



Objective 3 - European Territorial Cooperation

Guide for Applicants

Version no. 3

**OPERATIONAL PROGRAMME SLOVENIA-AUSTRIA
2007-2013**

**The document is valid from:
23 October 2009**



Investing in your future
Operation part financed by the European Union
European Regional Development Fund

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1. ABOUT THE GUIDE

The purpose of this Guide is to assist potential applicants in project development and preparation of the application to participate in the Operational Programme Slovenia–Austria 2007-2013.

This Guide is a part of the application pack. Application pack is a set of documents, forms and guidelines that group all information, requirements and forms needed to prepare the *application* properly and apply for the programme funding. The application pack consists of:

- a) Application Form and Annexes 1 – 6;
- b) Publication of the 2nd Open Call for Proposals;
- c) Operational Programme Slovenia-Austria 2007-2013;
- d) Guide for Applicants (this document);
- e) Sample Subsidy Contract;
- f) Sample Partnership Contract.

All documents are available on the programme web site: www.si-at.eu

How to use the Guide?

In the first part you will find essential information on the present cross-border programme including indication of major differences compared to the Interreg IIIA. Furthermore, information on conditions for participation in the programme is presented.

As it is important to establish a sound cross-border partnership and develop the project idea jointly, a few recommendations related to project development and support available from Regional Bodies (RBs) and Joint Technical Secretariat (JTS) are presented.

Detailed information on how to turn your project into an application form is presented in Chapter 5. Furthermore, information on submission of applications, selection process as well as key responsibilities and requirements of the cross-border partnership in the project implementation are included.

A Glossary explaining frequently used terms is attached at the end of the Guide.

Should this Guide be revised, a new version shall be provided on the website. Changes shall be indicated in this chapter.

Where to start?

Before preparing the application, we strongly recommend reading at least Chapters 5 and 6 of the Operational Programme presenting the programme strategy, objectives and priorities. More background to the programme can be found in Chapters 2, 3 and 4.

The next step is to examine this Guide, which contains a set of practical information that will help you develop quality cross-border projects and apply for funding.

In addition, it is recommended to contact the Regional Bodies (see contacts in 5.3) to get detailed information about regional/national requirements.

2. ABOUT THE PROGRAMME

2.1 What's new?

In the period 2007-2013 the cross-border cooperation is co-financed by the European Regional Development Fund (ERDF) under the European Territorial Cooperation (ETC) objective. Beside the cross-border cooperation, this objective includes transnational and interregional cooperation.

The cross-border cooperation between Austria and Slovenia started in 1995. As we are entering the third programming period, the objectives and intensity of cooperation are becoming more ambitious. Much effort has also been put to the provision of more favourable conditions on both sides of the border to support such cooperation.

In the table below you can find a brief overview of what's new compared to cross-border cooperation practice between Slovenia and Austria in the past programming period. The major differences are presented in the light of the implementation of the Community Initiative Programme Interreg IIIA on both sides of the border (2004-2006) and the new period.

Table 1: What's new?

	Interreg IIIA (2004-2006)	OP SI-AT (2007 – 2013)
Programme area	NUTS level 3 regions along the internal border as the core programme area, plus adjacent regions: Graz and Oberkärnten in Austria and Municipality of Kamnik in Slovenia. Total population: 2.392.903 Area in km ² : 25.669	The core programme area was extended to Südburgenland, also additional adjacent NUTS level 3 regions were included: Osrednjeslovenska in Slovenia and Obersteiermark – Ost, Obersteiermark – West in Austria. Total population: 3.249.136 Area in km ² : 35.523
Share of Community co-financing (ERDF)	The overall share of the co-financing from the ERDF funds was up to 50% of the total eligible expenditure in Austria and 75% of the total public funding in Slovenia.	The share of Community funding is up to 85% of the public funding.
Eligible project applicants and partners	In Slovenia only non-profit organisations with a seat or branch office located in the programme area were eligible to participate in the programme. In Austria, in certain cases also organisations from the	The programme is open to legal entities, both profit and non-profit, established either by public or private law and sole proprietors. In justified cases participation of project partners located outside of the programme area is possible in

	profit sector were eligible project partners.	accordance with the Article 21(1) of the EC no 1080/2006.
Lead Beneficiary/ Lead Partner	Applied on the level of a participating country. Each project owner was responsible to the contracting authority in its country, functional Lead Partner approach possible.	The Lead Partner / Lead Beneficiary principle fully applied.
Submission of applications	<p>Application forms unified to a certain extent.</p> <p>In Slovenia, applications submitted in Slovene language on the basis of calls for proposals.</p> <p>In Austria a rolling system was used. Applications were submitted in German language.</p> <p>Mirror or joint project was to be submitted by applicants both in Slovenia and in Austria.</p>	<p>After the publication of the Open Call for Proposals submission of applications will be possible until all programme funds have been committed.</p> <p>An option to prepare and submit the Project Outline and receive feedback on the project idea before submitting the entire application is now available.</p> <p>The bilingual application (Slovene, German) is submitted to the Joint Technical Secretariat by the Lead Partner only.</p>
Project selection process	<p>Common selection criteria agreed. Differences in the pre-assessment of project proposals existed.</p> <p>The final decision on project approval made by the Joint Steering Committee (JSC).</p>	<p>The project selection process and selection criteria agreed and applied jointly between the partner states.</p> <p>Formal decision on the projects to be funded from the programme is taken by the Joint Monitoring Committee (JMC).</p>
Contracting	<p>In each country, a separate contract for the ERDF funding was signed with the project applicant.</p> <p>In Austria, additional contracts were signed with individual partners for national/regional public co-financing, when provided.</p> <p>In Slovenia, national public co-financing was included in the contract for ERDF funds.</p>	<p>The ERDF Subsidy Contract is signed between the Managing Authority and the Lead Partner that is representing the whole project partnership.</p> <p>The contracts for national/regional co-financing - if needed - shall be signed between the national/regional co-financing body and project partner concerned.</p>

Project implementation	<p>The project implementation was the responsibility of the project applicant on each side of the border. Due to different systems joint implementation was sometimes hindered.</p>	<p>The project implementation is based on the same conditions. Rules based on EU and national legislation have to be respected.</p> <p>The Lead Partner bears the overall responsibility for the project implementation as agreed in the contract. Project partners are liable for their own actions.</p>
Project financial controls	<p>In Slovenia, the first level control has been a centralised service of the National Authority.</p> <p>In Austria, the financial control was mainly done by the regional authorities.</p>	<p>For all Slovene project partners or Lead Partners, the first level control shall be provided by the Financial Control Unit – Objective 3 of the Government Office for Local Self-Government and Regional Policy.</p> <p>In Austria, the financial control will be organised by the Regional Bodies.</p>

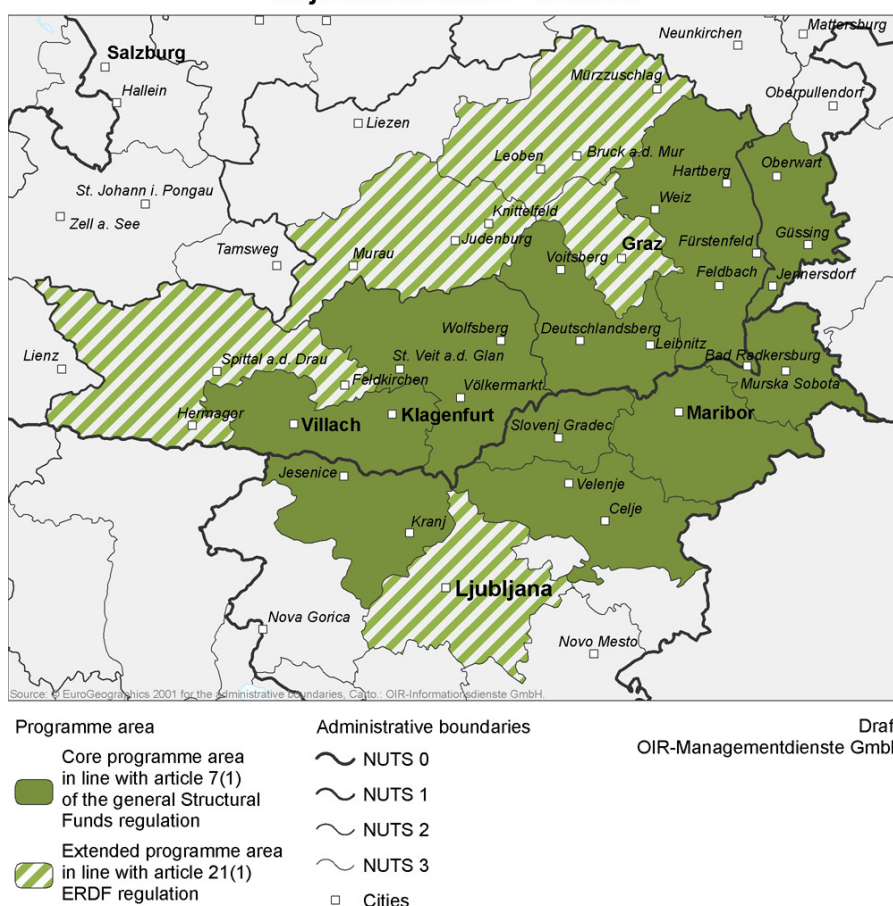
2.2 Programme area

The programme area of the Operational Programme Slovenia–Austria 2007-2013 includes the following territorial units on the NUTS level 3:

- **in the Republic of Slovenia:** Gorenjska statistical region, Savinjska statistical region, Koroška statistical region, Podravska statistical region, Pomurska statistical region and Osrednjeslovenska statistical region;
- **in the Republic of Austria:** Oststeiermark, West- und Südsteiermark, Graz, Obersteiermark Ost, Obersteiermark West, Unterkärnten, Klagenfurt-Villach, Oberkärnten, Südburgenland.

Note: On the map below, the extended programme area with adjacent regions is marked with green-white stripes. According to the article 21(1) of the ERDF regulation EC No 1080/2006, the ERDF may finance expenditure incurred in implementing operations or part of operations up to a limit of 20% of the amount of its contribution to the programme in the NUTS level 3 regions adjacent to the core programme area. According to the article 21(3) of the ERDF regulation EC No 1080/2006, the ERDF may finance expenditure incurred in implementing operations or parts of operations on the territory of countries outside the European Community up to a limit of 10% of the amount of its contribution to the operational programme, where they are for the benefit of the regions of the cooperation area.

Objective 3 Austria - Slovenia



2.3 Objectives of the Programme and expected impact

The **overall aim of the programme** is to contribute efficiently

to extensively fostering the international competitiveness and visibility as well as the quality of the cooperation

by joint development, sustainable and innovative use of

the common potential and opportunities in the regions.

More in operative terms:

- increasing competitiveness in economic key sectors including tourism and agriculture, improving the research & knowledge base, and upgrading the infrastructure, qualification and employment opportunities;
- increasing the quality of life in the programme area by promoting cooperation in the field of culture, health and social affairs;
- promoting sustainable cross-border projects to facilitate cooperation, particularly in the field of environment, sustainable energy and management of the area's natural resources;
- strengthening and improving the quality of cross-border cooperation at local and regional levels.

The table below represents a brief overview of priorities, action fields and specific horizontal contents.

Table 2: Content of the programme

Horizontal themes, tools and principles:	
Human resource development, Networking, Innovation	
Information and communication technology	
Sustainable development, Equal opportunities	
<u>Priority 1:</u>	<u>Priority 2:</u>
COMPETITIVENESS, KNOWLEDGE AND ECONOMIC COOPERATION	SUSTAINABLE AND BALANCED DEVELOPMENT
SME development	Management of natural resources
Tourism	Environment and energy
Framework for knowledge-based economy	Urban and regional development
Thematic fields of strengths	Social and cultural development
<u>Priority 3:</u>	
TECHNICAL ASSISTANCE	

Specific objectives of the Priority 1:

- to support CB-development of the industrial and SME sector, improvement of its competitiveness and internationalisation of its activities;
- to contribute to the increase of the level of CB-technology development, innovation and research focusing to fields of competencies;
- to improve the level of skills and qualification of employees and the mobility, in particular with regard to cross-border cooperation;
- to foster CB-tourism by improving international visibility and developing CB-packages and destinations in order to facilitate attraction of visitors from third markets;
- to improve the competitiveness of business locations and the use of synergies in the trans-border context;
- to strengthen the cross-border integrated approach in particular in rural areas and their potential in the field of manufacturing industry, tourism, agriculture, food processing and others.

Specific objectives of the Priority 2:

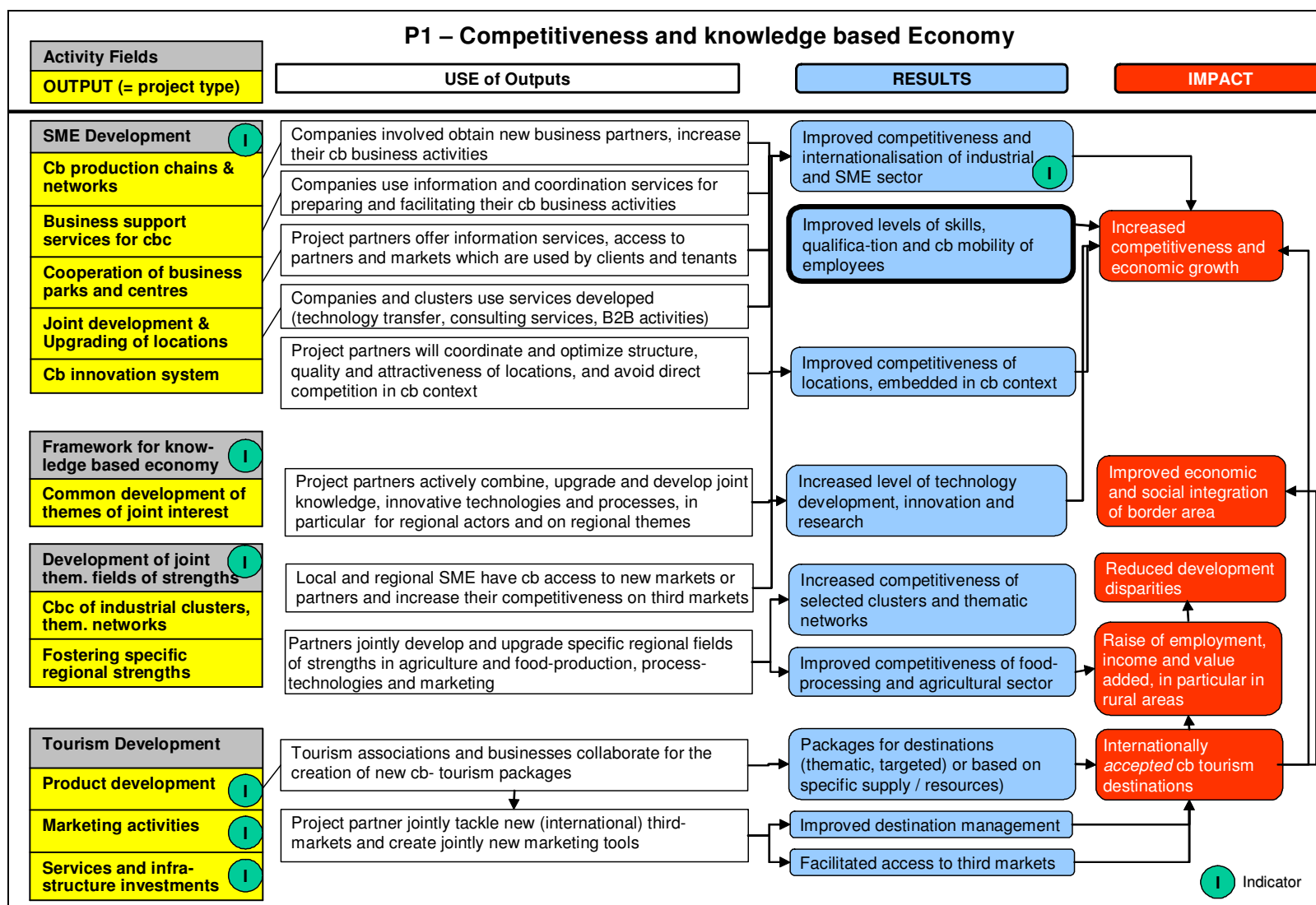
- to contribute to CB-preservation of natural resources and promotion of their sustainable use;
- to promote energy efficiency and increase in the use of renewable energy sources;
- to contribute to efficient CB-environmental management;
- to support improvement of accessibility of the border regions and to promote sustainable and balanced spatial and regional development, including social aspects;
- to strengthen cross-border cooperation at local and regional levels;
- to strengthen cultural identity and exploit the cultural potential of border regions;
- to contribute to improving the quality of life and links between urban and rural areas.

