an application contains not only a declaration of respecting the principle, but also a description how it is implemented in the project.

EU regulations to be followed:

- Regulation (EU, Euratom) No 966/2012 (financial rules applicable to the general budget of the EU);
- Articles 63 to 68 of CPR (specific provisions on applicable law as well as on eligibility of costs);
- Articles 53 to 57 of CPR (specific provisions on the forms of grants);
- Articles 37 to 44 of Interreg Regulation (specific provisions on eligibility of costs applicable to programmes of the European Territorial Cooperation goal (Interreg).

- **Programme rules.** Additional rules on eligibility of expenditure for the Programme as a whole, as described in the current document.
- **National (including institutional) eligibility rules.** Apply to matters not covered by eligibility rules laid down in the abovementioned EU and the Programme rules.

4.2. Timeframe for the eligibility

The general rule of the Programme concerning the eligibility of costs incurred and paid by project partners apply from 1 April 2022 to 31 December 2029.

No project can be physically completed or fully implemented before submitting the application form. For projects started before the 1 April 2022 but not completed before the date of submitting the full application form, only expenditures actually incurred and paid after 1 April 2022 are eligible.

Eligible costs are costs actually incurred and paid by project partners within the following timeframes:

1. Preparatory period

- Preparatory costs (limited to the infrastructure related preparatory costs mentioned in chapter 4.8.6 of this document) **incurred from 1 April 2022 to the date of the full application submission**; preparatory costs are considered as regular project costs. These costs are incurred on own responsibility of the project partners and will be eligible if the Grant Contract is signed.

2. Implementing period

- Projects may incur costs from **the next day after the application submission. These costs are incurred on own responsibility of project partners and will be eligible if the Grant Contract is signed.**

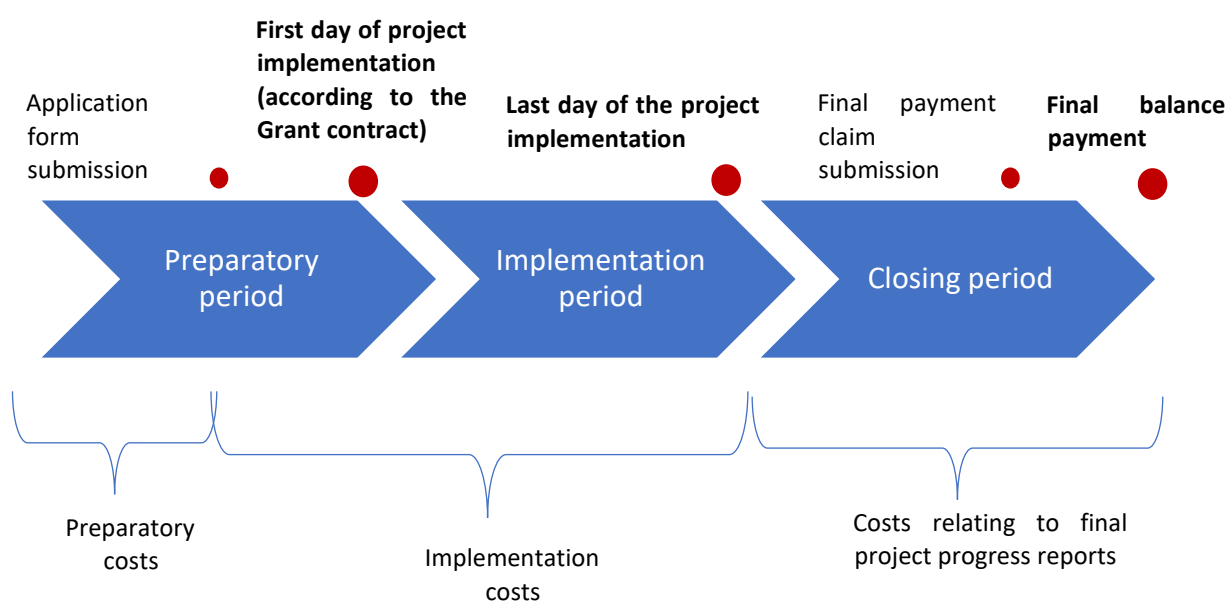
All these costs shall be **paid** not later than the last day of the project implementation period.

- Costs incurred during the project implementation period. Thus, costs relating to services and works shall relate to activities performed during the implementation period. Costs relating to supplies shall relate to delivery and installation of items during the implementation period. Signature of a contract, placing of an order, or entering into any commitment for expenditure within the implementation period for future delivery of services, works or supplies after expiry of the implementation period do not meet this requirement;

3. Closing period

- In case of costs relating to final project progress reports, i.e. final evaluation of the project, which may be incurred after the implementation period of the project to the date of the final payment claim submission. These costs shall be paid not later than before the final payment claim submission.

Timeframe for eligibility of costs



4.3. Eligibility of costs

Only 'eligible costs' can be financed within the Programme. All costs must be indicated in the project budget. The categories of costs considered as eligible and non-eligible are indicated in points 4.6 and 4.8.

The costs foreseen within the budget headings Staff costs, Office and administrative costs and Travel and accommodation, will be settled on the basis on the Simplified cost options. The costs planned under other budget headings will be settled on the basis of the real costs.

Any expenditure eligible shall relate to the costs of initiating and/or implementing a project or its part regardless if it is implemented in the Member State (Poland) or in the partner country (Ukraine).

At the stage of assessment of the project application, the eligibility of costs included in the application form is verified. During project implementation, the eligibility of expenditure incurred is verified by the controller through assessment of the payment claim (except first payment claim – in case of projects which choose the option of project pre-financing). Additionally, project partners may be subject to audits by the Audit Authority/Group of Auditors or any other EU or national audit/control bodies.

4.4. General rules on the eligibility of expenditure settled as real costs

The costs planned under following cost categories are called direct costs and they are settled on the basis of the real costs:

- External expertise and services,
- Equipment,
- Infrastructure and works.

Direct costs are those costs which are directly related to implementation of the project by each partner, where the purpose of the cost and link with the project can be clearly demonstrated.

Eligible costs are costs actually incurred by project partners which **meet all of the following criteria:**

- a) they are incurred and paid during the preparatory, implementation and closing time periods,
- b) they are incurred under the contracts (where applicable) awarded in line with the provisions of Article 58 of Interreg Regulation¹³ and according to national and Programme rules. In case of preparatory costs, procedures to award contracts may be initiated and contracts may be concluded by project partners before the start of the implementation period of the project, provided the provisions of Article 58 of Interreg Regulation¹⁴ and national rules have been respected¹⁵;

¹³ In case of breaching the procurement rules corrections will be applied in line with the rules to be set in the subsidy (grant) contract provisions and the Programme Manual.

¹⁴ Regulation (EU) 2021/1059

¹⁵ In case of Polish partners, apart from the Polish Public Procurement Act, the competition rule must be obeyed.

- c) they are indicated in the project's estimated overall budget;
- d) they are necessary for the project implementation;
- e) they are identifiable and verifiable, in particular being recorded in the accounting records of project partners (separate accounts shall be created for the project purpose) and determined according to the accounting standards and the usual cost accounting practices applicable to project partners;
- f) they comply with the requirements of applicable tax and social legislation;
- g) they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency;
- h) they are supported by invoices or documents of equivalent probative value.

