

# Northern Periphery Programme



**PRACTICAL GUIDE FOR PROJECT MANAGEMENT**

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# FOREWORD

The present guide has been produced by Northern Periphery Programme Secretariat.

This guide is primarily for use by those who will be responsible for **managing the projects selected** by the Northern Periphery Programme Steering Committee (PMC). The guide is aimed at supporting project leaders in the implementation of actions funded by the Northern Periphery Programme (NPP). It does so in two ways: by supplying tools to manage such projects and by reminding project leaders of the objectives and procedures relating to projects funded under Article 10 of the European Regional Development Fund (ERDF).

As an instrument for information and technical support, this guide will by implication evolve over time, and will be completed by suggestions from project leaders, programme bodies and the European Commission.

The guide is divided into five chapters:

## **Chapter 1 Introduction**

This chapter outlines the **context** of the programme; it is aimed at facilitating greater understanding of the overall nature of projects funded under the NPP, and at outlining anticipated results within the programme.

## **Chapter 2 Programme structure**

In this chapter, the project leader will find all the necessary elements **concerning the overall organisation** of the programme, and some central definitions related to the programme.

## **Chapter 3 Project monitoring and evaluation**

Project performance is evaluated and tracked by using reporting procedures and their follow-up.

## **Chapter 4 Payments**

This chapter presents the payment procedures to be used in the NPP.

## **Chapter 5 Project accounts**

Lead Partners must keep project accounts in order for all expenditure to be audited and detailed summary reports drawn up. This chapter gives advice for that purpose.

## **Chapter 6 Specific rules concerning expenditure that may be taken into consideration under the NPP**

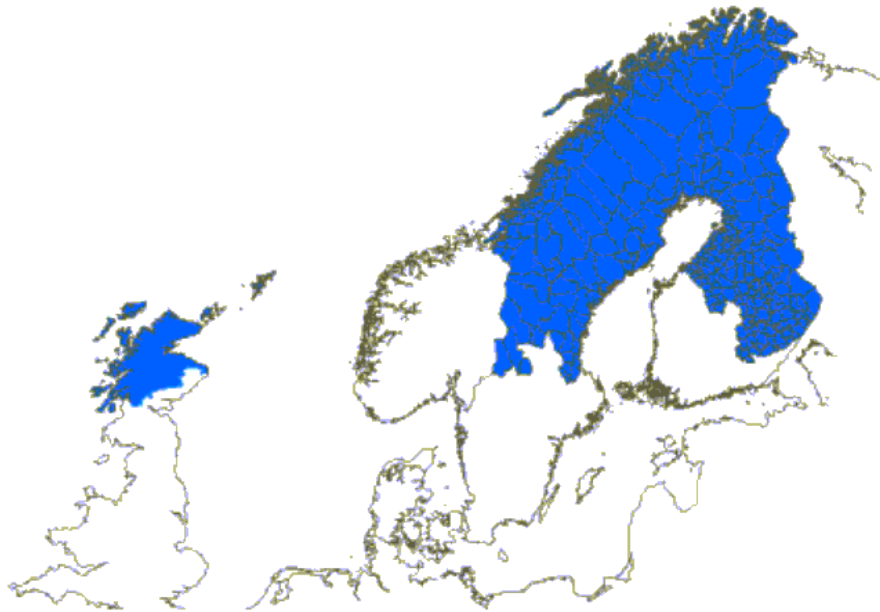
Projects must follow specific rules concerning eligibility of project costs.

# 1. INTRODUCTION

## 1.1 SYNTHESIS OF THE NORTHERN PERIPHERY PROGRAMME

This joint programme is submitted under Article 10 of ERDF Regulation 2083/93 as a pilot action in the field of Trans-national Regional Planning. The programme is submitted jointly by the Governments of the United Kingdom, Finland and Sweden and Norway. Participation of other countries from the North Atlantic (Iceland, Faroe Islands, Greenland, and the regions of NorthWest Russia) may also be possible on a project by project basis. Participation by Norway will be on the same basis as the participating member countries, except that the Norwegian elements of projects will not benefit directly from EU funding.

The joint programme of Northern Periphery covers:



- Scotland, with particular emphasis on the Highlands&Islands Objective 1 area and adjacent Objective 5b areas of North and West Grampian and Rural Stirling and Upland Tayside,
- Objective 6 areas of Finland and adjacent areas in the regions of Pohjois-Pohjanmaa, Keski-Pohjanmaa and Pohjois-Savo, with particular focus on the former
- Objective 6 areas of Sweden, including adjacent coastal areas, with particular focus on the former
- Norway, four northernmost counties of Nord-Trøndelag, Nordland, Troms and Finnmark

The overall objective for the programme is to contribute to the improvement of services and value creation in the Northern Periphery in ways compatible with the principles of sustainable development, through transnational exchange of experiences. The joint strategy for the programme is focused on the development of new knowledge **about innovative and well-working solutions for sustainable business activity, service provision and land use/local spatial development planning** in northern peripheral areas characterised by extremely sparse population, long distances and harsh climate.

The strategies and main themes will be implemented through the following sub-actions:

- Pilot projects involving the provision of services (for example pooling the public and private services, IT and remote areas, locational questions for new businesses; total public funding for this sub-action is 4 Meuro)
- Pilot projects concerning business development and sustainable resource management (for example sustainable energy provision, tourism, networking of businesses; total public funding for this sub-action is 5.33 Meuro) and
- Documentation and exchange of good practise (for example strategies for rural economic development, evaluation of good practise; total public funding for this sub-action is 3.33 Meuro)

The total budget of the programme is 13,33 Meuro. The Community Assistance is 5 Meuro and Norwegian assistance 1,67 Meuro. All expenditure within Member States must relate to Objective 1 or 6 regions.

The programme is based on the development aims mentioned in the Communication to the Member States, taking into account perspectives and conclusions from Europe 2000 and Europe 2000+, informal ministerial meetings during recent years, and the European Spatial Development Perspective (ESDP) document.

There are different concepts and ideas within the spatial development plans and programmes in Europe, depending on the specific problems and challenges in each region. Certain aspects of spatial planning will be highlighted in this programme. The cooperation will not involve planning processes for a common transnational region, but will focus on exchange of good spatial planning practice as it has been developed within each participating region.

## 1.2 COMMON RULES CONCERNING THE ELIGIBILITY

The Northern Periphery assistance granted under Article 10 of the ERDF Regulation for the carrying out of a pilot project amounts to a maximum of **50%** of the eligible expenditure. If the eligible expenditure paid is less than expected, the Northern Periphery assistance will be limited to the above percentage. If the eligible expenditure is greater, Northern Periphery assistance will not exceed the maximum stated.

This assistance shall not constitute a claim against the Northern Periphery Programme.

The Northern Periphery assistance is granted to carry out pilot projects of co-operation between Finland, Scotland, Sweden and Norway. Therefore, articles 23<sup>rd</sup> and 24<sup>th</sup> of the regulation (financial control and financial responsibility) of coordination of the Structural Funds (Council Regulation N° 2082/93 of 20 July 1993) apply in this case – see Annex 6.

In the case of a Norwegian lead partner, the project is obliged to have a separate account for EU funding situated in the EU area.

The pilot project covers the period from **1.2.98** to **31.12.2001**.

The starting date of eligible expenditure is **at the first round (due date 3.4.98) 1.2.98. After the first round, the starting date of eligible expenditure is from the day the application was sent to the Joint Programme Secretariat.**

Where eligible expenditure is to be the subject of binding legal provisions,<sup>1</sup> the financial resources required must be committed to separate pilot projects no later than 31.12.1999.

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<sup>1</sup> Binding legal provision means any instrument or contract for the implementation in practice of the eligible operations likely to produce rights or obligations between the final beneficiary and the body or bodies commissioning the project.