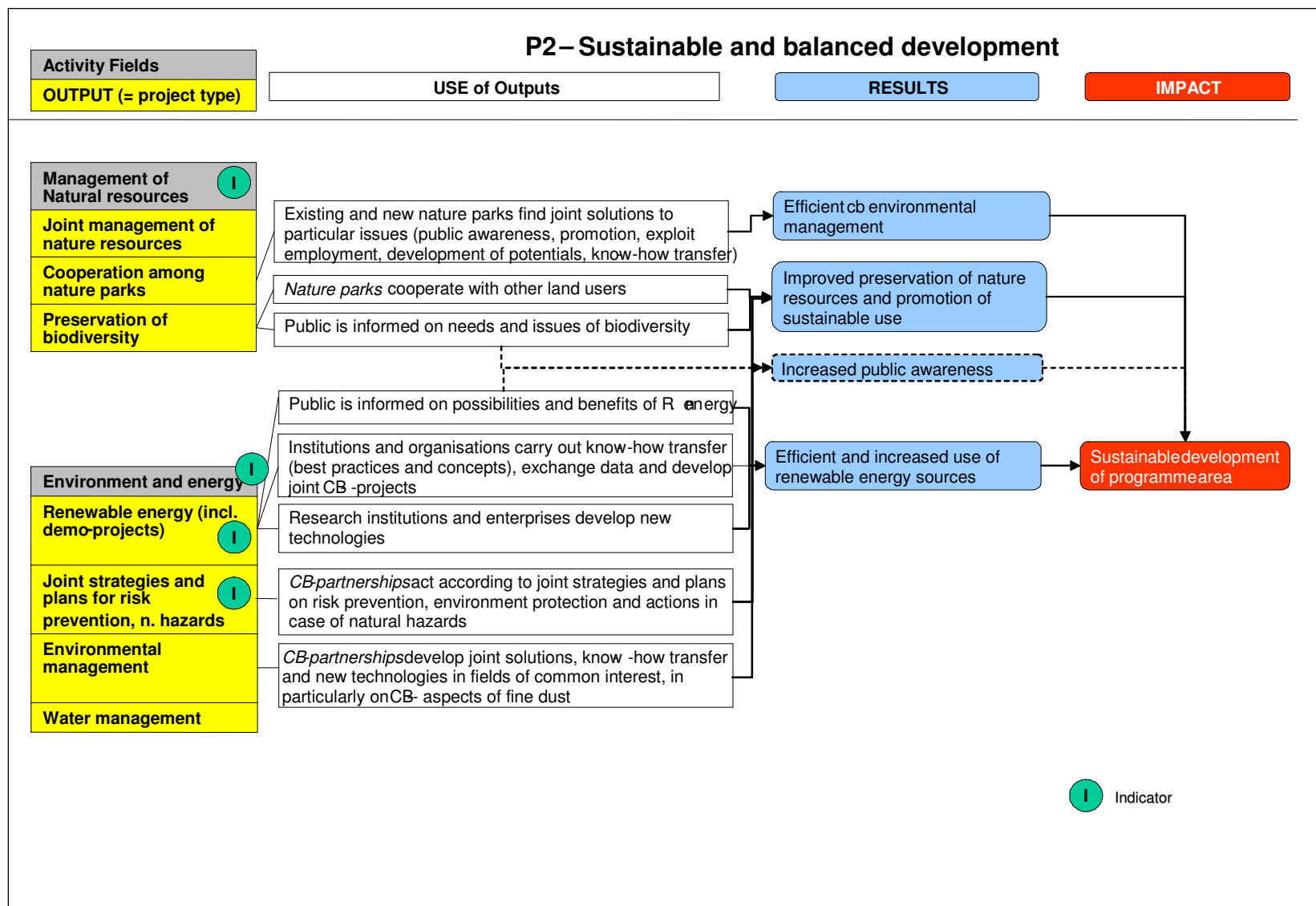
In line with the Council and the European Parliament Regulation (EC) No 1080/2006 of 5 July 2006 on the European Regional Development Fund (Article 6), the primary agricultural activities¹ within the cross-border programmes of the European territorial cooperation are not co-financed out of the European Regional Development Fund.

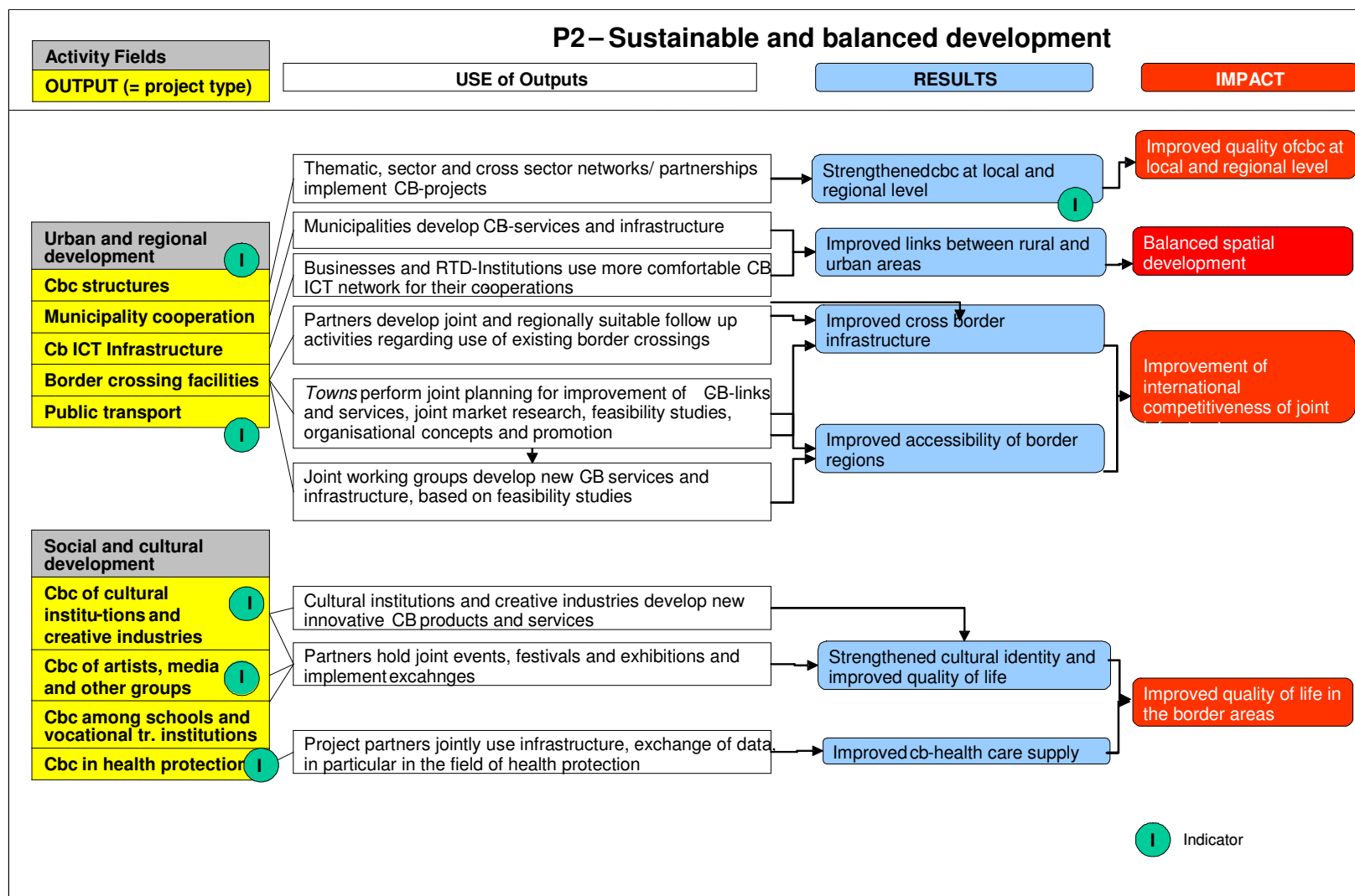
For detailed information on the strategy and contents to be supported under the programme, please refer to the Operational Programme, chapters 5 and 6.

See also the impact diagrams bellow. They will give you a general overview of type of projects and expected outputs and their use, expected results and impacts on the programme level.

¹ Definition includes farming in all its branches and specific farming operations such as the cultivation and tillage of the soil; the production, cultivation, growing, and harvesting of any agricultural or horticultural commodities; and the raising of livestock.







2.3 Legal framework

Projects selected and implemented under the Programme, must comply with EU rules governing the Structural Funds, the national legislation, and must show coherence and complementarities with regional, national and sectoral development programmes.

Basic EU rules

- Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing regulation (EC) NO 1260/1999;
- Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the ERDF, ESF and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the ERDF;
- Commission Regulation (EC) No 846/2009 of 1 September 2009 amending Regulation (EC) No 1828/2006;
- Council and the European Parliament Regulation (EC) No 1080/2006 of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) No 1783/1999;
- Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts, and other relevant directives and regulations in the field of public procurement,
- EU legislation laying down provisions regarding State aid.

National legislation

Besides EU rules and rules of the Operational Programme, national rules have to be respected.

We would like to highlight some examples:

- Procurement of goods and services: - all project partners receiving programme funding in Slovenia have to comply with the national Act on public procurement. All organisations of the public law in Austria will have to comply with provision of public procurement law in Austria. All other organisations from Austria will also have to ensure reasonableness of expenditure for procured goods by applying nationally agreed ceilings and principles.
- State aid: - if the project or its activities are subject to State aid rules, the ceilings of public funding or aid intensity will have to be respected.
- Valid national legislation ruling specific fields addressed by the project, e.g. environmental interventions, natural and cultural heritage, construction, etc., has to be respected in preparing and implementing the projects.

National, regional and sectoral strategies and programmes

The projects have to comply with the regional development programmes, national programmes, as well as strategies from the sector(s) the project refers to.

2.4 Financial framework

The total value of the Programme available for funding of projects under Priority 1 and 2 is 74 mio Euro, of which 85% presents the Community funding from the European Regional Development Fund, while 15% shall be contributed by the national public funding.

In the Table 3 you can see the division of funds available for projects by priorities.

Table 3: Total available programme funding per priorities 1 and 2

Priorities by source of funding (in Euros)				
	Community funding (a)	National public funding (b)	Total funding = (a) + (b)	Co-financing rate = (a) / ((a)+(b))
Priority 1 - Competitiveness, knowledge and economic cooperation	28,293,931.00	4,993,047.00	33,286,978.00	0.85
Priority 2 - Sustainable and balanced development	34,790,857.00	6,139,563.00	40,930,420.00	0.85
Total	63,084,788.00	11,132,610.00	74,217,398.00	0.85

3. HOW TO PARTICIPATE

3.1 Who can participate?

The participation in the programme is primarily open to **legal entities and sole proprietors located within the programme eligible area**. If the project partnership includes a partner located outside the programme area, it is to be explained why the contribution of this partner to achieving the project objectives is essential and activities cannot be carried out by another partner located in the programme area.

The minimum partnership requirement is to have at least **one project partner from Austria and one from Slovenia**. The upper number of project partners is not limited. The partners decide among themselves who is to be the Lead Partner (see Chapter 8 for more details on Lead Partner's and project partner's responsibilities). All project partners must have active role in the project. Lead Partner or project partners cannot act as intermediaries in the project.

All project partners need to have **legal, financial and operational capacity** to participate in the programme. For more details see Annexes 3 and 4: Lead Partner Statement and Partnership Statement.

In case of doubt concerning the eligibility of any partner, additional clarifications or evidence may be requested.

The indicative list of potential applicants/Lead Partners or project partners under each priority:

Priority 1:

- private and public business support institutions (incubators, technology parks, science parks, competence centres, business support centres)
- enterprises, clusters and networks,
- national, local and regional authorities,
- research institutions,
- universities and technology and business oriented high schools,
- tourism institutions, associations and agencies,
- local and regional development organisations,
- training and education organisations and institutions,
- institutions and organisations representing economic and social interests of employees, employers, cities and/or municipalities.

Priority 2:

- local, regional and national authorities and organisations,
- enterprises, clusters and networks,
- institutions and organisations in the field of nature protection and conservation, environment and risk prevention, emergency management, spatial planning, public transport,
- institutions and organisations in the field of renewable energy and energy efficiency,
- institutions and organisations in the field of culture, health, medicine, education and training, rural development, tourism, social affairs, labour market,
- associations and NGOs in the field of nature protection, environment, culture, education, social issues, rural development, tourism, sports and leisure,
- institutions and organisations representing economic and social interests of employees, employers, cities and/or municipalities,
- research institutions,
- universities and high schools,
- associations and agencies,
- local and regional development organisations,
- training and education organisations and institutions.

3.2 What kind of projects can be supported?

In order to define the possible projects and related project activities that can be implemented under the programme, refer to the description of activity fields under each priority including horizontal themes as presented in the Operational Programme, Chapter 6. The most important aspect in choosing the most appropriate project activities is their contribution to project (and programme) objectives. For eligible expenditure see Chapter 4.4 of this Guide. Only genuine cross-border projects shall be supported.

In general, projects comprising only one-off events are not eligible.

3.3 Project size, financing and project duration

- **Project size**

The projects eligible for participation in the programme have to apply for at least 30,000.00 Euro of ERDF funds and as recommendation should not apply for more than 3 million Euro ERDF funds.

- **Financing**

Only eligible expenditure can be funded from the programme, whereby the Community co-financing from the ERDF can amount to max. 85% of the public funding; at least 15% is to be ensured from other public sources.²

The maximum ceiling of project public co-funding must be observed if the project or part of its activities is subject to State aid rules.

In Slovenia, each project partner must provide at least 5% as own contribution to funding of its total eligible costs.³

National public co-financing at the state level in Slovenia shall be provided by the Government Office for Local Self-government of the Republic of Slovenia to project partners from Slovenia participating in approved projects. During the preparation of the applications, applicants are advised to consult the Regional bodies in Slovenia as stated in the point 5.3 of this Guide.

In case of national/regional co-financing in Austria, funding bodies providing national/regional co-financing should be contacted and Annex 5 - Co-financing statement has to be attached to the application for each partner concerned.

Detailed requirements have to be clarified with the Regional Bodies (RBs).

- **Project duration**

The project duration has to be reasonably calculated upon the time needed to implement the project, whereby the following has to be observed:

The recommended project duration is up to 36 months.