4.5. General rules on the eligibility of costs within Simplified cost options

Within the Programme the flat rate financing is applicable to the following categories of costs:

- Staff,
- Travel and accommodation,
- Office and administration.

Costs planned under these cost categories are called indirect costs (not directly related to implementation of the project by each partner).

Project partners decide at the stage of the project application whether they apply a specific category of Simplified cost options in the project.

It is not possible to settle indicated below cost categories as real costs.

Simplified cost options applied in the PL-UA 2021-2027 include the settlement of expenditures on a basis of flat rate calculated in projects by applying a fixed percentage set at the Programme level.

It is not possible to adjust the percentage to specific project requirements.

Expenditures settled within Simplified cost options shall meet the following eligibility criteria:

- a) direct costs, which are the basis for the calculation of Staff costs, must be submitted by each partner in payment claim (in case of Travel and accommodation costs and Office and administrative costs, the basis for the calculation are Staff costs);
- b) they are indicated in a budget of the project;
- c) they meet the specific rules for particular costs categories set in this document (point 4.8);
- d) they do not need to be supported by invoices or documents of equivalent probative value;
- e) particular invoices within SCO do not need to be recorded in the accounting records related to the project. The expenditure reported might differ from the actual costs registered in the accounting system of the partner. This is a direct and accepted consequence of the use of SCO. However, the project partner is obliged to correctly keep accounting books or simplified accounting records in accordance with national rules.

4.6. List of non-eligible costs

The following costs shall not be eligible for financing within the PL-UA 2021-2027:

- a) interest on debt, except in relation to grants given in the form of an interest rate subsidy or guarantee fee subsidy;
- b) the purchase of land;
- c) duties, taxes (except for VAT of the Polish partners) and charges;
- d) VAT of the Polish partners – only in the projects with the total cost of at least EUR 5 000 000,00 (including VAT) where it is recoverable under national VAT legislation;

Note: The eligibility of the VAT in projects involving State aid is defined by the provisions of the GBER and depends on the possibility of its recovery according to national regulations.

The following specific costs relating to the implementation of the project shall not be considered eligible:

- a) fines, financial penalties and expenditure on legal disputes and litigation;
- b) costs of gifts;
- c) costs related to fluctuation of currency exchange rate.
- d) costs declared by the project partners and already financed by the Union budget;
- e) loans to third parties;
- f) contribution in kind;
- g) other costs specified as ineligible in the budget heading description (point 4.8).
- h) cash transfers between the Lead Partner or partners may not be considered as costs incurred.

4.7. Double financing

Double financing of expenditure is prohibited, in particular:

- project or a part of the project in the total amount exceeding 100% of eligible expenditure of the project or a part of the project;
- purchasing a fixed asset with co-financing from the EU funds and then claiming the depreciation costs of the fixed asset under the same project or under other projects co-financed from the EU funds;
- claiming expenditure financed from grants in a given project, which have already been covered or are planned to be covered by received loan or by commercial loan, obtained thanks to the Structural Funds warranty/guarantee in the total amount exceeding 100% of eligible expenditure of this project;
- claiming real costs for those categories that are exclusively covered by flat rate or lump sum (i.e., preparation costs, closure costs).

In case of using financial instruments under any Cohesion policy Programme implemented, the partners will declare that they will avoid double financing, will not

use financial instruments to pre-finance grants and will not use grants to reimburse support received from financial instruments in a given project.

4.8. Project Budget Structure

Project budgets must be structured according to the following cost categories:

- staff costs;
- office and administration;
- travel and accommodation;
- external expertise and services;
- equipment;
- infrastructure and works.

4.8.1 Staff costs

Staff costs may be settled as a flat rate only.

The flat rate equals to 2% of the amount of eligible direct costs of the project partner in case of the Large Infrastructure Projects.

In staff category may be settled gross employment costs.

The category applies to:

1. all maintenance tasks in the project (so-called project management),
2. all tasks carried out by:
 - a) personnel employed by the partner under an employment contract, irrespective of the working time (in Poland in Ukraine: also other contracts from the Labor Code),
 - b) natural persons working for the partner on the basis of a contract other than an employment contract, who are simultaneously employed by the partner under an employment contract (in Poland: all civil law contracts for the implementation of the project, concluded with natural persons who do not conduct business activity, who are also employed by the partner under an employment contract; in Ukraine: civil law contracts for the implementation of the project, concluded with natural persons, who do not conduct business activity as well as natural persons, who are private entrepreneurs (ФОП) who are also employed by the partner under an employment contract),
 - c) natural persons conducting a sole proprietorship who are simultaneously employed by the partner under an employment contract.

The principles of the costs' eligibility:

- 1) expenditures for staff may not be settled as real costs;
- 2) during the application stage each partner may decide whether to apply for staff costs or not;
- 3) staff costs can be settled only by the partner who foreseen staff costs in the budget;

- 4) all Project Partners, who declared a flat rate for staff costs shall settle these costs within the progress report;
- 5) fixed flat rate may not be increased or decreased by projects partners;
- 6) methodology for the flat rate calculation is not required;
- 7) flat rate is calculated in relation to the partner's direct costs of project;
- 8) partners are not required to provide supporting documents (that the expenditure has been incurred and paid, or that the flat rate corresponds to the reality e.g., employment document, job description, data from the working registration system etc.);

IMPORTANT

When using the flat rate for staff costs, each Project Partner is obliged to store original documents confirming the employment of the staff working on the project.

- a) Every Project Partner applying the flat rate for staff costs is obliged to submit a statement on the actual involvement of the staff in the project implementation in the Partnership statement (Annex A3), which should be attached to the Application form.

Documents confirming employment will constitute the proof of legitimacy of using a flat rate (the documents will not be used to compare the real salaries with the amount reimbursed using the flat rate but to prove that the project does indeed have the staff working on the project).

- 9) particular invoices within Simplified cost options do not need to be recorded in the accounting records of partners related to the project. The expenditure reported might differ from the actual costs registered in the accounting system of the partner. This is a direct and accepted consequence of the use of Simplified cost options. However, the Project Partner is obliged to correctly keep accounting books or simplified accounting records in accordance with national rules;
- 10) in staff costs category, the gross employment costs may be settled.

4.8.2 Office and administrative

The cost category for office and administration covers costs for operating and the administrative expenses of partners who support delivery of project activities. This category represents indirect costs in the project.

Office and administrative costs may be settled as a flat rate only.

The flat rate for office and administrative costs equals to 15% of the project partner's staff costs.

The flat rate shall allow to cover the office and administrative costs, such as:

- office rent, utilities (e.g. electricity, heating water), insurance and taxes related to buildings,
- office supplies (e.g. pens, paper-clips, binders, paper, photocopy toner coffee/biscuits for small project meetings),
- archiving of documents,

- data archiving and storage,
- maintenance and cleaning of office premises, security,
- license fee for the use of software (e.g. accounting system),
- communication costs (e.g. telephone, mobile phone subscription, fax, Internet, postal services, charges to use Skype, Teams, Zoom or other online applications for communication),
- bank charges.