**The final deadline for expenditure eligibility and to request the last payment is 31.12.2001.**

The Joint Programme Secretariat may agree to amend these dates provided the project leader makes a duly justified application before the deadlines. If no application for amendment of these dates is made beforehand, no expenditure incurred after the final date for implementation will be accepted in the final account.

The extensions of the deadlines referred to in this paragraph may not under any circumstances exceed one year.

Beyond that period the Northern Periphery Programme will terminate the budget commitment relating to this grant of assistance by winding up the financing of the project in accordance with the procedure laid down below.

### **1.3 WHAT IS EXPECTED OF PILOT PROJECTS**

The criteria listed below must be **constantly borne in mind** by project leaders and their partners, given the special status of the **innovative pilot action** which makes this programme original and the fact that Community assistance under the Structural Funds is involved. Criteria will be used during the monitoring phases and during the final evaluation of the projects. The following elements must therefore be taken into consideration:

a) **Regional and local know-how**, which helps enhance regional development actions, particularly those funded by the operational programmes of the Structural Funds, must be improved.

b) **The approach is and must remain innovative throughout the project.** This implies that there are innovative elements during the different phases and at the different levels of the project: definition of actions, partnership, implementation, methods used.

c) The approach must, as much as possible, be **experimental** for the regions involved. This implies that the actions undertaken will be aimed at testing the project or at developing and perfecting products and services resulting in the acquisition of clients and other commercial outlets. This experimentation will result from innovation, and will be the application of the same. Nevertheless, experimentation at the local level will involve the testing of an innovative concept, which would lead to an improvement of the initial approach.

d) It is also expected that the approach used will be of an **exemplary** nature, in that it will show a **demonstrative** effect. This effect could result from the presence of a number of elements: the original nature of the strategy to be used; use of innovative methods for project management and the production of notable results; the management of unforeseen events; management of costs and time commitments; policies used in mobilizing resources and maintaining communication; projects should also, through their intrinsic nature, aim to contribute in a positive manner to the overall image and reputation of the programme within which they have been implemented.

e) Particular attention should be given to the **transferable** nature of the action, i.e. its capacity to be adapted elsewhere to produce positive effects in terms of local and regional development.

f) These elements together help define the **Community added value** related to the project. However, the economic and social results of the pilot project action must also be questioned: has the project improved the socio-economic and spatial context within which local development dynamics are today emerging or growing stronger in connection with the general internationalization of the areas?

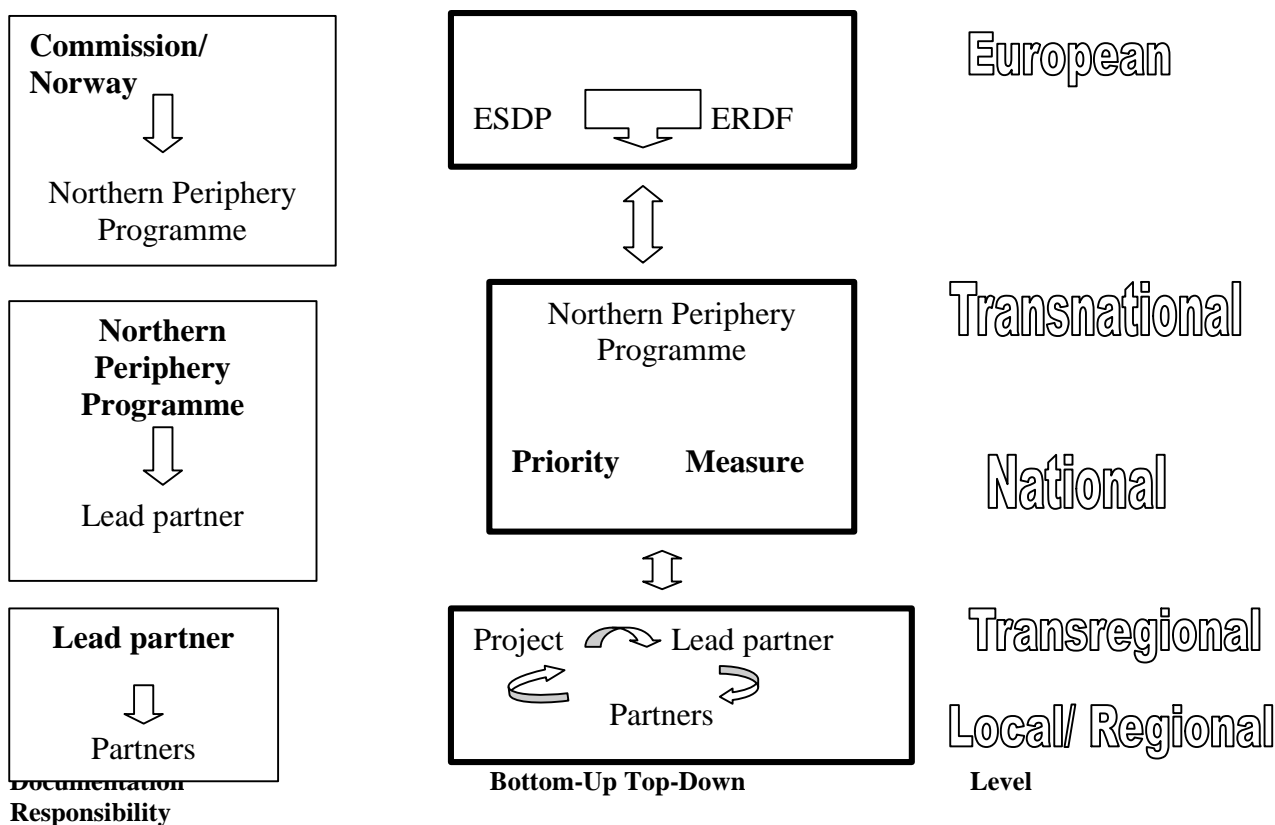
g) Furthermore, the way in which the project is able to support the various other policies in practice should be identified. In particular:

- Support for the **development and internationalization** of dynamic, job-creating SMEs;
- Utilization of synergies and complementarities with Community, national and regional policies that promote innovation, research and economic development;
- Reinforcement of the impact of structural policies on the creation of jobs and equality of opportunity between men and women;
- **Protection of the natural and artificial environment and development of heritage**, notably with regard to biotopes, species, important sites and monuments;
- **The establishment of innovative and creative networks** focusing on transnational approaches to innovation.

## 2. PROGRAMME STRUCTURE

The Northern Periphery Programme is active at various levels, starting from European level and reaching all the way to the local level (Picture 1). In the European level the programme is involved with the European Union and Norway. It is among other things part of the European Spatial Development Perspective process and European Regional Development Fund financed activities.

### The levels of co-operation



In the transnational level the programme is coordinated by the **Programme Monitoring Committee (PMC)**, which also decides on the use of available Community funding and the national contribution from Norway. The PMC is assisted by the **Joint Programme Secretariat (JPS)**, which is located in the Regional Council of Northern Ostrobothnia in Oulu, Finland. In every country there is a **National Regional Advisory Group (NRAG)**, assisted by the National Secretariat, which evaluates the eligibility of the projects.

The **Lead Partner** has overall responsibility for the project. Other **Partners** participate in the project and carry out activities as part of the project, as well as put them into practise at the local/regional level. Partners are responsible for their actions to the Lead Partner.

### 2.1. PROGRAMME MONITORING COMMITTEE

The PMC has the responsibility for the Programme. It comprises of three representatives from all the countries (central government, the programme, target regions), European Commission and Programme Secretariat (ex officio).

Their main tasks are to secure compliance with Community policies and regulatory provisions, determine the eligibility and selection of projects, ensure effective monitoring of the implementation and administration of the Programme, control the financing and decide on



the use of Community funding and the national contribution from Norway. The PMC is assisted by the Programme Secretariat.

## **2.2 JOINT PROGRAMME SECRETARIAT**

The Joint Programme Secretariat is located in the Regional Council of Northern Ostrobothnia in Oulu, Finland. It services the PMC. It's main tasks are to handle project applications, draft reports on the progress of both the Programme and single projects, work out and distribute relevant information, handle joint finances, coordinate and maintain the project leader network as well as perform other activities decided by the PMC.

