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Project Implementation Manual

Priority 1 “Competitive border region”

**Priority 2 “Integrated development of the border
region”**

**(INTERREG VI-A) IPA Bulgaria Serbia Programme
No 2021TC16IPCB007**

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LIST OF ACRONYMS

AA	<i>Audit Authority</i>
AB	<i>Accounting body</i>
AF	<i>Application Form</i>
CBC	<i>Cross-border cooperation</i>
CfP	<i>Call for Proposals</i>
EC	<i>European Commission</i>
ETC	<i>European Territorial Cooperation</i>
FPPR	<i>Final Project Progress Report</i>
NC	<i>National Control</i>
IPA	<i>Instrument for Pre-Accession Assistance</i>
IA	<i>Implementing Agreement</i>
MC	<i>Monitoring Committee</i>
JS	<i>Joint Secretariat</i>
LP	<i>Lead Partner</i>
MA	<i>Managing Authority</i>
MRDPW	<i>Ministry of Regional Development and Public Works of Bulgaria</i>
NA	<i>National Authority</i>
OJEU	<i>Official Journal of the European Union</i>
PA	<i>Partnership Agreement</i>
PIM	<i>Project Implementation Manual</i>
PP	<i>Project partner</i>

PPA	<i>Public Procurement Act of the Republic of Bulgaria</i>
PPR	<i>Project Progress Report</i>
PRAG	<i>Practical Guide on contract procedures for European Union external actions</i>
SC	<i>Subsidy Contract</i>
TA	<i>Technical Assistance</i>
ToR	<i>Terms of Reference</i>
VAT	<i>Value Added Tax</i>

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1. INTRODUCTION

The purpose of the Project Implementation Manual (PIM) is to provide detailed guidance to Lead Partner (LP) and Project Partners (PPs) of the approved projects within Priority 1 “Competitive border region” and Priority 2 “Integrated development of border” of the (INTERREG VI-A) IPA Bulgaria Serbia Programme (hereinafter the Programme) on the full project life cycle, starting from contracting to closure, including reporting obligations, public procurement procedures, payments, publicity measures, etc.

The PIM and its annexes may be amended during the project implementation period. Any amendment of the PIM will be announced at the Programme’s web site: <https://ipa-bgrs.mrrb.bg> and the latest version will be uploaded.

The LPs should ensure that the project is implemented according to the actual version of the PIM, and that the latest versions of Annexes are used. In case of specific problems related to particular operations, the Joint Secretariat (JS) and the Managing Authority (MA) should be contacted for advice.

The language of the Programme is English. All official communication, including the reporting, has to be done in English. Exceptionally, in some case, communication within the project between the project partners and Programme bodies may take place in national languages.

2. INSTITUTIONAL FRAMEWORK

The Territorial Cooperation Management Directorate, appointed as the **Managing Authority (MA)** for the (Interreg VI-A) IPA Bulgaria Serbia Programme, is a part of the specialized administration at the Ministry of Regional Development and Public Works of the Republic of Bulgaria.

The **National Authority (NA)** – the Ministry of European Integration of the Republic of Serbia, cooperates in the joint programming, management and implementation of the Programme and provides assistance to the Managing Authority, Accounting Body and Audit Authority in their respective duties.

The **Monitoring Committee (MC)** consists of representatives appointed by the partnering countries, according to the partnership principle. Representatives of the European Commission, the Accounting Body and the Audit Authority or other relevant bodies participate in the work of the MC in advisory capacity.

The main competencies and responsibilities of the MC are as follow:

- review the overall effectiveness, quality and coherence of the implementation of all actions towards meeting the objectives set out in Programme, the financing agreements and the relevant strategy paper(s). It may make recommendations for corrective actions whenever needed;

- monitoring by reference to indicators laid down in the Programme in accordance with Article 34 of Regulation (EU) No 2021/1059.

Detailed information on composition, chairmanship and decision taken by the MC is available on the Programme's website: <https://ipa-bqrs.mrrb.bg/>

The **Joint Secretariat (JS)** of the Programme assists the MA / NA and the MC of the Programme in carrying out their respective duties. The JS takes part in all phases of the programme's lifecycle - launching of Call for proposals, evaluation and contracting of the approved projects, monitoring and control of the subsidy contracts, etc. The main office of JS is located in Sofia, Republic of Bulgaria, and the branch office - in Nis, Republic of Serbia.

The **Accounting Body (AB)** of the Programme is the "National Fund" Directorate at the Ministry of Finance of the Republic of Bulgaria.

The **Audit Authority (AA)** for the Programme is the "Audit of European Union Funds" Executive Agency at the Minister of Finance of the Republic of Bulgaria, and is assisted by a Group of Auditors. The Group of auditors is chaired by the AA and comprises equal number representatives of each country participating in the Programme.

3. INITIAL ACTIVITIES AND PROJECT SETTING UP

Once a project has been selected for funding, a subsidy contract between the Programme's MA and the Project's LP will be concluded. The Subsidy Contract establishes the rights and responsibilities of the Lead Partner and the MA.

The Lead Partner needs to assign users to PPs and grant individual access rights (view or edit with the sensitive data access or not) to at least one user (i.e. persons at project partner institutions dealing with the project) in the Project privileges section of JEMS. Formal project implementation starts once the Subsidy Contract is signed. The project implementation period starts on the day following the date the Subsidy Contract enters into force (the date of registration in the administrative system of the MA).

Example: If the Subsidy contract is registered on 12.02.2025 (Contract No RD-02-xx-xxx/12.02.2025), the first day of project implementation should be the day after - 13.02.2025.

The first phase of project implementation is tremendously important since it may influence the whole implementation process - delays incurred in this phase may be difficult to be caught up later.

3.1. Project management staff and internal control system

The appointment of the project staff is to be carried out by all project partners as soon as the project starts. The proper appointment of the project team members is sole responsibility of the project partners, and should be carried out in accordance with the applicable European and

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national legislation.

Within 10 (ten) days from the beginning of the project implementation period the Lead Partner has to send to the Joint Secretariat:

- Declarations in free format signed by the legal representative of each project partner that the necessary and qualified project staff for the successful implementation of the project activities will be kept throughout the whole implementation period;
- Copy of an administrative order or a letter for nomination of the project team members by each project partner and a short job description;
- Statement that Staff costs shall be reimbursed as a flat rate of up to 20 % of the eligible costs under BC 4, BC 5 and BC 6 of the operation. The exact percentage of the flat rate for each project partner is indicated in the Application form (PART B, partner budget) and will remain unchanged for the entire project implementation period.

After appointment/establishment of the project management team and submission of the above mentioned documents, it is not necessary to provide any other documents as employment/work contract / order, time sheets or proofs of payment of salaries. An administrative order/a letter for nomination of the project team members shall be provided to the National Controllers (NCs)/MA/NA/Auditors on request.

3.2. Advance payment

The advance payment is at the rate of 20% of the total amount of the subsidy. The MA may transfer the advance payment in two tranches, as follows:

- 10% of the total amount of the Subsidy Contract after receiving a request for advance payment no later than 45 days after the Subsidy Contract enters into force;
- and 10% of the total amount of the Subsidy Contract after one of the project partners awarded a sub-contract for investment activity and receiving a request for advance payment and a copy of the notification letter to the successful tenderer or a copy of contract for investment activity.

In order to receive an advance payment, the LP must send a request for an advance payment (see section 7.3 “Submission of Request for payment”).

3.3. Procurement plan

Project partners have the obligation after signing of the Subsidy Contract to provide information on the procurement procedures to be carried out at the partners level within the project. Each project partner must submit this information in the separate Project Procurement Plan (PPP) per respective PP(Annex 2), which should be filled in the JEMS, and in ways described in the JEMS User Manual.

In the process of preparation of the PPP, the Project partners should take into consideration the following documents:

For Bulgarian beneficiaries:

Public procurement act of the Republic of Bulgaria and the normative acts on its application/ Act on management of European funds under shared management;

- Council of Ministers Decree No. 4 of January 11, 2024 determining the rules for the review and evaluation of offers and the conclusion of contracts in the procedure for the selection with a public invitation of beneficiaries of free financial assistance from the European funds in SPO deer management (Decree of No. 4/11.01.2024);
- “Procurement procedures” section of this Manual, as well as JEMS User Manual.

For Serbian beneficiaries:

- Annex II of the Financing Agreement signed for the programme“ (Interreg VI-A) IPA Bulgaria Serbia, for the beneficiaries from Serbia;
- Chapter 3, Title VII, Part I of Regulation (EU, Euratom) 2024/2509 and Chapter III of Annex I of the same regulation;
- Practical Guide on contract procedures for European Union external action(PRAG);
- Procurement procedures” section of this Manual, as well as JEMS User Manual.

Project partners are advised to consult the preparation of the PPP with the JS.

Each project partner has an obligation to prepare and submit to the JS a separate PPP within 10 (ten) working days after the Subsidy Contract enters into force. The plan is to be filled in and sent to the JS through the JEMS.

Bulgarian beneficiaries, which are contracting authorities, within the meaning of the PPA, have to plan their public procurement in accordance with the requirements of the Public procurement act of the Republic of Bulgaria and the normative acts on its application.

Bulgarian beneficiaries, which are not contracting authorities, have to plan their public procurement in accordance with the requirements of the Act on the management of European funds under shared management and Council of Ministers Decree № 4/11.01.2024.

All Bulgarian beneficiaries, which are contracting authorities, have the obligation to amend their current annual plans of public procurements and to include the expenditures under the project within 10 (ten) working days after the Subsidy Contract enters into force. Certified copy of the amended annual plan for public procurements of each Bulgarian partner should be provided to

the JS.

Procedures must not be split artificially to circumvent the procurement thresholds. Services / supplies / works of the same /similar nature should be included in one procurement procedure.

For beneficiaries from Serbia, except for requirements related to procurement rules for European Union External Actions, in the process of preparation of the Procurement plan and implementation of procurement procedures the partners should respect the following:

- In case there are two or more procedures with identical or similar subject matter, concerning the same group of economic operators, they must be awarded in accordance with their total value. If, during the project implementation, the project partner decides to award two or more identical or similar activities, and if the combined amounts of these awards exceed the threshold for the simplified procedure, an amendment to the Public Procurement Plan (PPP) should be requested.
- In case Project partner implements simultaneously more than one project under the Instrument for Pre-accession Assistance, i.e. other contracts will be awarded under the provisions for EU external actions, they are obliged to plan and implement the respective tender procedures so that the applicable procurement rules and thresholds to be respected. (For beneficiaries in Serbia, this rule is applicable in case a project partner implements simultaneously more than one project under the Interreg -IPA CBC Programme Bulgaria – Serbia, and under the same Call.

All expenditures which could be grouped together in procurement procedures, because of similarity of their nature, should be included in the Procurement plan. Expenditures under BC 1, 2 and 3, as well as all expenditures below the minimal thresholds, which could not be grouped together with other similar expenditures, could be done without procurement procedures. There is no need to include the expenditures which will be treated as expenses not to be procured (others) in the Procurement plan.

Within 5 (five) working days after receiving the PPP the JS shall review and comment or approve the submitted plan. In case of comments by the JS, the Beneficiary (project partner) has to submit the revised PPP up to 3 (three) working days after receiving the comments. The deadline for approval of the respective PPP by JS starts running again on the date the required information is received.

Within 3 (three) working days the JS will notify the respective Project partner of the PPP approval.

NB!	The Beneficiary can proceed with the preparation and launching of the procurement procedures only after the PPP has been approved by the JS.
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If there is a necessity for future amendment of the already approved PPP, the respective Project partner has to consult the amendment procedure with the JS in advance.

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The projects partners bear sole responsibility for the implementation of the procurement procedures in conformity with the Programme rules, their project, the Public procurement act of the Republic of Bulgaria, Council of Ministers decree № 4/11.01.2024 and the Practical Guide on contract procedures for European Union external action. Within Annex 2.1 Declaration for Project Procurement Plan official representatives of registered in the Republic of Bulgaria Beneficiaries declare that procedures listed in the PPP are in line with the annual procurement plan of the organizations and are not subject to artificial splitting of tenders.

JS / MA / NA are not going to provide ex-ante control on the preparation and launching of procurement procedures.

The Bulgarian beneficiaries have an obligation to inform JS in writing by e-mail for launching of their procurement procedures according to the approved PPP.

The Serbian beneficiaries have an obligation to publish tender dossiers under forthcoming tender procedures on official Programme web site: <https://ipa-bgrs.mrrb.bg>. All documents intended for publication, depending on the type of procurement procedure, must be accompanied by a scanned official cover letter and sent via e-mail to the Joint Secretariat at js_sofia@mrrb.government.bg. Both the electronic documents and the cover letter must be submitted by an official representative of the Contracting Authority (Lead Partner or Project Partner) for each procurement procedure. The documents must be received by the Joint Secretariat at least 5 days prior to the requested publication date. To ensure simultaneous publication on the Programme's website and in other media, Beneficiaries should clearly indicate the desired publication date, a contact e-mail, and any relevant additional information in the cover letter. Confirmation of the publication date for the Programme's website will be sent to the contact e-mail provided.

3.4. Initial online monitoring/ meeting

In order to receive a realistic view of the readiness of the project teams to implement their part of the project, the JS organizes initial online meetings with all project partners within two months after the signature of the Subsidy Contract. For Small and Medium-sized Enterprises (SMEs), an on-site monitoring visit is mandatory. For other types of partners, the JS reserves the right to conduct monitoring visits based on the specific needs or identified risks.

During the initial meeting, following issues have to be checked and discussed with the project team:

- **Beneficiary's capacity and resources** - the JS expert checks whether the project team is aware of the terms and conditions of the Subsidy contract - procurement rules, visualization requirements, reporting and audit trail, state aid rules, etc., whether there are sufficient resources for the project implementation as well as financial resources.
- **Project management and coordination** - the purpose of the check is to ascertain the

level of management skills of the Project manager and LP's team for implementation of CBC projects, to assess if the LP is aware of its role and to assess the partnership relations between the PPs. The JS experts check whether the roles and responsibilities between the PPs are clearly defined, whether the coordination/communication between the PPs is good, and whether the PPs has enforced common monitoring and coordination rules/ reporting system.

- **Record keeping** - the purpose of the check is to verify that project documentation is kept separately from the other documentation of the organisation, in a properly filed and organized project dossier containing all relevant documents, providing sufficient information on the project activities.
- **Time schedule and progress of activities** - the purpose of the check is to verify the progress of the project activities in comparison with project time schedule and if the implemented activities correspond to these in the subsidy contract. The JS experts will check the project progress and the measures undertaken by the PPs concerning the planned services, supplies and construction works.
- **Public procurement - the purpose of the check is to verify that the public procurement procedures are implemented in accordance with** the approved Project Procurement Plan and the specified types of procedures, deadlines, maximum available budgets, etc.
- **Information and publicity** - The purpose of the check is to verify whether the information and publicity activities are carried out in accordance with subsidy contract and whether the programme Communication and Visibility rules are properly respected.

Additionally, the meeting gives the opportunity to the project partners to consult the JS experts with some matters of the project implementation.

4. PUBLIC PROCUREMENT

Where the implementation of an operation requires procurement of service, supply or works contracts by a beneficiary, the procurement rules set in Article 58 of Regulation (EU) No 2021/1059 shall be applied.

- 1) When the project partner is located in Bulgaria and
 - **and is a contracting authority within the meaning of the Public Procurement Act (PPA), must apply one of the following procurement procedures:**
 - open procedure;
 - restricted procedure;
 - competition procedure with agreement;

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- agreement with preliminary calls for participation;
- negotiation with publication of call for procurement;
- competition dialogue;
- partnership for innovations;
- agreement without preliminary call of proposals;
- agreements without preliminary call for participation;
- agreement without publication of call for procurement;
- competition for a project;
- public competition;
- direct agreement.