The principles of the costs eligibility:

- a) expenditures for office and administrative may not be settled as a real costs;
- b) during the application stage each partner may decide whether to apply for office and administrative costs or not;
- c) office and administrative costs can be settled only by the partner who foreseen staff costs in the budget;
- d) all project partners, who declared a flat rate for office and administrative costs shall settle these costs within the financial payment claims;
- e) fixed flat rate may not be increased or decreased by partners in a project;
- f) methodology for the flat rate calculation is not required; partners are not required to provide supporting documents (that the expenditure has been incurred and paid, or that the flat rate corresponds to the reality);
- g) particular invoices within SCO do not need to be recorded in the accounting records of partners related to the project. The expenditure reported might differ from the actual costs registered in the accounting system of the partner. This is a direct and accepted consequence of the use of SCO. However, the project partner is obliged to correctly keep accounting books or simplified accounting records in accordance with national rules.

4.8.3 Travel and accommodation

Travel and accommodation costs may be settled as a flat rate only.

The flat rate for travel and accommodation costs equals to 7 % of the project partner's staff costs in case of the Large Infrastructure Projects.

The principles of the costs eligibility:

- a) expenditures for travel and accommodation may not be settled as a real costs;
- b) during the application stage each partner may decide whether to apply for travel and accommodation costs or not;
- c) travel and accommodation costs can be settled only by the partner who foreseen staff costs in budget;
- d) for travel and accommodation flat rate, the Lead Partner and Project Partners are obligated to declare in the Partnership statement (Annex A3) in the application form, that it is necessary for the project implementation to bear the travel and accommodation costs;

- e) all project partners, who declared a flat rate for travel and accommodation costs shall settle these costs within the financial payment claims;
- f) fixed flat rate may not be increased or decreased by partners in a project;
- g) methodology for the flat rate calculation is not required;
- h) travel and accommodation costs of external experts and service providers fall under external expertise and services costs;
- i) partners are not required to provide supporting documents (that the expenditure has been incurred and paid, or that the flat rate corresponds to the reality);
- j) particular invoices within SCO do not need to be recorded in the accounting records related to the project. The expenditure reported might differ from the actual costs registered in the accounting system of the partner. This is a direct and accepted consequence of the use of SCO. However, the project partner is obliged to correctly keep accounting books or simplified accounting records in accordance with national rules.

4.8.4 External expertise and services

External expertise and service costs shall be limited to the following services and expertise provided by a public or private law body or a natural person other than partners of the project:

- a) studies or surveys (e.g. evaluations, strategies, concept notes, design plans, handbooks);
- b) training;
- c) translations;
- d) development, modifications and updates to IT systems and website;
- e) promotion, communication, publicity, promotional items/giveaway and activities or information promoting: a specific project event, the project or the programme provided that the visibility rules are observed ;
- f) services related to the organisation and implementation of events or meetings (including rent, catering or interpretation);
- g) participation in events (e.g. registration fees);
- h) legal consultancy and notarial services, technical and financial expertise, other consultancy;
- i) intellectual property rights;
- j) 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;
- k) travel and accommodation for external experts, speakers, chairpersons of meetings and service providers;
- l) other specific expertise and services needed for projects.

NOTE:

Contrary to the rules in force in Poland-Belarus-Ukraine 2014-2020 Programme, partners in PL-UA 2021-2027 will not pay costs of the control. Control system, both in Poland and in Ukraine, has been established on national level and is not paid by projects.

In this category may be settled the following personnel costs:

- costs of external experts and external services limited to services and expertise provided by public or private entities or natural persons other than partners of the project (in Poland and Ukraine: services providers (companies)), civil law contracts with natural persons who are not simultaneously employees of the project's partner,
- contracts with natural persons conducting business activity who are not simultaneously an employee of the project's partner.

Specific requirements:

- Costs shall be strictly related to the project activities or derive directly from requirements imposed by the IR.
- Cost must be specifically incurred for the project, clearly identifiable and not covered by any other heading of cost.
- Costs are eligible if they have been approved in the project budget.
- Service costs are subject to applicable public procurement rules and all partners are responsible for ensuring that these rules have been respected.
- Communication and visibility activities should be properly planned and budgeted at each stage of the project planning. These activities shall be in line with the relevant EU information and publicity requirements, set up in this Manual and the Communication Guide for the Project Partners
- Service contract cannot be awarded to another project participant (project partners).

Ineligible costs:

- outsourcing project management to external companies is non-eligible (project management costs cannot be settled for in this category);
- unpaid voluntary work;
- promotional items/giveaways if the visibility rules were not observed and gifts

Sub-contracting between project partners is not allowed

The following documents must be available for control purposes:

- evidence of the procurement process (announcement, selection, award) in line with the national procurement law and rules (in case of partners from Poland¹⁶) or procurement rules set up in Article 58 of Interreg Regulation¹⁷ and according to the PL-UA 2021-2027 rules,

¹⁶ In case of Polish partners, apart from the Polish Public Procurement Act, the competition rule must be obeyed..

¹⁷ Regulation (EU) 2021/1059

- contract laying down the service to be provided, with clear reference to the project and the PL-UA 2021-2027,
- invoice providing all relevant information in line with the applicable accountancy rules.
- service acceptance note,
- proof of payment,
- sample of service contract results (e.g. visibility item, publication, handbook, published article etc.),
- proofs of organised event (e.g. agenda, list of participants signed for each day of event, photos, sample of distributed materials, presentations etc).

4.8.5 Equipment

Costs for equipment purchased, rented or leased by the partners of the project other than those covered by budget heading Office and administrative costs shall be limited to the following:

- a) office equipment;
- b) IT hardware and software;
- c) furniture and fittings;
- d) laboratory equipment;
- e) machines and instruments,
- f) tools or devices;
- g) vehicles;
- h) other specific equipment needed for projects.

Costs for the purchase of second-hand equipment may be eligible subject to the following conditions:

- a) no other assistance has been received for it from the Interreg funds or the Funds listed in [point (a) of Article 1(1)] of CPR Regulation¹⁸;
- b) this 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.

Specific requirements:

- All costs are subject to applicable public procurement rules and all partners are responsible for ensuring that these rules have been respected.
- Purchase cost of equipment is eligible, if it is used solely for the purpose of the project or the target group in line with objectives of the project and incurred within the eligible period.

¹⁸ Regulation (EU) 2021/1060

- Full purchase cost of equipment (including cost of delivery and installation) is eligible.
- Purchase cost of used equipment is eligible, provided the equipment complies with applicable norms and standards.
- Project partners shall ensure that equipment is used in accordance with the project aims within five years¹⁹ of the final payment made to Lead Partner by the MA/final settlement by the MA. Partners shall repay the Union contribution if it is subject to a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives. Sums unduly paid in respect of the project shall be recovered by the Managing Authority in proportion to the period for which the requirement has not been fulfilled.

Ineligible costs:

- depreciation of purchased equipment,
- provision of equipment as in-kind contribution,
- renting or purchase of equipment from other partners of the project.

The following documents must be available for control purposes:

- evidence of the procurement process (announcement, selection, award) in line with the national procurement law and rules (in case of partners from Poland²⁰) or procurement rules set up in Article 58 of Interreg Regulation²¹,
- supply contract,
- invoice providing all relevant information in line with the applicable accountancy rules,
- delivery note,
- proof of payment.

4.8.6 Infrastructure and works

Costs for Infrastructure and works shall be limited to the following:

- a) building permits,
- b) building materials,
- c) labour,
- d) technical supervision,
- e) specialised interventions (e.g. soil remediation).