Start of the project

The earliest possible start of the project is the date when receipt of the fully completed Project Outline is confirmed by the Joint Technical Secretariat (JTS). The confirmation is

² When calculating requested ERDF amount (especially in Annex 1- Budget), please note that the amount of the requested ERDF has to be rounded down, so that the amount does not exceed 85 % on any decimal number.

³ The amount has to be rounded up, so the amount of the own contribution equals at least 5% (4,9999 cannot be accepted). Please note that in the case of private partners, each partner (Slovenian) has to contribute 5% of 100% total costs, and the remaining 95% of costs should be financed in the proportions max. 85% of ERDF and 15% of national public funding. In cases when 5% own contribution (calculated from total project costs) is contributed by public institutions, ERDF amounts to max. 85% of total costs, and national resources 10% of total costs; therefore, the remaining public resources in total amount to 15% (5% + 10%).

possible if the *Application Form* is filled in properly in all for the Project Outline required sections and submitted to the JTS.

If the Project Outline is not submitted, the earliest possible start of the project is the date of the receipt of the application.

Be aware of the following conditions influencing the project start and related period for eligibility of expenditure:

- if the project or part of its activities is subject to regional State aid rules, project start is not possible before the date of the statement of confirmation of general eligibility is issued;
- start of the project and related period of eligibility of expenditure for an individual project partner can also be determined on a later date due to regulations concerning public procurement or national legislation that needs to be observed in relation to provision of national public co-financing.

End of the project

The project end is the date when the last payment has been executed by the project partners. In any case, all projects have to be ended by 31 March 2015 at the latest.

3.4 Cross-border cooperation criteria

New cooperation requirements have been introduced for the 2007 - 2013 period. All project partners must work together actively for producing the project outputs and achieving their planned use.

The following cross-border cooperation criteria have been established, of which **at least two must be fulfilled to have the project eligible for funding**. Note that in this programme a higher standard of the joint staffing criteria was set.

Joint development

- All partners should contribute to the development of the project.
- Partners define how the project will operate. Joint development of objectives and outcomes, budget, timing, responsibilities and division of tasks to achieve the objectives.
- Identifying knowledge and experience that each partner brings to the project and what each partner expects to get from the project.

Joint implementation

- The Lead Partner bears the responsibility for the overall project implementation; all partners take responsibilities for different parts of the implementation.
- Each project partner is responsible for the tasks foreseen for achievement of the objectives, and has to ensure that needed activities are carried out, milestones are met and unexpected challenges to implementation are dealt with.

Joint staffing

- All project partners have a defined role and allocate staff to fulfil this role.
- Staff members coordinate their activities with others involved in the activities and exchange information regularly.

- There should be no unnecessary duplication of functions in different partner organizations.
- Joint staffing is achieved when, after the end of the project, there is one common institution with staff from both countries (long term **vision**).

Joint financing

- The project has a joint budget with funding allocated to partners according to the activities they are carrying out.
- The budget includes annual spending targets.

3.5 State aid

Public grant is regarded as incompatible with the Common Market if it distorts, or has the potential to distort, competition within the European Union. Community rules on State aid limit and give exemptions to the support, which may be provided from public funding.

State aid is defined as an advantage in any form whatsoever conferred on a selective basis to undertakings by public authorities. It is important to mention that the concept of an undertaking covers any entity engaged in an economic activity, regardless of its legal status and the way in which it is financed. Therefore the nature of activities of the undertaking in question is relevant to define if State aid rules will be applied.

The following criteria define whether the support received is State aid. State aid rules apply only to measures that satisfy all of the criteria listed in Article 87(1) of the Treaty.⁴

a) Transfer of State resources:

State aid rules cover only measures involving a transfer of State resources (including national, regional or local authorities, public banks and foundations, etc.).

Furthermore, the aid does not necessarily need to be granted by the State itself. It may also be granted by a private or public intermediate body appointed by the State. The latter could apply in cases where a private bank is given the responsibility to manage a state funded SME aid scheme.

Financial transfers that constitute aid can take many forms: not just grants or interest rate rebates, but also loan guarantees, accelerated depreciation allowances, capital injections, price discounts, etc.

b) Economic advantage:

The aid should constitute an economic advantage that the undertaking would not have received in the normal course of business. Some examples are given below:

- A firm buys/rents publicly owned land at less than the market price;
- A company sells land to the State at higher than market price;
- A company enjoys privileged access to infrastructure without paying a fee;
- An enterprise obtains risk capital from the State on terms, which are more favourable than those obtained from a private investor.

c) Selectivity:

State aid must be selective and thus affect the balance between certain firms and their competitors. "Selectivity" is what differentiates State aid from so-called "general measures"

⁴ Vademecum Community Rules on the State Aid, as of 15 February 2007

(namely measures which apply without distinction across the board to all firms in all economic sectors in a Member State (e.g. most nation-wide fiscal measures)).

A scheme is considered “selective”, if the authorities administering the scheme enjoy a degree of discretionary power. The selectivity criterion is also satisfied if the scheme applies to only a part of the territory of a Member State (this is the case for all regional and sectoral aid schemes).

d) Effect on competition and trade:

Aid must have a potential effect on competition and trade between Member States. It is sufficient if it can be shown that the beneficiary is involved in an economic activity and that he operates in a market in which there is trade between Member States. The nature of the beneficiary is not relevant in this context (even a non-profit organization can engage in economic activities).

The Commission has taken the view that small amounts of aid (*de minimis* aid) do not have a potential effect on competition and trade between Member States. It therefore considers that such aid falls outside the scope of Article 87(1) of the Treaty.

The above mentioned means that concrete public funds considered as state aid can only be granted in respect to the Community rule (Vademecum Community Rules on the State Aid, as of 15 February 2007) allowing such level of grant. This could be following an exemption Regulation (for SME, training activities, *de minimis*), Regional aid or specific notified state aid schemes.

Application of state aid rules will be made on a case-by-case basis. To clarify whether the support to project or its parts could mean State aid, information will be provided by RBs and included in specific guidelines. They will also inform you on the relevant State aid scheme, the upper limits of public funding possible and procedure to follow.

3.6 Revenues

All revenue generated by project has to be taken into account. However, in case when the support received is State aid, revenues are not taken into consideration.

Revenues include all fees, rentals, incomes and in general any services against payment.

There are two options for taking revenues into account:

- Either, the revenue can be calculated in advance. In that case, only net revenue (revenue less operating costs) has to be deducted from total project expenditures. This is the case for investments whose tariffs and costs can be objectively forecasted all throughout their economic life. This net revenue has to be monitored all throughout investment reference period used for net revenue calculation.
- Either the revenue cannot be calculated in advance. In this case, all revenue generated within 5 years from operation completion shall be deducted from total expenditures. The revenue has to be monitored only during this period.

Rules governing revenues do not apply to projects subject to State aid rules.

4. ELIGIBLE EXPENDITURE

4.1 Legal basis

The Community regulations and national rules have to be regarded. Main documents are listed as follows:

- Article 56 of Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund;
- Article 7 and Article 13 of Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund;
- Articles 48-53 of Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund;
- Commission Regulation (EC) No 846/2009 of 1 September 2009 amending Regulation (EC) No 1828/2006;
- State aid rules;
- Provisions regarding public procurement.

Project partners, whose expenditure is co-financed by the national and/or regional bodies, will also have to respect national/regional co-financing guidelines and legislation.

4.2 General rules and principles on eligible expenditure

Subsidiary bilateral rules for the eligibility for funding of expenditure with co-financing from ERDF for the operational programme Slovenia-Austria 2007-2013 are detailed below.

These rules on eligibility (including list of ineligible costs and rules for eligible costs) will be used for the calculation of eligible costs of the project .

In general, the expenditure is eligible if:

- a) it is incurred for projects decided on by the JMC and in accordance with criteria fixed by the JMC;
- b) it is directly related to the project, necessary for its implementation and is in accordance with the project objectives;
- c) it is in conformity with sound financial management, especially with the principle of efficiency and effectiveness;
- d) it is incurred and paid within the period of eligibility of expenditure;
- e) it is incurred and paid by Lead Partner/Project Partner as well as registered in their books of account and tax documents (if applicable), may be identified and verified and is supported by original documents.

Double financing of invoices already reimbursed from any other funding is not allowed. In this case the repayment of already paid co-financing will be requested. If this double financing is intentional it will be treated as fraud. In any case, the corresponding amounts have to be refunded by the beneficiary to the programme budget. Such refunded amounts are definitively lost for the beneficiary.

Period of eligibility of expenditure

Expenditure related to projects within the Priorities 1 and 2:

In general, **the earliest starting date** for eligibility of expenditure can be the date of the confirmation of receipt of a completed Project Outline by the JTS. If the Project Outline is not submitted, the earliest starting date for eligibility of expenditure can be the date of receipt of the application.

Be aware of the following exceptions:

- For activities subject to the regional state aid rules, the eligibility period starts with the date of the first statement of confirmation of general eligibility;
- Start of the eligibility can also be determined on a later date due to regulations concerning provisions of national/regional public co-financing.

In practice it is possible that the earliest starting date for eligibility of expenditure of an individual project partner can differ from one to another.

In order to determine the **end date** of the project it is important to take into consideration that all payments have to be made before this date in order to be eligible. The project duration should therefore include the time for completion of the main project activities and for administrative project closure if one wants to be sure that all activities related to the preparation and control of the last progress report and the final report are eligible.

According to Regulation (EC) 1083/2006 Article 56, the Programme has to end on 31 December 2015. Projects supported in the Operational Programme Slovenia - Austria 2007-2013 thus have to end by 31 March 2015 at the latest so that there is sufficient time for the submission and monitoring of the projects' final reports and for the JTS/MA (Managing Authority) to close the Programme in 2015.

4.3 Ineligible expenditure

The project ineligible expenditure is as follows:

- any expenditure paid before or after the eligible period of the project, as defined in the subsidy contract;
- expenditure for activities implemented outside the programme area unless they are necessary for the project and confirmed by the JTS/MA or JMC;
- expenditure not directly associated with the LP or its partners (except the small project fund);
- expenditure invoiced further to third parties and thus not born by the LP or its partners;
- in kind contributions⁵;
- items such as gifts (flowers, greeting cards);
- subcontracts in which payment is defined as a percentage of the total cost of the operation unless such payment is justified with reference to the actual value of the work or services provided;
- expenditure on housing;

⁵ e.g. free use of room, equipment or other facilities, unpaid voluntary work, generally any contribution without money flow

- tax on purchase of real estate;
- the purchase of land for an amount exceeding 10% of the project total eligible expenditure for the project; in exceptional and duly justified cases, a higher percentage may be permitted by the JMC for operations concerning environmental conservation⁶;
- purchase of artist works;
- personnel salaries (including civil servants) financed from the national/regional or municipal budgets for the implementation of regular activities (usual day-to-day management tasks and statutory responsibilities of an employee);
- special awards and bonuses to employees;
- for the products which are considered as author works, the LP or its PP cannot claim for reimbursement deriving from copyrights;
- unpaid partial amounts of invoices⁷;
- commissions and dividends, profit payment;
- purchase of business share and stock exchange shares;
- fines, financial penalties and expenditure on legal disputes;
- interest on debt or late payment;
- currency exchange commissions and losses in currency exchange rates;
- charges for financial transactions within one country (national);
- guarantee costs with the exception of guarantees from banks or other financial institutions in the amount demanded under the national or Community legislation;
- legal consultancy and notarial services, unless directly linked to the project outputs and necessary for the preparation or implementation of activities;
- membership fees and meeting honoraria;
- tax counselling;
- recoverable value added tax;
- sponsorships;
- individual scholarships or expenditure for formal studies or vocational education;
- financial awards.

4.4 Eligible expenditure by cost categories

Expenditure attributed to the following cost categories is considered eligible:

- **Personnel costs** (expenditure for labour costs of personnel employed by the LP/PP and assigned to the project; travel and subsistence expenditure of the personnel)
- **External costs** (expenditure for external services, such as external experts assigned to the project under a contract other than the contract on regular employment, studies, translation, publications, information and publicity, etc.)
- **Investments** (expenditure for construction works, the purchase of land and real estate, purchase of equipment)
- **Administrative costs** (overhead costs).

⁶ purchase of land is not eligible for project partners in Carinthia for Priority 1

⁷ e.g. compensation for damages, guarantee payments, cash discounts, rebates, etc.

4.4.1 Personnel expenditure

a) Labour expenditure of Lead Partner /Project Partner (LP/PP) employees working on a project

Personnel are understood as project team members who have concluded a contract on regular working relation with the LP/PP. This cost category therefore **can only refer to employees within the LP/PP organisations who are engaged in the project.**

Personnel expenditure must be justified by the LP/PP with respect to the level of qualification of the personnel and the qualification requirement for tasks to be fulfilled in the project.

Salaries in accordance with the labour contract or other additional binding document, related taxes as well as labour contributions that are actually chargeable are considered eligible.

The remuneration of personnel is eligible in case it is related to the project activities and not related to their usual day-to-day management tasks and statutory responsibilities. There must not be any double funding.

Expenditure for labour of civil servants working on a project, who are employed at organisations which are financed from the national, regional or municipal budget, is eligible provided that the following is evident in their employment contract or other relevant document:

- the role and tasks as well as the extent of work on the project,
- the period of the engagement,
- the amount of payment for project engagement including a clause that the project work is not financed from the national/regional/municipal budget.

The basis for determining eligible expenditure is the **number of hours completed on a project and an hourly rate.**

- 1) The costs of labour, the hourly rate of each employee involved in the project can be calculated under the following equation as a principle:

Gross salary for the relevant year in Euro
Yearly hourly rate = -----

2160 hrs for AT / for SI see the official working hours on www.racunovodja.com

or

Gross salary for the relevant month in Euro
Monthly hourly rate = -----
180 hrs for AT/for SI see the official working hours on www.racunovodja.com

The calculation is based on a weekly 40-hour engagement. In case a person is engaged for less than 40 hours a week, the calculation has to be adapted accordingly.

2) It is also allowed to calculate the salary based on actual expenditure.

Whereas:

Gross salary = Net salary of employee + related taxes of employee and employer + related contributions of an employee and employer.

Expenditure for daily meals and travel to work is eligible in accordance with provisions of the relevant national/regional legislation.

If a person is full-time employed on the project, the total expenditure of labour is eligible. In such cases a report on the work accomplished shall be prepared monthly by each person.

If a person is only part-time engaged on the project and the rest of the working time is devoted to other projects or activities, the project related work and activities must be evidenced in time records. According to the actual hours spent on the project, the equivalent amount of the total labour expenditure shall be allocated to the project.

At this point, it needs to be emphasised that working hours cannot exceed the limit defined in national legislation.

Sole proprietors who are acting as LP/PP in the project can claim reimbursement of the labour expenditure for the work done in a project on the basis of actual calculation and payment of the salary.

Actually paid labour expenses must be proven on the basis of original documents. In order to meet the conditions of truthfulness, correctness, efficiency and effectiveness, the LP/PP will submit the following evidence:

- copy of the employment contract (only at the first progress report or when relevant);
- time records of completed work for persons working part-time on the project or reports on accomplished work for persons working full-time on a project;
- a calculation and statement of the LP/PP on the payment in favour of the employee working on a project.

b) Travel and daily allowance of LP/PP employees working on a project

Reimbursement of travel and **daily allowance** can be claimed from the project only for the personnel employed by the LP/PP and in line with regulations in force in each participating country.

As a general rule the most efficient way of transport and accommodation has to be chosen. Daily allowances for travel and accommodation are possible as long as the allowance is actually paid by the LP/PP to the employee.