- **and is not a contracting authority within the meaning of the PPA, must necessarily apply Chapter Four "Special Rules for Determining the Contractor by Beneficiaries of Non-Reimbursable Financial Assistance," of the Act on management of EU funds under shared management and the relevant Council of Ministers Decree or other procurement according to the national laws, regulations and administrative provisions into force.(Decree of the Council of Ministers No. 4/11.01.2024)**

For all Project Partners located in Bulgaria - contracting authority or contracting entity within the meaning of the Union law shall apply the public procurement procedures according with the national laws, regulations and administrative provisions.

Publication of Documentation for Selecting a Contractor on the Unified Information Portal:

The rules for reviewing and evaluating offers and for concluding contracts in the selection procedure with a public invitation are defined by Decree of the Council of Ministers No. 4/11.01.2024 (for beneficiaries that are not a contracting authority, as defined by the PPA).

According to Article 52, paragraph 1 of the of Act on management of EU funds under shared management, the public invitation for selecting a contractor for construction activities, services, and/or delivery of goods – the subject of the procurement, is prepared by the beneficiaries under Article 49, paragraph 2, item 2 of the law and is published on the Unified Information Portal (<https://www.eufunds.bg/>). The publication is not direct but is carried out through the Joint Secretariat of the INTERREG VI-A Cross-Border Cooperation Program Bulgaria-Serbia for the period 2021-2027, Directorate for Territorial Cooperation Management, Ministry of Regional Development and Public Works (MRDPW).

In the upcoming procedure for selecting a contractor, the beneficiary must send all documentation to: Joint Secretariat, Directorate for Territorial Cooperation Management at the email address js_sofia@mrrb.government.bg, phone number +359 2 9405 666.

Documents should be sent by email only from the official correspondence address provided by the beneficiaries and must contain the following minimum information in Bulgarian:

- Name of the beneficiary and project code;
- Description of the subject of the procurement;
- Deadline for submitting offers.

The invitation, along with all documentation, should be sent in PDF format, with each document scanned separately and named. All documents should be archived in a single common folder. After publication, the Joint Secretariat shall send electronic confirmation to the beneficiary and a link to the publication on the portal. The documentation for selecting a contractor prepared by beneficiaries under the territorial cooperation programs is not subject to prior control by the JS and MA. The responsibility for compliance with the deadlines and content of the public invitation rests entirely with the beneficiary.

The Beneficiaries applying the above-mentioned selection procedure with a Public invitation may use the attached templates of documents in Annex 17 „Templates for Bulgarian beneficiaries for selection procedure with Public invitation“.

NB!	JS / MA are not going to provide ex-ante control on the preparation and launching of procurement procedures. The Beneficiaries bear sole responsibility for the content and the quality of tender documents, published on the Unified Information Portal as well as for the simultaneous publication to all other media (web site of the OJEU, Beneficiary's website and/or official journal of the partner country or equivalent national media)
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2) When the project partner is located in the Republic of Serbia for the award of goods, works or services the procurement procedures shall refer to Annex II of the Financing Agreement for the programme“ (Interreg VI-A) IPA Bulgaria Serbia and the Practical guide on contract procedures for European Union external action (PRAG).

NB!	In case of modification of PRAG rules/annexes, the procedures launched before the new version was officially published shall be procured and contracted following the previous version of the Guide.
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The basic principle governing the awarding of the contracts is competitive tendering. The purpose is twofold:

- to ensure the transparency of operations, proportionality, equal treatment and non-discrimination; and
- to obtain the desired quality of services, supplies or works at the best possible price.

There are several different procurement procedures, each allowing for a different degree of

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competition. The basic principles, types of procedures and rules apply to the procurement of all project partners.

In the event of failure to comply with the procurement rules, expenditure relating to the operations in question is not eligible for EU financing or might be subject to irregularity proceeding.

In order to facilitate efficient management and control of the procurement process carried-out by the Beneficiaries under the Programme, the MA requires the Beneficiaries to duly prepare and submit for approval the Project Procurement Plan immediately upon signing of the Subsidy Contracts (see section 3.1.3 “Procurement Plan”).

4.1. Basic rules

➤ Nationality (Annex A2a of PRAG)

Participation in the award of procurement procedures, for the benefit of third parties, is open to all natural persons who are nationals of, and legal persons who are effectively established in, one of the following eligible countries/ territories / Beneficiaries:

- EU Member States;
- Beneficiaries listed in the Annex I of the IPA III;
- European Economic Area;
- Partner countries and territories covered by ENI Instrument;
- Countries for which the Commission has adopted a decision approving the request for reciprocal access to external assistance.

How to verify compliance with the nationality rules?

- The nationality of experts and other natural persons employed or legally contracted does not have to follow the nationality rules. Therefore, experts recruited or otherwise legally contracted by an eligible contractor/sub-contractor, may be of any nationality.
- For the purpose of verifying compliance with the nationality rules, the tender dossier requires the following from candidates and tenderers:
 - ✓ natural persons must state the country of which they are nationals;
 - ✓ legal persons must state the country in which they are established and provide evidence of such establishment by presenting the documents required under that country's law.

If the contracting authority (or evaluation committee) suspects that a candidate, tenderer or applicant does not comply with the nationality rules, it must ask the candidate/tenderer/applicant

to provide evidence demonstrating actual compliance with the applicable rules.

To demonstrate their actual compliance with the 'establishment' criterion, legal persons have to demonstrate that:

- The legal person is established under the law of an eligible State, and
- Its real seat is within an eligible State. 'Real seat' must be understood as the place where its managing board and central administration, or its principal place of business, are located.

NB!	The decision on whether or not candidates/tenderers/applicants are eligible is taken by the Contracting authority (usually on the basis of the information and evidence provided during the evaluation).
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➤ **Origin of goods**

For projects financed under IPA III supplies and materials may originate from any country.

➤ **Grounds for exclusion**

The exclusion criteria aim at excluding from receiving European Union funds or participating in grant or procurement procedures the entities or persons found in specific exclusion situations (also called 'exclusion grounds').

The contracting authority must reject from a given award procedure a candidate, tenderer or applicant who:

- a) is in one of the exclusion situations established under Section 2.6.10.1.1 of PRAG;
- b) has misrepresented the information required by the contracting authority as a condition for participating in the procedure or has failed to supply that information;
- c) was previously involved in the preparation of procurement documents used in the award procedure where this entails a breach of the principle of equality of treatment, including distortion of competition that cannot be remedied otherwise.

All candidates, tenderers and applicants should declare the circumstances related to these criteria in relevant annexes, parts of the tendering documentation, or through documentary evidence, when specifically requested.

In connection with the restrictive measures introduced pursuant to Article 5k of Council Regulation (EU) No. 833/2014 of July 31, 2014, it is necessary to ensure adequate control for their compliance in the implementation of projects, the beneficiary has to apply a Declaration from the legal representative of the chosen contractor, with which he confirms that the circumstances limited by Article 5k of Regulation (EU) No. 833/2014 of July 31, 2014 on restrictive measures in

view of Russia's actions destabilizing the situation in Ukraine (Annex 13).

For more details, please refer to points 2.6.10, as well as 2.5.4 and 2.5.7 of the PRAG.

➤ **Visibility**

All Beneficiaries and contractors, managing EU funds, must ensure the visibility of EU financing. The visibility requirements and guidelines are provided in the Communication and Visibility Manual for EU External Actions, published at: https://ec.europa.eu/international-partnerships/comm-visibility-requirements_en

All of these requirements are explained and illustrated with practical examples, included in the Chapter 10 Information and Publicity at the present PIM.

➤ **Other essential points**

“Irregularity” means any breach of applicable law, resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the budget of the Union by charging unjustified expenditure to that budget; ;

Detailed definitions are lay down in: Article 2 (31) of Commission Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy.

Every action which was not performed in line with above definition could be considered an irregularity irrespective of whether it is related to losses or potential losses of resources.

“Suspected fraud” is an irregularity giving rise to instituting administrative or judicial proceedings against national level in order to determine the existence of a certain intentional conduct, in particular fraud, as referred to in Article 1 (1) of the Convention for the Protection of Financial Services interests of the European Communities, on the basis of K.3 of the Treaty on European Communities .

The European Union is 'deliberate in terms of costs' action or inaction related to: use or presentation of false, false or incomplete reports or documents, leading to abuse or misappropriation of funds from the general budget of the European communities or budgets managed directly by or on behalf of The European Communities; concealment of information in violation of certain liabilities with the same effect; spending such funds for purposes other than those for which they were originally provided.

Everyone has the right to report fraud arising in connection with the implementation of projects and programs, funded by EU funds, and signals can be written or oral, and to be submitted anonymously..

Fraud shall consist of any intentional act or omission relating to:

1. the use or presentation of false, incorrect or incomplete statements or documents, which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by, or on behalf of, the European Communities;
2. non-disclosure of information in violation of a specific obligation, with the same effect;
3. the misapplication of such funds for purposes other than those for which they were originally granted.

Relevant legislation: Article 2, point 20 and Article 61 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union.

Conflicts of interest

A conflict of interest occurs when the impartial and objective exercise of the functions of the contracting authority, or observance of the principles of competition, non-discrimination against or equality of treatment of candidates, tenderers, applicants and contractors, is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with a Beneficiary of EU-funded programmes. A conflict of interest may arise where, for instance, a member of the evaluation committee or someone in the contracting authority or others involved in the procedure grant themselves, or others, unjustified direct or indirect advantages by influencing the outcome, or allow an expert or company to obtain information leading to an unfair advantage in subsequent or related procedures.

For instance, any firm or expert involved in preparing a project (e.g. drafting the terms of reference) must, as a rule, be excluded from being awarded a services contract that are based on those preparations, unless they can prove to the contracting authority that their initial involvement does not constitute unfair competition.

Candidates/tenderers/applicants that have a conflict of interest in relation to a particular contract are excluded from this contract award. The grounds for exclusion must be considered case by case. Any automatic exclusion deprives the candidate/tenderer/applicant of the right to present supporting evidence which might remove all suspicion of a conflict of interest.

Detailed definitions are lay down in: Article 61 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union.

Each project partner, before signing contract with the selected contractor, should check the selected contractor and his representatives, members or other persons involved in its management for presence of a conflict of interest, in the sense of Article 61 of Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the

financial rules applicable to the general budget of the Union. In that relation, for all procedures carried out or directly assigned activities the project partner must provide to MA filled and signed Annex 10 with the first request for payment under the current contract.

NB!	Where a conflict of interest might occur with regard to on-going contracts, measures must be adopted to prevent or to resolve such a conflict, including cancelling the contract if necessary.
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4.2 Type of contracts

➤ Service contracts

IPA contracts in the context of EU External aid include specific support in form of studies or technical assistance.

Study contracts include studies for identification and preparation of projects, feasibility studies, economic and market studies, technical studies, evaluations and audits.

Technical assistance contracts are used where a service provider is called on to provide a service, such as organizing events, or to play advisory role, to manage or supervise a project, or to provide the experts specified in the contract.

Generally a service contract may be concluded in two different ways:

- **Global price** - where specified outputs are defined. The service will be paid on the basis of the delivery of the specified outputs. Examples for the global price contracts are service contracts for studies, evaluations, audits, organization of events such as conferences, trainings, etc. Global price always specifies the output, i.e. the consultant must provide a given product.
- **Fee-based** - where the output is unpredictable, or where the workload to achieve the specified output is impossible to quantify in advance. Therefore, it is economically more advantageous to pay the services on the basis of time actually worked. The examples for fee-based contracts are the service contracts for Project supervision, Resident Technical assistance, Facilitation in a multi-stakeholder process (depending of the complexity of the environment), etc.

➤ Supply contracts

Supply contracts cover the purchase, leasing, rental or hire purchase, with or without option to buy, of products. A contract for the supply of products and, incidentally, for sitting and installation shall be considered a supply contract. Generally, this includes supply of vehicles, IT equipment, furniture, audio visual equipment, promotional materials, etc.

Specific provisions and challenges in purchasing supplies depend on the type and scope of

equipment.

➤ **Works Contracts**

Works contracts cover either the execution, or both the execution and design, of works or a work related activities, such as:

- Building site preparation;
- Building of complete constructions or parts thereof; civil engineering;
- Building installation;
- Building completion;
- Renting of construction and demolition equipment, etc.

The notion ‘works’ includes the outcome of building or civil engineering works taken as a whole that is sufficient of itself to fulfil an economic or technical function.

4.3. Procurement procedures

The following procedures are applicable for for contract authorities - beneficiaries from the Serbia,:

➤ **Which procurement procedure to apply?**

Where the implementation of an operation requires procurement of service, supply or works contracts by a beneficiary, the procurement rules set in Article 58 of Regulation (EU) No 2021/1059 shall be applied.

In the definition of the type of procurement procedure, the following key elements are particularly important:

- **Financial thresholds** - the financial thresholds define which procedure needs to be applied.
- **Procedure** - depending on the type of the contract, different procedures are applied. Concerning tendering public procurements applicable are the national legislation into force, regulations and administrative provisions. The Practical Guide for Contractual Procedures for External Action of the European Union (PRAG) is applicable to the Public Procurement Procedures provided for in Articles 181 and 182, and points 37 to 42 of Chapter 3 of Annex I, of the Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union
- **Use of standard format of documents** - in order to enable comparison and control on the implementation of the public procurement, the PRAG provides a number of standardized documents, covering every step in the procedure. They are obligatory for use by all Beneficiaries, in order to simplify and unify tender dossiers under the Programme.

The standardized documents are considered to provide sufficient basis for preparation of tender documentation in compliance to the rules and procedures of the PRAG.

- **Evaluation procedure** - evaluation procedure largely depends on the type of contract. In some cases, the price is the exclusive selection criteria and in other cases the selection is based on the combination of price and technical quality of offers.

Regardless of which procedure is used, the Beneficiaries must ensure that all the basic principles are respected (including eligibility, exclusion and selection criteria).

NB!	<p>Note that procedures must not be split artificially to circumvent the procurement thresholds. Services / supplies / works of the same / similar nature should be included in one procurement procedure.</p> <p>Example: <i>In general, elaboration of web sites and web portals; supply of computer equipment and computer software; repairs and construction works; etc.). In accordance with this requirement the project partners should submit Annex 5.1 with the request for payment under the specific contract.</i></p>
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➤ Thresholds for public procurement procedures

The thresholds for public procurement procedures can be summarized as follows:

SERVICES	≥ € 300,000 <i>International restricted or open tender procedure</i>	≤ EUR 999 999 <i>- Framework contract SIEA 2018, Events 2020</i> < € 300,000 but > € 20,000 <i>- Framework contracts (EVA 2020)</i> <i>- Simplified procedure</i>		≤ € 20,000 Single tender A payment may be made against invoice without prior acceptance of a tender if the expenditure is ≤ 2 500 €
SUPPLIES	≥ € 300,000 <i>International restricted or open tender procedure</i>	< € 300,000 but ≥ € 100,000 <i>Local open tender procedure</i>	< € 100,000 but > € 20,000 <i>Simplified procedure</i>	
WORKS	≥ € 5,000,000 <i>International open tender procedure</i> Or <i>International restricted tender procedure</i>	< € 5,000,000 but ≥ € 300,000 <i>Local open tender procedure</i>	< € 300,000 but > € 20,000 <i>Simplified procedure</i>	

The thresholds given in the table are based on the maximum budget for the contract in question, including any co-financing.

SERVICES, SUPPLIES and WORKS ≤ EUR 2 500,00

NB!

Payments for services, supplies and works less than or equal to EUR 2 500 may be made against invoice without prior acceptance of a tender.

This concerns only expenditures for services, supplies and works, with amount less than or equal to EUR 2 500, which cannot be merged with other similar expenditures. However, when the complexity or duration of the service/supply requires it, Beneficiaries are recommended to conclude simplified service/ works contracts with Terms of reference (ToR) / Technical specification (TS). The annexes for single tender procedures, are applicable in such cases.

SINGLE TENDER

Under the single tender procedure, the Beneficiary shall refer to Annex 15 **Public Procurement Procedures for Single Tender for all Serbian beneficiaries (2021 - 2027)**

The Beneficiary (in its role of Contracting Authority) invites candidate/s to submit an offer (or more than one). The Contracting Authority checks whether the offers correspond to the requirements (Terms of references) in case of services, or whether they are technically compliant to the specifications, in case of supply and works tenders.