Expenditures for the financing of infrastructure and works cover also costs related to creation of infrastructure that do not fall into the scope of other cost categories. This includes costs for site preparation, delivery, handling, installation, renovation, and other costs related to planned works, e.g.: costs of preparation of the technical documentation and necessary changes to the documentation at the implementation stage (applicable only

¹⁹ In case state aid relevant project the timeframe will be prolonged according to the type of aid granted, according to the subsidy (grant) contract.

²⁰ In case of Polish partners, apart from the Polish Public Procurement Act, the competition rule must be obeyed. For the rules please consult the programme website and programme Manual for the perspective 2014-2020.

²¹ Regulation (EU) 2021/1059

in case when both design and execution of works are foreseen in the same project), costs of supplies including purchase of fixed assets etc, when applicable.

Specific requirements:

- All costs are subject to national procurement law and rules (in case of partners from Poland²²) or procurement rules set up in Article 58 of Interreg Regulation²³ and all partners are responsible for ensuring that these rules have been respected.
- Documents specifying the ownership of land and/or buildings where the works will be carried out must be provided.
- All compulsory requirements set by the EU and national legislation related to the respective investment in infrastructure must be fulfilled (e.g. feasibility studies, environmental impact assessments, building permission, etc.).
- EU visibility requirements regarding infrastructure-related actions shall be respected.
- Any project including an infrastructure component shall repay the Union contribution if, within five years²⁴ of the final payment made to Lead Partner by the MA/final settlement by the MA it is subject to a substantial change affecting its nature, objectives or implementation conditions which would result in undermining its original objectives. Sums unduly paid in respect of the project shall be recovered by the MA in proportion to the period for which the requirement has not been fulfilled.

Ineligible costs:

- depreciation of infrastructure.

The following documents must be available for control purposes:

- evidence of the procurement process (announcement, selection, award) in line with the national procurement law and rules (in case of partners from Poland²⁵) or procurement rules set up in Article 58 of Interreg Regulation²⁶ and according to the PL-UA 2021-2027 rules,
- contract laying down the works/infrastructure to be provided, with clear reference to the project and the PL-UA 2021-2027,
- invoice providing all relevant information in line with the applicable accountancy rules,
- proof of works acceptance (interim and final),
- proof of payment.

²² In case of Polish partners, apart from the Polish Public Procurement Act, the competition rule must be obeyed.

²³ Regulation (EU) 2021/1059

²⁴ In case state aid relevant project the timeframe will be prolonged according to the type of aid granted, according to the subsidy (grant) contract.

²⁵ In case of Polish partners, apart from the Polish Public Procurement Act, the competition rule must be obeyed..

²⁶ Regulation (EU) 2021/1059

Infrastructure related preparatory costs

Projects with the infrastructure component may also include into the current heading the infrastructure related preparatory costs, provided that they are incurred in accordance with the period defined in the chapter 4.2 of this Manual.

These costs shall cover expenditures connected with the preparation of the infrastructure related documentation, necessary for the application submission and infrastructure activities start in case it is required by national / EU law.

Infrastructure related preparatory costs shall be limited to the following expenditures: preparation and update of the design and estimate, technical and construction documentation, feasibility study, environmental impact assessment, preparation of documentation for permits obtaining, costs of permits.

Eligibility requirements of infrastructure related preparatory costs are relevant to other cost categories. This includes the requirement to conduct the procurement in line with the national procurement law and rules (in case of partners from Poland) or procurement rules set up in Article 58 of Interreg Regulation or programme rules (if existing).

The infrastructure related preparatory costs shall be clearly presented in the budget. The budget amount may be decreased by the Programme during the contracting stage and preparation of the grant contract for the signature.

The infrastructure related preparatory costs shall be incurred as direct costs.

4.9. Control and audit

4.9.1 Control of project's expenditures – management verifications

Each country has set up a control system according to Article 46 (3) of the Regulation 2021/1059 (Interreg Regulation) and Article 74 of the Regulation 2021/1060 (Common Provisions Regulation).

The control tasks are carried out at the partner level, i.e., for the expenditures of each partner separately.

The control tasks are performed by national public institutions. It is a difference as compared to the programme Poland-Belarus-Ukraine 2014-2020, where each partner had to contract a controller. **This obligation is no longer valid in the new Poland – Ukraine 2021-2027 Programme.** Controllers are public institutions set up by each country and **are free of charge to project's partners.**

4.9.2 The controllers:

- must be independent from the project, project activities and without private prejudice to the partner controlled.
- carry out management verifications, which include: administrative verifications of expenditures declared in progress reports by project partners and on-the-spot checks at the premises of the project partners.

The aim of the management verification is to confirm the eligibility of the expenditures declared, their compliance with programme rules, European Union and national legislation, information and promotion compliance, achievement of the indicators, and the audit trail.

Obligations of the project partners:

- contact the control body well in advance of the first Progress Report to clarify the schedule and concrete demands of the verification process;
- provide the requested documents and explanations within the deadlines defined by the controller;
- submit the progress report and the exchange of information with the controller in CST2021;
- inform the controller of any results of verifications carried out by other control bodies that concern the project implementation and that may affect the work of the controller, including the control results with regard to public procurement;
- implement the recommendations issued by the controllers as a result of on-the-spot checks.

Controllers have been set up:

In Poland:

- for partners from Podkarpackie Voivodeship – Podkarpackie Voivodeship Office in Rzeszow;
- for partners from Podlaskie Voivodeship – Podlaskie Voivodeship Office in Białystok;
- for partners from Lubelskie and Mazowieckie voivodeships –Centre of European Projects – Control Department²⁷.

In Ukraine: State Audit Service of Ukraine.

Every partner has the right to appeal from the decision of their national controller, if the controller claim any expenditure as ineligible.

In Poland such appeals must be send to respective national controller, in Ukraine to State Audit Service. The appeal must be sent within 14 calendar days after receiving the controller's decision.

4.9.3 Audit

The Programme institutions have appointed the joint Audit Authority, as well as the Group of Auditors (GoA) responsible for audit in the Programme.

The functions of the Audit Authority are described in article 48 of the Interreg Regulation. The Audit Authority carries out audits based on a sample of projects selected by the EC according to article 49 of Interreg Regulation.

It is the responsibility of the national auditor (a member of the GoA) to audit partners located on its territory. The audit might include both desk checks and on-the-spot checks.

It is the duty of the Lead Partner and partners involved to provide any requested documentation and access to locations and premises during audits.

On the completion of the audit, each partner or their national controller (depending on the national procedure adopted in each country) will receive a report/minutes from the auditors. Each audited partner or their national controller has the right not to approve the

²⁷ By the decision of the MA, individual beneficiaries may be allocated to a different controller than indicated in this Manual.

above document (as part of the contradictory procedure). The results of the audit performed are issued by the respective national auditor in the final version of audit report/minutes.

The Audit Authority gathers all the results from the audits carried out by the GoA members and issues the annual audit report including all irregularities detected in projects from the sample.

If the recovery of funds is necessary, the respective procedure is applied. The Managing Authority informs the Lead Partner in writing on the launch of the recovery process.

Each project may be audited during or after the project lifetime. The Audit Authority may carry out additional audit work at the demand of the EC to further evaluate the error rate (if one occurs) and assess the required corrective measures (article 49 of the Interreg Regulation).