Expenditure for using a company car should be included under administration expenditure.

When a person travels by her/his own car, transportation expenditure can amount up to the official national/regional kilometre rate.

For an individual person and each travel a correctly filled-in travel warrant with all attached invoices, i.e. evidence for incurred expenses (hotel invoice, travelling ticket, etc.) will have to

be submitted. Travel and its purpose must also be clearly determined in person's time records.

Travelling expenses and **daily allowance** for external experts have to be included in their contract. Expenditure for transportation of project participants is to be included under external services.

4.4.2 External expenditure

Expenditure for external services detailed below is eligible under the following conditions:

- the service must clearly relate to the project;
- as the national rules result from a transposition of the EU directives on public procurement into national law, the rules vary between both countries. In Slovenia, all partners have to respect the public procurement law. In Austria, a direct order is possible for the amount of up to 40.000 EUR net (exception 1 April 2009 until 31 December 2010 – 100.000 EUR net). Public procurement law has to be respected by private bodies in Austria when receiving more than 50% of public funding.

Note: The LP/PP cannot act as a supplier (contractor or sub-contractor that provides services and products against payment). Neither the LP/PP employees nor the LP/PP organisations can act or get paid as external experts for the work done in the project.

Expenditure for sub-contracted service is not eligible if payment is defined as a percentage of total project costs or individual activities unless such payment is justified by the LP/PP in terms of actual value of completed work or services.

The following types of expenditure are eligible:

- a) In case LP/PP does not have adequate capacity and/or qualification to perform the tasks related to project management (e.g. financial management, coordination, administration, etc.), expenditure for hiring external staff providing such tasks is eligible.
- b) Expenditure related to the core content of the project and provided to the LP/PP by third parties may include:

- expenditure for organising events (e.g. meetings, conferences, trainings, workshops and seminars) directly related to the project objective; expenditure may include rent of premises and equipment, translation and interpretation - if necessary, material/handouts, and catering expenses to a reasonable extent);
- expenditure for studies, research, plans, training, etc.;
- expenditure for publicity and information, dissemination and promotion of project results (e.g. publications, brochures, press releases, advertisements, newsletter, websites, etc.);
- expenditure for transport of goods or participants;
- expenditure for translation of documents/material;
- rent of equipment is eligible expenditure if it is directly related to objectives of the co-financed project.

Note: When deciding between purchase and rent, the LP/PP has to take into account cost effectiveness and the type of use. When equipment is used only once or is necessary only to

carry out certain individual activities while it is not of key importance for the final project objective, it has to be verified whether substantial savings can be achieved through renting of equipment. In such case, the LP/PP has to give advantage to rent over purchase.

Expenditure for external services comprises labour expenditure of individuals engaged in a project on the basis of any other contract but the contract on regular employment concluded with the LP/PP. All taxes and contributions which in conformity with legislation on individual types of work are actually chargeable to the LP/PP (with the exception of recoverable VAT, if applicable) are eligible for reimbursement.

In order to meet the conditions of truthfulness, correctness, efficiency and effectiveness, the LP/PP will submit the following evidence for externally engaged individuals or organisations:

- evidence in relation to procedure for selection of an individual or organisation (public procurement or received comparison offers), only required once at the time of the relevant application for reimbursement,
- copy of the contract concluded in line with provisions of the national legislation (only required once at the time of the relevant application for reimbursement),
- records of completed work, if applicable,
- invoice or other accounting document of equivalent probative value,
- proof of payment.

The LP/PP must keep and on request submit all supporting documents and/or outputs proving the implementation and the scope of service delivered according to the contract. For example an invitation, a programme, a presence list, material samples given to participants, photographs, brochures, publications, newsletters, studies, analyses, etc.

c) Financial and audit services:

- legal consultancy fees, notarial fees, tax counselling if directly related to the project implementation;
- control and audit services if they relate to requirement of the MA or RBs;
- fee for financial guarantees to the extent to which guarantees are required by national or Community legislation;

Note: Project partners should check with RBs how the validation of expenditure (first level control) shall be organised. In case the costs must be borne by the project partner itself, they must be planned in the budget.

4.4.3 Investments

This category includes expenditure for investment in equipment, construction works, purchase of land, purchase of real estate and purchase of supporting equipment

Project partners from Slovenia have to respect the Decree on the uniform methodology for the preparation and treatment of investment documentation in the field of public finances.

Definitions:

- **Investment in equipment**

Under this category expenditure for investment directly relating to the project objectives is understood, e.g. investment in putting up tourist signs, etc. In this case the expenditure for the whole purchase price could be eligible.

- **Purchase of supporting equipment**

Under this category the purchase of equipment, which is not directly connected with the project objectives and is not used only for the purpose of the project, is meant. Example of such expenditure would be the purchase of computers. In this case the cost of depreciation for the time of the project duration is eligible. The entire depreciation costs are eligible if the project duration is the same or longer than the duration of depreciation.

- **Depreciation**

The cost of depreciation of equipment is eligible, provided that:

- national or Community grants have not contributed towards the purchase of such equipment (relevant for used equipment);
- the depreciation cost is calculated in accordance with the relevant accountancy rules;
- the cost relates exclusively to the period of co-financing of the project in question;
- the expenditure is mentioned in the balance sheet or in the list of fixed assets.

Depreciation (instead of the full purchase price) has to be applied if the economic life-time of the equipment is longer than the project duration (which does not refer to the co-financing period).

Depreciation costs of the equipment should be accounted for in accordance with the normal depreciation rules of the project partner.

Depreciation is charged proportionally in each relevant periodical report. The full value of depreciated costs on equipment in relation to the total project duration cannot be charged as total amount in one particular period.

Only the proportionate sum of the depreciations costs according to the use of equipment for the project is eligible. The amount (percentage used and time duration) has to be auditable.

Depreciation costs of equipment can never exceed the purchase price of the equipment.

- **Leasing**

The lease amount paid to the lessor by the lessee – supported by a receipted invoice or an accounting document of equivalent probative value – is eligible.

Basically, the lessee must demonstrate that leasing was the most cost-effective method for obtaining the use of the equipment. In case the costs would have been lower by using an alternative method (for example hiring of the equipment), the additional costs have to be deducted from the eligible expenditure.

a) Investment in equipment directly related to project objective/result

Expenditure for purchase of equipment is eligible if it is directly related to objectives of the co-financed project.

Eligible expenditure for equipment includes payments for all costs necessary to bring the asset to working condition for the intended use. This could include not only its original purchase price but also costs of site preparation, delivery and handling, installation. Ordering, selection of the best tender and the purchase itself has to be carried out by the LP/PP according to procedure defined by the relevant national public procurement law or rules.

Expenditure for purchase of **used equipment**⁸ is eligible if the following conditions are fulfilled:

- a) The seller of the equipment shall provide a document proving that in the past seven years the equipment has not been purchased through assistance of national or Community subsidy/grants
- b) The price of equipment does not exceed its market value and is below the price of similar new equipment;
- c) The equipment has technical characteristics necessary for functioning and complies with valid norms and standards.

Apart from documentation related to ordering procedure, an evidence of accepting and installation of equipment, invoices and bank statements as evidence of actual payment have to be attached.

In general the full purchase price is only eligible in the event that the equipment is available for the project during its total economic and depreciable life.

Low-value assets or investments which are directly related to the project (e.g. coffee china or cutlery in tourist projects) can be included in this cost category, if relevant for the project, but not e.g. internal use by the staff.

b) Construction works

Expenditure for construction works is eligible if it is directly related to the objectives of a co-financed project. It can include payments of all activities related to the preparation and implementation of construction works, including investment technical documentation.

In case of a real estate investing by a project partner who is not the owner, he is allowed to present a proof of ownership of the real estate which is being state-owned, or public-owned in case of public infrastructure.

In case of project investing into real estate which is owned by private legal or natural persons, the partner is required to submit a long-term hiring agreement or easement contract (with a minimum validity of 5 years upon project completion).

For claiming reimbursement of expenditure, documentation related to procurement, contracts for construction works, invoice(s) with specification(s) of performed activities and used material, final report and official receipt/final statement (if foreseen by the contract), operation permit or take-over certificate as well as proof of actual payment will have to be provided.

c) Purchase of land⁹

In case there is a direct relation between the purchase of land and the objective of project co-financing, the purchase of land is eligible expenditure under the following conditions:

- a) A certificate of an independent qualified auditor or authorised body is acquired, and the purchase price does not exceed the market value;

⁸ Not eligible for Priority 1 in Carinthia.

⁹ Not eligible for Priority 1 in Carinthia

- b) The purchase of land does not exceed 10% of the total eligible project expenditure. In exceptional and duly justified cases, a higher percentage may be permitted by the MA for operations concerning environmental conservation.

The LP/PP will submit the purchase and sales agreement written in notary form, the bank statement as an evidence of actual payment, and the approved land-register proposal.

d) Purchase of real estate¹⁰

In case there is a direct relation between the purchase of real estate and the objective of co-financed projects, the payment of real estate is eligible expenditure under the following conditions:

- a) a certificate of an independent qualified auditor or an authorised official body is acquired stating the purchase price does not exceed the market price;
- b) an operation permit for planned activity is acquired from a competent authority, or obstacles preventing the issue of a permit and for which the final beneficiary assumes the responsibility to overcome within a determined time period;
- c) within the last 10 years the real estate did not receive grants or Community subsidy/grants, with which - in case of co-financing the purchase from the Structural Funds - double assistance would occur;
- d) the real estate is used for purpose and within the period, determined or approved by the managing authority;
- e) the building can be used only in accordance with the objectives of co-financing the project; it especially applies that the building can be used for locating public administration services only if this use is in conformity with eligible activities of the ERDF;
- f) the purpose of the real estate has to be maintained at least for 5 years after the end of the project.

The LP/PP will submit the copy of purchase and sales agreement written in notary form, invoice, an evidence of actual payment and the approved land-register proposal.

e) Purchase of supporting equipment

In case of purchase of the supporting equipment as defined above, the depreciation costs can represent the eligible expenditure. For details see explanations above.

4.4.4 Administrative expenditure (overheads)

These expenditures may be direct or indirect. While **direct expenditure** may be identified as belonging directly and in its full amount to the project (e.g. the purchase of office material only for the project), **indirect expenditure** (e.g. heating, electricity, etc.) are overheads related to the project activities and are calculated on a **key basis**.

Administrative expenditures shall be eligible provided that they are based on real – actually paid - costs attributable to the implementation of the project concerned according to a duly justified, fair and equitable method.

For calculation and presenting the administrative expenditure, two options are possible:

¹⁰ Not eligible for Priority 1 in Carinthia

- If the project partner will claim reimbursement of administrative expenditure in the total amount not exceeding 7% of total direct eligible costs, the **flat rate** method can be applied. In this case the kind of expenditure included under administrative expenditure shall be specified in the Annex 1 - Budget. Documents proving the administrative expenditure are kept by the project partner concerned and not forwarded with progress reports. The expenditure will be checked on the spot. However, applicants from Austria have to check with their national controller whether flat rate method can be applied.
- In case the share of administrative expenditure of a partner is higher than 7% of its total direct eligible costs, all expenditure will have to be fully documented in each report.

Each project partner will have to indicate in Annex 1 – Budget, which method shall be applied.

The maximum limit for the administrative expenditure is 25% of total direct eligible expenditure of the project.

Expenditure is eligible if the material is used or the service is performed for the project. Therefore, invoice amounts that relate at the same time to the project and other activities of the LP/PP have to be divided accordingly. Keys for dividing such expenditure have to be presented and justified. **Overall estimations or arbitrary keys are not allowed.**

Examples of keys:

- the key “number of people working for the project / number of people working in the organisation or department” or
- the key “number of hours worked on the project / number of hours worked in total in the organisation or department”;
- the key “square meter used by the personnel working for the project / surface of the organisation or department”;

Possible administrative expenditures are:

- photocopying,
- mailing,
- telephone, fax, internet,
- heating, water, electricity,
- office rent,
- accounting if external,
- maintenance,
- gasoline for company car,
- other administration expenditure absolutely necessary for the successful completion of the project.

Expenditure for administrative costs is proved by LP/PP with invoices or other documents of equal probative value, the proof of payment and the key for calculating the administration costs (if applicable).

Costs already included in any other cost category directly attributed to the project cannot be included in this category.

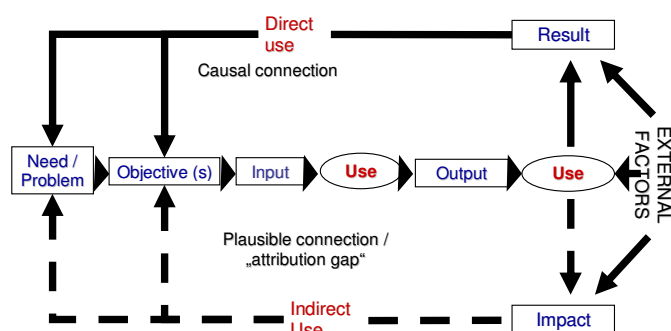
5. DEVELOPMENT OF CROSS-BORDER PROJECTS

5.1 Project development

To prepare relevant and coherent cross-border projects reflecting a high degree of cross-border cooperation, consider the following:

- See Chapters 5 and 6 of the Operational Programme and the text under 2.3 of this Guide to get familiar with the programme priorities and objectives – the project needs to make a contribution to their achievement.
- Think of the cross-border dimension – what are the problems and challenges that project partners have recognised in the border area? Which trends could the projects follow or create? What are the reasons for and consequences of these problems? What is the state-of-the-art? Whom is the project meant for? Who are the target groups that will be dealt with directly in the project? Who else will be able to benefit from the project results? What are the needs of the target groups? What opportunities and possible solutions have been identified? Is this all relevant in the light of the Operational Programme and its objectives?
- Involve project partners at an early stage of the project idea development – it will help better develop the project; create joint ownership and real commitment of the partners. Think of competence and experience that each partner can contribute to achievement of jointly defined project objectives. Make sure that project partners have adequate financial and operational capacity to implement their tasks. Is the core project team motivated and competent?
- What would be the value added of the cross-border cooperation compared to implementing the project within the national framework only? What are the benefits of the cross-border partnership?
- Search for innovative solutions and approaches. Take into account the results of previous projects and experience gained. Think how the project will contribute to national and regional strategies defined.
- Why would it be worth supporting the project? What exactly will be achieved in a project? What are the concrete outputs that the project intends to deliver? Who is going to use these outputs and benefits thereof? What resources (human, financial, material) will be available after the project end? What impacts can be expected?

Source:
*Process Monitoring
 of Impacts,*
 ÖAR Regionalberatung,
 R.Hummelbrunner and others,
 2005.



- Plan realistically. Check the coherence between the project justification, objectives, expected outputs, their use and activities to produce outputs. Define SMART indicators (Specific, Measurable, Achievable, Realistic and Time Bound).
- Make sure the project budget is prepared on real costs and is coherent with the proposed activities and partner roles and tasks.
- Define sources of financing for each partner. Make sure that at least 15% of the other public funding within the total public funding is secured. In case the project or its activities are subject to State aid, be aware of specific rules which define different ceilings of public funding or aid intensity. They may differ among project partners. Check also if revenues are to be generated by any project partner. If so, project related revenues will be deducted from that partner's project costs.
- Check the selection criteria and try to assess the project on your own. Try to improve the identified weaknesses before submitting the application.
- Development of a quality cross-border project takes time. You should take it, too. Do not hesitate to ask for available help and support at any stage of the project development or when preparing the application.
- Be aware of responsibilities connected to the project implementation. For more information see Chapter 8 of this Guide.