## **2.3 NATIONAL REGIONAL ADVISORY GROUPS**

These groups comprise of representatives from relevant national and regional bodies. The NRAGs appraise all the project applications and make recommendations to the PMC. Regional representatives of NRAGs have responsibility for assisting potential applicants concerning the programme and its procedures.

## **2.4 LEAD PARTNER**

The lead partner has the political, legal and financial responsibility for carrying out the project as a whole, whether it consists of network measures, measures on its territory or measures of the territory of its partners.

It is responsible for ensuring the correct organisation and management of the project throughout its duration as well as defining the structures for dialogue and decision-making with the project partners and ensuring the effectiveness of these structures.

The lead partner acts as a link between the project (partnership) and the Northern Periphery Programme (secretariat). It delivers project reports and documentation, project outputs as well as audit and payments.

### **"CHECK-LIST" OF THE LEAD PARTNER'S ROLE:**

1. Organisation of the partnership and coordination of key actors under the authority of the Steering Committee for the smooth implementation and performance of the actions
2. Management of the project team (director + persons designated responsible in the other organisations or regions)
3. Preparation of contracts and reference terms for the studies and experts' reports to be done by organisations outside the partnership; monitoring of agreements between project partners;
4. Development of project management and monitoring instruments; (situation charts, progress reports, evaluations, etc...)
5. Management of the team responsible for administrative and financial matters, bookkeeping, verification of accounting records
6. Finalisation of working documents and technical and financial progress reports for submission to the Steering Committee, then to the NPP, and the organisation of their production
7. Preparation of Steering Committee meetings
8. Organisation of the project's participation in inter-network activities (thematic seminars, conferences, specific meetings)
9. Maintain dialogue with the NPP
10. Hosting and organisation of visits to sites concerned by the project by representatives of the NPP or its mandated experts, project directors or experts from other projects in the framework of the programme's exchange activities
11. Optimization of the results of the actions undertaken, in liaison with the NPP.

## **2.5 PARTNER**

Partners are responsible both for carrying out the measures in their respective areas and for the correct participation in cooperation measures of the associated and other actors in the area. Project managers are strongly urged to establish partnership agreements (see Annex 7) that

stipulate the responsibilities of each partner, with their technical and financial implications. Partnership agreements should be established from the start of the project in order to avoid any ambiguity.

### **3. PROGRAMME MONITORING AND EVALUATION**

#### **3.1 PROGRESS REPORTS**

The project leader is to send a **progress report** to the **Joint Programme Secretariat** every **six-(6) months, at the end of March and September.**

#### **3.2 INTERIM REPORTS AND THE FINAL REPORT**

The interim reports are to be sent to the Joint Programme Secretariat **in the middle of the project execution or with the second certificate of expenditure.**

Reporting on the project's financial and budgetary implementation of a project is to be done on the basis of two types of documents:

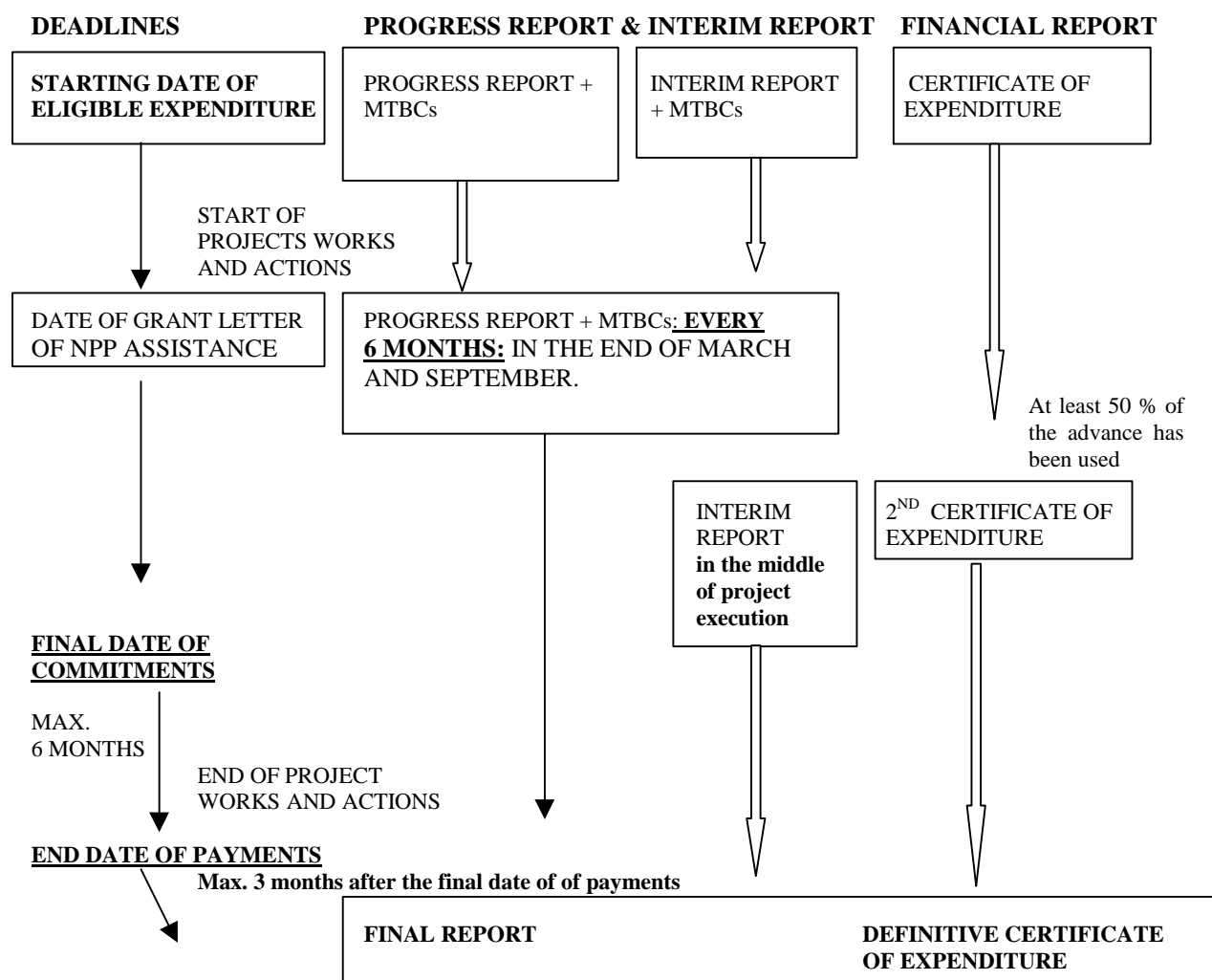
- the financial report : the certificate of expenditure;
- the budget report: the monitoring table of budget commitments (MTBC).

The progress reports, interim reports and Monitoring Tables for Budget Commitments must be submitted in English and sent to the Joint Programme Secretariat both in paper and in electronic form (using Word-for-Windows). Project must fill MTBCs, **TOTAL COSTS; EXCLUDING VAT** describing the use of EU-funding, Norwegian funding and total project funding. **VAT is taken into account in the amount of the eligible expenditure if, and only if, it cannot be recovered according to the status of the body responsible for the project and current national rules.** A **bookkeeping document** e.g. a copy of a **ledger** for the period is to be enclosed. **The progress report, interim report and MTBCs are to be signed by the project leader. The MIBCs of interim report are to be signed by the auditor.**

**In the case of Norwegian lead partner, the progress report, interim report and the monitoring tables of budget commitments concerning the EU-funding are to be signed as mentioned above.**

**Each pilot project beneficiary should have an e-mail address, except where connections with a network or the network itself are clearly technically impossible.**

## PROJECT MANAGEMENT: TIMETABLE AND MAIN DEADLINES



### 3.3. OTHER REPORTING

The lead partner should report the JPS in the case of

- the project encountering **difficulties of a technical nature** (under-estimation of constraints, conflicts between development objectives and the preservation of the environment, for example)
- the project experiencing **problems or delays** following, for example, partial or total **deficiency** on the part of one of the partners. This deficiency could be of a technical nature (unavailability of human means, technologies or know-how) or of a financial nature (budgets not yet voted, poor assessment of the notion of eligible expenditure).
- the project needs to be **adjusted in terms of the content of the actions** that can be undertaken within **the time period set**, and therefore with regard to the work programme and timetable.