As a good practice, controllers may also assist partners when asked for help during the audits. This cooperation may be of crucial importance and has a positive impact on reducing the Programme's error rate.

4.10. State aid

4.10.1 The concept of State aid

Each partner, when drafting activities and budget, should take into consideration whether the activities constitute State aid/de-minimis aid, i.e. whether the activities planned constitute economic advantage to the partner. The State aid/de minimis aid should be analysed by the project partners on two levels: whether the partner receives a State aid/de minimis or whether the partner grants the state aid/de minimis aid to an external contractor.

The Programme has to ensure that it grants funding to projects which comply with the State aid rules. The aid will be granted based on the provisions of the Treaty on the functioning of the European Union, relevant EU and Polish regulations on State aid as well as applicable Ukrainian provisions.

The basis of the free market in the EU is the principle of competition. Member States are obliged to safeguard this principle. Granting State aid is non-compliant with the internal market since it distorts its functioning and gives privilege to certain entities. However, the EU law allows state support (that is, awarding State aid) on certain terms and conditions.

There is no legal definition of State aid. The source of law and basis for defining what State aid is, constitute Articles 107 and 108 of the Treaty on the Functioning of the European Union (TFEU), in particular: 'Save as otherwise provided in the Treaties, any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Member States, be incompatible with the internal market'.²⁸

State aid is considered to be the support provided from state resources to an undertaking which meets the following **4 criteria jointly**:

1. **State origin** – support is granted by the state or with the use of state resources (e.g., co-financing from the ERDF, non-repayable grants, subsidies, tax reliefs).

²⁸ Article 107 par. 1 TFEU.

2. **Selectivity** – support is granted to selected undertakings or in selected sectors (e.g., fiscal measures of a general nature are not selective, whereas tax remission for only one group of undertakings is selective, organising training for a specific group of undertakings from the catering sector in a given region is selective).
3. **Economic advantage** – support is granted to an undertaking on more favourable conditions than those offered on the market (e.g., in the form of a subsidy, non-repayable financial support, loan or credit with preferential interest, tax exemption or write-off, etc.).
4. **Competition distortion** – support granted to an undertaking distorts or threatens to distort competition and has an **impact on the exchange of trade between Member States and Ukraine** (e.g., when support is awarded, it has a favourable influence on the catering entrepreneur's position in the border area, where they are competing at this specific time with a foreign entrepreneur in the border region).

IMPORTANT

State aid **will not be awarded if at least one** of the above-mentioned criteria is **not met**.

An **undertaking** is each entity who conducts economic activity irrespective of its legal form or financing sources, or the objective of the activity (generating profit is not crucial in this case).

An **economic activity** is any activity consisting in offering goods and services on the market.

- An undertaking can also be, e.g., an association, a foundation or a local government unit, if a partner conducts business activity within the project. The legal form of the entity receiving support makes no difference for the assessment of State aid.
- It is important, whether the activity is performed in conditions of existing or potential competition. In the assessment of the occurrence of State aid, the objective of the activity performed by the specific entity is irrelevant.
- Undertakings not focused on profit can also offer goods and services on the market. Therefore, the fact that a given entity has been established to generate profits is not a prerequisite in deciding on awarding State aid.

4.10.2 State aid in the Programme

The State aid is granted under an aid scheme (Ordinance of the Minister of Development Funds and Regional Policy of the Republic of Poland²⁹).

The aid scheme indicates the forms of State aid that are awarded to Polish and foreign partners. These forms are regulated in the following EU regulations:

- Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (hereinafter, 'GBER');

²⁹ The document is available on the Programme website www.PBU2020.eu.

- Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.

The State aid is awarded based on the following measures:

- Article 20 GBER up to the amount of EUR 2 million per undertaking, per project³⁰ (direct State aid);
- Article 20a GBER up to the amount of EUR 20,000 per undertaking, per project (direct and indirect State aid),
- Article 53 GBER, aid for culture and heritage conservation (direct State aid),
- Article 55 GBER, aid for sport and multifunctional recreational infrastructures (direct State aid),
- Article 56 GBER, investment aid for local infrastructures (direct State aid).

***De minimis* aid**

IMPORTANT

De minimis aid constitutes a special category of aid awarded by the state. It is considered that due to its small value, it does not result in distortion of competition on the EU internal market.

***De minimis* aid can be awarded only directly by the Managing Authority.**

De minimis aid:

- is available in amounts up to EUR 200,000 (EUR 100,000 for the sector of road freight of goods) from one EU Member State;
- is awarded to the undertaking within the last three fiscal years;
- is limited concerning one undertaking (all entities legally influenced by another one are treated as one undertaking).

Restriction to *de minimis* aid granted based on regulation 1407/2013:

- cannot be awarded to undertakings active in the sectors of primary production of agricultural products, fishery, and aquaculture;³¹
- cannot be used for the acquisition of road freight transport vehicles;
- cannot be cumulated with any other State aid given towards the same eligible costs if it means that due to such cumulation, the maximum intensity of aid granted under the GBER is exceeded.

The decision on awarding State aid and *de minimis* aid is taken by signing the Subsidy Contract.

³⁰ I.e., 2 million per undertaking (project partner) participating in a project.

³¹ Applicable Commission Regulation (EU) No 1408/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid in the agriculture sector and Commission Regulation (EU) No 717/2014 of 27 June 2014 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid in the fishery and aquaculture sector

State aid and *de minimis* aid **can be awarded directly** by the Managing Authority, or **indirectly** by the project partner to the final recipient (an undertaking conducting economic activity in compliance with the definition of State).

IMPORTANT

State aid **can be awarded in two ways:**

- refers to all partners – **directly** by the Managing Authority (in line with GBER or *de minimis* Regulation), or
- refers only to the Polish partners – **indirectly** by the Project Partner to the final recipient(s) (an undertaking conducting economic activity in compliance with the definition of State aid³²). Indirect aid includes, e.g., participation in a training or workshops implemented within a project. In these workshops, a benefit (e.g., specific knowledge, skills or rights, licences) is received not by the Project Partner but by the final recipient in the project. The so-called final recipient receives economic advantage which would have to be paid for under normal market conditions. Indirect State aid is granted only in compliance with Art. 20a GBER.

NOTE: Indirect State aid provided by the Ukrainian partners will not be eligible in the Programme (for more on that please see below).

Cumulation of *de minimis* aid

Project Partners **from the territory** of Ukraine:

- can receive *de minimis* aid from the Managing Authority provided that they have not exceeded the limit of EUR 200 000 of ERDF co-financing in the period of the last 3 fiscal years. They can also use *de minimis* aid to cover their own contribution to a project if it is awarded by state institutions from their country of origin;
- *de minimis* aid awarded in Poland and in Ukraine do not cumulate.

Project Partners **from the territory** of Poland:

- can receive *de minimis* aid from the Managing Authority provided that they have not exceeded the limit of EUR 200 000 of ERDF co-financing in the period of the 3 last fiscal years. If the partner receives additional assistance from a public body to cover the amount of its national contribution to the project, e.g., in the form of a national grant, under these circumstances:
 - the amount of *de minimis* aid awarded from the ERDF would have to be decreased by the amount of the national grant, or
 - the partner could not receive the national grant. The national contribution for the project would have to be covered by the partner's own financial means or by taking out a loan on the market.