5.2 Information and support provided by the Joint Technical Secretariat

The following information and support related to project development and preparing of applications will be provided by the JTS:

- providing information about the programme;
- providing information concerning results of a joint discussion on project outlines submitted by project applicants/Lead Partners;
- provision of information concerning preparation and submission of applications;
- organisation of informative workshops (see website for planned dates and programme);
- publication of frequently asked questions and answers;
- publication of information on approved projects on the programme website.

5.3 Project development support ensured by Regional Bodies

To assist potential applicants in project development, a network of **Regional Bodies (RBs)** was set up, which:

- provide the primary contact with the potential project partners in their region;
- organise support in assessment of the project idea and its compliance with national/regional strategies;
- provide assistance in search for cross-border partners;
- clarify requirements for the first check for regional/national co-financing.

Table 4: Contacts of the JTS and RBs

<p>Joint Technical Secretariat</p>	<p>Government Office for Local Self-Government and Regional Policy, Unit for Managing of Cross-border Programmes Maribor Svetozarevska 6, SI-2000 Maribor</p> <p>Contact person: Mojca Trafela tel. + 386 (0)2 229 42 15 e-mail: jts-si-at.svlr@gov.si</p> <p>www.si-at.eu</p>
<p>Regional Bodies (RBs)</p>	<p>Slovenia</p> <p>Government Office for Local Self-Government and Regional Policy, Unit for Objective 3, IPA, INTERREG III and PHARE,</p> <p>Contact person: Mateja Vegič tel. + 386 (0)2 229 42 32 e-mail: mateja.vegic@gov.si Svetozarevska 6, SI-2000 Maribor</p> <p>Contact person: Janez Praper tel. + 386 (0)2 229 42 30 e-mail: janez.praper@gov.si Svetozarevska 6, SI-2000 Maribor</p> <p>Contact person: Ksenija Fak tel. + 386 (0)2 229 42 233 e-mail: ksenija.fak@gov.si Svetozarevska 6, SI-2000 Maribor</p> <p>Austria</p> <p>R M B - Regionalmanagement Bgld GmbH Marktstraße 3, Technologiezentrum Eisenstadt, A-7000 Eisenstadt</p> <p>Contact person: Harald Ladich tel. +43 (0)26 82 704 2424 e-mail: harald.ladich@rmb.co.at</p> <p>Amt der Steiermärkischen Landesregierung Abt. 16 - Landes- und Gemeindeentwicklung Stempfergasse 7, A-8010 Graz</p> <p>Contact person: Johann Klug tel. +43 (0)316 877 2170 e-mail: johann.klug@stmk.gv.at</p>

KWF Kärntner Wirtschaftsförderungsfonds
Heuplatz 2, A-9020 Klagenfurt

Contact person: Karl Hren
tel. +43 (0)463 558 0024
e-mail: hren@kwf.at

for Priority 2 in cooperation with

Amt der Kärntner Landesregierung , Abt. 20 - Landesplanung
Mießtaler Straße 1, A-9021 Klagenfurt

Contact person: Armin Schabus
tel. + 43 (0)463 536 32023
e-mail: armin.schabus@ktn.gv.at

6. HOW TO FILL IN THE FORMS

6.1 Basic information

Application consists of the following forms:

- Application Form;
- Annex 1 - Budget;
- Annex 2 – Indicators on Programme, Priority and Project level
- Annex 3 - Lead Partner Statement;
- Annex 4 - Partnership Statement;
- Annex 5 - Co-financing Statement;
- Annex 6 – Project Summary

When preparing the application, consider the following:

- the forms are in a bilingual format and have to be prepared in Slovene and German language, except Annex 5 which can be submitted in a single language only and Annex 6 which has to be submitted in English. Please note that translations have to be identical in content.
- the Application Form has a **double function**. If you would like to receive recommendations based on the project outline before completing and submitting the application, fill in the sections indicated as necessary for the Project Outline stage and submit it to the JTS without annexes. For submission of the application the Application Form has to be fully completed and requested annexes attached. See Chapter 6 for details.
- when filling in the Application Form:
 - focus on answering the questions precisely;
 - write clearly and simply;
 - respect the maximum length of text when so requested;
 - provide answers to all of the questions (when submitting the application);
 - sign and stamp the document when submitting the application.
- make sure that you have prepared, signed and attached all requested Annexes for submission of the application – see the Check list at the end of the Application Form.

6.2 How to fill in the individual sections of the Application Form and Annexes?

As there are some instructions already provided in the **Application Form** itself, we would like to draw your attention to a few more points. For further clarifications check the programme website, ask the JTS or RB.

6.2.1 Section 1 – General Information

1.2 When choosing the project title, keep in mind that it should tell about the essence of the project. Avoid the title being too long or complicated.

1.4 **Select one priority only.** It is possible that the project addresses one or more activity fields within the priority. Try to focus to a specifically defined problem rather than trying to address too many issues in one project.

6.2.2 Section 2 – Project Content

2.1. Describe the current situation and problems that the project will address. Include relevant information and indicate solutions. When describing target groups and beneficiaries, estimate the number of those directly or indirectly included in the project. Target groups are those that the project is going to directly deal with. Beneficiaries are those benefiting from the project, but are not necessarily all directly involved in the project. **It is important that the project justification provides an argumentation why the project objectives and outputs have been chosen.**

2.2. State those objectives of the project that can be achieved within the project implementation and not through subsequent development.

2.3 Focus on the most important outputs. Outputs are produced by the use of inputs and influenced by the project activities and methods. **Describe them properly in order to give information on what concretely shall be produced within the project.** E.g. an output could be the cross-border business network of producers in a target sector. State also to which work package each output relates to.

2.4 Make connection to the previous question and provide information for all outputs mentioned. **The explanation should help understand who and what for shall be using the project outputs.** What benefits shall be achieved by using the outputs?

2.5.1 Make sure to mark the objectives within the priority that has been selected in point 1.4 of the Application Form. **Select priority objectives that the project can directly contribute to.**

2.5.2 Describe why the cross-border approach is appreciated. **What is the value added achieved by implementing the project in cross-border rather than national/regional frame only?** Think of the theme the project is dealing with, not only the project partners.

2.6 Present the **main activities**. Activities shall be grouped into work packages. It is important to present what needs to be done to produce the planned outputs. **Include project management and activities related to information and publicity. Explain why planned activities (e.g. studies...) are foreseen, explain their aims, goals and contribution to the project realisation.** Keep in mind that activities need to be planned properly in order to calculate costs, but when describing them, do not go in too many details. For each of the main activities describe **which partners and how they are going to be involved in implementation.** In case the activities will be performed by the external experts, this fact has to be stated. State also who are the target groups.

2.9 Timetable has to be planned realistically. At least 20 % of the approved project co-funding has to be spent within the first 12 months of the project implementation. If this timetable is not met, the JMC might decide to reduce the contribution.

When planning the milestones and duration of the project, take into account possible specifics of your project (e.g. seasonality) and put some reserve in case that some activities could not be implemented in the planned time (e.g. failure of the public procurement procedure).

2.10. If there is investment planned by any of the project partner, provide requested data for each partner concerned. If necessary copy the tables 2.10.2 to insert relevant data for each investment separately.

6.2.3 Section 3 – Project Partnership

3.1 and 3.2 Provide exact and accurate information for all project partners. Please note that the legal status (either private or public body) of the project partners has to be stated.

Concerning data on the NUTS level 3 area, insert one of the seats of the Lead Partner/ Partner organisation.

3.3.1 and 3.3.2 Describe the partnership from the requested points of view. Make sure that each partner has proper competence and resources to perform the agreed role and tasks. Indicate also how the partners agreed to manage the project and disseminate project outputs.

3.3.3 The programme is primarily intended for cooperation of partners from the programme area. In duly justified cases it is possible to include partners located outside the programme area, i.e. if the project would have difficulties in achieving its objectives without that partner's participation. If so, explain what specific benefits for achieving the project objectives can be expected from cooperation of such project partner.

3.3.4 In case some project activities will take place outside the eligible area, mark the box. Provide explanation and justification why this activity is needed for the project implementation (see also point 4.3 Ineligible expenditure). State the place of activity if possible.

6.2.4 Section 4 - Area of Expected Impact

Select the NUTS level 3 areas in which impact of the project is expected. Keep in mind that location of partners or location of project activities does not necessarily mean the area of expected impact.

6.2.5 Section 5 – Description of Cross-border Cooperation

Note:

The minimum requirement is to have at least two of the cooperation indicators fulfilled otherwise the project will be rejected.

Describe in the text box how these criteria were/will be fulfilled. Please note the following:

Section 5.1 Joint development

- Describe how all partners contribute to the development of the project.
- Describe how the joint development of objectives and outcomes, budget, timing, responsibilities and division of tasks to achieve the objectives were defined and developed.
- Describe how was the project developed - who participated and in what scope.

Section 5.2 Joint implementation

- Explain who will be responsible for the overall project implementation and coordination and in what way it is foreseen for all partners to take responsibilities for different parts of the project implementation.
- Each project partner has to be actively involved in at least one work package. Explain whether the partners will jointly implement all activities or which activity will be done exclusively by one partner.
- Explain how the balanced division of activities between all partners and both participating Member States is ensured (the majority of activities shall not be performed only by one partner or primarily in one country).

For more information on cooperation indicators see point 3.4 of this Guide.

6.2.6 Section 6 – Expected Project Costs and Financing

For submission of the Project Outline it is required to prepare an estimation of project costs and sources of financing for the partners and the project as a whole, while for the submission of the application more detailed information shall be required; see Annex 1 - Budget.

We recommend filling in the Annex 1 first. The data requested in tables 6.1.1 and 6.2.1 shall be generated automatically and can then be copied to the Application Form from excel sheet no. 3.

6.1.1 After the outputs and related activities, partners' roles and tasks are defined, the project budget can be prepared. Read carefully point 4.4 of this Guide on eligible expenditures. Plan the budget realistically and check the consistency between the description of the content in Section 2, partner roles in Section 3 of the Application Form and the allocated costs.

The whole table shall be filled in according to the VAT status. If the VAT can be totally recovered, then "YES" shall be inserted in the column 5 and the amounts deducted by the VAT shall be inserted into the table. If the VAT cannot be recovered, then "NO" shall be inserted in the column 5 and the amounts inclusive VAT shall be inserted into the table. If the VAT can be only partially recovered, then the percent of the recoverable VAT is to be inserted in column 5, and the amounts inserted shall include the VAT amount which is to be refunded by the project co-financing.

If necessary, insert additional rows to provide data for all project partners.

6.1.2 If there are any revenues planned to be generated within the project, describe how they will incur, which partners will receive them and estimate the amount for

each partner concerned. Note that project related revenues shall be deducted from the project costs of the concerned partner.

6.2.1 Present in the table from which sources the total eligible project costs of each partner are going to be financed:

1. *Requested ERDF funding* is the amount requested from the Programme. If the project or its activities comply with the State aid rules, observe maximum ceilings of public co-funding possible for each partner concerned.
2. Own contribution is the sum of the following amounts:
 - co-financing amounts of the project which are granted to the project partner by the co-financing bodies (e.g. national or regional sources) and
 - amount of the own co-financing of the project, which is provided by the project partners themselves from their own funds (public or private funds)
3. Total (1+2) - Check that the amounts equal to those in table 6.1.1, column 8 (Total eligible costs), which is column 6 (Total costs) deducted by column 7 (Revenues) – not relevant in State aid cases.

We recommend contacting your RB to clarify possible regional/national co-financing of the project and State aid rules.

6.3 In case the project partners have already ensured support for the proposed project from any other Community or national programme or fund, be aware that the expenditure for the same activities cannot be double-financed.

6.2.7 Section 7 – Contribution and consistency with Community policies, national/regional strategies and synergy with other projects

7.1 Provide information on project title, programme or fund under which the project was supported, results achieved and the project owner. The question does not refer to cross-border projects only; include all relevant projects or initiatives, on which the existing project is based on.

7.2 Refer to relevant strategies and programmes. Avoid copying texts from these documents. Name the document, the priority or measure addressed and explain the main contribution of the proposed project to the achievement of the objectives set in the referred document. Please make reference to all involved regions/sectors addressed in the project.

7.3 Tick relevant fields under points 7.3.1 to 7.3.3 and comment. If it is expected that the project will have neutral impact to any of stated dimensions, write it in the text box. If positive impacts are expected, describe them specifically.

Note: Projects indicating negative economic, social or environmental impacts shall not be supported.

6.2.8 Section 8 – Sustainability of project results

Keep in mind that sustainability of project results is one of the important criteria observed in the project assessment. Describe properly how the produced outputs will be used after the project end and how the necessary conditions for that should be ensured.

6.2.9 Section 9 - Annexes

Annex 1 - Budget

The Budget must be prepared in the provided excel format. It consists of 5 sheets - General, Budget, Partners, Project Sheet and Project costs (per work packages). Detailed instructions for preparing the budget are provided in the Annex itself.

It is essential that all amounts and percentages entered into tables are displayed only with 2 decimal numbers¹¹. Due to this requirement no formulas are to be entered into cells. Make sure that you provide descriptions of budget lines in Slovene and German language.

Annex 2 – Indicators on Programme, Priority and Project level

Indicator can be defined as the measurement of an objective to be met, a resource mobilised, an effect obtained, a gauge of quality or a context variable. An indicator should be made up by a description, baseline value, target value and a measurement unit.¹²

Indicators will serve to monitor and evaluate the effects of the programme on different levels. In the point 1 and 2 of the Annex tick the pre-defined indicators, to which your project contributes both on the programme and priority level. Check that the indicator on priority level corresponds to the priority you have ticked in the Application Form, Section 1.

In the point 3, present indicators that the partnership defined on the project level. These indicators shall be divided into Output and Result indicators. Output indicators reflect project activities which are directly financed by the Programme. Therefore, they should be delivered in full. Result indicators reflect aims of the project and will be used for overall assessment of the implemented project. Make sure there is coherence between this indicator lists and the text under Section 2 of the Application Form. The indicators should be in line with the kind of expected outputs. Select the most important indicators that will help monitor achievements of the project. Under description of the indicator provide also the measurement unit and the baseline (in most cases it is 0). Provide descriptions in Slovene and German, and make sure that indicators will be understood in the same way by all project partners.

¹¹ When calculating requested ERDF amount please note that the amount of the requested ERDF has to be rounded down, so that the amount does not exceed 85 % on any decimal number. Own contribution of project partners has to be rounded up, so the amount of the own contribution equals at least 5% (4,9999% cannot be accepted).

¹² Indicators for monitoring and evaluation. A practical guide, draft working paper, January 2006, p 5.

Annex 3 - Lead Partner Statement

Lead Partner Statement is to be signed by the statutory representative of the Lead Partner and stamped (if a stamp is provided). Before signing the statement, read carefully the content and make sure the requirements and conditions concerning the Lead Partner are fulfilled.

This document also serves as a Lead Partner's co-financing statement. Insert the amount in Euro and the percentage of eligible project costs which will be covered by the Lead partner's own funds (own co-funding).

Annex 4 - Partnership Statement

Each project partner stated in the Section 3 of the Application Form must sign the Partnership Statement with the Lead Partner, each project partner on a separate form. Before signing it, each party must read the content carefully and make sure the requested conditions are fulfilled. Partnership statement has to be stamped (if a stamp is provided).

This document also serves as a Lead Partner's co-financing statement. Insert the amount in Euro and the percentage of eligible project costs which will be covered by the project partner's own funds (own co-funding).