### 3.4. SELF EVALUATING

The programme evaluates and monitors the project by progress reports, interim reports and the final report. In order to guarantee the satisfactory implementation of the project the lead

partner could self evaluate the project periodically. Projects may use examples of indicators below.

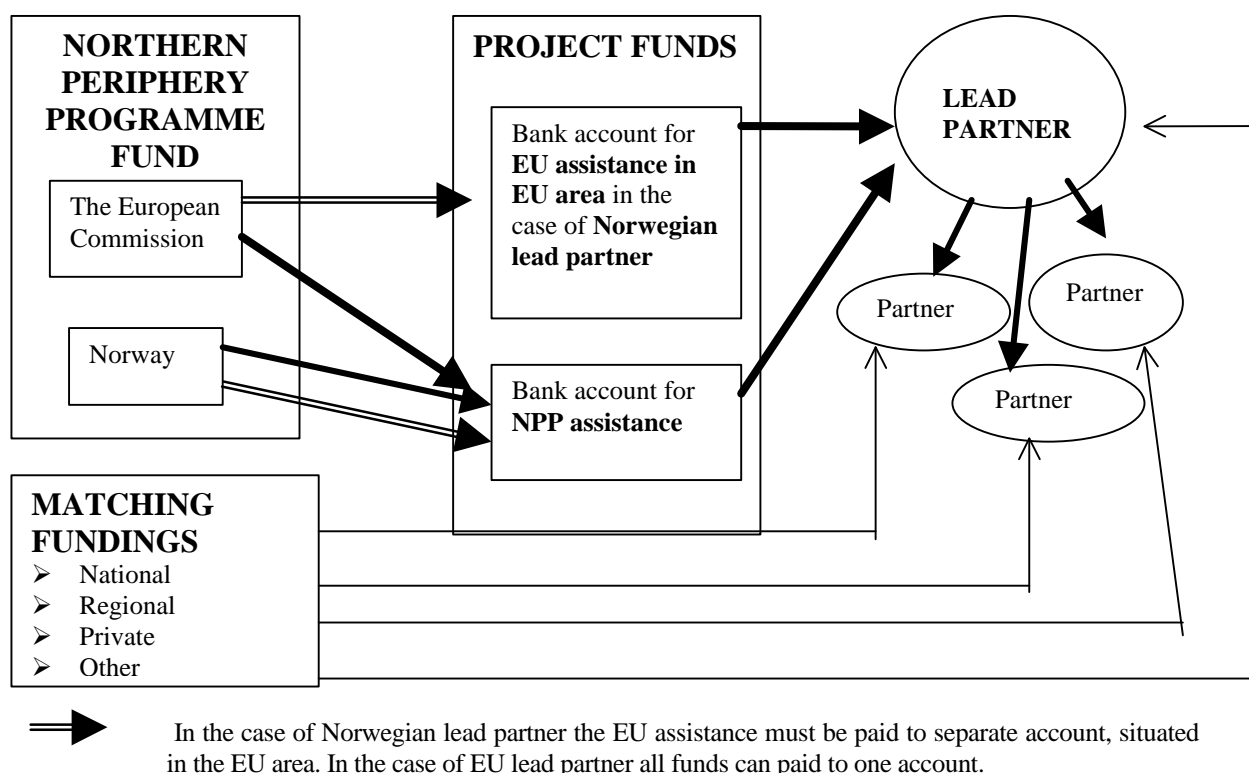
## EVALUATION CHART FOR PROJECTS

### *Examples of indicators*

<b>I.Objective Indicators</b>	<ul style="list-style-type: none"> <li>- Quality / density of local partnership</li> <li>- Quality of basic situation analysis</li> <li>- Quality of SWOT analysis</li> <li>- Concentrated effective steering</li> <li>- Implementation of practical action plan</li> <li>- Satisfactory participation of partners etc ...</li> </ul>	<ul style="list-style-type: none"> <li>- Number of jobs created or sustained</li> <li>- Number of technology transfer operations implemented</li> <li>- Number of meetings between partners</li> <li>- Quality of transfers</li> <li>- Number of enterprises participating in project etc ...</li> </ul>
<b>II.Results indicators</b>	<ul style="list-style-type: none"> <li>- Effectiveness of joint agreement</li> <li>- Info sheets summing up identified projects launched</li> <li>- Capacity for financing or bringing together resources for launching strategy etc ...</li> </ul>	<ul style="list-style-type: none"> <li>- Number of jobs created or sustained</li> <li>- Implementation of services in support of activity creation</li> <li>- New economic partnerships</li> <li>- Effectiveness of technology transfer and consolidation of know-how in disadvantaged regions</li> <li>- Number of telematic applications and degree of use etc ...</li> </ul>
<b>III.Impact Indicators</b>	<ul style="list-style-type: none"> <li>- Possible impact on               <ul style="list-style-type: none"> <li>. employment</li> <li>. activity, particularly that concerning the creation of new jobs and enterprises</li> <li>. SME competitiveness</li> <li>. rationalization of organisations providing services to enterprises etc ...</li> </ul> </li> </ul>	<p>Impact of pilot projects or networks on:</p> <ul style="list-style-type: none"> <li>- employment</li> <li>- Community cohesion</li> <li>- modernization and diversification of local productive fabric</li> <li>- technological autonomy of disadvantaged areas</li> <li>- opening towards new opportunities linked to the revitalization of cultures and the enhancement of heritage etc ...</li> </ul>

## 4. PAYMENTS

### FINANCIAL PROCEDURE



### PAYMENT OF THE NORTHERN PERIPHERY FINANCIAL CONTRIBUTION

Every application for payment must include at least the following:

A certificate of total expenditure paid to those who have carried out the work, signed by the responsible of the pilot project who is beneficiary of Northern Periphery grant.

- Monitoring tables of budget commitments showing the state of total expenditure, EU-expenditure and Norwegian expenditure, broken down by category. The categories must be those used in the budget approved by the Northern Periphery and so demonstrate the link between the categories of the budget approved and the expenditure paid.

The Northern Periphery Programme, reserves the right to request any further information or reasons it may require for the purpose of validating certificates of expenditure.

Payments will be made in EURO in accordance with the following procedure:

- (a) A first advance of **40%** of the Northern Periphery assistance will be paid following receipt by the Northern Periphery Programme of the statement referred to in Annex 5 completed and signed by the responsible for the pilot project.
- (b) If the Northern Periphery Programme considers that work has not commenced six months after the starting date, a letter of formal notice will be sent to the beneficiary (ies) stating, among other things, that interest will be applied as from the ninth month of inactivity.

If the Northern Periphery Programme considers that work has not commenced one year after the starting date, the grant of assistance will be cancelled without further formality and the amount

of the advance reimbursed by the pilot action beneficiary (ies) with any investment interest collected.

(c) When at least half of the first advance has been used in payments, the responsible for the pilot project may request payment of a second advance of **40%** of the Northern Periphery assistance. To do that, he/she must provide the following to the Joint Programme Secretariat

- an application for a second advance;
- an interim progress report on the project;
- a certificate of expenditure paid, a bookkeeping document from the period of time and the financing table: monitoring table of budget commitments, summary of exchange rate
- notification to the Joint Programme Secretariat of all decisions providing funds to match the Northern Periphery contribution

Before paying the advances the Joint Programme Secretariat will check whether the progress reports referred have been received.