Even though one offer is formally enough, the Beneficiary, i.e. Contracting Authority, should prepare a detailed justification of the choice of contractor and to include it in the Negotiation report. Moreover, the Beneficiary **has the obligation to strictly observe the principle of best value for money** and to take all necessary measures (e.g. internet research of prices, comparison between similar contracts, etc.).

Publication: No publication is required.

Submission of tenders: The tenderer/s is/are normally given 15 days for submission of offers.

Tender dossier:

NB!

In order to ensure high level of competition, beneficiaries could invite more than one tenderer. In such case, the respective PRAG tender dossier for Simplified procedure (simplified tender dossier) is to be used.

The Beneficiary in its role of Contracting Authority **shall prepare tender dossier, containing:**

The Beneficiary in its role of Contracting Authority **shall prepare tender dossier, containing:**

Single tender dossier for service:

For the single tender procedure the specific annexes for simplified tenders must be used (administrative compliance grid, contract, contract notice, invitation letter, instructions to tenderer,

terms of reference and tender form) for this procedure. They can be adjusted to the procedure, including deleting non-relevant sections, without this requiring derogation.

One of two possible scenarios could be followed:

1. One tender invited:

Based on the complexity, amount and the nature of the tender, the Beneficiary may choose to invite **ONLY ONE TENDERER** under a single tender procedure..

2. More than one tenderer invited:

In case the Beneficiary, i.e. the Contracting Authority, decides to invite **MORE THAN ONE TENDERER/PUBLISHES THE TENDER DOSSIER**, the respective PRAG tender dossier for Simplified procedure (simplified dossier – B8o) is to be used.

Templates for single tender procedures for service(minimal set of documents recommended)			
One tenderer invited		More than one tenderer invited	
Tender dossier			
Invitation to Tender	PRAG, Annex <i>b8o4_invit_simp_neg_en.doc</i>	Invitation to Tender	PRAG, Annex <i>b8o4_invit_simp_neg_en.doc</i>
Instructions to tenderers	PRAG, Annex <i>b8o5_itt_simp_neg_en.doc</i>	Instructions to Tenderers	PRAG, Annex <i>b8o5_itt_simp_neg_en.doc</i>
	PRAG, Annex <i>B8o3_Contractnotice_simp_neg+en.docx</i>	Contract notice	PRAG, Annex <i>B8o3_Contractnotice_simp_neg+en.docx</i>
Terms of Reference	PRAG, Annex B8e - Draft contract: Terms of reference Fee-based (Annex II) or B8f Draft contract: Terms of reference Global (Annex II)	Terms of Reference	PRAG, Annex B8e - Draft contract: Terms of reference Fee-based (Annex II) or B8f Draft contract: Terms of reference Global (Annex II)
Draft contract	PRAG,	Organisation and Methodology (to be submitted by the	PRAG, Annex B8g Draft contract: Organisation & methodology (Annex III)

	<i>Annex b8o2_contract_simp_neg _en.doc</i>	tenderer using the template provided)	
		Key experts (including templates for the summary list of key experts and their CVs) (For contracts requiring key experts)	<i>PRAG, Annex B8h Draft contract: List and CVs of key experts (Annex IV)</i>
		Budget (to be submitted by the tenderer as the Financial offer using the template provided)	<i>PRAG, Annex B8i1 Budget for a global-price contract or B8i2 Budget breakdown for a fee-based contract</i>
		Forms and other supporting documents	<i>PRAG, Annexes: B8j1 Bank account notification form B8j2 Financial guarantee template B8j3 Legal Entity File (individual) B8j4 Legal Entity File (private companies) B8j5 Legal Entity File (public bodies)</i>
		Expenditure verification: Terms of Reference and Report of Factual Findings (to be deleted for global price contracts)	<i>PRAG, Annex B8k1 Expenditure verification: Terms of Reference and Report of factual Findings (Annex VII)</i>
Tender submission form	<i>PRAG, Annex b8o7_tenderform_simp_n eg_en.doc</i>	Service Contract Notice	<i>PRAG, Annex b8o3_contractnotice _simp_neg_en. doc</i>

Administrative Compliance Grid	<i>PRAG, Annex b8o1_admingrid_simp_neg_en.doc</i>	Draft Contract	<i>PRAG, Annex b8o2_contract_simp_neg_en.doc</i>
		General Conditions for service contracts	<i>PRAG, Annex B8d Draft contract : General conditions (Annex I)</i>
		Tender Submission Form	<i>PRAG, Annex b8o7_tenderform_simp_neg_en.doc</i>
		Declaration of honour on exclusion and selection criteria	<i>PRAG, Annex A14a Declaration of honour on exclusion and selection criteria for procurement</i>
		Administrative Compliance Grid	<i>PRAG, Annex b8o1_admingrid_simp_neg_en.doc</i>
		Evaluation grid	<i>PRAG, Annex B8m1 Evaluation grid (fee- based) or B8m2 Evaluation grid (global price)</i>

For single tender for supply the respective PRAG tender annexes should be used:

Templates for single tender procedures for supply (minimal set of documents recommended)			
One tenderer invited		More than one tenderer invited	
Tender dossier			
Invitation to tender	PRAG, Annex c4a_invit_en.docx	Invitation Tender	PRAG, Annex c4a_invit_en.docx
Instructions to tenderers	PRAG, Annex c4b_itt_en.docx	Instructions to Tenderers	PRAG, Annex c4b_itt_en.docx

		Contract notice	PRAG, Annex a5e contractnotice enotices en.docx A5f Additional information about the Contract Notice (e-notices)
Draft contract	<i>c4c_contract_en.docx</i>	Draft contract	<i>c4c_contract_en.docx</i>
Draft contract : special conditions	PRAG, Annex <i>c4d_specialconditions_en.docx</i>	Draft contract : special conditions	PRAG, Annex <i>c4d_specialconditions_en.docx</i>
Draft contract : general conditions (Annex I)	PRAG, Annex <i>c4e_annexigc_en.pdf</i>)	Draft contract : general conditions (Annex I)	PRAG, Annex <i>c4e_annexigc_en.pdf</i>)
Technical specifications (Annex II) & technical offer (Annex III)	PRAG, Annex <i>c4f_annexiitechspeciitechoffer_en.docx</i>	Technical specifications (Annex II) & technical offer (Annex III)	PRAG, Annex <i>c4f_annexiitechspeciitechoffer_en.docx</i>
Financial offer (Annex IV)	PRAG, Annex C4g	Financial offer (Annex IV)	PRAG, Annex C4g
Tender submission form	c4l_tenderform_en.docx	Tender submission form	c4l_tenderform_en.docx
Legal entity file (individual)	PRAG, Annex <i>c4o2_lefind_en.pdf</i>	Legal entity file (individual)	PRAG, Annex <i>c4o2_lefind_en.pdf</i>
Legal entity file (private companies)	PRAG, Annex <i>c4o3_lefcompany_en.pdf</i>	Legal entity file (private companies)	PRAG, Annex <i>c4o3_lefcompany_en.pdf</i>
Legal entity file (public bodies)	PRAG, Annex C4o4	Legal entity file (public bodies)	PRAG, Annex C4o4
		Award decision	PRAG, Annex c7b awardecision en.docx
Notification letter to tenderers	PRAG,	Notification letter to tenderers	PRAG,

	Annex c8a_notifletter_supply_en.docx		Annex c8a_notifletter_supply_en.docx
Letter to unsuccessful tenderers	PRAG, Annex C8b	Letter to unsuccessful tenderers	PRAG, Annex C8b
Administrative compliance grid	PRAG, Annex c4j_admingrid_en.docx	Administrative compliance grid	PRAG, Annex c4j_admingrid_en.docx
	Evaluation grid		PRAG, Annex C4k
	Tender opening checklist		PRAG, Annex c5_openchecklist_en.docx
	Tender opening report		PRAG, Annex c6_openrecord_en.docx
	Evaluation report		PRAG, Annex C7a

For single tender for works, the respective PRAG tender dossier for Simplified procedure (simplified dossier – DS1 “Tender dossier for simplified tender procedure”) is to be used.

Additionally, Declaration of honour on exclusion and selection criteria (Annex A14a of PRAG) could be included in the tender dossier for Single tender (service, supply or works). For procurement contracts with a value of EUR 15 000 or less, the contracting authority may refrain from requiring a declaration depending on its risk assessment.

SELECTION PROCESS ON THE BASIS OF SINGLE TENDER PROCEDURE

The selection process for single tender contracts is by definition not about comparison of different tenders, rather than assessment whether the received tender is **in line with basic technical requirements** as described in the tender dossier.

Single tender procedure evaluation is based on p. 2.6.8 of the PRAG.

Establishment of Evaluation committee is not required in case of single tender procedures.

The Beneficiary shall describe the selection process in Annex A10b of the PRAG for all type of contracts, explaining the manner in which the participant(s) in the negotiations were identified and the price was established, and the grounds for the award decision. The Contracting Authority must follow the negotiation steps shown in the negotiation report template and ensure that basic principles relating to procurement procedures such as checking compliance with eligibility rules (nationality rules), capacity to carry out the contract and exclusion criteria are duly applied.

All documents, proving the declared circumstances by the tenderer should be requested and attached to the Annex A10b, in order to support the final decision of the Beneficiary. The additional documents should be requested at latest at the evaluation stage and before signature of the contract.

In case of single tender procedures for services one of two possible scenarios could be followed:

1. One tenderer invited:

The assessment of the tender should be carried out under the template for Negotiation report for single tenders, annex A10b of the PRAG. Following this scenario, the assessment procedure serves only for confirming the administrative and technical compliance of the tender to the requirements, set out in the Instruction to tenders.

2. More than one tenderer invited:

The Contracting Authority has to evaluate all tenders according to the “best value for money” award criterion, by establishing best price-quality ratio, and weighing technical quality against price on an 80/20 basis. This evaluation must also be documented in the Negotiation Report for single tenders, annex A10b of the PRAG! This scenario is to be followed even though some of the invited candidates may not submit offers.

In all cases, the respective conclusions from the evaluation process must be justified in the Negotiation report for single tenders, Annex A10b of the PRAG.

Forms for the selection process for service contracts			
One tenderer invited		More than one tenderer invited	
Negotiation report for single tenders	<i>PRAG, Annex a10b_singletenderre port_en.doc</i>	Negotiation report for single tenders	<i>PRAG, Annex a10b_singeltenderre port_en.doc</i>
Notification Letter to awarded tenderer	<i>PRAG, Annex b13a_notification_let ter_en.doc</i>	Notification Letter to awarded tenderer	<i>PRAG, Annex b13a_notification_let ter_en.doc</i>
		Letter to second best tenderer	<i>PRAG, Annex b13b_lettersecond_ best_en.doc</i>

	Letter to unsuccessful tenderer	<i>PRAG, Annex b13c_letterunsuccessful_en.doc</i>
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The Contracting Authority should send notification letter to the awarded company, as well as to the unsuccessful tenderers. Models of such letters can be found in the PRAG (sections 3, 4 and 5).

Contract with the successful tenderer could be drafted on the basis of the format provided in the tender documents.

TENDER PROCEDURES > EUR 20 000,00

NB!	For all tender procedures above EUR 20 000,00, the Beneficiary (i.e. Contracting Authority) must invite JS to observe the evaluation process by nominating observers.
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Invitations for the opening session of the tenders have to be sent to JS within 10 days before the relevant date of opening. Up to 5 days after receiving of the invitation the members of the programme structure, with a letter to the Beneficiary, may appoint its representative to observe all or part of the evaluation process.

SIMPLIFIED PROCEDURE

Under the simplified procedure, the Beneficiary (in its role of Contracting Authority) invites candidates of its choice to submit tenders. The Beneficiary draws up a list of at least three contractors with a justification of its choice and sends letters of invitation to tender accompanied by a tender dossier.

Simplified procedure applies to **service, supply and works contracts**. The procedures for services and works should be implemented using simplified tender documents (annexes B8o and DS1 of PRAG). The Beneficiary, in its capacity of Contracting Authority should prepare the tender dossier which describes in sufficient details procedures and expectations from the tenderer.

Publication: The tender dossier has to be published on the Programme website and the beneficiary's website (in its role of Contracting Authority). More details are available below in section Procurement publications.

Submission of tenders: The invited tenderers must be allowed minimum 30 days from the dispatch of the letter of invitation to tender to submit their offers.

The Beneficiary in its role of Contracting Authority shall prepare tender dossier, containing:

Simplified procedure for service	Simplified procedure for supply	Simplified procedure for works
<ul style="list-style-type: none"> - Invitation to tenderers; - Contract notice (including Additional information about the Contract Notice, where applicable); - Instructions to tenderers; - Service contract (draft), special and general conditions; - Terms of reference; - Organization and methodology; - Administrative compliance grid; - Evaluation grid; - Tender submission form; - Declaration of honour on exclusion and selection criteria - Budget; - Forms. 	<ul style="list-style-type: none"> - Invitation to tenderers; - Contract notice (including Additional information about the Contract Notice, where applicable); - Instructions to tenderers; - Draft contract, Special conditions & General conditions; - Technical specifications & Technical offer; - Budget breakdown (model financial offer); - Supply contract (draft); - Tender form for a supply contract; - Declaration of honour on exclusion and selection criteria - Administrative compliance grid; - Evaluation grid; - Forms. 	<p>Volume 1:</p> <ul style="list-style-type: none"> - Invitation to tenderers; - Instructions to tenderers; - Tender form & Tender guarantee form; - Contract notice (including Additional information about the Contract Notice, where applicable); - General information about the tenderer (Legal entity file); - Organization chart; - Power of attorney, Financial statement & Financial identification form; - Technical qualifications: overview of the tenderer's staff; staff to be employed on the contract; professional experience of key staff; CV; - Plant; - Work plan and programme; - Experience as contractor; - Administrative compliance grid / Evaluation grid. - Declaration of honour on exclusion and selection criteria <p>Volume 2: Contract form, general and special conditions;</p>

		Volume 3: Technical specifications; Volume 4: Financial offer; Volume 5: Design documents, drawings.
All annexes included in the PRAG	All annexes included in the PRAG	All annexes included in the PRAG

SELECTION PROCESS UNDER SIMPLIFIED PROCEDURE

Tenders are opened and evaluated by an **Evaluation Committee** appointed timely and formally by the Contracting Authority comprising:

- **a non-voting Chairperson;**
- **a non-voting Secretary;**
- **an odd number of voting members (minimum of three).**

The Evaluation Committee members should be appointed by official nomination (Administrative order of composition) of the Beneficiary in its role of a Contracting Authority, **based on their qualifications and skills**. Each member must have a reasonable command of the language in which the applications are submitted (English) and the technical and administrative ability to give an informed opinion on the tenders.

All members of the Evaluation Committee are obliged to sign a Declaration of Impartiality and Confidentiality. The format of the declaration is available under **Annex A4 of the PRAG: Declaration of Impartiality and Confidentiality**.

The process of evaluation includes assessment of the candidates/tenders and tenderers under four types of criteria:

Type of criteria	Description
Eligibility criteria	Assessment whether the candidates/tenderers and tenders comply with the basic rules (nationality, origin, other essentials). For more information, refer to p. 2.3 of the PRAG.
Exclusion criteria	Assessment whether the candidates/tenderers fall under one or any exclusion criteria. For more information, refer to p. 2.6.10 of the PRAG.