Annex 5 - Co-financing Statement

This Annex is requested for Lead Partners/project partners in Austria only. The statement serves as evidence that the partner concerned has the necessary regional/national public co-financing secured. The Co-financing Statement is issued by the funding body for each individual project partner, in a single language on the provided or any other form containing all of the following data:

- acronym
- name of the project partner
- name of the co-financing institution
- maximum amount of the public co-financing
- name of the signatory and the signature
- stamp, if provided.

In Slovenia, the national co-financing at state level will be granted if the project is approved by the Joint Monitoring Committee.

In case of project approval, a separate contract for national/regional co-financing shall be signed between the project partner and the funding body concerned.

Annex 6 - Project Summary

A project summary shall be prepared in English language. Provide summary of the project according to the stated points in Annex 6 on approximately one page.

7. HOW TO SUBMIT THE APPLICATION

7.1 Submission of the Project Outline

There is a possibility for the project partnership to receive feedback on the project before completing the application. In this case, the Lead Partner submits the Project Outline to the Joint Technical Secretariat. Note that this is not a binding procedure, but it is recommended. Its purpose is to assist in developing relevant and quality cross-border projects as well as ensuring public co-financing.

Which forms need to be completed?

Application Form has to be completed in sections required for the Project Outline only (see instructions in the Application Form itself). It can be provided in electronic format, No annexes need to be attached.

Where to send it?

Project Outline as a file in Word format can be e-mailed to: jts-si-at.svlr@gov.si

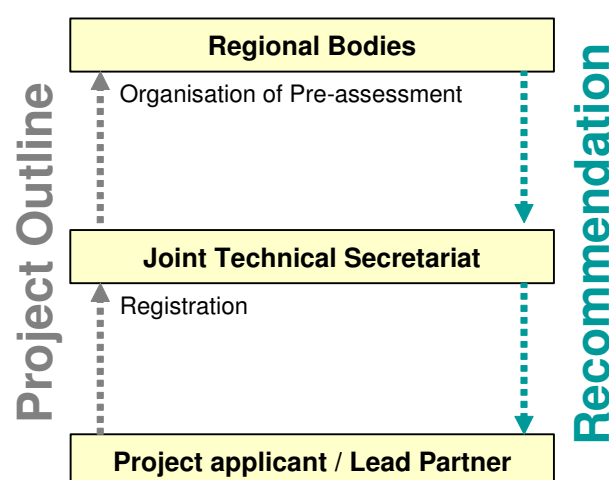
or sent on a CD-rom to the address:

Služba Vlade Republike Slovenije za lokalno samoupravo in regionalno politiko
Oddelek za upravljanje čezmejnih programov Maribor
Skupni tehnični sekretariat Slovenija-Avstrija 2007-2013
Svetozarevska 6, SI-2000 Maribor

Mark the envelope with “OP SI-AT 2007-2013 / Project Outline”.

What happens next?

The project outline will be checked by the JTS and discussed by the RBs and the relevant institutions. Written information about the results of this discussion will be sent to the applicant via e-mail. It will also be possible to organise a clarification meeting. **This information is to be taken as a recommendation only.**



7.2 Submission of the application

Submission of applications is running on an “open basis”, which means that applications can be submitted ongoing during the Open Call for Proposals till all the funds are committed. Nevertheless, dates for submission of applications to be discussed on the next JMC will be published on the website.

What documents need to be submitted and how?

The entire application consists of the fully completed Application Form and Annexes (Annexes 1 - 4 and annex 6 for all projects; Annex 5 is requested for partners in Austria only, in case any public co-financing on regional/national level is ensured by funding bodies which are not part of the project partnership).

The application has to be submitted by the Lead Partner in **one printed original and in electronic format**. The electronic format, submitted on a CD-ROM, must contain all documents (Application Form and scanned Annexes). Please note that the application form and Annexes 2 and 6 have to be in **Word**, except the page 3 of the application form (Statement of the lead partner's legal representative) which has to be additionally saved as **PDF file on CD-ROM** so that the signature and the stamp (if provided) of the legal representative is provided. Annexes 3, 4 and 5 have to be saved as separate **PDF files** (one PDF file for each annex). Do not save separate pages of one annex as individual PDF files. Make sure that the e-version of the application and annexes are identical with the printed ones.

Where to submit the application?

Application must be submitted to the bellow address:

Služba Vlade Republike Slovenije za lokalno samoupravo in regionalno politiko
Oddelek za upravljanje čezmejnih programov Maribor
Skupni tehnični sekretariat Slovenija-Avstrija 2007-2013
Svetozarevska 6, SI-2000 Maribor

Mark the envelope with “OP SI-AT 2007-2013 / Application – 2nd Call”.

8. WHAT HAPPENS NEXT?

8.1 Assessment and Selection process

The assessment and selection of submitted applications consists of several steps.

8.1.1 Administrative and eligibility check

After registration of the received applications, the JTS shall perform the administrative and eligibility check. In case of missing documents or clarifications needed, the Lead Partner shall be contacted. Projects that pass this check shall be further assessed for their quality.

8.1.2 Assessment of the project quality based on the project selection criteria

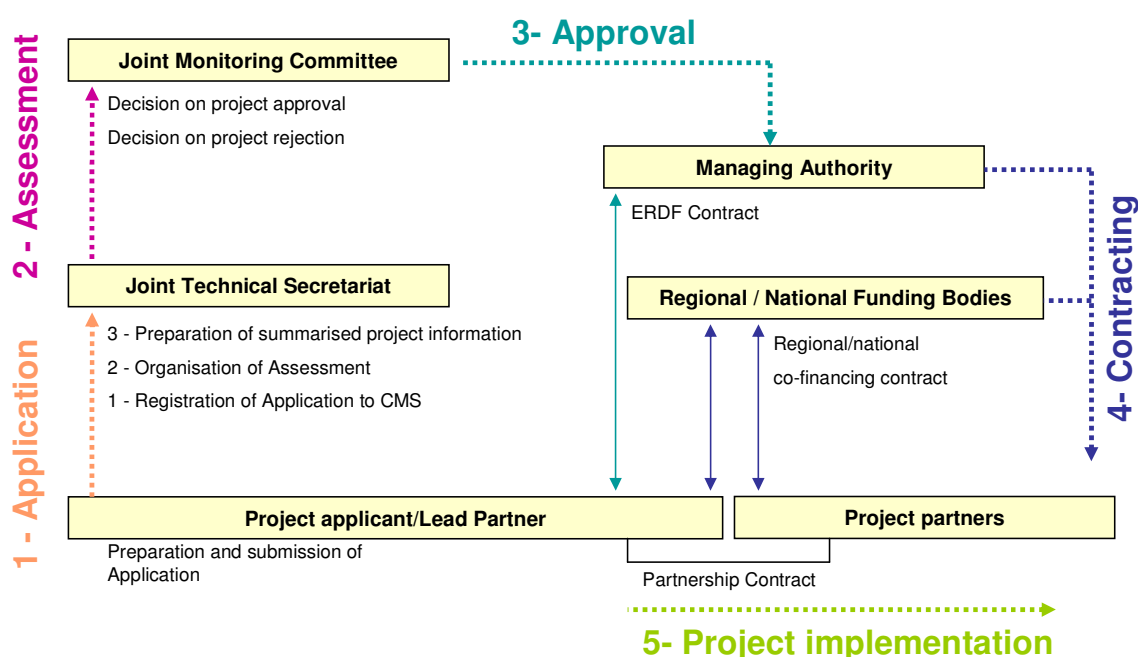
The assessment is organised by JTS. The assessment results shall be discussed bilaterally and JTS shall prepare summarised information on projects and their assessment for further project selection and approval.

8.1.3 Selection and approval of projects

The Joint Monitoring Committee (JMC) formally decides on the approval of the project and on the ERDF contribution.

A precondition for project selection and for signing of the Subsidy contract is designation of the national controller by the Member State hosting the beneficiary. The institution responsible for the financial control of the projects also takes over the ultimate financial liability.

After the formal decision is made, the applicant/Lead Partner is informed about the approval/conditional approval/rejection of the application with an official letter sent by the Managing Authority (MA). For the approved projects the letter will include further information about the next steps for contracting.



8.2 Eligibility check and selection criteria

In the table below you will find the conditions and criteria under which the project shall be checked and assessed. Examine them carefully and take them into account when preparing the application. Improve identified weaknesses of the project.

1. Administrative and Eligibility Check

Description	Yes/ no / not appr.	Comments
Administrative check		
1. Application is submitted in one printed original and electronic form including scanned documents on a CD-ROM.		If NO – ask for completion
2. Electronic version is identical to the original.		If NO – ask for completion
3. Application is complete, requested original documents are provided.		
<input type="checkbox"/> Application Form is filled in and signed. / Original.		Must be submitted.
<input type="checkbox"/> Annex 1 - Budget / Original.		Must be submitted.
<input type="checkbox"/> Annex 2 - Indicators / Original.		If NO – ask for
<input type="checkbox"/> Annex 3 – Lead Partner Statement / Original.		If NO – ask for
<input type="checkbox"/> Annex 4 - Partnership Statement / Original for each project partner.		If NO – ask for
<input type="checkbox"/> Annex 5 - Co-financing statement /if appropriate/ Original		If appropriate and NO – ask for
<input type="checkbox"/> Annex 6 – Project Summary		If NO – ask for
Eligibility of Partnership and CBC criteria		
4. There is at least one partner from Austria and one partner from Slovenia.		If NO – reject.
5. Cooperation of a partner located outside of the programme area is justified in point 3.3.3 of the Application Form.		If NO – ask for completion.
6. At least two CBC criteria marked in Section 5 - Description of the CBC.		If NO – reject.
Budget and financing		
7. Financing plan is balanced to the project costs.		If NO – reject.
8. At least 15% of public co-financing is secured.		If NO – reject.
9. Requested amount of the ERDF funds is higher than EUR 30.000.		If NO – reject.
10. Administrative costs are lower than 25% of the project total direct eligible costs.		If NO – reject.
11. Respect of the State aid rules is checked		If NO – has to be done.

for each partner by its Regional Body (RB).		
Project duration		
12. Project will be finalised within the programme period (End date: 31 March 2015).		If NO – reject.

Note: When submitting application, at least the Application Form and the Annex 1 have to be submitted otherwise the application will be rejected. The Lead Partner may be asked to provide in the time stipulated by the JTS additional clarifications or missing documents concerning the administrative check only. All conditions and requests in the above table have to be fulfilled in order to qualify for the assessment of the project quality.

2. Selection Criteria

Description	Yes /Partly/No	Comments	App. form
1. Relevance			
Relevance of the problem addressed and contribution to achievement of the programme overall and priority objectives.		If NO – reject.	2.1, 2.2, 2.5.1
Impact to the programme area -location, sectors, beneficiaries		If NO – reject.	2.4, 4.
Effect on the sustainable development - economic, environmental, social-cultural		If NO – reject.	7.3
Value added - joint solutions beyond present practice in the field/sectors - advantage of a cross-border compared to national approach only		If NO – reject.	2.3, 2.4, 2.5.2, 7.1, overall AF
2. Quality of cross-border cooperation			
Quality of CB partnership - relevance of partnership - number of partners, competence, roles, previous experience, capacities			3.3
Quality of CB cooperation - joint development - joint implementation - joint staffing - joint financing			5.
3. Quality of content			
Contribution to national/regional policy - compliance - synergies		If NO – reject.	7.2
Soundness of the project - Coherence/logic between the project justification, objectives,		If NO – reject.	2.1 – 2.3 Annex 2

outputs			
Outputs - appropriateness - feasible, concrete and measurable/identifiable		If NO – reject.	2.3
Expected use of outputs - feasible - provide benefit to users		If NO – reject.	2.4
Activities - feasible - appropriate to achieve the planned outputs (involve target groups, other users)		If NO – conditions may be set.	2.6
Time frame – it is feasible to complete the project in the planned time		If NO – conditions may be set.	2.7, 2.8, 2.9
Eligibility of Costs and Value for money - project costs are eligible and reasonable to achieve the expected outputs		If NO – conditions may be set.	6. and Annex 1
Sustainability of project results.		If NO – reject.	8.

Be aware of the comments under Relevance and the Quality of Content. Should the assessment be NO for **one or more criteria**, the application will be rejected. Only the criteria regarding Activities, Time frame and Eligibility of costs and value for money may provide a possibility to set conditions to be fulfilled prior to approval.

8.3 Contracting

Upon decision taken by the JMC, the Lead Partner shall be notified by the Managing Authority about the approval or rejection of the proposed project. It is also possible that JMC sets conditions which need to be fulfilled prior to project approval. In this case the Managing Authority (supported by the JTS and RBs) will negotiate with the Lead Partner. Provisional time-frame to inform the Lead Partner about the decision of the JMC is within one month from the JMC meeting.

The Lead Partner of an approved project shall sign a contract for the total ERDF funds with the Managing Authority (see the sample Subsidy Contract in the Application Pack). Before signing this contract, the Managing Authority will assure the correctness of the Controllers responsible for verifying the legality and regularity of the expenditure declared by each project partner.

National/regional co-financing contracts linked to the ERDF Subsidy Contract shall be signed between the respective co-funding body and the project partner concerned in case national/regional public co-financing of the project partner expenditure has been ensured. The contract for regional/national co-financing has to be coherent with the ERDF Subsidy Contract.

It is also compulsory that the Lead Partner and project partners sign a Partnership Contract (see the sample in the Application pack), in which their rights and obligations are determined. A copy of this contract will have to be submitted within 4 months from Subsidy Contract signature.

9. WHAT SHOULD YOU KNOW ABOUT IMPLEMENTING CROSS- BORDER PROJECTS?

9.1 Key responsibilities of the Lead Partner and its project partners

Responsibilities of the Lead Partner (Lead Beneficiary) and the other partners (beneficiaries) are laid down in Article 20 of Regulation (EC) No 1080/2006. The project partners appoint the Lead Partner for the project among themselves. The Lead Partner assumes the following responsibilities

- It shall lay down the arrangements for its relations with the project partners participating in the operation in an agreement comprising, inter alia, provisions guaranteeing the sound financial management of the funds allocated to the project, including the arrangements for recovering amounts unduly paid;
- It shall be responsible for ensuring the implementation of the entire project;
- It shall ensure that the expenditure presented by the partners participating in the operation has been incurred for the purpose of implementing the project and corresponds to the activities agreed between those partners;
- It shall verify that the expenditure presented by the partners participating in the project has been validated by the controllers;
- It shall be responsible for transferring the ERDF contribution to the partners participating in the project.
- The LP is responsible for the whole operation and shall satisfy himself that the verification of all expenditure on the level of operation has been done.

Beside the responsibilities mentioned in the Council Regulation, the Lead Partner is responsible for:

- Collecting the information from the project partners, cross-checking the certified activities with the progress of the project and submitting the reports to the JTS;
- Signing the ERDF Subsidy Contract;
- Harmonizing the project changes with the RB and formally submitting those via the JTS to the MA for approval.

The project partners are responsible to implement the agreed tasks and ensure proper management of the project on their part as described above.

Each project partner participating in a project needs to:

- Sign and fulfil the contract for regional/national co-financing, if applicable;
- Assume responsibility in the event of any irregularity in the expenditure which it has declared;
- Inform the Member State in which it is located about its participation in an operation in the case that this Member State as such is not participating in the operational programme concerned;
- Send the statement of expenditures and content report to the control unit;

- Submit the certification of expenditures and information to the Lead Partner.

The Lead Partner and project partners need to draw up the Partnership Contract including mutual rights and obligations and provisions for sound financial management and recovery of funds unduly paid.