(d) The final payment **20%** will be made following:

- submission of a **final report** and its approval by the Northern Periphery Programme;
- Submission of the certificate of expenditure paid and the financing tables & bookkeeping document.

(e) The interim and final reports submitted to the Joint Programme Secretariat shall give a detailed description of each budget item as foreseen pilot project.

Certificates of expenditure in support of applications for payment must be drawn up in euros. Expenditure incurred in national currency must be converted into euros using the rate for the month during which the expenditure was entered in the accounts of the project leader body. The rates will be found on Internet

<http://europa.eu.int/comm/dg02/document/ecu/xecupage.htm>

VAT is taken into account in the amount of the eligible expenditure if, and only if, it cannot be recovered according to the status of the body responsible for the project and current national rules.

### **FINANCIAL CONTROL**

See Article 23 of Council Regulation N° 2082/93 of 20 July 1993 of Coordination of Structural Funds.

### **COMPLIANCE WITH COMMUNITY POLICIES**

12. Community legislation, and in particular Articles 52 (right of establishment) and 59 (freedom to provide services) of the EC Treaty and the Community Directives coordinating procedures for the award of public contracts for works and supplies, is to be complied with as far as it applies when contracts concerning the measures and investments which are the subject of this decision are awarded. Community legislation on the environment is also to be complied with in accordance with the principles and aims of sustainable development.

### **REDUCTION, SUSPENSION AND CANCELLATION OF ASSISTANCE**

## **RECOVERY OF UNDUE PAYMENTS**

See Article 24 of Council Regulation N° 2082/93 of 20 July 1993 of Coordination of Structural Funds.

## **COMPETENT JURISDICTION**

The Court of First Instance of the European Communities and, in the event of an appeal, the Court of Justice of the European Communities shall alone have competence to deal with disputes between the Commission and the Member State(s) beneficiary of the pilot action concerning the validity, application and interpretation of this grant of assistance.

## **OTHER**

The Member States responsible for the implementation of this pilot action compromise to assure the following:

- All activities and projects envisaged to achieve the objectives of this pilot action will exclude all sectoral actions attributed to the missions of other funds.
- Projects can complement other funds but costs of projects supported under other programmes are not eligible for support under this pilot action.
- Projects to be funded will not double fund any other programmes or actions funded by the ERDF or the European Union.

## **5. PROJECT ACCOUNTS**

The project leader must keep project accounts so that all expenditure (costs) and all revenue (receipts) can be posted and audited and detailed summary reports drawn up (certificate of expenditure, MTBC).

In case of multi-regional projects, this obligation applies to each partner responsible for each of the regions: the overall project leader keeps the overall accounts (consolidated accounts) of the project for which he alone is accountable to the NPP - in addition to the accounts relating to his own region.

### **Observations on the choice of the accounting system**

The project accounting can be organized in the form of separate accounting or self-balancing cost accounting within the project leader's accounting system. The project leader freely chooses the accounting system, including the system of reference (public accountancy, company accounting...), provided that the system ensures complete coverage of the operations and transparency of the management.

-> Separate accounting: accounting system completely distinct from the accounting method(s) used by the project leader(s), although designed in relation to the reference system of the project leader (public accountancy, company accounting).

-> Self-balancing cost accounting: accounting system which is part of a more general accounting system that enables obtaining a distinct position (individualized) of the project.

In most cases, the choice of a strictly separate accounting system is absolutely indispensable, and is certainly desirable, - therefore recommendable, - even if this leads to a dual treatment of accounts; in addition, it will remain necessary for the project operations to be posted in the usual accounts of the body managing the project.

#### Specific information for multi-regional projects

It is necessary that project accounts be organized and kept at the level of each partner region by each of the “regional” project leaders.

The overall project leader, who alone is accountable to the NPP, is responsible for the overall project accounts. In particular, **he is the only person responsible for drawing up certificates of expenditure**.

**Warning:** the transfers of funds between the overall project leader and his partners from other regions do not constitute by themselves expenditure. This notably concerns repayments by the project leader to his partners, using the advances received under NPP assistance.

-> Example of reciprocal operation

A project partner organizes a seminar and bills the participation costs to all the participating partners of the project. These seminar costs are, on the one hand, revenue from the project for the organizing partner, and on the other hand, expenditure for the participating partners. As a result, these costs cannot be considered eligible expenditure as they are "balanced" within the project by an equivalent corresponding item of revenue.

**The overall project leader must receive copies of all supporting documents relating to region accounts.** It is therefore the responsibility of each region to send these copies to the overall project leader, at the same time as the corresponding accounting statements.

It is therefore up to the overall project leader, who alone is accountable to the NPP, to ensure that the financial and accounting statements drawn up by his partners are reliable and, in particular, **that each partner applies all the obligations relating to the project's management**.

#### Implementation of the project's accounting system

The project's accounting system ensures the posting of all expenditures (costs) and revenues (receipts) related to the project.

Expenditures (costs) are posted in their entirety, even those elements that are not eligible; the distinction between eligible/non eligible expenditure, and, in the case of eligible expenditure, between the amount, which is and is not eligible, must be clearly made in the accounting system.

Revenues (receipts) are posted in their entirety: NPP assistance, regional/national matching funding, including revenue in the form of a contribution of staff, various forms of revenue, even if they do not enter directly into consideration as matching funding (commercial receipts, reimbursement of costs, investment income, gains from currency exchange).

#### Certification of the projects' accounts

It is strongly recommended that project accounts be certified by a qualified individual: public accountant for bodies of an institutional nature, chartered accountant and/or statutory auditor for bodies with a private status.



In the case of multi-regional projects, the overall project leader should ensure that the certification covers not only the overall project accounts but also the separate “regional” accounts kept by the partner regions.

### Preservation of supporting documents

Supporting documents (bookkeeping vouchers and other supporting elements: service contract, rental agreement, leasing contract...) must be grouped together, archived and preserved for at least 3 years after the NPP’s last payment relating to the project, in the offices of the overall project leader.

In the case of multi-regional projects, these documents must be grouped together, archived and preserved for the same length of time in the offices of each regional project leader. The overall project leader must also preserve copies of all supporting documents, which have been submitted to him by the leaders of each partner region so that they can be shown in the case of an audit.

## **6. SPECIFIC RULES CONCERNING EXPENDITURE THAT MAY BE TAKEN INTO CONSIDERATION UNDER THE NPP**

### **1. CATEGORIES OF EXPENDITURE**

The following notes correspond to the categories of expenditure in the reference budget accepted by the Commission for financial settlement and set out for each category of expenditure the rules that may be taken into consideration under Article 10 of the ERDF.

Other categories of expenditure will be taken into consideration only with the agreement of the Commission.

Expenditure in kind (that is, expenditure not giving rise to an actual payment) is not, in principle, eligible and cannot be considered as giving rise to entitlement to part financing.

Non-eligible costs include also education and costs occurred outside the program region.

#### **1. Costs of studies and experts' reports**

Project leaders may commission studies and consult experts on their own authority. In the case of expenditure on experts, the unit costs of consultants per person per day must be justified in the final report if they exceed the normal scales. In any case, the part of the costs exceeding the ceilings fixed by the Commission (see Annex 4) may not be entered in the accounts as eligible expenditure.

#### **2. Staff costs**

2.1. The costs (salaries and social contributions) for staff of bodies responsible for or associated with the implementation of a project and actually working full-time, part-time or for a period limited to carrying out the duties required for the satisfactory implementation of the project are eligible subject to the conditions set out at 2.2. and 2.3.

Where these bodies are a branch of the public administration, in particular a regional or local authority, only the costs relating to the staff of the commissioning body (responsible for the implementation of the project) or provider of services are eligible (see Annex 2).

At the European Union level<sup>2</sup>, a call for tender procedure is compulsory for contracts awarded by a public sector body (public supply, works or service contracts). Community rules must at the very least be applied to all such contracts awarded within the framework of the project<sup>3</sup>.