³² Pursuant to the definition of an enterprise adopted in Appendix I to the Commission Regulation (EU) no. 651/2014 (GBER), an enterprise means an entity conducting business activity irrespective of its legal form. It especially refers to persons conducting activity on their own account and family companies dealing with craft or other activity, as well as companies or associations conducting regular business activity.

4.10.3 Intensity level of aid

The intensity level is the maximum amount of all cumulated public funding (e.g. State aid and *de minimis* aid) that a project is permitted to receive in relation to the project budget (the same eligible expenditures). This amount is expressed as a percentage. Breaching the limit may mean that any State aid given in excess of the permissible amount must be returned.

Cumulation of State aid with the maximum aid intensity and *de minimis* aid is possible in the project only when those different aid measures concern different identifiable eligible expenditures.³³

4.10.4 Assessment of State aid in the project

During the formal assessment of the project, the assessors indicate in the evaluation grid whether the project shall be a subject to further State aid expert's assessment.

In the course of its assessment, the State aid expert takes into consideration whether the partner is an undertaking pursuant to EU law and whether all measures specified in Art. 107 par. 1 TFEU are met (so-called State aid test). The fulfilment of measures for granting State aid or *de minimis* aid is verified individually for every partner in the project.

The Managing Authority assesses the admissibility of the aid on the grounds of information submitted by the Project Partner(s). The Partners present information on the received *de minimis* aid (annexes 10 and 11 to this Manual) in the form of filled-in forms and copies of certificates or a declaration, when requested by the Joint Secretariat, following the project's selection for financing (before the Grant contract signature).

Until the conclusion of the Grant contract, Partners immediately inform the Joint Secretariat of any changes concerning previously received *de minimis* aid.

IMPORTANT

Occurrence of State aid in a project is **always assessed before signing the Grant contract** (for each measure in the project and every partner).

4.10.5 Awarding aid, monitoring, reporting and informing

The Managing Authority awards State aid or *de minimis* aid to Polish and Ukrainian partners and applies procedures and provisions concerning reporting this aid in compliance with Polish provisions.

³³ For Polish partners, see also judgement of the Voivodeship Administrative Court in Rzeszow, no: I SA/Rz 558/21, available at: <https://orzeczenia.nsa.gov.pl/doc/69D24A3A42>.

IMPORTANT

In compliance with the GBER, the reporting requirement concerns State aid granted under GBER's articles. An exception to this rule comprises granting aid pursuant to Article 20a GBER.

De minimis aid is not subject to reporting to the European Commission.

4.10.6 Indirect aid – Polish partners only

The Polish partners can grant indirect State aid in compliance with Art. 20a GBER only if this is specified in the Grant contract. They report awarding such aid in national IT system SHRIMP.

If the Polish Project Partners award State aid to final recipients (indirect aid), they are responsible for:

- proper awarding of aid (including verification of the conditions for possibility awarding);
- collecting and issuing required documents, in compliance with national regulations³⁴.

IMPORTANT

In the case of occurrence of indirect State aid or *de minimis* aid on the side of Ukrainians Partners, the Project Partner providing the support has to eliminate any State aid or *de minimis* aid element **before signing the Grant contract**.

Otherwise, costs related to such State aid will not be eligible under the Programme.

4.10.7 Storing documents concerning State aid

The period of storing documents related to the project implemented with State aid amounts to at least 10 years from the day such State aid is awarded within the project (exception: State aid awarded under art. 20a GBER).

4.10.8 Control of State aid

The tasks of the controller who conducts management verification in the project (administrative and on-the-spot check) include verification of the compliance of the incurred expenditures with the regulations concerning State aid.

Moreover, the controller verifies if any changes occurred at the project's partner that could have an impact on the occurrence of State aid, *de minimis* aid or the correctness of awarding them in the project.

³⁴ Information form provided when applying for aid other than agricultural or fisheries aid, *de minimis* aid, or *de minimis* aid in agriculture or fisheries (in force since 11th March 2016).

Subject to verification:

- **For direct aid**, the controller verifies if the value of the actually awarded aid has not exceeded the maximum amount of aid specified in the subsidy contract for the given project partner;
- **For indirect aid**, the controller verifies in formal terms in the documents concerning the awarded indirect aid (enumerated in the subsidy contract) if the admissible limit of co-financing has not been exceeded.

5. PAYMENTS

Payments in the Programme are made on the basis of a progress report with a payment claim for the project. The progress report for the project shall be submitted by the Lead Partner on behalf of all project partners. The Managing Authority transfers the funds in euro to the Lead Partner's bank account indicated in the Grant Contract.

Each partner may receive a maximum of 90% of EU co-financing of the total eligible expenditure incurred during the implementation of the project. Each partner's expenditure will be settled in accordance with their individual level of co-financing specified in the Full Application Form.

The process of project settlement, the circulation of financial and accounting documentation and correspondence between the Lead Partner and the programme institutions will be carried out via the CST2021 IT system.

Partners shall choose one of two project settlement schemes:

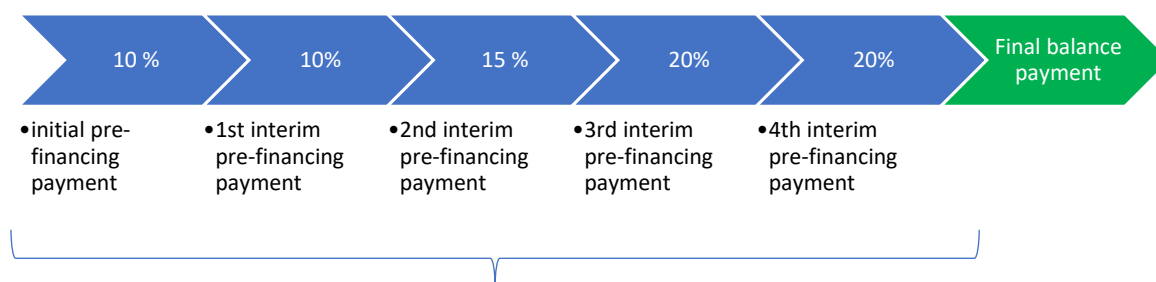
- pre-financing
- or reimbursement.

The Grant Contract will indicate one scheme that will be used for all project partners.

5.1. *Pre-financing payments*

Partners will receive pre-financing payments for the implementation of the project up to a maximum of 75% of the EU co-financing for the project. The Managing Authority shall transfer pre-financing payments to the Lead Partner. The distribution of the pre-financing payments between the partners takes place on the basis of the Partnership Agreement concluded between the Lead Partner and the project partners.

The pre-financing payment for the project is divided into five tranches. The amount of subsequent pre-financing payments increases with the progress of the implementation of the project.



The initial pre-financing payment will be made by the Managing Authority after signing the Grant Contract, on the basis of the first payment claim submitted by the Lead Partner together with all necessary documents:

1. partnership agreement signed by all partners,
2. current building permission (if applicable),
3. financial guarantee³⁵ (if applicable).

The payment claim for the initial pre-financing payment of the Lead Partner shall be submitted directly to the JS via CST2021. Subsequent payment claims (as a part of a progress report) will be prepared by the partners in CST2021 and submitted directly to the relevant Controller.

On the basis of the project partners' progress reports approved by the Controllers, the Lead Partner will prepare a progress report for the project. The progress report for the project shall cover the expenditure of all partners. The Lead Partner will then submit it to the JS.