Selection criteria	Regardless of the type of procurement procedure used, the capacity of the candidate or tenderer to implement the contract is always assessed on the basis of objective criteria set out in the tender dossier. This includes assessment of the financial and economic capacity of candidates or tenderers and of their technical and professional capacity. For more information, refer to p. 2.6.11 of the PRAG.
Award criteria	<p>In case of service contract the award criterion is “best value for money”. The selection is based on comparison of the price and the technical quality of the received offers. The offer which provides the best value for money is awarded with the contract. Normally the ratio 20% price and 80% technical quality is used.</p> <p>In case of supply and works contracts, the selection is based on the criterion “lowest price”. The contract is awarded to the tender which, while being in order and satisfying the conditions laid down in the tender dossier, quotes the lowest price. For more information, please refer to p.2.6.11.4 of the PRAG.</p>

The selection process under simplified procedure includes the following steps:

I. Receipt and registration of tenders

The Contracting Authority must register the receiving of tenders, marking the date and time of reception, and provide a receipt for those delivered by hand. The envelopes containing the tenders must remain sealed and be kept in a safe place until they are opened. The outer envelopes of tenders must be numbered in order of receipt.

II. Preparatory meeting

First meeting of the Evaluation Committee has to be held before the Tender opening session. The tender dossier should have been distributed in advance to the members of the Evaluation Committee. The Chairperson presents the purpose of the tender, the procedures to be followed by the Evaluation Committee including the evaluation grid and selection and award criteria specified in the tender dossier.

III. Tender opening session

The Tender opening session is a formal process, which for supply and works tenders is also public. Although it is public, participation in the tender opening session is restricted to representatives of the companies which are tendering for the contract. The Evaluation Committee opens the tenders in public at the place and time fixed in the tender dossier.

During the tender opening session, the **tender opening checklist** has to be filled in by the Chairperson with the assistance of the Secretary of the Evaluation Committee.

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The Chairperson must check that no member of the Evaluation Committee has a potential conflict of interest with any of the tenderers (on the basis of the tenders received, consortium members and any identified subcontractor).

The Evaluation Committee must check that the tenders are complete and to decide whether or not tenders comply with the formal requirements of the tender dossier. The summary of tenders received, which is attached to the **Tender opening report** must be used to record the compliance of each of the tenders with the formal submission requirements. The minutes of this meeting are included in the Tender Opening Report and it must be made available to the tenderers on request.

IV. Evaluation of offers

As part of the technical evaluation, the Evaluation Committee analyses the commercial aspects and, where applicable, the service component of the tenders to determine whether they satisfy the requirements set in the tender dossier. The results are recorded in a YES/NO grid for all elements specified in the tender dossier. No scoring method should be used. If the tender is divided into lots, the evaluation should be carried out lot-by-lot.

With the agreement of the other Evaluation Committee members, the Chairperson may communicate in writing with tenderers whose submissions require clarification, offering them the possibility to respond within a reasonable time limit to be fixed by the Committee.

In case of Simplified procedure for service contract:

Part 1: Checking of administrative compliance

The Evaluation Committee checks the compliance of tenders with the instructions given in the tender dossier and in particular the administrative compliance grid. Any major formal errors or restrictions affecting performance of the contract or distorting competition result in the rejection of the tender concerned.

Nationality of sub-contractors: the Evaluation Committee must check at this stage that the nationalities of any sub-contractors identified in the technical offers satisfy the INTERREG-IPA CBC programme nationality rule. If the service provider is required by the terms of reference to provide supplies in accordance with detailed technical specifications laid down in the terms of reference, the Evaluation Committee must verify that the proposed supplies satisfy the rule of origin.

The tenderers could be requested to provide proof documents for the key experts proposed. This can include copies of the diplomas mentioned in the CV and employers' certificates or references proving the professional experience indicated in the CV. If missing proofs are requested it should only be for the relevant experience and diplomas which are among the requirements in the Terms of Reference.

The Administrative compliance grid included in the Tender Dossier must be used to record the administrative compliance of each of the tenders.

Part 2: Technical evaluation

The Evaluation Committee then examines the technical offers; the financial offers must remain sealed at this stage. When evaluating technical offers, each member awards each offer a score out of a maximum 100 points in accordance with the technical evaluation grid laid down in the tender dossier. Under no circumstances may the evaluation grid be changed.

In practice, it is recommended that tenders be scored for a given criterion one after another, rather than scoring each tender for all criteria before moving on to the next. Where the content of a tender is incomplete or deviates substantially from one or more of the technical award criteria laid down in the tender dossier (e.g. the required profile of a certain expert), the tender should be automatically rejected, without being given a score, but this should be justified in the evaluation report.

For experts the scores should be given in comparison to the requirements stated in the Terms of Reference.

Each voting member of the Evaluation Committee completes an **Evaluation grid** to record his/her assessment of each technical offer in order to establish a general appreciation of strengths and weaknesses of the individual technical offers.

On completion of the technical evaluation, the points awarded by each member are compared at the Committee's session. Besides the numerical score, a member must explain the reasons for his/her choice and defend his/her scores before the Committee.

The Evaluation Committee discusses each technical offer and each member awards it a final score. The Committee members may modify their individual evaluation grids as a result of the general discussion on the merits of each offer.

Once discussed, each Evaluation Committee member finalizes his/her evaluation grid on each of the technical offers and signs it before handing it over to the Secretary of the Evaluation Committee. The Secretary must then compile a summary of the comments of the Committee members as part of the Evaluation Report.

In the case of major discrepancies, a full justification has to be provided by dissenting members during a meeting of the Evaluation Committee.

The Secretary calculates the aggregate final score, which is the arithmetical average of the individual final scores.

The Evaluation Committee might decide to implement interviews with proposed key experts to assess their competences, either by telephone or personally. **Depending on the type of service and the size of the contract this can be strongly recommended.**

Once the Evaluation Committee has established each technical offer's average score (the mathematical average of the final scores awarded by each voting member), any tender falling

short of the 75-point threshold is automatically rejected. If no tender achieves 75 points or more, the tender procedure will be cancelled.

Out of the tenders reaching the 75-point threshold, the best technical offer is awarded 100 points. The others receive points calculated using the following formula:

Technical score = (final score of the technical offer in question/final score of the best technical offer) x 100.

	Maximum possible	Tenderer 1	Tenderer 2	Tenderer 3
Evaluator A	100	55	88	84
Evaluator B	100	60	84	82
Evaluator C	100	59	82	90
Total	300	174	254	256
Average score (mathematical average)		174/3=58.00	254/3=84.67	256/3=85.33
Technical score (actual final score/highest final score)		Eliminated*	84.67/85.33x100 = 99.22	100.00

* Only tenderers with average score of at least 75 points qualify for the financial evaluation.

Part 3: Financial evaluation

Upon completion of the technical evaluation, the envelopes containing the financial offers for tenders who were not eliminated during the technical evaluation (i.e., those which have achieved an average score of 75 points or more) are opened and all originals of these financial offers are initialed by the Chairperson and the Secretary of the Evaluation Committee.

The Evaluation Committee has to ensure that the financial offer satisfies all formal requirements. A financial offer not meeting these requirements may be rejected. Any rejection on these grounds will have to be fully justified in the Evaluation Report.

The Evaluation Committee checks that the financial offers contain no arithmetical errors. Any arithmetical errors are corrected without penalty to the tenderer. The envelopes containing the financial offers of rejected tenderers following the technical evaluation must remain unopened and retained. They must be archived by the Contracting Authority together with the other tender procedure documents.

In the case of fee-based contracts, the total contract value comprises the fees (including employment-related overheads), the incidental expenditure and the provision for expenditure verification, which are specified in the tender dossier. In the case of lump-sum contracts only total contract value is provided. The total contract value is compared with the maximum budget

available for the contract. Tenders exceeding the maximum budget allocated for the contract are eliminated. For the Serbia project partners: exchange rate for conversion of financial offers to euro should be specified in Instructions to tenderers. Otherwise, InforEuro exchange rate from month of launching the tender procedure must be applied.

The Evaluation Committee then proceeds with the financial comparison of the fees between the different financial offers. The provision for incidental expenditure, as well as the provision for expenditure verification is excluded from the comparison of the financial offers as it was specified in the tender dossier. In case of lump-sum contract the total contract value is used as basis for financial evaluation.

The tender with the lowest total fees + lump sums receives 100 points. The others are awarded points by means of the following formula:

Financial score = (lowest total fees + lump sums / total fees + lump sums of the tender being considered) x 100.

When evaluating financial offers, the evaluation committee compares only the total fees and lump sums.

Specimen Tender Evaluation Summary: Financial Evaluation *

	Maximum possible	Tenderer 1	Tenderer 2	Tenderer 3
Total fees		Eliminated following technical evaluation	€ 951.322	€ 1.060.452
Financial score (lowest total fees/actual total fees x 100)			100	$951.322/1.060.452 \times 100 = 89.71$

**Only tenderers with average scores of at least 75 points in the technical evaluation qualify for the financial evaluation*

Part 4: Choice of contractor

The best value for money is established by weighing technical quality against price on an 80/20 basis. This is done by multiplying:

the scores awarded to the technical offers by 0,80,

the scores awarded to the financial offers by 0,20.

Specimen Tender Evaluation Summary: Composite Evaluation

	Tenderer 1	Tenderer 2	Tenderer 3
Technical score x0.80	Eliminated following technical evaluation	$99,22 \times 0.80 = \mathbf{79.38}$	$100.00 \times 0.80 = \mathbf{80.00}$
Financial score x0.20		$100.00 \times 0.20 = \mathbf{20.00}$	$89.71 \times 0.20 = \mathbf{17.94}$
Overall score		$79.38 + 20.00 = \mathbf{99.38}$	$80.00 + 17.94 = \mathbf{97.94}$
Final ranking		1	2

The resulting, weighted technical and financial scores are then added together to find the tender with the highest score, i.e. the best value for money. It is essential to make the calculations strictly according to the above instructions. The Evaluation Committee's recommendation shall be to award the contract to the tender achieving the highest overall score on the condition that the documentary evidence submitted by the tenderer for the exclusion and selection criteria are verified and accepted.

In case of Simplified procedure for supply and works contracts:

Part 1: Administrative compliance

Before conducting a detailed evaluation of the tenders, the Evaluation Committee checks that they comply with the essential requirements of the tender dossier (i.e. the Administrative compliance grid). A tender is deemed to comply if it satisfies all the conditions, procedures and specifications in the tender dossier without substantially departing from or attaching restrictions to them. Substantial departures or restrictions are those which affect the scope, quality or performance of the contract, differ widely from the terms of the tender dossier, limit the rights of the Contracting Authority or the tenderer's obligations under the contract or distort competition for tenderers whose tenders do comply.

The administrative compliance of each of the tenders must be recorded in the **Evaluation Report**.

Part 2: Technical compliance of tenders

The detailed technical evaluation of the tenders takes place after the administrative compliance check and should be formalized with the **Evaluation grid**. The criteria to be applied are those published in the tender dossier and, accordingly, the evaluation grid included in the tender dossier must be used. **Under no circumstances may the Evaluation Committee or its members change the evaluation grid communicated to the tenderers in the tender dossier.**

The purpose of this evaluation is to assess whether or not the competing tenders meet the selection criteria and the minimum technical requirements. Tenders which do not meet the selection criteria and the minimum technical requirements must be rejected.

Rule of origin: All tenders must satisfy the rule that **the goods to be supplied and the materials**

to be used for the construction fulfil the requirements, set in section 2.3.4 of the PRAG. The rule of origin is applicable only to contracts financed by the INSC Regulation 2021/948 of 27 May 2021 under the Multiannual Financial Framework 2021-2027). In case of any doubt as to the origin of goods, additional information must be requested. The tenderer will be required to provide, if possible prior to the signature of the contract, proof of origin in the form of a Certificate of Origin or other official documentation. To establish origin, one must determine where the product in question has been obtained or produced. Tenders which clearly fail to satisfy the rule of origin **must be rejected**. The rule of origin does not apply to the contractor's equipment which will be used during the construction.

Nationality of sub-contractors: The Evaluation Committee must check at this stage that the nationalities of any sub-contractors identified in the technical offers satisfy the nationality rule, described in section 2.3.1 of the PRAG.

The Evaluation Committee rules on the technical compliance of each tender, classifying it as technically compliant or not technically compliant.

Part 3: Evaluation of financial offers

Once the technical evaluation has been completed, the Evaluation Committee checks that the financial offers contain no arithmetical errors. Any arithmetical errors are corrected without penalty to the tenderer.

If the tender is in one lot, the contract is awarded to the cheapest technically compliant offer.

If the tender procedure contains several lots, financial offers are compared for each lot. The financial evaluation will have to identify the best financial offer for each lot, taking into consideration any eventual discounts granted by the tenderers.

Specimen of application of discounts: Company A offers a discount of 20% if awarded Lots 1 and 3, Company B offers a discount of 10% if awarded all three Lots, Company C offers NO discount.

	Company A	Company B	Company C	Ranking without discount
LOT 1	90	80	70	Company C
LOT 2	Not bidding	40	50	Company B
LOT3	60	70	55	Company C

After applying the discount:

	Company A (20% discount)	Company B (10% discount)	Company C (no discount)
LOT 1	72	72	70
LOT 2	Not bidding	36	50
LOT3	48	63	55

The 3 combinations possible:

Combination 1: $72 + 40 + 48 = 160$

Combination 2: $72 + 36 + 63 = 171$

Combination 3: $70 + 50 + 55$, but since for Lot 2 there is a cheaper price offered, the sum becomes:
 $70 + 40 + 55 = 165$

The Contracting Authority must choose combination 1, awarding contracts for Lots 1 and 3 to company A and Lot 2 to company B for the initial price offered.

Part 4: Choice of contractor

The successful tenderer is the one submitting the cheapest tender classified as "technically compliant" during the technical evaluation. It must be declared the successful tender if it is equal to or lower than the maximum budget available for the contract. For the Serbian project partners: exchange rate for conversion of financial offers to euro should be specified in Instructions to tenderers. Otherwise, InforEuro exchange rate from month of launching the tender procedure must be applied.

In the case of abnormally low tenders, the Evaluation Committee must request any relevant information concerning the composition of the tender. If, for a given contract, tenders appear to be abnormally low, the Contracting Authority must, before rejecting such tenders on that ground alone, request in writing details of the constituent elements of the tender which it considers relevant and verify those constituent elements, after due hearing of the parties, taking account of the explanations received.

The justification for accepting or rejecting an abnormally low offer must be recorded in the Evaluation Report.

V. Conclusions of the Evaluation Committee

As a result of its deliberations, the Evaluation Committee may make any of the following recommendations:

Tender procedure for:	Award the contract to the tenderer which has submitted a tender	Cancel¹ the tender procedure in exceptional circumstances, such as:
Service contract	<ul style="list-style-type: none"> - which complies with the formal requirements and the eligibility rules; - whose total budget is within the maximum budget available for the project; - which meets the minimum technical requirements specified in the tender dossier; and - which is the best value for money (satisfying all of the above conditions). 	<ul style="list-style-type: none"> - none of the tenders satisfies the selection/award criteria of the tender procedure; - no tenders achieved the minimum threshold during the technical evaluation; - total price (comprising both the fees, the incidental expenditure and the provision for expenditure verification) of all tenders received exceed the maximum amount available for the contract.
Supply and Works contract	<ul style="list-style-type: none"> - which complies with the formal requirements and the eligibility rules; - whose total budget is within the maximum budget available for the project; - which meets the minimum technical requirements specified in the tender dossier; and - which is the least expensive tender (satisfying all of the above conditions). 	<ul style="list-style-type: none"> - none of the tenders satisfies the selection/award criteria of the tender procedure; - all tenders received exceed the maximum budget available for the contract.

The entire procedure (technical and financial evaluation) is recorded in the Evaluation Report. The report has to be signed by the Chairperson, the Secretary and all voting members of the Evaluation Committee.

VI. Notifications and signature of the contract

The successful and unsuccessful tenderers are informed on the results of the evaluation (format letters available at the web-page of PRAG). The successful tenderer is invited to the signature of the Contract. Format of the contract is provided in the tender documents.

¹ For more information please refer to p. 2.6.13 "Cancellation of procurement procedures" of the PRAG.

RESTRICTED PROCEDURES

Calls for tender are restricted where all economic operators may ask to take part but only candidates satisfying the selection criteria may submit a tender. Under the restricted procedure, the Contracting Authority invites a limited number of candidates to tender.