In any event, the expenditure on **civil servants** or other public staff, working in national (for example ministries), regional (for example regional councils) or local public administration (for example municipalities or cities) may not exceed 25 % of the total eligible cost of the pilot project.

Staff costs, which aren't included to this 25%, are for example:

- If regional council hires a researcher/project manager just for the project, his/her salary costs because he/she is not fulfilling the usual tasks of administrative authority
- all the private sector staff costs
- Staff costs occurred in universities, other educational institutions and research institutes.
- 

2.2. Staff costs concerning duties carried out by the staff of the body responsible which give rise to an actual payment in the form of salaries and overheads but which cannot be invoiced may be entered in the accounts as eligible expenditure subject to the following conditions:

- the body responsible for the project must state clearly the categories of duties to be carried out by such staff and state why it prefers not to have them carried out by an outside body;
- in the case of staff not employed full-time, costs will be entered in the accounts pro rata to the time they devote to the project;
- Payments are to be justified by accounting documents providing proof equivalent to that of invoices. The project leader is to explain which accounting documents he intends to accept as satisfactory in this respect and how expenditure which has not given rise to an invoice is to be certified as having been effected.

It is strongly recommended that an approved system be used in those countries where one exists.

2.3 Staff costs concerning duties carried out by the staff of associated bodies, which give rise to a financial payment by the project leader to those bodies, are eligible. These costs are to be justified by means of receipted invoices or accounting documents providing proof equivalent to that of invoices.

Costs which do not give rise wholly or partially to payments by the body responsible for the project because they comprise the contribution of bodies associated with the part-financing of the project, may be entered in the accounts as eligible expenditure subject to the conditions set out in 2.2. The project leader is responsible for ensuring that the invoices or accounting documents providing proof equivalent to that of invoices accurately reflect the duties and expenditure undertaken by the bodies associated with undertaking the project.

2.4. Furthermore, in the case of staff of public authorities working on implementation of a project on a full- or part-time basis, the body to which they belong must have taken a formal decision of assignment.

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<sup>2</sup> At the level of each EU Member State, other rules may exist, and may be more binding, notably with regard to the amount of the contract which requires the issuing of a call for tender. In any event, in the case of a project implemented with financial assistance from the European Commission, the European rules must at least apply.

<sup>3</sup> The levels that trigger the obligation to issue a call for tender procedure are:

- public service contract: an amount equal to or greater than Euro 138 000 (excl. VAT);
- public works contract: an amount equal to or greater than Euro XXX 000 (excl. VAT);
- public supply contract: an amount equal to or greater than Euro XXX 000 (excl. VAT).

## 2.5 The following are not eligible:

- the costs of public administration staff engaged in their usual duties of monitoring and inspection as commissioners of pilot projects undertaken by other bodies;
- Daily allowances for those benefiting from certain measures taken under the project (e.g. participation in seminars, training, publicity visits, study trips).

### 3. **Travel and subsistence costs**

Subject to local rules, the costs of travel and subsistence connected with a project are eligible. Where the Commission rates (given in Annex 4) are exceeded while using the cheapest forms of rapid transport, the excess is not eligible. If this budget item exceeds 20% of total eligible expenditure, its percentage weight must be justified in full.

### 4. **General expenditure**

General expenditure includes, in particular, premises, legal assistance, postage, telephone and fax, and office supplies.

Banking costs (costs charged by a bank to do certain operations: charges for payments, account charges, charges for mailing checkbooks) fall under category of General Expenditure, so long as the operations that generate these costs are related to the project.

Costs related to bank guarantees are generally ineligible, since Community assistance for the project is not a “global subsidy”, unless the implementation of such a guarantee was required by the Commission.

**Ineligible:** Exchange rate losses whether they are related to sums collected as Community assistance, movements of funds between project partners, payment of suppliers and service providers;

-> In contrast, exchange rate gains are not revenue to be entered as matching funding of Community assistance; on the other hand, the gains must be posted in the project's accounts as must exchange rate losses.

General expenditure on premises used for projects, whether for management and administration or for activities includes mainly rent heating, lighting and maintenance. Such expenditure is eligible only for the lifetime of the project.

Overheads are to be allocated in an equitable manner, in accordance with generally accepted accounting standards.

### 5. **Expenditure on publishing and documentation, including translation**

### 6. **Expenditure on seminars and conferences**

Rental of premises and equipment, interpreting.

### 7. **Expenditure on equipment**

Only expenditure on goods **strictly necessary** for the proper implementation of the project is eligible.

Expenditure on hire or leasing must be limited **to the period of eligibility of payments** specified in the Northern Periphery Programme grant letter. Expenditure on leasing is subject in addition to the general rules contained in the guide

Expenditure on the purchase of equipment **will be eligible only if the purchase is made after the start of the project as shown in the Northern Periphery Programme grant letter**. Two cases may arise:

- Investments which, **by their nature, cannot be used for another purpose** once the pilot project has finished and help to preserve certain specified results arising from the objectives of the pilot project (e.g. investments in plant for businesses involved in technology transfer projects). In this case, the whole purchase price of the investment is eligible;
- In contrary cases (e.g. office furniture), eligible expenditure **is limited to one fifth of the cost per year of utilization, except for information technology, where one third of the cost of hardware and one half of the cost of software is eligible**.

*An example: A project lasts 14 months (12+2), and has bought a computer. The eligible cost of the computer is at the first year 30 % and at the second year 4,99% (2/12\*30)*

- The purchase of **second-hand** equipment **cannot be accepted** as eligible expenditure.
8. Other categories of expenditure (e.g. training for those taking part in measures, purchase of patents or licenses, etc.). Each category is to be specified and justified.
  9. Infrastructure and construction and fitting out required for the proper implementation of the project are also eligible. The purchase of buildings and land is not eligible.
  10. Comment on Article 10 of the ERDF concerning VAT and other taxes and charges

**Only non-recoverable VAT that may not be refunded or offset by the tax authorities may be included in the financing tables.** Accordingly, expenditure where recovery is not possible will be entered in the accounts inclusive of all charges and expenditure where recovery is possible or which is zero-rated will be entered exclusive of tax. See Annex 1.

## **II. PRESENTATION OF ELIGIBLE EXPENDITURE**

The financing table in Annex 3 sets out the eligible categories of expenditure, each of which should be detailed in an annex 5. In particular, details should be given of the costs of studies and experts' reports, staff expenditure, general overheads and the costs of meetings, conferences and seminars. Staff expenditure where there is no invoice for staff costs should be given using the information required under I.2.2.

## **III. REVENUE, INCOME AND FINANCE CHARGES**

Interest earned on the total amount granted by the Northern Periphery Programme must be used in accordance with the objectives of the pilot project, and **the project leader must account for the precise use made of it**. Otherwise, the amount of such interest will be deducted from the balance to be transferred by the Northern Periphery Programme.

Interest on loans, if any, arising for example from cash-flow problems, is not eligible.

Investment income, for example the interest collected through the temporary placement of advances paid under Community assistance, is not revenue to be included as matching funding of Community assistance; on the other hand, it must be posted in the project's accounts. And in certain conditions, the income can be deducted from assistance when determining the definitive amount of Community assistance.

## **IV. RULES ON CHANGES TO PROJECTS**

Projects may be amended during implementation. All amendments other than the minor ones specified below require approval from the Northern Periphery Programme.

The following are considered to be minor amendments:

- changes of less than 10 % in the allocation of the budget between partners in different regions;
- Increases in one or more categories of expenditure which, without increasing the overall budget approved by the Northern Periphery Programme, do not exceed ECU 20 000 per category or where they exceed ECU 20 000, do not exceed 10% of the amount entered in the budget for that category.

In any case, any amendment to the project must be notified to the Northern Periphery Programme immediately.

Any increase in a category of expenditure that exceeds the thresholds referred to above must receive the consent of the Northern Periphery Programme. If no consent is given, the proportion of the expenditure in excess of the thresholds will be considered ineligible.