If the project partner does not present any expenditure for control in a given (maximum six months) reporting period, they will be obliged to submit a progress report with a narrative information on the progress made in the reporting period to their relevant Controller. If the partner spends the funds from the advance earlier than the other partners, they can either wait until the next reporting period agreed between the partners and carry out further activities in the project from their own resources, or, in agreement with the other project partners, set an earlier deadline for submitting the payment claim for interim payment.

We recommend that project partners submit a their progress reports to the Lead Partner after spending 70% of the funds from the received pre-financing payment, but at least every 6 months. This means that the reporting periods are flexible. Partners should establish the deadlines for submitting the progress report in accordance with the project implementation schedule, which will be a part of the Grant Contract, as well as the actual implementation and internal arrangements between the project partners.

If a project partner in the progress report presents expenditures higher than the pre-financing they had received, the Managing Authority will pay:

- the pre-financing payment, in accordance with the Grant Contract
- and the additional funds representing the difference between the pre-financing at partner level and the due amount of the EU funds clearing the pre-financing payment at partner level.

IMPORTANT!

Please remember that the cumulative pre-financing at project level may not exceed the amount of co-financing specified in the Grant Contract.

³⁵Any pre-financing e for the NGO which will amount to more than EUR 1 000 000 under the provisions of the grant agreement must be fully covered by a financial guarantee (bank guarantee or bill of exchange with a proper financial guarantee declaration). The Lead Partner financial guarantee is prepared in accordance with the provisions of the Grant Contract.

The final balance payment will be calculated as the difference between the payments made by the Managing Authority and the due amount of the EU funds. The Managing Authority will transfer it on the basis of the final progress report for project.

The pre-financing may be reduced by the Managing Authority if:

- they need to recover funds in the project and the amount to be reimbursed can be deducted from the interim pre-financing or the final balance payment,
- the partner will not use at least 70% of the cumulative pre-financing that they have received.

5.2. Reimbursement

If partners can cover their expenditure from their own resources, we recommend that partners choose a reimbursement scheme.

The expenditure incurred shall be presented in the progress report and the Managing Authority shall transfer the reimbursement once a progress report has been approved. There shall be 3 progress report for every 10-month settlement periods respectively. If needed, Lead Partner can submit a progress report for a shorter period.

After the the 10-month settlement period, the project partners prepare a progress report via CST2021 and submit it directly to the relevant controller. On the basis of the project partners' progress reports approved by the controller, the Lead Partner will prepare a progress report for the project. It shall cover the expenditure of all partners. The Lead Partner shall submit it to the JS via CST 2021.

The Managing Authority shall pay the refund on the basis of an approved progress report for the project.

6. DURABILITY

The implementation of the project should ensure the long-lasting effect of a project's achievements beyond the project duration.

Project partnerships should strive for durable outputs and results whose short- and long-term exploitation will result in tangible impacts for the benefit of individuals, businesses, communities, and the environment.

Those outputs and results achieved by each partnership should be maintained and exploited beyond the lifetime of the funded implementation periods.

Project partners should:

- pay attention to the information declared in the Application form – how will the provided project outputs and results be maintained after project closure?
- monitor the tangible impacts and track the ripple effects (e.g., by means of statistics, individual success stories, testimonials of end users or endorsements by reputable figures) after the project closure.

Special attention must be put to the projects delivering **investment in infrastructure or productive investments**. Outputs and results for these activities must be sustained and will be controlled after project completion.

Control of durability

Partners should be aware of the special requirements on ownership and durability laid down in Article 65 of the Regulation (EU) No 2021/1060 (Common Provisions Regulation) if delivering **investment in infrastructure or productive investments** as the project's main outputs:

- all equipment and devices, infrastructure, investments should be maintained during the durability period which is counted as 5 years from the final payment /setting final balance to the Lead Partner;
- documents proving the durability of the project outputs and results up to 5 years from 31 December of the year in which the final payment/setting final balance to the project is made to the Lead Partner must be maintained;
- the controllers, the Joint Secretariat or other authorised control institutions with the necessary documents to prove the durability of the project outputs and results must be provided.

In order to sustain the durability in case of infrastructure or productive investments as the project's main outputs it must be ensured that none of the below listed circumstances occur:

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

IMPORTANT

Projects delivering **investment in infrastructure or productive investments** will be **subject to control of durability** (art. 65 of CPR).

The Programme bodies will monitor the compliance of the projects with the durability requirements (as set in art. 65 of CPR) from the project completion. This will require contacts with Project Partners selected for durability checks (all Project Partners are obliged to indicate a contact person for the Joint Secretariat for the durability period). The Programme bodies will carry out the control either by sending monitoring questionnaires or performing on-the-spot verifications up to 5 years from the final payment transferred to the Lead Partner/from setting the final balance of the project.

In case of a breach of provisions on durability set out in Article 65 of CPR, ineligible expenditure will be recovered by the Managing Authority in proportion to the period for which the durability requirements have not been fulfilled.

The exception to the durability principle is when the Project Partner undergoes cessation of a productive activity due to **a non-fraudulent bankruptcy**.

7. COMMUNICATION

7.1. Why is communication important?

Communication is used to implement the project effectively. It allows the Project Partners to reach out to various groups by providing them with information about the project in order to:

- encourage them to join the project, e.g., a training organized in the framework of the project,
- attract potential partners for future projects,
- inform and encourage the local community to benefit from its effects,
- interest the media in the project results, and thus build a positive image of itself and the EU that funded the project,
- inspire the local decision makers to take further steps on the project (however without using the EU support measures).

It is therefore so important that communication activities are planned at the stage of project preparation and included in the communication plan being an integral part of the co-financing application.

A good internal communication is also of importance, since it strengthens the mutual understanding and trust among the partners. This in turn affects the effective implementation of the project.

7.2. Communication obligations of the partners

7.2.1 Obligations arising from the EU regulations

The Common Provision Regulation and, in particular, the Interreg Regulation lay down the communication obligations of each partner. They involve:

- a) using the Programme logotype while carrying out visibility, transparency and communication activities,
- b) providing on the partner's official website or social media sites (where such sites exist) a short description of the project, including:
 - its aims,
 - its results,
 - a statement highlighting the financial support from the Programme,
- c) providing a statement highlighting the support from the Programme in a visible manner on documents and communication material relating to the implementation of the project, intended for the general public or for its participants,
- d) displaying durable plaques or billboards clearly visible to the public, presenting the programme logotype. This should take place as soon as the physical implementation of the project involving physical investment or the purchase of equipment starts or purchased equipment is installed.
- e) for the projects of strategic importance (LIP) and the projects whose total cost exceeds EUR 5 million, organizing a communication event and involving the European Commission and the responsible managing authority to participate therein.³⁶

The partners are also obliged to make communication and visibility material available at the request of EU institutions, bodies and organizational units, e.g., the European Commission. The EU should be granted a royalty-free and non-exclusive licence for using

³⁶ Points (a) to (e) pursuant to Article 36(4) of the Interreg Regulation

the material along with any pre-existing rights arising from such a licence. The licence should give the EU the following rights as a minimum:

- a) the right to reproduce and copy the aforementioned material, and make it available to the institutions and organizational units of the Union and the institutions of the Member States and their personnel (internal use),
- b) the right to reproduce it by any means and in any forms, in whole or in part,
- c) the right to disclose it to the public by any means of communication,
- d) the right to distribute the material among the public, or its copies in any forms,
- e) the right to store and archive the material,
- f) the right to grant sub-licences for the material to third parties.