9.2 Financial management of the project

This section is included to help avoiding financial management problems during project implementation. It is not unusual for control and on-the-spot checks to reveal problems with the expenditure declared or the basic financial management practice being used. Most of these problems can be solved but it requires considerable time and effort and may result in a suspension of payments to the project until all problems have been dealt with. The following summarises what can be done to avoid the most common problems.

- Each project partner must set up a **separate accounting record for the project**.
- **Involve partner's finance managers from the start.** Organisations have their own financial management systems and procedures. All partners need to check that these comply with programme requirements and that systems can deliver the evidence that is needed.
- **Secure an audit trail.** Partners must keep all their invoices or other documents of equal probative value. Supporting documents are also needed such as time records or keys for calculations of administrative costs. If these documents are missing, the expenditure will not be reimbursed. Find out what you need to file and keep your files up to date. You should make sure that you always have all documents available.
- Find out what procedure you need to follow for **procurement of supplies, services or works**.
- **Only report real expenditure directly related to the project.** You must be able to demonstrate that all of the costs reported were actually incurred and paid out and were necessary for implementing the project.

9.3 Accounting records, audit trail and retention of project documentation

The regulations and many programme documents refer to the need to safeguard the 'audit trail'. Put simply, this means keeping records to show how every Euro of project money has been spent.

You need to store all invoices for products and services delivered including evidence that these invoices have been paid.

There is, however, some expenditure for which it is not possible to show an individual project invoice. Administrative costs are a good example as the project only can pay part of e.g. a larger heating bill for the whole building. In this case you will have to be able to calculate a share of such invoice that can be assigned to the project. Documents of 'equivalent probative value' need to be provided. This means that they provide reliable proof of how the money was spent.

It is not always enough to prove that the money has been spent. In many cases evidence also needs to be supplied that the “value for money” principle has been observed.

Generally speaking, original documents are needed for the audit trail. In the new programme period each Member State will draw up national standards to be met if copies, electronic versions or other formats are used. If this documentation is not available, the spending it covers will be rejected. The basic rule is: If you can't prove it, it is as if it has never happened!

All project partners need to set up a transparent system of accounting records about the project. Therefore it is necessary that each partner creates separate accounting evidence. It has to enable clear presentation of expenditure related to projects and their distinction from expenditure related to other business activities.

Data and documentary archive ensures appropriate audit trail if it enables ex-post and full:

- documentary and data reconstruction of expenditure and
- justification of applications for reimbursement with evidence of individual expenditures (received invoices and processed payments) supported by proving documents which were the basis for issuing the invoices.

Each project partner is obliged to keep all project documentation until 31 December 2020 for possible controls or audits by authorised bodies.

9.4 Reporting, control and monitoring

To measure the progress achieved on a project and to react in time to unforeseen developments, it is advisable to create your own monitoring and evaluation system built on the milestones and project indicators set in the application. You may observe the following aspects of implementation:

- progress towards the achievements of the project outputs and objectives;
- effectiveness and efficiency of implementation: is the project progressing in line with the initial time plan? Is the budget plan being implemented and are allocations per budget categories being observed? How do the project achievements relate to the expenditure (benefits-costs)?
- quality of the management and coordination: are management and coordination procedures efficient and are resources used in this process sufficient?

Having a project monitoring and management system well in place will help the partnership in fulfilment of reporting requirements. In general, every six months a progress report will have to be prepared. Prior to submission of the progress report, the expenditure declared by each project partner in the reporting period will have to be checked by his Controller.

The purpose of these controls is to verify the administrative, financial, technical and physical aspects of the project. Verifications shall ensure that:

- expenditure declared is real,
- the products and services are delivered in accordance with the approval decision,
- the operations and expenditure comply with the Community and national rules.

The following forms of control shall take place:

- administrative verifications in respect of each Application for reimbursement,
- on the spot verifications.

In Slovenia, the control shall be performed by the Government Office for Local Self-Government and Regional Policy - Sector for Controls. In Austria it will be organised by the RBs. The Controller of each partner will have to be known before signing of the ERDF Subsidy Contract.

Steps in preparation of a Progress report and Application for reimbursement

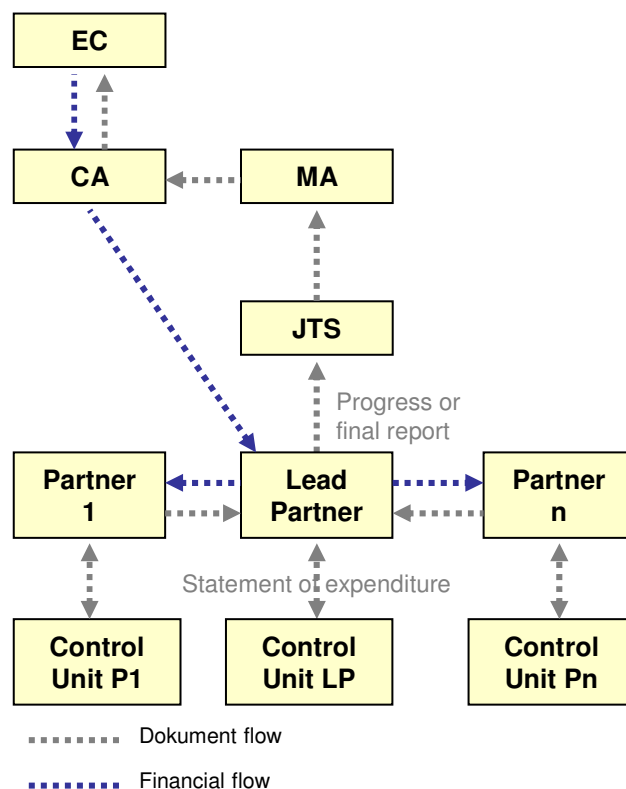
1. For each reporting period, a report package (consisting of activity report, a financial report and list of invoices) in the national language will be submitted by each project partner to its responsible Controller for verification.
2. The Controller will check eligibility of expenditure presented by the project partner and issue a *Statement of validated expenditure*.
3. Project partners will forward the *Statement of validated expenditure* to the Lead Partner, who is in charge of collecting all statements for an overall progress report.
4. The Lead Partner will compile the progress report in Slovene and German language. It will consist of:
 - activity report covering an overview of implemented activities, outputs achieved, eventual changes occurred,
 - financial report including *Statements of validated expenditure* of all partners in relation to project activities performed in the reporting period.
5. Progress report and the Application for reimbursement will be sent by Lead Partner to the JTS.

The same steps will be taken to prepare the final report and final Application for reimbursement.

9.5 Payments

After having checked the overall progress/final report, the Managing Authority (MA) issues the Claim for reimbursement and submits it to the Certifying Authority (CA). On the payment request of the CA, the EC checks the request and releases the funds to the CA. The paying unit of the CA transfers the ERDF funds to the Lead Partner.

The Lead Partner is responsible for transferring the ERDF share to the project partners according to the Subsidy and Partnership contracts and verified expenditures.



The national/regional funding bodies will release the national/regional co-financing to the project partners/Lead Partner before or in parallel with the ERDF payment based on separate contracts.

It is to be highlighted that payments from the programme shall be made as reimbursements of eligible expenditure incurred in project implementation. Therefore it is important for all project partners to have financial capacity to pre-finance project activities. In general, reporting will take place for six-month implementation periods, to which approximately 4 months time needed for checking of reports and additional one month for release of payments by the CA has to be added if ERDF funds are available.

9.6 Public procurement

The purchase of goods and services as well as ordering of works is subject to national and Community rules. The procurement rules aim at securing transparent and fair conditions for competing on the common market and should be followed by the project partners when commissioning services, works or deliveries. Rules differ depending on the kind of goods and/or services to be purchased, as well as the value of the purchase.

All project partners from Slovenia are obliged to implement procurement procedures in accordance with the act on public procurement valid in Slovenia. These rules apply also to entities established by private law acting as beneficiaries in the project since they have been granted public funds. In Austria, public organisations have to follow public procurement legislation valid in Austria, while other organisations need to follow the nationally set rules and principles for procurement co-funded from the structural funds.

9.7 Information and publicity

The Lead Partner is responsible for informing the public about the assistance obtained from the structural funds. It also has to ensure that those taking part in the project have been informed of the funding.

Information and publicity should be seen as an essential part of the entire project and not only as a set of activities to be implemented at its end. Information and publicity actions should support the work and quality of the project by bringing its results and benefits into awareness of target groups.

It is recommended to plan information and publicity actions. Think of specifics of the target audiences on different levels (e.g. within partner organisations, regions, sector, national/EU level) and adapt the approaches and actions accordingly. When developing the actions, take into account:

- **Why** and **whom** exactly you plan to inform? (define your target audience/groups)
- **What kind of information** or material is to be given or prepared for a certain group? E.g. brochures, catalogues, leaflets, posters, t-shirts... In **what language?** **When?** (start-up, implementation, finalisation phase)
- **How** can you best reach the target group - **what channels** to use? – e.g. media, electronic information, networks, organisation of events, conferences, personal contacts, etc.)
- **Who** is going to do it - which partners take on which tasks?
- What **time and costs** are related to each of the planned actions?

It makes sense to think about the results of your information and publicity actions; especially whether the listings under “why” have been achieved, what was a success and what could be improved next time.

Be aware that all projects implemented with the Community assistance need to comply with the rules on information and publicity as defined in EC No 1828/2006. We would like you to pay attention to the following ones:

- Any document, including attendance or other certificate, concerning such project shall include a statement to the effect that the project has been selected under the Operational programme Slovenia – Austria 2007-2013, co-financed by the ERDF.
- All information and publicity measures shall include the emblem of the EU in accordance with the graphic standards and reference to the European Union. Furthermore, the reference to ERDF and a statement “Investing in your future” should be applied. For the small promotional objects, the requirement in the latter sentence shall not apply.
- For projects consisting of the purchase of a physical object or the financing of the infrastructure and where the public contribution exceeds 500.000 Euros, permanent explanatory plaques need to be put up.

In addition, observe the Information and Publicity Guidelines developed by the Managing Authority.

9.8 Project changes

To complete the project successfully and achieve the set objectives, it is not unusual that in the course of the project implementation a need for changes occurs. Project changes may e.g. relate to reallocation of tasks among project partners, changes in activities, partnership, project duration, etc. Consequently, changes may require reallocation of funds.

All project changes must be justified and agreed between the project partners before they are communicated to the MA / JTS. Changes have to be approved by the programme bodies. The major changes shall be approved by the JMC, other changes can be approved by the MA / JTS and involved co-funding bodies.

Rules for project changes will be defined in the Subsidy Contract.

9.9 Project closure

Project closure is the final phase in the project implementation process. Closure involves two parallel activities: finalising project activities and making the last financial claims and payments. In practice this involves accumulation of all project records and preparation of the project final report.

What obligations are there after project closure?

One other important issue is to be clear about the meaning of closure: It is a closure of the project's grant but it does not represent the end of project requirements. Even though the programme has accepted the final report and made the final payment, the project is still subject to possible control and checks, e.g. by the programme Audit Authority, Commission auditors, Court of Auditors.

All project records and documentation therefore need to be retained at least until 31 December 2020. If these later audits discover problems or missing parts of the audit trail, errors will be corrected by initiating a recovery and claiming money back from project partner organisations. One important risk needs to be assessed here: The staff who could explain project actions may have left the organisation long before later control visits place. Project closure records (the audit trail and final report) should therefore be good enough to allow new staff to provide these explanations.

Durability of investment project

The project partners need to be aware of one important requirement stated in Article 57 of EC No 1083/2006: within five years from their completion the investment projects funded from the programme must not undergo any substantial modification:

- (a) affecting its nature or its implementation conditions or giving to a firm or a public body an undue advantage and
- (b) resulting either from a change in the nature of ownership of an item of infrastructure or the cessation of a productive activity.

Sums unduly paid will have to be recovered.

10. RECOMMENDATIONS FOR PREPARING ENVIRONMENT FRIENDLY PROJECTS

One of the key principles of the operational programme is sustainable development. Among the assessment criteria for the projects applying for support from the programme is also their economic, social and environmental impact.

For projects having potential environmental impacts, we strongly advise to consider the recommendations of the SEA Report¹³.

The possible »**negative**« environmental impacts, due to proposed activities in the project, can be summarized as: increased land use, increased noise, air and soil pollution, increased water consumption and generation of waste.

The possible »**positive**« environmental impacts, due to proposed activities in the project can be summarized as: improved management of protected areas, preservation of biodiversity, improved safety from natural hazard, diminishing environmental pollution, improved quality of drinking water, improved efficiency of energy use, etc.

The recommendations in general term can be clustered in:

a) Prevention of environmental impacts

- If new infrastructure is to be developed, are brown-field sites used? If not, is new infrastructure planned on locations with low importance for biodiversity (e.g. not in natural or semi-natural environment, but in settlement areas)?
- If not on brown-field site, is new infrastructure planned within/close to permanent settlement areas with easy access to public utilities infrastructure (public environmental services) and sustainable transport (bus stops/lines, railway, cycle path)?
- Is the proposed new infrastructure appropriately located (i.e. according to the land use planning documents)?
- If new infrastructure is proposed, does the project include Environmental Impact Assessment for it?
- If the project is of programming nature (e.g. a production chain development strategy, business zones networking plan), is Strategic Environmental Assessment proposed within the project?

b) Reduction of environmental impacts

- Does the project include sustainable use of resources, e.g. energy efficiency, renewable sources, reduced water use?
- Does the project focus on use of mostly local resources (wood, agricultural products, minerals, etc.)?
- Does the project contain measures for minimisation of pollution (emissions, waste)? To what extent – in terms of materials used, transport planning, waste and waste water management, etc.?
- Does the project provide for maximum transport efficiency in the view of resources, users, markets etc. (e.g. appropriate location, provision of public transport, energy efficient vehicles, cycling...)?
- Does the project contain measures for energy efficiency?
- Does the project contain measures for use of renewable energy?

¹³ Environmental Report in line with the Strategic Environmental Assessment of the Operational Programme Cross Border Cooperation Slovenia - Austria 2007 – 2013, Sept 2007.

c) Offsetting environmental impacts

- If the project is expected to have adverse environmental impacts of regional character that are mainly irreversible, does it also contain measures to compensate for these impacts?
- Does the project have considerable effect on important habitats and species? Does it include restoration of habitats or compensation by establishment of such habitats on new location? Will it restore migration corridors in case it is located in their area?
- Does the project involve local community/inhabitants?

d) Promotion of sustainable development

- Does the project promote methods for pollution control and sustainable resource use (e.g. water, soil, minerals, etc.)?
- Does the project promote energy efficiency and use of renewable energy?
- Does the project promote development, transfer and use of environmental technologies and best available techniques?
- Does the project promote environmental management, green purchasing and eco-design?
- Does the project include awareness rising? Does that include local inhabitants, employees, and visitors?
- Does the project include networking and exchange of experience with environmental management, best practice etc. between SMEs, local communities and institutions?
- Does the project focus on training and skills for environmental technologies and management?
- How does the project ensure internal assessment of environmental impacts? Does the project have any environmental indicators; are they clearly defined and simple to measure?

Recommendations for specific activity fields:

1.1 SME Development

If new business zones are to be developed:

- Brown-field sites or locations with low importance for biodiversity should be used primarily;
- The sitting should include the aspect of preservation of protected cultural heritage, especially settlement, archaeological and landscape heritage;
- Foster SME development in town and village centres;
- Increase the efficiency of freight transport and logistics, especially relevant for SME;
- Fostering environmentally sound modes of transport: measures to support public cross-border transportation should be included (i. e. cooperation of buses/taxis on demand for tourist activities;
- Foster energy saving technologies for SMEs in different economic sectors.