Restricted procedure applies only in case of **service contracts** and in exceptional cases restricted tender procedure may be used in works contracts. The procedure follows two-step process: In the first step a public invitation for submission of expression of interest is issued. In the second step the initial offers are reviewed and a short-list of candidates is formed. The short-listed candidates are invited to submit full proposals.

For more information, please refer to points 3.4 (in case of service contracts) and 5.4 (in case of works contracts) of the PRAG.

OPEN PROCEDURES

Calls for tender are open where all interested economic operators may submit a tender. The procedure follows one step process where open invitation for submission of tenders is issued either on national or international level. The contract is given maximum publicity through the publication of a notice. Depending on whether it is a local or international open procedure the procurement notice is to be published in all appropriate media. **The open procedure is applicable to supply and works contract.**

For more information, please refer to points 4.3 and 4.4 (in case of supply contracts) and 5.3 and 5.5 (in case of works contracts) of the PRAG.

PROCUREMENT PUBLICATIONS

Beneficiaries are obliged to ensure widest possible participation in competitive tendering and the requisite transparency.

Depending on the type of tender procedure, the following documents should be published:

- For **Simplified procedures**: Completed tender dossier and Contract notice (including Additional information about the Contract Notice, where applicable) should be published on the Programme's web site and the grant Beneficiary's website (in its role of Contracting authority).
- For **Local open tender procedures for supply / works**: Complete tender dossier, Contract notice, *Additional information about the Contract Notice where applicable*, *Summary Contract notice* and *Contract award notice* should be published in all appropriate media, in particular on the Programme's web site and the grant Beneficiary's website (in its role of Contracting authority). Additionally, *Summary Contract notice* should be published in official journal of the partner country or any equivalent media of the country in which the action is being carried out.

- For **International open tender for supply / works or International restricted tender procedure for service**: *Complete Tender dossier; Prior information notice; Contract notice and Additional information about the Contract Notice, where applicable; Shortlist notice²; Contract award notice for international calls* should be published in all appropriate media, in particular on the Programme's web site and on the grant Beneficiary's website (in its role of Contracting authority).
- To ensure the maximum compliance with the article 163, para.1 of the Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union, the beneficiary should use several instruments, observing of the principles of transparency:
- All relevant notices should be published in official journal of the partner country or any equivalent media and on the Programme's web site and the grant Beneficiary's website (in its role of Contracting authority).
- *FAQ/Clarifications; Cancellation notice, Corrigendum and Notice for modification of contract*, if any, should be published in all appropriate media, in particular on the Programme's web site and on the grant Beneficiary's website (in its role of Contracting authority). Additionally, for International open tenders the forms of documents required by the administration of the web site of the OJEU should be used.

For more information regarding the deadlines for publications, refer to Annex A11e "Guidelines publication" of the PRAG.

All documents for publication, depending on the type of the respective procurement procedure, should be accompanied by scanned official cover letter and sent to the JS, via the Beneficiary portal. The electronic documents and the cover letter should be sent by an official representative of the Contracting authority (Lead partner or Project partner) under each procurement procedure. The documents should reach the JS at least 5 days before the date of publication needed. In order to ensure the simultaneous publication to the Programme's web site and other media, Beneficiaries should note in the cover letter the date of publication needed, e-mail for contacts and any other specific information. Beneficiaries will receive confirmation for the date of publication to the Programme's web site on the contact e-mail, mentioned in the cover letter.

The JS will not issue publication reference numbers, but will apply the reference numbers proposed by the Beneficiaries (in free format). Since for international tenders the reference numbers issued by the OJEU are provided after publication, the JS recommends the use of both numbers (issued by the Beneficiaries and by the OJEU) in the process of evaluation, contracting and reporting.

The publication to the Programme's web site is carried out by the JS. All publications will be

² Related to International restricted tender procedures.

available in the “Public tenders” section of the site.

The Beneficiaries should respect all other requirements for publication, stipulated in the PRAG and the present Manual, particularly related to templates of documents and deadlines for publications.

NB!	JS / MA / NA are not going to provide ex-ante control on the preparation and launching of procurement procedures. The Beneficiaries bear sole responsibility for the content and the quality of tender documents, published on the Programme's website, as well as for the simultaneous publication to all other media (web site of the OJEU, Beneficiary's website and/or official journal of the partner country or equivalent national media).
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4.4 Modifying sub-contracts

The contracts, concluded in result of procurement procedure, may need to be modified during their execution period. The procedure for modification has to be launched in exceptional cases.

Contract modifications must be formalized through:

- ✓ **an administrative order** to the contract for minor changes; or
- ✓ **an addendum to the contract for substantial changes.**

Substantial modifications to the contract must be made by means of an addendum. Such an addendum must be signed by the contracting parties. The purpose of the addendum or administrative order must be closely connected with the nature of the project covered by the initial contract.

Type of changes		
Changes with addendum	Changes with administrative order	Inadmissible changes
Changes of the contract duration	Changes of address	Changes post factum
Amendment in project team (experts in service contracts)	Changes of bank account	Changes (extending) in the implementation period of the contract over the maximum period for completion of the project.

NB!

Modifications, which will lead to substantial changes of the scope of works (for works contracts), delivered supply/equipment (for supply contracts) and project scope and objectives (for service contracts) **are not allowed. Addenda with retroactive effect are not allowed.**

A request for contract modifications should not automatically be accepted by the Contracting Authority (Beneficiary). There must be justified reasons for modifying a contract. The Contracting Authority (Beneficiary) must examine the reasons given and reject requests which have little or no substantiation. Contracts can only be modified within the execution period of the project. For more details see point 2.11 of the PRAG.

In the event of failure to comply with the applicable legislation, the expenditures related to the operation might be considered ineligible for EU financing or subject to irregularity proceedings.

In the event of any discrepancy between the rules and templates described in this manual and those of PRAG, the latest PRAG rules and templates shall apply.

5. STATE AID AND DE MINIMIS PROVISIONS

5.1. State aid

5.1.1. Legal Basis

- Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid;
- Regulation (EU) 2023/2832 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid granted to undertakings providing services of general economic interest.

5.1.2. Basic rules

According to Article 107 (ex. Article 87) of the Treaty on the Functioning of the European Union, state aid is any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favoring certain undertakings or the production of certain goods, therefore affecting trade between Member States.

It is not the legal aspect (public or private) but the nature of the activities that the applicant intends to implement that determines whether the state aid discipline has to be respected or not:

- The recipient of the aid is an “undertaking”.
- The aid comes from the State, which is always the case for Interreg programmes.

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- The aid gives an economic advantage (a benefit) which an undertaking would not have obtained under normal market conditions.
- The aid is selectively favouring certain undertakings or the production of certain goods.
- The grant affects trade between Member States.

➤ **Provision of aid by a public body**

Due to the fact that the funds granted by the (INTERREG VI-A IPA) Programme Bulgaria - Serbia are of a public nature, all the projects financed under the current call Programme shall be subject to state aid assessment.

➤ **Definition of undertaking**

An entity which exercises an activity of an economic nature and which offers goods and services in competition (actual or potential) with other operators active in the market, carrying out activities of an economic nature, devoted to the production and marketing of goods and services in the market, regardless of its legal status and whether its aim is to make profit or not. An undertaking can be a public body, a NGO, an association, a university, a private firm, etc. In many cases local public or administrative bodies may be considered to be similar to undertakings.

➤ **Distortion of the market**

Distortion of the market exists when competition is distorted and this affects trade among Member States. When identifying possible distortion of the market, it is important to consider not the size of the enterprise, but the activities carried out.

➤ **Single undertaking**

“Single undertaking” for the purposes of art. 2, para.2 of Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid or of art. 2, para. 2 of Commission Regulation (EU) 2023/2832 for undertakings for the provision of a service of general economic interest, means that all enterprises having at least one of the following relationships with each other:

- a) one enterprise has a majority of the shareholders’ or members’ voting rights in another enterprise;
- b) one enterprise has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another enterprise;
- c) one enterprise has the right to exercise a dominant influence over another enterprise pursuant to a contract entered into with that enterprise or to a provision in its memorandum or articles of association;

- d) one enterprise, which is a shareholder in or member of another enterprise, controls alone, pursuant to an agreement with other shareholders in or members of that enterprise, a majority of shareholders' or members' voting rights in that enterprise.

Enterprises having any of the relationships referred to in points (a) to (d) of the first subparagraph through one or more other enterprises shall also be considered to be a single undertaking.

Public support given by the programme to undertakings will be granted under the de minimis rule. This implies that undertakings will receive grants under the (INTERREG VI-A) IPA Bulgaria - Serbia Programme only if they have not received public aid under the de minimis rule totalling to more than EUR 300.000 within any period of three years from the date of granting the aid or in case of undertaking providing services of general economic interest the total amount of de minimis aid should not exceed 750 000 EUR within three years from the date of granting the aid. The public aid considered for the applicable de minimis ceiling comprises all aids granted by the national, regional or local authorities, regardless of whether the resources are provided from domestic sources or are partly financed by the European Union.

During the life-cycle of the project the project partners located in Bulgaria have to ensure that all activities are implemented in compliance with the respective national legislation related to competition and state aid. To this end, the Lead partner and the project partners shall ensure publicity and transparency of the activities and project outputs and results, which can create an economic advantage to an economic operator.

NB!	<p>In view of the project activities, all beneficiaries are reminded that recipient of state aid can be any undertaking (individual or legal person) receiving an advantage through the project that it would not have received under normal market conditions. This means that the rules for state aid apply to all undertakings – either participating as project partners, or third parties (indirect aid) receiving benefits from the project (such as participants in project activities like trainings, seminars, workshops etc.).</p>
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In case a situation of distorting competition by favouring certain undertakings arises during the implementation period of the operation, the Lead partner shall immediately notify the MA.

The observance of the above mentioned conditions is closely verified / monitored by the Programme bodies at all levels (national controllers, JS and MA) not only during the pre-contracting phase, but also during the whole implementation period of the projects. The aim of the control during the implementation period of the projects is to identify any potential situation of state aid at the current stage of the project development. The checks are to be made by the national controllers and JS and if such situation is identified it should be reflected in the respective checklists issued by them and immediately reported to the MA.

In case the Programme bodies find that the Lead partner or any project partner made false

declarations regarding state aid, the MA is entitled to terminate the subsidy contract, in whole or in part, and to demand repayment of the amounts already paid.

The partners located on the territory of Republic of Serbia shall follow the applicable national regulations regarding state aid.

5.2. De minimis aid

The de minimis principle allows project partners to receive comparatively small amounts of support without being caught by the State aid rules. This is because the European Commission assumes that small amounts of support do not have a significant impact on competition and trade in the European Economic Area (EEA). In general, a single undertaking can receive de minimis support of up to EUR 300,000 per Member State in a any three-year period or de minimis aid for services of general economic interest to EUR 750 000 per Member State in a any three-year period.

➤ LEGAL BASIS

Public support provided within the programme to undertakings will adhere to the de minimis rule. For more information, please refer to Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid and REGULATION (EU) 2023/2832 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid granted to undertakings providing services of general economic interest.

Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid: <https://eur-lex.europa.eu/eli/reg/2023/2831>

Regulation (EU) 2023/2832 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid granted to undertakings providing services of general economic interest: <https://eur-lex.europa.eu/eli/reg/2023/2832>

Please note

This factsheet is a summary of the key points of Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid and Regulation (EU) 2023/2832 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid granted to undertakings providing services of general economic interest hereinafter referred to as "the Regulations" but is not a substitute for the full text of the Regulations, to which reference should be made.

➤ GEOGRAPHICAL COVERAGE

The provisions of this document are applicable to the partner/s legally established on the territory of the Republic of Bulgaria. The Serbian applicants should follow the applicable national regulations and regulations regarding State aid outside EU.

➤ AMOUNTS OF SUPPORT

The total amount to a single undertaking is:

- ✓ EUR 300,000 over an any period of three years in accordance with Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid;
- ✓ EUR 750 000 over any period of three years in accordance with Regulation (EU) 2023/2832 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid granted to undertakings providing services of general economic interest

De minimis aid is deemed to be granted when the legal right to receive the aid is conferred, irrespective of the date of payment. In as (INTERREG VI-A) IPA Programme Bulgaria- Serbia this is understood as the date when the last contracting party signs the subsidy contract.

Where the relevant ceiling would be exceeded by the grant of new de minimis aid, none of the new aid may benefit from the de minimis Regulations. This means that if an application is received which would result in the ceiling being exceeded, de minimis support cannot be awarded in whole or in part, even if a partial award would not result in the ceiling being exceeded.

➤ SINGLE UNDERTAKINGS

The ceiling on de minimis aid is calculated per single undertaking per Member State. Conversely subsidiaries of the same enterprises could not each receive de minimis support from the same Member State.

The de minimis threshold counts per “single undertaking”. In case a project partner is part of a group, the entire group is considered as one single undertaking and the de minimis threshold applies to the entire group.

The notion of single undertaking includes all enterprises having at least one of the following relationships with each other, as provided for in Article 2(2) of Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid or in the meaning of Article 2, para. 2 from Regulation (EU) 2023/2832 for undertakings for the provision of a service of general economic interest enterprises having any of the relationships referred to in the above points through one or more other enterprises shall also be considered to be a single undertaking.

It is to be noted that in the framework of State aid, an “enterprise” is to be understood as any entity engaged in an economic activity irrespective to its legal status

Although the Regulations refers to 'enterprises', in practice, this encompasses any entity engaged in an economic activity. The above criteria are intended to ensure that a group of linked entities is treated as a single undertaking for the purposes of the de minimis rule. On the other hand, it is

intended to ensure that entities which have no relationship with each other except for the fact that each of them has a direct link to the same public body or bodies are not treated as being linked to each other.

In calculating the amount of aid, special care must be taken where the recipient has been the subject of a merger or a split from another organization. In the case of mergers and acquisitions, all prior de minimis aid is considered in determining whether new de minimis support can be paid. De minimis aid lawfully granted before a merger or acquisition shall remain lawful.

If an undertaking splits into two or more separate undertakings, de minimis support granted before the split shall be allocated to the undertaking that benefitted from it. This is in principle the undertaking taking on the activities for which de minimis support was used. If this split is not possible, de minimis support will be allocated proportionately on the basis of the book value of the equity capital of the new undertaking at the date of the split.

Should be considered that De minimis aid granted in accordance with art. 5, para. 1 of Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid may be cumulated with de minimis aid granted in accordance with Commission Regulation (EU) Regulation (EU) 2023/2832. De minimis aid granted in accordance with art.5, par. 2 of Regulation (EU) 2023/2831 may be cumulated with de minimis aid granted in accordance with Commission Regulations (EU) No 1408/2013 (22) and (EU) No 717/2014 (23) up to the relevant ceiling laid down in Article 3(2) of this Regulation.

In addition, art. 5, para 3 of the Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid and art.5, para. 3 of the Regulation (EU) 2023/2832 for undertakings for the provision of a service of general economic interest indicates that De minimis aid granted in accordance with this Regulation shall not be cumulated with State aid in relation to the same eligible costs or with State aid for the same risk finance measure if such cumulation would exceed the highest relevant aid intensity or aid amount fixed in the specific circumstances of each case by a block exemption regulation or a decision adopted by the Commission. De minimis aid that is not granted for or attributable to specific eligible costs may be cumulated with other State aid granted under a block exemption regulation or a decision adopted by the Commission.

➤ EXCLUSIONS

(INTERREG VI-A) IPA Bulgaria- Serbia is not allowed to grant the following types of aid under the de minimis Regulations:

- Aid to undertakings active in the fishery and aquaculture sector, as covered by Regulation (EU) No 1379/2013 of the European Parliament and of the Council of 11 December 2013 on the common organisation of the markets in fishery and aquaculture products, amending Council Regulations (EC) No 1184/2006 and (EC) No 1224/2009 and repealing Council Regulation (EC) No 104/2000;

- Aid to undertakings active in the primary agricultural production;
- Aid granted to undertakings active in the sector of processing and marketing of agricultural products in the following cases:
 - ✓ where the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned;
 - ✓ where the aid is conditional on being partly or entirely passed on to primary producers.
- Support for acquiring road freight transport vehicles by undertakings in the road haulage business;
- Aid to export-related activities and aid contingent upon the use of domestic over imported good cannot be granted under the de minimis rule.