This obligation will not entail additional costs or administrative burdens for the partners³⁷.

7.2.2 Reduction of funding for not performing the communication obligations

Should a Project Partner not perform the obligations mentioned in point 11.2.1 letters a)-e) and not take remedial action, the Managing Authority will reduce the amount of co-financing granted to the partner by 2% as a maximum, as indicated in Table 3.

Table 3. A percentage reduction in co-financing for not performing the communication obligations

Obligation of the partner	Maximum reduction in co-financing for not performing an obligation during the project implementation (% of the co-financing amount granted to the Project Partner)
1. Placing a brief description of the project, a statement on its aims and results, the financial support from the Programme on its own website or on its own social media sites (if any),	0.4%
2. Placing a statement highlighting the support from the Programme on documents and communication material relating to the implementation of the project, intended for the general public or for its participants	0.4%
3. Displaying durable plaques or billboards clearly visible to the public, presenting the Programme logotype - for the projects involving physical investment or the purchase of equipment	0.4%
4. for the projects of strategic importance (LIP) and the projects whose total cost exceeds EUR 5 million - organizing a communication event and involving the European	0.4%

³⁷ Article 49(6) and Annex IX point 2 to the Common Provision Regulation

Commission and the responsible managing authority to participate therein	
5. Other communication activities (excluding those mentioned in points 1-4): using the Programme logotype including the symbol of the European Union while carrying out visibility, transparency and communication activities	0.1% per unit failure, maximum 0.4%

7.2.3 Additional obligations

The partners are also obliged to submit to the Joint Secretariat:

- a) the photographic and audio-visual documentation on the implementation of the project (inter alia, photographs, films, webcasts, radio and television broadcasts or scans of press articles). The technical and qualitative parameters for the selected material are set out in the Communication Guide for the Project Partners available on the [Programme website](#).

The partners are obliged to agree on that this documentation may be used by the Managing Authority or the Joint Secretariat in their information and promotion activities. The documentation will be transferred under separate, royalty-free, non-exclusive licence agreements. A model agreement will be made available on the Programme website.

- b) information on planned and ongoing activities with regard to visibility, transparency and communication in the project (e.g., the organization of conferences) and the completed milestones of the project, including the completed products and results (e.g., a publication). This also applies to products that are developed by external contractors on behalf of the partners (e.g., a study report).

More examples may be found in the Communication Guide for the Project Partners.

The information should be sent to the Joint Secretariat by e-mail, not later than 14 days before the planned action and without unnecessary delay upon the completion of important stages of the project, including the development of a result, the delivery of a product.

Additional obligations for Polish partners of grants from the state budget and special-purpose funds

The Polish partners, which perform the tasks financed or co-finance from the state budget or special-purpose funds, are obliged to communicate such financing or co-financing accordingly³⁸. If the tasks co-financed by the Programme are performed simultaneously, this obligation is to be performed independently of the information activities resulting from the legislation of the European Union and described in this chapter. Such a combination of different sources of financing may arise where the own contribution a

³⁸ Regulation of the Council of Ministers of 7 May 2021 on the identification of information activities that are undertaken by the entities performing the tasks financed or co-financed from the state budget or special-purpose funds (Journal of Laws of 2021, item 953) and Article 35a(1) and Article 35b of the Public Finance Act of 27 August 2009 (Journal of Laws of 2021, item 305)

Project Partner contributes to the project comes from a public budget or special-purpose fund.

This implies in practice that the Polish Project Partner implementing a project in the Programme and additionally receiving the so-called state financial support is obliged, to give an example, to prepare two information boards – one board being consistent with the EU regulations and another one being consistent with the Regulation of the Council of Minister.

The Regulation of the Council of Ministers specifies:

- a) the types of information activities,
- b) the manner for their implementation, including the period during which they are to be implemented,
- c) the amount or amounts of financing or co financing from the state budget or public special purpose funds, up to which there exists no information obligation.

7.3. How to prepare a project communication plan?

The communication plan describes how information and promotional activities are carried out under the project.

The partners jointly plan the project communication and complement the communication plan that shall be then annexed to the application form. The plan specifies:

- **Communication objectives** - two as a minimum - at the beginning and at the end of the project. If required so by the specific nature of the project, the communication plan may be extended by adding additional objectives for important stages of the project.
- **Target groups** - being directly linked to the communication objectives.
- **Communication activities** (those resulting from the obligations set out in this chapter as a minimum). We also recommend identifying additional activities to help implement the planned objective and reach out to the target group.
- **Communication tools** - being tailored for each activity - and the target numerical value (pieces or persons).
- **Partner** - to be responsible for carrying out the communication activity.

Detailed information on the project communication plan along with practical examples can be found in the Communication Guide for the Project Partners.

7.4. Logotypes, names, acronyms

The Programme logotype contains the Interreg term, the symbol of the European Union and the statement on co-financing. The name of the Programme is placed beneath the Interreg term. The abbreviation 'NEXT' is also placed beneath this term and to the left of the Programme name. NEXT stands for 'neighbourhood external'.

It is mandatory to use the Programme logotype in any information and promotional material. More information on its use may be found in the Communication Guide for the Project Partners.

Interreg



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Project name and acronym

We recommend short and catchy project names – they are easier to remember and promote. Every project shall also have its acronym – a one-word name, combining up to max. 15 letters (capital also) and numbers, which reflects the project's content.

Examples of the projects' acronyms used in the previous Programme editions:

CraftNet; LUKASIEWICZ; TouchingThePast; CBCPaths; Songs4Seasons;
Promo2Castles; EpidSafe; DcbCforAutism; RESCUE; BugUnitesUs; BCPMonitoring;
HealthyCities.

More information on the project name and acronym may be found in the Communication Guide for the Project Partners.

Project logotype

The basic project logotype shall consist of the Programme logotype and a project acronym. Following three models (and their language variations presented in the Communication Guide for the Project Partners) are equally acceptable in the Programme:

Project logotype. Model 1:

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Project acronym

Project logotype. Model 2:

Interreg



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NEXT Poland – Ukraine

Project acronym

Project logotype. Model 3:



The project can also create its own additional logotype. The project logotype should be then attached to the Programme logotype as indicated in the Communication Guide for the Project Partners.

Whenever the project name/project acronym or project logotype is used, the Programme logo should also be used.

No other visual elements should be added within the area of the Programme logotype and project logotype/project acronym/name.

The Communication Guide for the Project Partners lays down the principles for communication that allow to use the project logotypes developed under the former editions of the Programme (2014-2020, 2007-2013).

Colours and icons for the areas of EU support

The tailored made icons in different colours may be used to graphically present the areas of EU support. More information on this matter may be found in the Communication Guide for the Project Partners.

ANNEXES

Annex 1	LIP Project Summary
Annex 2	LIP PS assessment grid
Annex 3	LIP FAF
Annex 4	LIP FAF assessment grid
Annex 5	Full list of indicators
Annex 6	Specific rules of awarding contracts under the project - specific rules for Polish project partners
Annex 7	Most common mistakes when awarding contracts