1.2 Tourism

- Support the uptake of Environmental Management Systems and Audit Schemes in tourism industry (ISO 14.000, EMAS, Eco-labels, green purchases etc.);
- Support concepts for innovative mobility solutions, schemes for cross-border rentals and car sharing and cross-border transport means in tourism;
- Support explicitly sustainable products for tourism and leisure economy;
- Use the Programme support to increase energy use efficiency in tourism areas (awareness and technology);

- Assurance of project support that include protection of landscape and cultural heritage, protection of nature (e.g. renovation of objects of cultural heritage, arrangement of management visitor plans in protected areas).

1.3 Framework for knowledge based economy

- Highlight the special focus on the support of R&D and Innovation in the field of “clean and resource efficient technologies” (e.g. award schemes that identify and publicly credit those business practices that are both innovative and sustainable);
- Introduce an award for this CB region in this context, by extending existing schemes e.g. global energy award;
- Extension of existing “eco-technology” networks and cluster initiatives to the whole region.

2.1 Management of natural resources

- Define activities that include local people in these areas;
- Analyse possibilities of marketing regional products and services (Link to AF 1.4);
- Support schemes for cross-border innovative environmentally friendly visitors transport (e.g. organised joint transport system-buses on bio diesel, rentals and car sharing, cross-border transport means in tourism);
- Know how transfer knowledge of management in protected areas.

2.2 Environment and energy

- Include socioeconomic risk management approaches (awareness about financial risks (e.g. associated with natural disasters) and how they are covered should be promoted);
- Prepare a cross-border strategy for waste and its possible proper use as secondary material after full opening of the borders;
- Award schemes to identify and publicly appreciate innovative environmental approaches and performance by municipalities and enterprises (in coordination our recommended award schemes in activity field 1.1 on the enterprise level);
- Know-how transfer in the fields of Flood protection and maintenance of sewage infrastructure;
- Support measures, which focus on environmental awareness of the public.

2.3 Urban and regional development

- Include exchange of experience in land use planning, esp. in the view of accessibility for different groups and by sustainable modes of transport as well as noise reduction;
- Include promotional and marketing activities for CB public transport and intermodality supporting facilities.

2.4 Social and cultural development

- Include joint emergency planning for natural disasters and ecological accidents;
- Include exchange of experience in sustainable restoration of cultural heritage;
- Include exchange of experience/joint actions for management of visitors (incl. safety, waste management, etc), accessibility and transportation of public events;
- Include exchange of experience/joint actions in medicinal waste management for hospitals.

11. GLOSSARY

Note: The explanation of terms marked with * is to some extent programme specific and must therefore be understood in the frame of the Operational Programme Slovenia-Austria 2007 - 2013.

Term	Explanation
Activity Field*	A group of proposed activities and/or <i>projects, which would contribute to achievement of the priority objectives of the operational programme.</i>
Activity Report	Part of the <i>Progress report</i> . Activity report provides the link with the application and the report on the expenditure. The activity report contains information on what has been done and achieved in the project within the reporting period. If applicable, the report also includes explanation of any deviations from the plan (application) and actions taken.
Application*	A set of forms which have to be filled in properly and submitted by the Lead Partner to the Joint Technical Secretariat in order to apply for the programme funding.
Application Pack*	A set of documents, forms and guidelines that group all information, requirements and forms needed to prepare application.
Application for reimbursement	A document issued by the Lead Partner on a standardised form and submitted to the MA to claim reimbursement of the verified eligible expenditure. The Application for reimbursement is accompanied with the project progress/final report.
Audit Authority (AA)	Member States participating in an operational programme appoint a single audit authority. The audit authority is assisted by the group of auditors comprising representative of each Member State participating in the operational programme and carrying out the duties provided for in the Article 62 of Regulation (EC) No 1083/2006. Audit Authority is responsible for verifying the sound operation of the management and control system of the operational programme. It is operationally independent of the Managing Authority and the Certifying Authority.
Auditors	In the 2007 - 2013 programming period, the term is used for persons responsible for 2 nd and 3 rd level control (see Audit Authority). <i>Source: Handbook on the Lead Partner Principle in ETC programmes, INTERACT, 2007.</i>
Audit trail	Audit trail is a sequence of information i.e. accounting records that provide detailed information about expenditure actually incurred. The accounting records show the date they were created, the amount of each item of expenditure, the nature of the supporting documents and the date of and method of payment. The audit trail validates the expenditure claimed and enables tracing the financial data to its source. <i>Source: Handbook on the Lead Partner Principle in ETC programmes, INTERACT, 2007.</i>
Beneficiary*	On a project level, beneficiaries are groups of individuals or organisations that will benefit from the project achievements.
Certifying	Member States participating in an operational programme appoint a

Authority (CA)	single certifying authority to certify declarations of expenditure and applications for payment before they are sent to the Commission. The Certifying Authority shall receive payments made by the Commission and, as a general rule, shall make payments to the Lead Partner.
Controller	The controller is a person responsible for verifying the legality and regularity of the expenditure declared by each partner participating in the project. All project partners will be controlled independently in their own countries by the designated controller. <i>Source: Handbook on the Lead Partner Principle in ETC programmes, INTERACT, 2007.</i>

Control Unit (CU)	An organisational unit or body designated by the Member State responsible for the 1 st level project controls. See also <i>Controller</i> and <i>First Level Control</i> .
Cross-border cooperation criteria	ERDF Regulation No 1080/2006, Article 19.1, defines four cross-border cooperation criteria: joint development, joint implementation, joint financing, joint staffing. In each project, at least two of the four criteria must be fulfilled, which means that project partners must cooperate in at least two of the mentioned ways.
Cross-border cooperation programme area	It is a territory comprising eligible NUTS level 3 regions in which the cross-border cooperation programme is implemented and the expected impact is to be achieved. The <i>core programme area</i> consists of the NUTS level 3 regions along the border between the cooperating countries. In justified cases, the core programme area can be extended and include NUTS level 3 regions <i>adjacent</i> to the core programme area. According to Art 21(1) of the EC No 1080/2006 expenditure incurred in implementing operations or parts of operations (projects) in the NUTS level 3 adjacent regions may be financed up to a limit of 20% of the total ERDF contribution to the operational programme concerned.
Eligible expenditure	Expenditure incurred by project partners involved in the implementation of a project that are eligible for funding support from the operational programme concerned.
European Regional Development Fund (ERDF)	The ERDF is intended to help to redress the main regional imbalances in the Community. The ERDF therefore contributes to reducing the gap between the level of development of the various regions and the extent to which least favoured regions, including rural and urban areas, declining industrial regions, areas with geographical or natural handicap, such as islands, mountainous areas, sparsely populated areas and border regions, are lagging behind. <i>Source: Regulation (EC) No 1080/2006 on the ERDF</i>
European Territorial Cooperation (ETC)	The European Territorial Cooperation objective will strengthen cross-border cooperation through joint local and regional initiatives, trans-national cooperation aiming at integrated territorial development, and interregional cooperation and exchange of experience. This objective is based on the experience drawn from the former Community initiative

	<p>INTERREG.</p> <p>Source:</p> <p>http://ec.europa.eu/regional_policy/policy/object/index_en.htm</p>
Financial report	<p>Part of the progress report. It contains a retrospective accounting of the total costs incurred by each project partner during the reporting period. The expenditure of each project partner presented in the financial report needs to be checked by designated controllers before the Lead Partner submits the progress report to the JTS.</p>
First level control (FLC)	<p>Control on project level. In order to validate expenditure declared by a project partner, the controller will verify the delivery of products and services co-financed, the soundness of expenditure declared for operations or parts of operations implemented on its territory and the compliance of such expenditure and of related operations, or parts of those operations, with Community and its national rules.</p>
Guide for Applicants*	<p>A document, which is a part of the <i>Application Pack</i> and contains information, requirements and some recommendation for preparing applications. It also includes information on project assessment and selection procedure.</p>
Indicator	<p>An indicator can be defined as the measurement of an objective to be met, a resource mobilised, an effect obtained, a gauge of quality or a context variable. An indicator should be made up by a definition, a value and a measurement unit.</p> <p>Source: <i>The New Programming Period, 2007-2013: Methodological Working Papers – Draft Working Paper “Indicators for monitoring and evaluation: a practical guide”, 23 January 2006, p.5.</i></p>
Ineligible expenditure	<p>Project expenditure which is not eligible for co-funding from the programme. See rules on eligible and ineligible expenditure in the Guide for Applicants.</p>
Information and Publicity	<p>Part of project activities aiming at informing target audience on benefits achieved by implementing the project and about the role of the Community and assistance ensured from the Funds.</p> <p>Rules on information and publicity are to be respected as defined in the EC No 1828/2006 and the communication guidelines of the MA.</p>
Joint Monitoring Committee (JMC)	<p>Each Member State participating in the operational programme shall appoint representatives to sit on the Monitoring Committee. The monitoring committee shall satisfy itself as to the effectiveness and quality of the implementation of the operational programme.</p>
Joint Technical Secretariat	<p>After consultation with the Member States represented in the programme, a Joint technical secretariat is set up by the Managing Authority. The Joint Technical Secretariat is assisting the Managing Authority and the Joint Monitoring Committee, and where appropriate, the Audit Authority in carrying out their respective duties.</p> <p>Source: <i>Art. 14 of the ERDF Regulation</i></p>
Lead Partner (LP) / Lead Beneficiary	<p>In the 2007 - 2103 period, the Lead Partner is the administrative link between the programme and the project. According to Art. 20.1 of ERDF Regulation 1080/2006, the LP is responsible for</p> <ul style="list-style-type: none"> - drafting the partnership agreement/contract, - ensuring the implementation of the entire project, - ensuring that expenditure presented by the partners

	<p>participating in the project has been incurred for the purpose of implementing the project and corresponds to activities agreed between those partners</p> <ul style="list-style-type: none"> - verifying that the expenditure presented by the partners has been validated by the controllers - transferring the ERDF contribution to the project partners <p><i>Source: Handbook on the Lead Partner Principle in ETC programmes, INTERACT, 2007</i></p>
Milestone*	<p>Milestones are control points where decisions are needed with regard to the next stage of the project. For example, a milestone may occur when a major output has been achieved or when a project partnership must decide which of the available options to follow.</p> <p><i>Application Form OP Slovenia-Austria 2007-2013</i></p>
Managing Authority (MA)	<p>Member States participating in an operational programme appoint a single Managing Authority. The managing authority is responsible for managing and implementing the operational programme in accordance with the principle of sound financial management.</p>
Open Call for Proposals*	<p>Official communication addressed by the <i>Managing Authority</i> to potential project applicants to apply for funding and the way to do it. Application can be submitted on an ongoing basis. The given deadlines are set to ensure the decision on the scheduled JMC meeting.</p>
Operation	<p>The part of the approved project at the programme level which is financed from the funds of the European territorial policy. It shall be implemented by one main beneficiary and one beneficiary from a partner country.</p>
Operational programme (OP)	<p>Document prepared by the Member States participating in the programme and adopted by the Commission. <i>It includes analysis of the situation in the cooperation area, a list of eligible areas, a justification of priorities chosen, information on the priority axis their specific targets, financing plan and the implementing provisions and other.</i></p>
Partnership Contract*	<p>It is a document that formalises relationship between project partners and the Lead Partner. Mutual rights and obligations regarding cooperation in project are laid down in the partnership contract. According to Article 20.1 of the ERDF Regulation 1080/2006, among other, provisions guaranteeing the sound financial management of the funds allocated to the project, including the arrangements for recovering amounts unduly paid have to be laid down.</p>
Project Outline*	<p>Project Outline is partly completed application form containing the main project aspects. At this stage of project development, it can be submitted to the programme for pre-assessment. The received information about results of project pre-assessment is not binding for the Lead Partner.</p>
Project partners	<p>Other organisations that, in addition to the Lead Partner, sign a Partnership Contract and actively cooperate in the project.</p>
Priority	<p>One of the priorities of the strategy in an operational programme comprising a group of operations which are related and have specific measurable goals.</p> <p><i>Source: Council Regulation (EC) No 1083/2006 of 11 July 2006 laying</i></p>

	<i>down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999 – Article 2</i>
Progress report	<p>Comprised of the Activity Report and the Financial Report. It documents the progress of the operation and serves as payment request. Lead Partners of operations have to submit the progress report at the end of each reporting period to the Joint Technical Secretariat.</p> <p><i>Source: DG Regional Policy – INFOREGIO Website</i></p>
Public procurement	<p>Public procurement is a process used by users of public funds in order to obtain goods and services with taxpayer money. Contracts over a certain value are subject to Community rules and procedures.</p> <p>This legislation ensures fair treatment for businesses and openness in the handling of invitations to tender. It is to be seen in the context of greater competition and the freedom to provide services within the European common market.</p> <p>http://europa.eu/scadplus/glossary/public_procurement_en.htm</p>
Regional Body*	<p>Regional bodies contribute to the programme by:</p> <ul style="list-style-type: none"> • Publicity and information tasks as well as guidance to potential applicants • Advice on application procedures together with the JTS <p>After registration of the application in the Central Monitoring System by JTS, Regional Bodies will support the JTS concerning:</p> <ul style="list-style-type: none"> • Compliance with regional policy strategies and fulfilment of organisational, legal, technical and economic requirements and expected outputs of operations. • Quality, cross-border cooperation and cross-border impact.
State Aid	<p>State aid means action by a (national, regional or local) public authority, using public resources, to favour certain undertakings or the production of certain goods. A business that benefits from such aid thus enjoys an advantage over its competitors. Control of state aids thus reflects the need to maintain free and fair competition within the European Union.</p> <p>Aid which is granted selectively by Member States or through state resources and which may affect trade between Member States or distort competition is therefore prohibited (Article 87 of the Treaty establishing the European Community). State aid may nonetheless be permitted if justified by objectives of general interest: aid to promote the development of disadvantaged areas or for services of general economic interest, small and medium-sized enterprises, research and development, environmental protection, training, employment and culture.</p> <p>The European Commission has the task of keeping under review state aid granted by the Member States, whether planned or already</p>

	<p>operational, in order to ensure that it does not distort competition.</p> <p>http://europa.eu/scadplus/glossary/state_aid_en.htm</p>
Sub-contractor / contractor	<p>A third party that is assigned tasks to carry out on behalf of the partnership.</p> <p><i>Source: Good Practice INTERREG III Partnership Agreement Handbook, INTERACT Point Tool Box, 2005</i></p>
Subsidy contract	<p>Contract between the Managing Authority and the Lead Partner. It determines the rights and responsibilities of the Lead Partner and the Managing Authority, the scope of activities to be carried out, terms of funding, requirements for reporting and financial controls, etc.</p> <p><i>Source: DG Regional Policy – INFOREGIO Website – glossary</i></p>
Sustainable development	<p>The concept of sustainable development refers to a form of development that meets present-day needs without compromising the ability of future generations to satisfy their own requirements. It aims to improve individuals' living conditions whilst preserving their environment in the short, medium and -- above all -- long term. The objective of sustainable development is threefold: development that is economically efficient, socially fair and environmentally sustainable.</p> <p>http://europa.eu/scadplus/glossary/sustainable_development_en.htm</p>
Statement of Expenditure*	<p>A document issued by the <i>Controller</i> verifying the legality and regularity of the expenditure declared by each project partner. Each project partner will submit Statement of Expenditure to the Lead Partner for preparation of the Application for reimbursement, which will accompany Progress or Final report.</p>