Eligibility of expenditure under the Structural Funds

### **VAT AND OTHER TAXES AND CHARGES**

**General rule:**

**VAT which is recoverable, refunded or offset by the tax authorities or by any other means cannot be considered eligible for the operators, and therefore cannot be part-financed by the Structural Funds).** The cost connected with VAT is therefore eligible in full only if the final beneficiary actually bore this cost.

In the same way as for VAT, the other categories of levies, taxes or charges (in particular direct taxes and social contributions on wages) arising from Community financing constitute eligible costs if these taxes and charges are actually and definitively borne by the final beneficiaries (and regardless of the fact that they contribute to the budget of the Member State).

It is the responsibility of the authorities designated in the Member States, and the Commission departments when on-the-spot checks are carried out, to check whether the expenditure declared by the operators is eligible, and in particular any VAT included in it.

Where doubts arise as to whether the VAT should be refunded, in particular as a result of particular circumstances relating to the beneficiary's legal status or special features of the tax system of the Member State, the VAT included in declared expenditure is subsidized by the Funds only after analysis case by case.

The public or private status of the final beneficiary does not have to be taken into consideration for the assessment of eligibility, since it does not affect the VAT, which is collected for the benefit of the country and the European Union.

Eligibility of expenditure under the Structural Funds

**COSTS INCURRED BY PUBLIC ADMINISTRATION, including SALARIES OF MEMBER STATES' CIVIL SERVANTS**

**General rule:**

1. Costs incurred by public administration, including salaries of national and local (statutory) civil servants employed on day-to-day management, monitoring and control tasks on part-financed projects meeting regulation requirements are ineligible for part-financing through forms of assistance, including technical assistance.

2. Only additional expenditure, meaning expenditure over and above normal patterns that is linked to specific and supplementary regulatory requirements may be eligible. Evidence that the expenditure is indeed "additional" must be furnished by the Member State, and the expenditure will require prior acceptance by the Commission services. One point that must be checked is whether financing is warranted by the programme's objectives, and whether the administrative expenditure is directly chargeable to projects eligible under the programme.

**Specification**

3. Costs of public administration, including salaries of national civil servants, incurred otherwise than on day-to-day management, monitoring and control tasks are obviously to be treated as eligible expenditure if they are:

- project implementation fees incurred by way of professional services rendered by public servants or services and invoiced to a project commissioner, irrespective whether that commissioner is in the public or the private sector;
- project implementation fees including provision of services borne by a public authority that is itself the final beneficiary undertaking the realisation of the works on its own account without recourse to outside engineers or firms, provided the costs relate to expenditure actually and directly incurred on the part-financed project;
- costs of action integrated into measures that by definition entail public spending (as specified in the particular rules for certain Funds).

**ERDF**

*Pilot projects under Art. 10 of the ERDF Regulation*

Costs of local civil servants acting as project manager (realising the pilot project) or as service providers may be treated as eligible. The expenditure may in no case exceed 25% of the total eligible costs of the pilot project.

## ANNEX 3

### BUDGET

**Table: Detailed breakdown by type of eligible expenditure (including non-recoverable VAT)**

Type of expenditure <sup>4</sup>	Amount of eligible expenditure in ecus	% of total
Studies and experts' reports		
Staff costs		
Mission expenses (travel and subsistence costs) <sup>5</sup>		
General expenditure		
Promotion and publications		
Meetings, conferences and seminars		
Equipment		
Infrastructure, construction and fitting out of buildings		
Other (to be specified)		
<b>TOTAL<sup>6</sup></b>		<b>100</b>

For each of these points (at least for points 1, 2, 4 and 6) you must indicate in an annex to the table in which way you have obtained these results. Example point 1: number of experts/days and unit cost, number of planned studies; point 2: categories of staff concerned, estimation of working days for each staff category, unit cost for each category; point 4: indicate content of this item; point 6: how many seminars and participants are envisaged; point 7: indicate type of equipment.

## ANNEX 4

### SCALES FIXED BY THE COMMISSION FOR:

<sup>4</sup> For the definition of eligible expenditure, see Annex 2A to the grant letter.

<sup>5</sup> Check that expenditure on attendance at meetings organized by the Commission on the project is included (see guide to project management).

<sup>6</sup> The VAT relating to each item in the draft budget should be clearly shown in an annex. Only non-recoverable VAT is eligible.



## **I. Fees per person per day**

<b>scales for service contracts</b>				
<b>Level</b>	<b>Experience</b>	<b>basic (ECU)</b>	<b>140%* (ECU)</b>	<b>170%* (ECU)</b>
I	>15 years	365	510	620
II	10 – 15 years	310	435	530
III	5 – 10 years	185	260	315
IV	2 - 5 years	155	220	260
V	0 - 2 years	125	175	210

\* *Higher rate accepted where justified by the expert's particular competence and/or level*

## **II. Travel expenses**

1. Cheapest usual route by first-class rail travel between the place from which summoned to the place of work.

If the journey includes not less than six hours of night travel between 22.00 and 7.00, a double sleeper will be reimbursed.

Reservation fees, cost of transporting necessary luggage and supplements for fast trains.

2. For journeys by car the cost of first-class rail travel, excluding sleeper and other supplements, will be reimbursed. If two or more persons entitled to reimbursement of travel expenses use the same car, the person responsible for the car only will be entitled to reimbursement at the rate of 150%.

3. If the distance by rail exceeds 400 km or if a sea crossing is involved, the cost of air travel in economy class or, if this is not available, in business class, will be reimbursed.

## **III. Subsistence**

Subsistence expenses cover all expenditure including accommodation, meals and travel at the place of work. The daily rate may not exceed ECU 155.

If the place from which the expert is summoned is no more than 100 km away, no allowance will be paid.

ANNEX 5

NORTHERN PERIPHERY PROGRAMME  
(Article 10 of the ERDF Regulation - Innovative regional and local measures)

**Certificate of expenditure**  
**and application for payment**

Project \_\_\_\_\_

**Northern Periphery Programme**

Grant letter of \_\_\_\_\_

Reference No \_\_\_\_\_

I/We, the undersigned \_\_\_\_\_

\_\_\_\_\_, Hereby certify that all the eligible expenditure paid in accordance with the progress of the project was incurred after

		19.....	and amounts to	
--	--	---------	----------------	--

Reference date given in the letter granting assistance  
(ECU)

A summary of this expenditure is in the Table1 and forms an integral part of this certificate. I/ We also certify that the measure is progressing satisfactorily and in accordance with the aims of the project and complies with the provisions in the grant letter.

In accordance with the latest financing plan, I/We therefore request payment of:

First advance	
Second advance	
(Third advance)	
Balance	

(Tick the appropriate box)

The payments should be made to:

Holder of the bank account (Beneficiary)
Bank account code (Bank, branch and account number)

In the case of Norwegian lead-partner the EU-funding information:

Holder of the bank account (Beneficiary)
Bank account code (Bank, branch and account number)

The periodic reports required

	have been submitted
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and I/ We confirm that the information is true.