For the purposes of De minimis Regulation the following definitions shall apply:

Agricultural products mean products listed in Annex I to the Treaty, with the exception of fishery and aquaculture products covered by Regulation (EU) No 1379/2013.

Processing of agricultural products means any operation on an agricultural product resulting in a product which is also an agricultural product, except on-farm activities necessary for preparing an animal or plant product for the first sale.

Marketing of agricultural products means holding or display with a view to sale, offering for sale, delivery or any other manner of placing on the market, except the first sale by a primary producer to resellers or processors and any activity preparing a product for such first sale; a sale by a primary producer to final consumers shall be considered as marketing if it takes place in separate premises reserved for that purpose.

Additionally, the Programme ensures that partners do not receive the other types of aid that are excluded by the de minimis Regulation in addition to the ones listed above.

➤ **ENSURING COMPLIANCE**

In order to ensure strict observation of the set maximum thresholds, in accordance to Art. 6(1) of Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty to de minimis aid and Art. 6(1) Regulation (EU) 2023/2832 for undertakings for the provision of a service of general economic interest from 1 January 2026, information on de minimis aid granted is registered in a central register at national or Union level. Information in the central register shall contain the identification of the beneficiary, the aid amount, the granting date, the granting authority, the aid instrument and the sector involved on the basis of the statistical classification of economic activities in the Union ('NACE classification'). The central register shall be set up in such a way as to enable easy public access to the information whilst ensuring compliance with the Union rules on data protection, including through the pseudonymisation of

specific entries where necessary.

The Managing Authority shall request from the Bulgarian partners to declare any de minimis aid received in any period of 3 years. The provided information shall be verified through the public Register of the de minimis aids, available on the webpage of the Bulgarian Ministry of Finance (<http://minimis.minfin.bg/>).

In case with planned project activities a Bulgarian partner exceed the maximum thresholds, the Managing Authority has the right to reduce the requested grant amount before signature of the subsidy contract.

The Programme bodies at all levels (national controllers, JS and MA) will closely monitor the adherence of the state aid rules not only during the pre-contracting phase, but also during the whole implementation period of the project.

In case with already implemented project activities a Bulgarian partner exceed the maximum thresholds, the Managing Authority has the right to terminate the subsidy contract and to demand repayment of the amounts already paid in accordance with the provisions of the subsidy contract and the applicable state/de minimis aid regime.

➤ **ADMINISTRATIVE ARRANGEMENTS**

In case of a positive plausibility check, the Programme can grant de minimis support.

The Managing Authority ensures compliance with the monitoring and administrative arrangements of the de minimis Regulation. Project partners receiving de minimis aid have to maintain relevant documentation as outlined in the Contracting Guide/ Programme Guidelines. The Lead partner and the project partners have to ensure that all planned activities are set up and implemented in compliance with the national legislation related to competition and state aid. In addition to this they shall ensure publicity and transparency of these activities and project outputs and results, which can create an economic advantage to an economic operator.

In case the Programme bodies find out that the Lead partner or any project partner has infringed the state aid rules, including false declarations regarding state aid, the MA is entitled to terminate the subsidy contract and to demand repayment of the amounts already paid in accordance with the provisions of the subsidy contract and the applicable state/de minimis aid regime.

6. REPORTING

Reporting is carried out through the periodic submission of progress reports to the Joint Secretariat (JS), facilitating the continuous monitoring and evaluation of project activities. The progress report is a key document, serving as the primary channel for communication between the project and the programme. It provides comprehensive information about both the project's content (activities and results) and its financial status and progress. Beneficiaries should view the progress report as an

opportunity to share insights about the project, its outcomes, and successes with the JS. The programme uses the Joint Electronic Monitoring System (JeMS), where each partner can access the system using their unique username and password.

There are two types of progress reports:

- A financial reporting process (see Chapter 7)
- A content (activity) reporting process, submitted on a quarterly basis.

The activity report includes detailed information on the overall project progress **at the work package and activity levels**. It covers achievements, progress on indicators, communication efforts, engagement of target groups, project management, and any potential issues or deviations.

There are two levels in the reporting stage:

1. Partner Report Submission by Project Partners (PPs)

Each Project Partner (PP) submits a Partner Report (PR) via JeMS to the Lead Partner (LP). The report outlines the progress of activities, as well as the status of deliverables and outputs. Relevant supporting documents should be uploaded in the corresponding section of JeMS. Please note that the Partner Report is not subject to verification by the Joint Secretariat (JS).

The submission of the Partner Report is mandatory. To ensure timely submission, it is strongly advised that PPs begin drafting their reports throughout the reporting period, rather than waiting until the end. Once the report is completed, it must be exported, printed, signed, scanned, and attached under the “Report Annexes” / “Partner Report” section in JeMS before clicking "Submit." Project Progress Report (PPR) by Lead Partner (LP)

The LP summarizes the information received from all PPs and prepares a joint Project Progress Report (PPR), which presents a general statement on the progress towards project objectives. The PPR is also submitted via JeMS and signed by the authorized representative of the LP.

2. Project Progress Report (PPR) by Lead Partner (LP)

The LP compiles the information received from all PPs and prepares a consolidated Project Progress Report (PPR). The PPR provides an overall assessment of the progress made toward achieving the project's objectives.

The submission of the Partner Report (PR) (content) by Project Partners (PPs) and the Project Progress Report (PPR) (content) by the Lead Partner (LP) occurs quarterly, except for the final reporting period, which may differ in length based on the project schedule. The first reporting period begins on the project implementation start date, as specified in Article 2 of the Subsidy Contract, while the final reporting period concludes on the project's end date.

Example: If the Subsidy Contract is signed on 23.06.2025, and the project implementation period starts on 24.06.2025 for a 24-month project, the first reporting period would be from 24.06.2025 to 23.09.2025, with the final reporting period from 24.03.2027 to 23.06.2027.

The PPR (Annex 3) provides a summary of the project's progress, covering work packages, activities, outcomes, and their alignment with project objectives. It also includes a brief description of procurement procedures, visibility measures, and any project modifications during the reporting period.

The PPR is completed online in JeMS by the LP using data from the PRs. Afterward, the report must be exported, printed, signed, scanned, and submitted through JeMS for JS approval. Information for each previous reporting period will be automatically included after being approved by the JS.

Note: Only the printed and signed version of the PPR, created in JeMS, is assessed and approved by the JS. If JeMS is temporarily unavailable, a printed and signed version of Annex 3 to PIM may be accepted, provided it matches the online version.

The project time plan is based on the last approved Application Form (Section C6), and it specifies reporting deadlines. The LP must complete the Project Reporting Schedule within 10 working days after the Subsidy Contract comes into force, and it will be approved by the JS project officer.

At the project's start, the LP must submit an Initial Compatibility Check Sheet (Annex 9) to the JS, detailing the environmental impact of the project's work packages. A Final Compatibility Check Sheet, assessing the overall environmental impact, must be submitted with the Final PPR.

The PPR must include details of procurement procedures and contracts, with relevant documentation uploaded in JeMS. Supporting documents verifying work package implementation during the reporting period (as specified in Section 6.2) should also be uploaded in the "Report Annexes" section of JeMS.

NB!

The reporting of work package progress and achievement of project deliverables in the PPR differs from the reporting of Output and Result Indicators (ORIs).

The LP must submit the PPR and supporting documents to the JS via JeMS within 10 working days after the end of the reporting period. Failure to submit the required reports may lead to termination of the Subsidy Contract.

The JS will assess and approve the interim PPR within 20 working days. If corrections are needed, the PPR will be returned to the LP, who must respond within 5 working days. The LP will be notified of the PPR's approval within 3 working days.

NB!	<p>The Final Project Progress Report (FPPR) must be submitted within 15 working days after the project ends. The LP should report the project's cross-border contribution and horizontal issues in the FPPR only. The approval process for the FPPR is the same as for interim PPRs but must be completed no later than 15 working days after all final on-the-spot visits.</p>
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Along with the FPPR, the LP must submit the Final Project Summary (Annex 3.1), which includes a brief overview of the objectives, work packages, and results, as well as high-quality project photos (in jpeg format). This information will be used by the MA, NA, and JS for project promotion.

6.1. Content of the Activity Project Progress Report (PPR)

To ensure coherence, the information provided on activities and outputs must be consistent and aligned with the terminology used in the Application Form (AF). Partners should carefully review indicator definitions before reporting. Communication activities should also be included as part of routine reporting, with projects tracking progress against objectives and indicators.

6.1.1. Main Identification Data

This section is pre-filled with administrative details about the project, such as the reference number, title, and contact information. The LP must mark the reporting period. The PPR should also include a statement from the LP confirming the accuracy of the information provided.

6.1.2. Highlights of Main Achievements

The LP should provide a concise summary of the main achievements during the reporting period, including reached objectives and delivered outputs. Emphasis should be placed on the added value of the cooperation and any improvements made or problems solved in the addressed field. The LP should highlight the practical relevance of the project's outputs and results, as well as the benefits derived from cross-border cooperation. This summary should be clear, self-explanatory, and accessible to the public, avoiding technical terms, abbreviations, or specific partner names.

6.1.3. Overview of Outputs and Results Indicators Achievement

This section is automatically filled, summarizing the achievement of each project deliverable, output, and result indicator. It provides a cumulative percentage of progress from previous and current reporting periods.

6.1.4. Project Problems and Deviations

The LP should describe any issues encountered, including delays, procurement challenges, or deviations from the work plan in the AF. Each problem should be accompanied by an explanation and, if applicable, a solution. The impact of these deviations on other activities should also be assessed. For example, if delays in procurement affect related activities, the LP should suggest corrective actions.

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6.1.5. Target Groups Reached

This section requires the LP to provide the number of target groups reached during the reporting period. The LP should also indicate the sources of verification and describe the type of involvement. Target groups reached in previous periods should not be recounted, but their continued involvement should be noted.

6.1.6. Work Plan Progress

This section is organized by Work Packages (WPs). For each WP, the LP must indicate its status (completed or not) and provide explanations on the following:

1. Progress towards objectives as defined in the AF, with the status ("fully achieved," "partly achieved," or "not achieved") selected from a drop-down list.
2. The degree of involvement of each PP in achieving the WP.
3. The progress under each activity and deliverable, with data generated automatically from the latest invoice reports. The LP should describe progress, indicate the status of each activity, and upload relevant evidence if applicable.

Descriptions should demonstrate that the activities and costs are in line with the approved AF. Each activity should be linked to WP outputs and deliverables, with corresponding evidence uploaded. The WP timetable should also be completed in the system, indicating the start and end periods for each WP.

6.1.7. Project Output and Results Indicators (ORIs)

The LP should report on the achievement of ORIs during the reporting period, including justification and links to supporting evidence. In the Final PPR, the LP must provide the total ORIs achieved throughout the project, including a justification for each.

- ORIs measure the quantitative targets outlined in the AF. The initial PPR list should be updated with information for each reporting period.

6.1.8. Horizontal Principles

This section is filled only in the Final PPR. The LP should describe how project activities promote horizontal principles, such as gender equality or environmental sustainability, and provide concrete examples of their real-life impact.

6.2. Creating a request for National control

The financial reporting starts by completing the “public procurements” tab.

Partner report R.5

Status ☒ Control ongoing

Report identification Work plan progress **Public procurements** List of expenditures Contributions Report annexes Report export Financial overview

Any (and only) outsourcing contract signed by the PP with an external provider for the implementation of the project activities, shall be compiled in this tab, regardless from its amount and attached to all related expenditures.

External services not covered by a signed contract are not included in this section.

The contract must be introduced only once, and always before starting the reporting of the first expenditure related to it. It will then remain registered in the system and available to be further attached to the PP expenditures for the current and upcoming periods.

NB!	When reporting expenditures on a contract (with external contractor) for the first time, the project partner is obliged to submit:
	<ul style="list-style-type: none"> - A declaration of conflict of interests check (Annex 10); - A reference for similar activities (Annex 5.1), for BG partners; - A declaration for the absence of the circumstances under Art. 5k of Council Regulation (EU) No. 2022/576 of April 8, 2022 (Annex 13);

Public procurement expenditures must be linked to its corresponding contract.

The list of expenditures (LoE) section is the place where each single partner must fill-in the incurred and paid costs.

Each item must correspond to a single cost, must be filled-in in original currency and must be coherent with the activities achieved during the period and reported by the PP. The information related to an expenditure item is divided in several fields. Be sure to fill-in all needed information by scrolling from left to right on your screen.

List of expenditures

Currencies and conversion rates are taken from InforEuro, the European Commission's official monthly accounting rates. The monthly rates are automatically updated until the month when the Partner Report is first submitted for verification. If your Local EUR, your expenditure shall be reported in EUR only.

ID	Previously parked by	Cost category	Contract ID	Internal reference no.	Invoice no.	Invoice date	Date of payment	Description	Comment	Total inv
R2.1	<input type="checkbox"/>	External expertise ...	N/A							

Cost category: this section is linked to the partner budget as defined in the consolidated AF. The field is mandatory, and the cost category must be selected on the drop-down menu. The dropdown menu will show you a complete (real cost) or limited (lump sum) overview of the list of selectable cost categories.

For each cost category selected, the following information must be provided:

→ Contract ID (if existing)

In case of “External expertise and service”, “equipment” or “Infrastructure and or Investment”, the contract ID which has been created must be linked here to the corresponding expenditure incurred by the Partner.

→ Internal reference number

This field can be used to identify the expenditure.

→ Invoice number

The invoice number should be used to identify expenditure.

→ Invoice and date of payment

The invoice date must be selected. Please remember that invoice date must be comprised within the eligibility period of the project report

→ Description

Particular attention must be paid to this section. Some cost categories require a clear information`s description.

→ Comments

This is an optional comment section where can be included any specific contract information that may be relevant for the National Controller, *if applicable*

→ Total invoice value

Total invoice value should be filled in **including VAT**. Input of negative amount is **not** allowed.

→ VAT

VAT Should be filled here, *if applicable*

Declared Amount

This field corresponds to the full amount that the Partner claims for reimbursement to the Programme, and that will be checked by the controller. Input of negative amount is **not** allowed.

→ Currency

Depending on the Partner’s country, euro or a different currency will be showed up by default by the system. This currency’s value is the base for the automatic calculation of the declared amount in Euro. More specifically, the system provides:

► Non eurozone partners: the respective currency of the country is pre-filled and the exchange rates are applied when expenditure items in other currencies then Euro are declared

► When Country information in AF is not given: the PP can indicate any currency in the list of expenditure.

NB!	<p>Bear in mind that if a report is in draft, exchange rates are updated constantly. Once the report is submitted, the exchange rates shall be taken from the month of submission and frozen.</p>
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→ Conversion rate

The conversion rate is automatically provided and displayed by the system; the conversion is given on the exchange rate applicable at the moment of the submission of the Partner report, so as long as the report is on draft the conversion rate is indicative.

→ Attachment

In this section, partners are invited to upload any useful document directly to each expenditure. As the system only allows for one file per expenditure, it is recommended to upload **a zip file** containing all the documentation of the expenditure. For reference of required documents, please see *p. 7.9. Financial and accounting documentation of the project*.

→ Sensitive data on expenditures

Following the General Data Protection Regulation (GDPR), some expenditure items could contain data that is considered confidential by the PP organization. In this case, the PP can qualify the expenditure as sensitive data-relevant, by clicking on the “little square” at the beginning of the expenditure line before submitting the request for National Control.

Expenditure data

ID		Pre par
R1.1	<input checked="" type="checkbox"/>	
R1.2	<input checked="" type="checkbox"/>	
R1.3	<input checked="" type="checkbox"/>	
R1.4	<input checked="" type="checkbox"/>	

Once the sensitive data option is set, the “description”, “comment” and “attachment” fields are hidden for all JEMS users of the PP organization without access rights to GDPR-relevant information. Only partner's JEMS users who are filling the report or whose access to sensitive data has been granted: Lead Partner, the assigned National Controller and the Programme users who need to check this information are able to see those hidden sections.