Date 

		199..
--	--	-------

Name, stamp, capacity and signature of project leader/+assisting coordinator

PROJECT :		<b>MONITORING TABLE</b> <b>PROJECT EXPENDITURE</b> <i>1. Norwegian expenditure</i>	
REFERENCE :			
body responsible :			
START DATE OF ELIGIBLE EXPENDITURE :			
FINAL DATE OF COMMITMENTS :			
Unit : EUR		MONTH/YR	
Date of completion of Table :		<b>A</b>	<b>B</b>
Name(s) and Signature(s) of person(s) responsible:		ADMITTED TOTAL PUBLIC COST Eligible expenditure Of the budget	PREVIOUS NORWEGIAN EXPENDITURE
1	Studies and experts' reports		
2	Staff costs		
3	Mission expenditure (travel and subsistence costs)		
4	General expenditure		
5	Promotion and publications		
6	Meetings, conferences and seminars		
7	Expenditure on equipment		
8	Infrastructure and construction		
9	Other (to be specified in attached note)		
10	TOTAL		
Contact details (name(s), organisation, phone/fax, Email) of the person(s) to be contacted for further information			
RESERVED FOR USE BY PROGRAMME SECRETARIAT			
DATE of RECEIPT of TABLE :			

PROJECT :		<b>MONITORING TAB PROJECT EXPEND EU expenditure</b>	
REFERENCE :			
body responsible :			
START DATE OF ELIGIBLE EXPENDITURE :			
FINAL DATE OF COMMITMENTS :			
Unit : EUR		MONTH/YR	
Date of completion of Table :		<b>A</b>	<b>B</b>
Name(s) and Signature(s) of person(s) responsible:		ADMITTED TOTAL PUBLIC COST Eligible expenditure Of the budget	PREVIOUS EU EXPENDIT
1	Studies and experts' reports		
2	Staff costs		
3	Mission expenditure (travel and subsistence costs)		
4	General expenditure		
5	Promotion and publications		
6	Meetings, conferences and seminars		
7	Expenditure on equipment		
8	Infrastructure and construction		
9	Other (to be specified in attached note)		
10	TOTAL		
Contact details (name(s), organisation, phone/fax, Email) of the person(s) to be contacted for further information			
RESERVED FOR USE BY PROGRAMME SECRETARIAT			
DATE of RECEIPT of TABLE :			

PROJECT :		<b>MONITORING TAB</b> <b>PROJECT EXPEND</b> <i>Total expenditure</i>	
REFERENCE :			
body responsible :			
START DATE OF ELIGIBLE EXPENDITURE :			
FINAL DATE OF COMMITMENTS :			
Unit : EUR		MONTH/YR	
Date of completion of Table :		<b>A</b>	<b>B</b>
Name(s) and Signature(s) of person(s) responsible:		ADMITTED TOTAL PUBLIC COST Eligible expenditure Of the budget	PREVIOUS EXPENDIT
1	Studies and experts' reports		
2	Staff costs		
3	Mission expenditure (travel and subsistence costs)		
4	General expenditure		
5	Promotion and publications		
6	Meetings, conferences and seminars		
7	Expenditure on equipment		
8	Infrastructure and construction		
9	Other (to be specified in attached note)		
10	TOTAL		
Contact details (name(s), organisation, phone/fax, Email) of the person(s) to be contacted for further information			
RESERVED FOR USE BY PROGRAMME SECRETARIAT			
DATE of RECEIPT of TABLE :			

PROJECT

Date of this certificate  
Northern Periphery Reference

Date of

CERTIFICATION IN EUROS: SUMMARY OF EXCHANGE RATES USED FOR CONVERSION BY AMOUNT AND BY REGION  
Period of eligibility from ..... to .....

National currency (NC)

Year	Region: NC:			Region: NC:			Region: NC:			Reg NC:
	NC	EURO	Rate for the month <sup>1</sup>	NC	EURO	Rate for the month <sup>1</sup>	NC	EURO	Rate for the month <sup>1</sup>	NC
January										
February										
March										
April										
May										
June										
July										
August										
September										
October										
November										
December										
Total										

<sup>1</sup> Use the exchange rate for the month in which the expenditure was entered in the accounts of the project leader

Stamp(s) and signature(s) of the responsible authority (ies)

No L 193 Official Journal of the European Communities 31.7.93

Council Regulation (EEC) No 2082/93

of 20 July 1993 amending Regulation (EEC) No 4253/88 laying down provisions for implementing Regulation (EEC) No 2052/88 as regards coordination of the activities of the different Structural Funds between themselves and with the operations of the European Investment Bank and the other existing financial instruments

## Article 23

### Financial control

1. In order to guarantee completion of operations carried out by public or private promoters, Member States shall take the necessary measures in implementing the operations:

- to verify on a regular basis that operations financed by the Community have been properly carried out,
- to prevent and to take action against irregularities,
- to recover any amounts lost as a result of an irregularity or negligence. Except where the Member State and/or the intermediary and/or the promoter provide proof that they were not responsible for the irregularity or negligence, the Member States shall be liable in the alternative for reimbursement of any sums unduly paid. For global loans, the intermediary may, with the agreement of the Member State and the Commission, take up a bank guarantee or other insurance covering this risk.

Member States shall inform the Commission of the measures taken for those purposes and, in particular, shall notify the Commission of the description of the management and control systems established to ensure the efficient implementation of operations. They shall regularly inform the Commission of the progress of administrative and judicial proceedings.

Member States shall keep and make available to the Commission any appropriate national control reports on the measures included in the programmes or other operations concerned.

As soon as this Regulation enters into force, the Commission shall draw up detailed arrangements for implementation of this paragraph in accordance with the procedures referred to in Title VIII and inform the European Parliament thereof.

2. Without prejudice to checks carried out by Member States, in accordance with national laws, regulations and administrative provisions and without prejudice to the provisions of Article 206 of the Treaty or to any inspection arranged on the basis of Article 209 (c) of the Treaty, Commission officials or servants may carry out on-the-spot checks, including sample checks, in respect of operations financed by the Structural Funds and management and control systems.

Before carrying out an on-the-spot check, the Commission shall give notice to the Member State concerned with a view to obtaining all the assistance necessary. If the Commission carries out on-the-spot checks without giving notice, it shall be subject to agreements reached in accordance with the provisions of the Financial Regulation within the framework of the partnership. Officials or servants of the Member State concerned may take part in such checks.

The Commission may require the Member State concerned to carry out an on-the-spot check to verify the regularity of payment requests. Commission officials or servants may take part in such checks and must do so if the Member State concerned so requests.

The Commission shall ensure that any checks that it carries out are performed in a coordinated manner so as to avoid repeating checks in respect of the same subject matter during the same period. The Member State concerned and the Commission shall immediately exchange any relevant information concerning the results of the checks carried out.

3. For a period of three years following the last payment in respect of any operation, the responsible body and authorities shall keep available for the Commission all the supporting documents regarding expenditure and checks on the operation.

## Article 24

### Reduction, suspension and cancellation of assistance

1. If an operation or measure appears to justify neither part nor the whole of the assistance allocated, the Commission shall conduct a suitable examination of the case in the framework of the partnership, in particular requesting that the Member State or authorities designated by it to implement the operation submit their comments within a specified period of time.

2. Following this examination, the Commission may reduce or suspend assistance in respect of the operation or a measure concerned if the examination reveals an irregularity or a significant change affecting the nature or conditions for the implementation of the operation or measure for which the Commission's approval has not been sought.

3. Any sum received unduly and to be recovered shall be repaid to the Commission. Interest on account of late payment shall be charged on sums not repaid in compliance with the provisions of the Financial Regulation and in accordance with the Arrangements to be drawn up by the Commission pursuant to the procedures



## **CONTENT OF AGREEMENT BETWEEN PARTNERS**

### **MAIN ELEMENTS**

1. All partners are in agreement with the content of the grant letter and its annexes, including the project, sent by the NPP, and accepted by the receiving organisation, including the technical and financial terms (description of eligible costs, periodical reports) or empower the project leader to accept it. The project leader alone is responsible for evaluating, before committing all the partners, the reality of the technical and financial partnerships.
2. All partners accept the project's provisional total budget and commit themselves to providing their individual contributions to the budget (in principle as soon as the action gets under way) and to the terms of these contributions (a timetable for the payment of contributions should be attached).
3. The partners will remain united in the event of deficiency on the part of one of the partners, and undertake to rapidly find a valid solution of substitution. If such a solution proves impossible, the NPP must be immediately informed.
4. The partners undertake to keep separate accounts of their expenditure in the project according to the rules - adapted from Community regulations, and to supply all necessary and relevant information for the preparation of activity reports.
5. The partners undertake to truly participate in the management, coordination and concrete implementation of the actions that are entrusted with them as part of the project.
6. The partners undertake to participate in the optimization and diffusion of results according to the terms proposed by the NPP.