The “**submit**” section allows partners to submit their reports through the “**submit partner report**” button, which becomes active only after passing the “pre-submission check”.

To do that, the PP must click on the “**run pre-submission check**” button.

If the pre-submission check does not report any warnings, the PP can click on “**submit partner report**” and “**confirm**”.

After this step, the partner report passes to “submitted” status, in the report identification tab and the National controller can start the control work.

7. FINANCIAL MANAGEMENT OF THE PROJECT

This section provides information and guidelines for the Beneficiaries about the requirements for financial management and control of project expenditures. The financial management of the project is based on the Lead partner principle.

The “Lead partner” principle

The Lead partner (LP) is responsible for sharing out the tasks among partners and it is entirely their responsibility to ensure that these tasks are completed as stated in Subsidy Contract and the partnership agreement. Therefore, the financial control responsibility of the LP is restricted to:

- control that the implementation of the project and the expenditures made are in accordance with the activities in the Subsidy Contract and the Partnership Agreement;
- control that the expenditures made by the PPs are verified by a National Controller.

Project partners must be aware that in case of an appeal procedure, the reimbursement of funds for the total project is to stop for further clarifications and taking a final decision by the MA.

7.1. Organization of Bank Account and Bank Statement

The LP must have a separate EUR bank account for the purpose of operation, according to the national legislation.

The LP must prepare Financial identification form (Annex 1). The details of the bank account and the obligatory requirements towards the bank accounts under the Programme are the following:

- Holder of the project account is the LP, who signed the respective Subsidy Contract;
- The account must be denominated in EUR;
- The respective Bank Office should be mentioned;
- The IBAN;
- The Bank Identification Code (BIC/SWIFT).
- Address of the Bank and the bank account holder.

The interest accrued under the bank account(s) used for the purpose of the project should be reported at the end of the project with the Request for final payment. The final payment request must be accompanied by a certificate or reference from the bank concerning the interest accrued on the account during the period of implementation of the contract.

In case that under a project more than one bank account has been used, the LP must report all the interest accumulated under all the accounts by submitting the respective documents.

In case of change of the bank account under the project, the LP must inform immediately the MA with a copy to JS and justify the need of this change as well as submit all the necessary account details for the new account via new Financial identification form (Annex 1).

The Programme does not require that the LP perform all payments from the project's account in Euro (they can perform payments from a different account, denominated in BGN for example). **The Programme requires that there is traceability of the performed operations and organizing of analytical accounting for the purposes of the project.**

7.2. Validation of expenditure by National Controllers

The reimbursement of the expenditures for the execution of the contract is based on verifications by National Controllers (NC).

The reported expenditures by the PPs will be checked and validated by the controllers designated by the MA or NA.

The National Controller will not be assigned for the project partners, which expenditures for the reporting period are below 2 500 euro. The respective expenditures will be declared in a subsequent Request for NC, which complies with this requirement for minimum spending requested for verification as well as provisions of the Subsidy Contract, including the fixed term of 10 days for submitting the request after each reporting period.

Expenditure will be validated by Controllers from Bulgaria/ Serbia within a period of 45 days from the date of submission of the Request for National Control (Annex 5). However, the LPs are accountable to the MA for all the project costs. Therefore, the LPs are responsible for the project financial management and the operation of the control systems.

The process of National Control is as follows:

Step 1

Each Project Partner (including the Lead Partners) should fill in information concerning the expenditures during the reporting period in the JEMS. All relevant documents as: invoices, other accounting documents, technical documentation for delivery of the products, services and works, sub-tender procedures dossiers, in case there are expenditures related to sub-contracting, i.e. tender dossier, information for all the participants in the conducted sub-tendering procedures as well as the chosen sub-contractors, should be uploaded in JEMS by respective PP. After the end of the reporting period LP/PP submits Request for National Control (Annex 5) to the MA/NA within the deadline specified in the Subsidy contract.

The LP/PP may request verification of expenditures **on a six months** basis after the starting date of the project implementation period. As an exception the LP/PP may request verification of expenditures **on a quarterly basis** after the starting date of the project implementation period, provided that the total amount of the expenditures made during the quarter by the project partners is above 2 500,00 EUR.

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Submission of the Request for NC and the related documents should be done through the JEMS by filling all relevant information in the partner report, attaching the relevant files:

- ✓ to the corresponding expenditure and procurement – described in *p. 6.2. Creating a request for National control* and supporting documents described in *p. 7.9. Financial and accounting documentation of the project*.
- ✓ the general report documents – signed: Request for NC (Annex 5); Declaration on VAT status (only BG partners); Declaration for lack of double funding and revenue of the project (Annex 12); analytical general accounting statement (where project expenses are visible and traceable) - to the Partner report,

The day of submission is considered the day of properly submitting the partner report with the request for NC attached in the system.

All annexes and supporting documents (invoices, technical documentation for delivery of the products, services and works, tender procedures dossier, pictures etc.) should be the original documents scanned in pdf format. If the originals are electronic documents, those shall be attached. The documents have to be structured in folders, for example, for the tender procedures - tender dossier, offers, evaluation, contract, etc. and attached in one archive (e.g. “.rar”) file.

Step 2

The national controllers (Bulgaria/ Serbia) perform a check of the expenditures reported by the PP/LP on the basis of a risk-based management verification methodology approved by the MA. The National Controller verifies the delivery of the products and services co-financed, the soundness of the expenditure declared, and the compliance of such expenditure with EU rules, Programme rules and relevant national rules.

The check is performed “on desk” and “on-the spot” (if applicable).

If the controller identifies a lack of documents, shortage in the documentation submitted or a necessity of presenting additional documents regarding an expenditure during the validation process,, he/she will request the beneficiary to provide the necessary documents within a period of 5 days. The requests for additional information, along with the relevant answers and documents are submitted via *Control communication* in JEMS and dates are noted in the “Control report” (CC) by the controller. The 45 days national control period is extended with the clarification period, e.g. number of days from controller request to the submission of satisfactory clarifications and/or documents by the Beneficiary.

If no satisfactory clarification / documentation is provided by the PP to the controller, then the expenditures could be “parked” until such is presented. The parked expenditures can be included by a PP in next report, supported with complete documentation.

Step 3

After verification (Finalize control by controller), the Controller issues and signs the Control Certificate, Report and Checklist for validation of expenditures and attach them via *Control communication* in JEMS). The NC also exports the Expenditure verification in excel format and attaches it in the *Control communication*. The PP receives automatic notification for finalized control by the system. For that purpose, each user / beneficiary shall enable the notifications from *your profile at the top right corner of the screen*.



Step 4

In due time after the verification of the National Controller, each project partner has to inform the LP that verification procedure is finished and the Control Certificate, signed declarations for VAT status – Annex 11 (only for Bulgarian partners) and lack of double financing and revenue – Annex 12 (“Verification package”) are present at JEMS. The LP is responsible for checking whether the expenditures, presented by the partners, are verified by the controllers and whether the verification, received from them, gives the necessary confidence for it to verify before the MA that the expenditures, declared for reimbursement, are eligible and lawful.

Step 5

After receiving the information and documents for executed NC, the Lead partner has to summarise the information from all partners and to prepare an aggregated Request for Payment (Annex 6) for the respective reporting period (one request for the entire project). The aggregated Request for payment must include the expenditures for all project partners for the respective reporting period. The procedure is described in *p. 7.3 Submission of Request for payment*

Step 6

During the verification process the controller may identify some problems, which could be classified as irregularity or infringement of the applicable law and to provide the partner with recommendations for correction. The project partner has to consider the findings and recommendations by the NC and to undertake measures to correct the gaps identified. “Corrective measures” do not concern already verified documents or results which have to be done on the previous stage, but it concerns the future implementation of the project. Where the recommendations are not clear or abstractive, the project partner should contact the controller and/or MA/NA for clarification via *Control communication in JEMS*.

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In case of disagreement with the findings of the NC during the verification process, the LP/PP may send to the MA an “Appeal Declaration” (Annex 7) together with the Request for Payment (RP - Annex 6). Each “Appeal Declaration” must be accompanied by detailed justification and additional supporting documents (if relevant). Appeal declaration submitted after the specified deadline (after the Request for Payment) will not be considered by the MA. The MA/NA may request additional documents and clarifications by LP and may initiate on the spot check, if necessary.

In case the controller identifies suspicion of irregularity or fraud in the validation process a corresponding signal to the MA is submitted. In case a suspicion for irregularity arises the expenditures concerned have to be excluded from the Certificate for verified amount issued by NC.

7.3. Submission of Request for payment

Specific types and schedule of payments to LP are determined in terms of the Subsidy Contract. Three types of payments are foreseen:

- Advance payment - the LP must send a request for advance payment to the MA no later than 45 days after the Contract enters into force;
- Interim payments - the LP may request interim payments on three/six months basis after the respective expenditures are verified by National Controller/s;
- Final payment - At the end of the project implementation period and after the respective expenditures are verified by controller/s.

Only the Lead partner has the right to prepare requests for payment and to submit them to the MA.

Before submitting the Request for Payment, in compliance with the Article 26 of the Regulation (EC) No. 2021/1059, the LP shall verify the following:

- the project activities are implemented in accordance with the principles of sound financial management;
- the payment request includes only expenditure, which is verified by the controllers, which is eligible and which is actually incurred by the partners for the implementation of the operation approved, in accordance with the Subsidy Contract, signed with the MA;
- the progress of the operation (financial and physical) complies with the provisions of the Subsidy Contract;
- the activities under the operation are duly documented. All accompanying documents, referring to the expenditure and the audits of the operation, shall be and will remain at the disposal of the European and the respective national controlling authorities, including the Audit and other Authorities under the respective programme for a period of three years after the programme’s closure;
- the audits and/or inspections performed do not establish any weaknesses or omissions in the management of the operation approved, or, if such are established, there is a

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- commitment for their rectification, including an approved timeline of corrective measures;
- the expenditure declared in the present Request for payment is not subject to double funding from other funding sources and has not been included in any other previous requests;
- the sum total, accumulating the expenditure, declared for reimbursement, does not exceed the respective operation budget categories;
- all certificates on validation of expenditures presenting the expenditure of the Project Partners in this Request for payment are attached in original version officially signed by the designated controllers;
- the information included in the Request for payment and its Annexes are true and correct.

7.3.1. Advance payment

The advance payment is at the rate of 20% of the total amount of the subsidy.

The MA may transfer the advance payment in two tranches, as follows:

- 10% of the total amount of the Subsidy Contract once the LP submitted a request for advance payment (Annex 6) and Financial identification form (Annex 1) no later than 45 days after the Subsidy Contract enters into force;
- and 10% of the total amount of the Subsidy Contract after one of the project partners awarded a sub-contract for investment activity and the LP submitted a request for advance payment (Annex 6), Financial identification form (Annex 1) and a copy of the notification letter to the successful tenderer or a copy of contract for investment activity.

The Request for advance payment and accompanying documents has to be submitted to the MA via email: e-mrrb@mrrb.government.bg

The MA transfers the amount of advance payment to the LP within 20 (twenty) calendar days after receiving request for advance payment.

7.3.2. Interim/Final Payments

Unlike the advance payment, where validation of expenditure is not applicable, interim and final payments are based on costs actually incurred by the beneficiaries.

All partners are obliged to submit to the LP information for the validated expenditures in 5 (five) working days after receiving the documents from the NC.

In 5 (five) working days of receiving the documents from the partners the LP creates Project report in JEMS and submit the following annexes (previously collected from all project partners) to the section „Project Report Annexes”:

- Request for payment (Annex 6);
- Control Certificate(s) by the National Controllers;

- Financial Identification Form for the LP (bank account details) (Annex 1);
- Declaration VAT status (Annex 11) and related documents (described in section “Value Added Tax” (VAT))– only for Bulgarian partners;
- Declarations for lack of double funding and revenue of the project (Annex 12) by each of the partners who reports expenditures. The Declaration must be prepared separately for each request for payment;
- Appeal Declaration (against the National Control Certificate, if applicable (Annex 7)).

It is recommended to upload a zip file containing all the documentation concerning the respective Payment request.

The Request for interim/final payment and annexes should also be send on e-mrrb@mrrb.government.bg.

NB!	The request for a final (balance) payment should be submitted by the LP within 15 days following the date of the final Control Certificate issued by the National Controller but not later than 110 days after the project completion.
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Interim/final payments are to be executed by the MA within 45 (fourty-five) calendar days after receiving request for interim/final payment.

7.3.3. General rules for payments

As a general rule the advance payment is deducted from the verified expenditures reported in the Request for final payment. Interim and final payments are based on costs actually incurred by the beneficiaries. In case the balance between the verified eligible costs and the amount of advance payment is positive, the MA will initiate final payment. In case the advance payment exceeds the verified total eligible costs, the MA will send to the Lead partner “Request for recovery of funds” in accordance with the terms and conditions of the Subsidy Contract.

The total amount of the advance and interim payments of an operation cannot exceed 80% of the total value of the subsidy. Nevertheless, the total amount of the advance payment and interim payments per project partner cannot exceed 100 % of the project partner’s total budget amount stipulated in the Application form. After the payments reached the 80 % of the subsidy, starts the covering of the advance payment with the verified expenditures (partially or entirely) and the MA informs the LP that the verified expenditures are paid with the advance payment. When the advance payment is fully covered with the verified expenditures the MA continues with the payment of the verified expenditures.

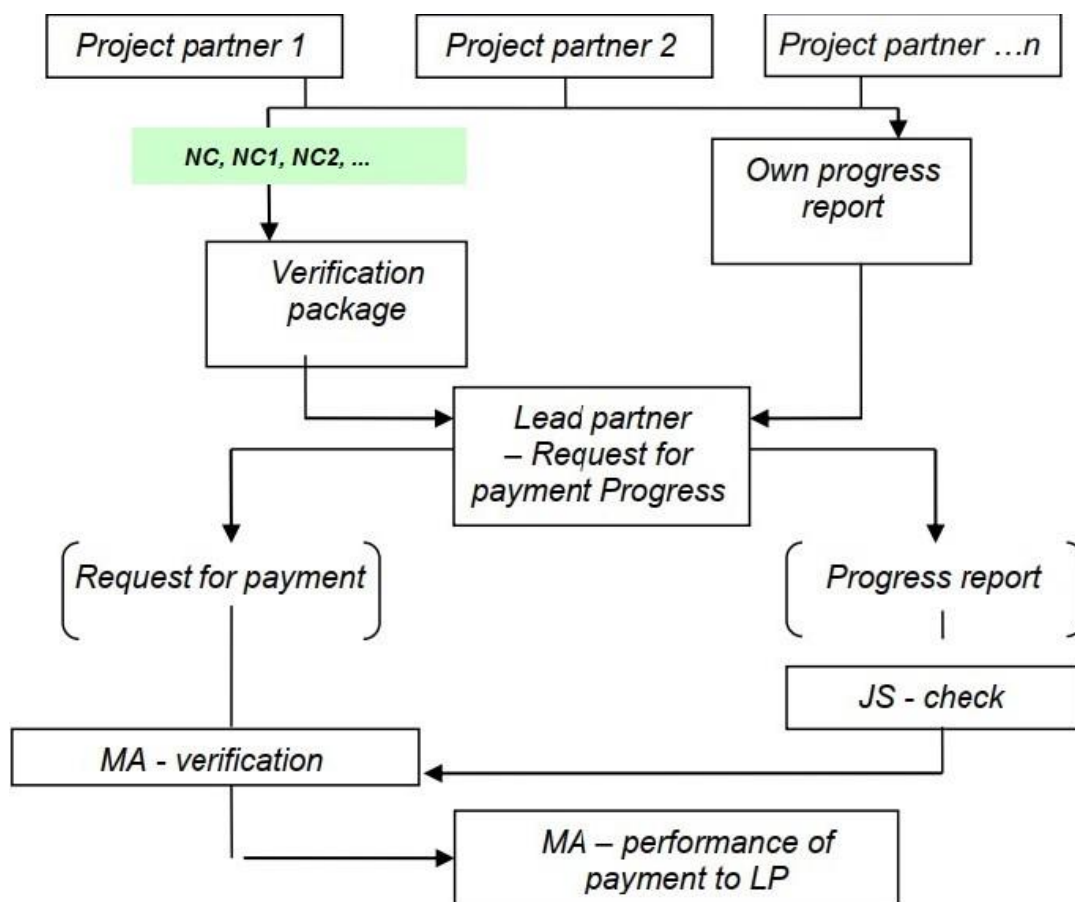
Before submission of the request for payment to the MA, the LP can request consultation from JS on correctness and completeness of the documents.

Additional requirements concerning the preparation and completion of the Request for payment:

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1. The amounts for each partner of the Request for payment (Validated eligible expenditures per project partner) must comply with the verified costs by the National Controllers. Accordingly, the total amount requested of the Request for payment must include the sum of all verified costs of the partners minus 15% co-financing for the partners from the Republic of Serbia. The amounts in each field of this document should be carefully calculated and indicated;
2. The Reporting period inspected by the Controllers as well as the Project duration period should comply with the dates specified in all relevant documents. Project duration and reporting period should be filled in correctly;
3. The Staff cost (BC1), Office and administrative costs (BC2) and travel and accommodation costs (BC3) must be included in the Partner report of each project partner as a global sum on the basis of the flat rate percentage, indicated in the respective budget;
4. Project preparation costs must be included in the Partner report of the Lead partner and must be declared for reimbursement only in first interim request for payment under the project, by the LP;
5. When reporting the costs associated with currency exchange and completing cost amounts in the electronic fields of the Invoice report, the official exchange rate of the currencies of the European Commission must be used (see section 7.7 “Exchange rates”).

LP submits to the NC/MA all documents listed in the flowchart through the JEMS



In order to receive funds from MA the LP, before preparation of the Request for payment, should send a Progress report to JS, as described in section 6 “Reporting”. The reimbursement of funds under the respective Request for payment shall be carried out only after approval of the respective Project progress report by the JS.

The LP should take into account that the Programme will reimburse requested funds only if its corresponding PPR is accepted and approved by the JS.

7.4. Reimbursement of Funds to the Lead Partners

When submitting the Request for Payment, the LP has to be aware of the steps and the estimated timeframe of the reimbursement of Funds. The following procedure applies for the reimbursement of funds to the LP:

- The LP submits the Request for Payment to the MA within the deadlines given in the Subsidy Contract;
- The reimbursement of funds to the LP will be initiated by the MA within the deadlines given in the Subsidy Contract;

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- The LP may be requested to clarify/revise Request for Payment during the verification process. If the Request for Payment is rejected by MA the expenditures can be included in the Request for payment for the next reporting period;
- The reimbursement of funds will be performed by the MA after the verification process. In case the EU balance of the programme single bank account handled by the Accounting Authority does not cover the amount to be reimbursed, the reimbursement process will be suspended till the transfer of the EU contribution from the EC is credited to the Programme single bank account. In this case, the MA notifies the LPs for the amount of the verified expenditures. The MA transfer the amounts subject of payments after the necessary funds are ensured in the programme bank account;
- The verified expenditures subject of payment will be transferred by MA in bank account of the LP opened exclusively for the project. The LP is responsible to transfer the respective funds to each project partner according to the approved request for payment and within the deadline given in the Partnership Agreement.

The lead partner assumes responsibility for ensuring the implementation of the entire project. When submitting an aggregated request for payment, the LP must:

- “ensure that the expenditure reported by the partners has been paid in implementing the project and corresponds to the activities agreed between all the partners”, i.e., it is in line with the application form and subsidy contract
- check that any deviations from the application form, should they exist, have been properly described and justified in the progress report
- check that amounts and activities reported are correctly included in the joint progress report/aggregated request for payment and that they give a correct description of the implementation and present status of the project This does not imply re-performing the checks already carried out at partner level, given the fact that financial control is a Partner State responsibility. However, it is still up to the LP, due to its role and understanding of the whole project, to satisfy themselves that partners are reporting correctly by looking through the information available to them (partner report and outputs, control report (including control checklist), list of expenditure). Where there is any doubt, the lead partner must clarify the matter with the partner (and the relevant controller) before the cost item is included in the joint progress report that is submitted to the joint secretariat

7.5. Timeframe of reimbursement of Funds to LP

LP and the PPs have to consider the timeframe of the reimbursement of Funds when preparing the time plan of their project activities. The following flowchart presents the procedures described in the following section with the indicative timeframe:



Balance payment shall be made after the approval of final PPR.

7.6. Eligibility of expenditure

➤ No double funding in the declared expenditures is allowed

With every Request for payment (Annex 6) it is necessary for all project partners that have declared expenditures to ensure that these expenditures have not been funded by other national or community source (Annex 12).

All the primary accounting documents should possess the obligatory requisites according to the respective legislation.

NB!	Every invoice or similar accounting document subject to verification must contain obligatory text, identifying the specific project: the number and name of the project (for the expenditures related to the project preparation – the project name and/or the number of the call for proposals) and detailed information regarding the supplied products or services – quantity, type and unit prices.
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If a **single invoice is used for claiming expenditures on more than one budget category as per the Subsidy Contract**, then the invoice or its attachments should have the expenditures **divided as per the division in the budget (for example: hall rent, equipment rent, coffee breaks, etc.)**.

If this information cannot be mentioned in the document, one of the following can be done:

- The document is glued to a white sheet of paper and the above attributes are written afterwards;
- A protocol can be prepared to accompany the invoice, which states the number, date and amount from the invoice while pointing out the event for which the expenditure is relevant and all the attributes described above.

➤ **Payments by the project partners to the sub-contractors and suppliers**

NB!	<p>All payments of the project expenditures should be made by the project partners in a period of 45 days after completion of the project implementation period at the latest. For payments made after 45 days period mentioned above the respective expenditures shall be considered ineligible and shall not be reimbursed by the MA to the project partner.</p>
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➤ **Non-eligible expenditures**

The following costs shall not be eligible for a contribution from the Funds:

- Interest on debt;
- The purchase of land and existing buildings;
- Second hand equipment;
- Fines, financial penalties and expenditure on legal disputes and litigation;
- Costs of gifts;
- Costs related to fluctuation of foreign exchange rate.
- In-kind contributions (including unpaid voluntary work);
- Shared costs;
- Subcontracting between partners and/or associated partners of the same project for services, expertise, equipment and works carried out within the project;
- Charges for national financial transactions;
- Consultant fees between partners for services and work carried out within the project;
- Contracting of employees of the partner organizations as external experts, e.g. as freelancers;
- Other non-eligible expenditures according to EU and national legislation, programme rules and Subsidy contract.

➤ **No-profit principle**

The meaning of a no-profit principle is in accordance with Article 195 of Regulation 2024/2509 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union.

The verification of the no-profit principle shall be applied as follows:

The grant amount representing the EU funds and national co-financing funds may not have the purpose or effect of producing a profit for the project partners. Profit is defined as a surplus of the grant amount received and the revenue generated by the operation over the total amount of eligible expenditures incurred by the project partner and verified by the Managing authority. If this

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calculation results in a profit for the project partner, the Managing authority will reduce the final amount of the grant with the profit generated.

The revenues may be but not only cash in-flows directly paid by users for the goods or services provided by the operation, such as charges borne directly by users for the use of infrastructure, sale or rent of land or buildings, or payments for services, payment received by the project partner arising from contractual penalties as a result of a breach of contract between the partner and a sub-contractor, interests accrued on the received pre-financing payment into the bank account using for the operation, etc.

For the purpose of respecting the no-profit principle and for the proper verification of the revenues generated each project partner should keep detailed, timely, adequate and traceable information and accounts concerning the generated revenues during the implementation period of the operation. A declaration (Annex 12.1) shall be requested by each project partner at the stage of the last reporting of expenditures.

➤ Eligible expenditures for VAT

Project partners must comply with the relevant national VAT legislation.

For Bulgarian partners:

The expenditures for VAT is eligible for operation where the VAT is non-recoverable under national VAT legislation. In the implementation phase of the project the project partners should be requested to provide the necessary documentation (According to letter No HΦ-1/09.01.2024r., issued by the Ministry of Finance) proving the VAT requested for reimbursement is non-recoverable under national VAT legislation.

For partners from Serbia:

According to Article 36 of the Financing Agreement for the Interreg programme “(Interreg VI-A) IPA Bulgaria-Serbia”, Value added tax (“VAT”) excise duties, customs duties and any other indirect taxes shall not be eligible for Union support, except for operations, investments and small projects funds listed under Article 64(1)(c) of Regulation (EU) 2021/1060.

7.7. Exchange rates (EU and local)

The amount in the List of expenditures (LoE) shall be converted into Euro:

All sums in the Invoice report should be converted into Euro **using the monthly accounting exchange rate of the European Commission of the month, in which the expenditures were submitted for verification to the NC.**

The approved EU exchange rate for EUR into local currency is determined on a monthly basis at the beginning of each month. During the course of the project, funds held in the project EUR account will be exchanged and transferred to the local currency account. When buying

goods/services for the grant project, you should be aware that exchange rates differences will occur. This is because banks use a rate based on the daily exchange rates as set by the country's national bank for conversion of EUR in local currency.

However, the EU uses a different exchange rate than your bank is using. The EU exchange rate is determined on a monthly basis and is on average slightly higher than the local rate at the beginning and slightly below the local at the end of the month. **The currency exchange differences are not eligible project costs.**

You can find the EUR currency exchange rate at:

http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/index_en.cfm

Information on the exchange rate is updated every first day in the month to come

7.8. Audit trail and accounting system of the partners

NB!	<p>The Bulgarian partners follow all the rules and regulations in accordance with the EU regulations and the applicable legislation of the Republic of Bulgaria.</p> <p>The partners from Serbia follow all the rules and regulations in accordance with the EU regulations and the applicable legislation of the Republic of Serbia.</p>
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➤ Audit Trail

Partners must ensure that all accounting documents linked to the project are available and that they are filed separately in order to be easily identified as relating to the project. It is the LP's responsibility to ensure an adequate audit trail which implies that the Lead partner has an overview of:

- Who was paid;
- What was paid;
- The date on which payment was made;
- The person who carried out the verifications;
- The location where the relevant documents are stored.

The LP must ensure that all project partners keep the documents linked to the project in an ordered and safe manner at least five years after the date of the notification by the MA for verified amounts under the request for final payment. The filed documents can be either the originals or the certified as original copies. For the purpose PPs may create a flow chart/short description of control system in their organization.

The following list gives an overview of the documents that should be available for financial control and audit purposes:

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- Approved Application Form;
- Subsidy Contract;
- Partnership Agreement;
- Relevant project correspondence (financial and contractual);
- Documents attesting the NCs' validations on partners' expenditure;
- Partner Reports;
- Bank account statements/proof of payment for each invoice;
- Declaration of each partner to keep up the necessary and qualified project staff for the successful implementation of the project activities;
- Nomination of the project team members - administrative order or letter;
- Copies of all contracts with external experts and/or service providers;
- Documents relating to procurement, information and publicity (including photos);
- Proof for delivery of services and goods: studies, brochures, newsletters, minutes of meetings, translated letters, participants' lists, travel tickets, etc.

➤ **Accounting System**

The LP and PP must maintain regular and exact analytical accounts for the project implementation using an appropriate accounting system with double-entry book-keeping. These systems can be either an integrated part of the ordinary accounting system of the Beneficiary or an addition to this system.

This system must function in accordance with the accounting policy and rules, in force in both countries, respectively. The accounts and the expenditures, related to the project must be easy to identify and check. This could be done either through the use of separate analytic accounts for the project or through guarantees that the expenditures for the project activities can be easily identified and traced to and inside the regular accounting systems of the Beneficiary. The accounts must show detailed information related to project expenditures as well as the interest rates, paid on the granted funds.

7.9. Financial and accounting documentation of the project

- **Budget** - the budget of each project is part of the signed Subsidy Contract. The MA defines in the Applicant's Guide/Contracting Guide and the Application Form the format and the structure of the budget. The Beneficiary shows the percentage of own contribution (if any) in the budget form. The own contribution is regulated in the Applicant's Guide. The controller should check the adherence to this percentage as well.

The documentation of the own contributions respects the same requirements as described in this Manual.

- **Accounting documentation** - all expenditure is recorded at the accounting system of the beneficiary, in order to be recognizable either in a separate accounting system or there is sufficient accounting coding subject to national accounting rules. All the financial and accounting documentation must be prepared /issued in accordance with the stipulations of the respective state accounting and VAT regulations. The list below presents the basic documents for respective reporting costs:

Financial and accounting documentation (non-exhaustive list) to be provided by the Beneficiaries to the controllers (in JEMS)

BC 1	STAFF COSTS	
	Accounting and Financial documents	Other documents/conditions for eligibility of expenditure
<p><u>Flat rate option</u></p> <p>The flat rate percentage remains the same for the entire project implementation. No check of the documentary evidences related to the staff costs will be performed by the national controller. The amount of the staff costs to be reimbursed will depend on the amount of the direct costs spent and verified by the NC. An administrative order/a letter for nomination of the project team members shall be provided to the Controller on request.</p> <p><u>Real cost option</u></p> <ul style="list-style-type: none"> - Employment/work contract or an appointment decision/contract considered as an employment document. - Job description providing information on responsibilities related to the project. - Administrative order for nomination of project team. - Payslips or other documents of equivalent probative value. - Proof of payment of salaries and the employer's contribution. - Data from the working time registration system, e.g. time sheets which cover 100% of actual working time and providing information 		<p>Staff costs include costs related to the organisation's own staff to be involved in project management (project team) and/or tasks related to the project content. Staff costs are related to activities which the partner organization would not carry out if the project was not undertaken. The staff costs include salary payments fixed in the employment/work contract, an appointment decision (in the case of natural persons working for the partner organization under a contract other than an employment/work contract), or by law relating to the responsibilities specified in the job description of the staff member concerned.</p> <p>Any other costs directly linked to the salary such as employment taxes and social security including pensions as long as they are fixed in the employment document or by law and they are in accordance with the legislation and standard practices in the country and/or organization and are not recoverable by the employer.</p> <p>The appointment of the staff by the project partners has to be done in accordance with the European and national legislation. The proper appointment of the project team is the sole responsibility of the project partners themselves.</p> <p>In the beginning of the project implementation each project partner must present:</p>

<p>on the number of hours spent per month on the project (signed by the employee and the employer), in case of part-time work on the project based on flexible number of hours worked per month or hourly rates.</p> <ul style="list-style-type: none"> - In case of part-time work on the project based on hourly rates calculated using 1,720 hours or pro-rata of 1,720 hours (if applicable): document showing the documented annual (or other applicable) gross employment cost based on the latest available data at the time of signature of the Subsidy Contract. - other documents requested by National Controllers proving the staff costs. 	<ul style="list-style-type: none"> - a declaration that in the project implementation period he will keep up the necessary and qualified project staff for successful implementation of the project activities; - a nomination of the project team members – internal order, a letter, etc. - In case staff costs are not eligible for financing for the given project partner according to national eligibility rules, staff costs shall not be declared on flat rate basis to the project (i.e. the eligibility of expenditure does not depend on the form of reimbursement)
BC 2 OFFICE AND ADMINISTRATIVE COSTS	
<p>Accounting and Financial documents</p>	<p>Other documents/conditions for eligibility of expenditure</p>
<p>The Office and administrative costs must be reported as a flat rate on the basis of the concrete percentage of the staff costs, envisaged in the budget of the respective project partner. This percentage remains the same for the entire project implementation. The amount of the office and administrative costs, which could be reported, depends on the amount of the staff costs spent during the reporting period. No check of the documentary evidences related to the office and administrative costs will be performed by the National controller. The amount of the office and administrative costs to be reimbursed will depend on the amount of the direct costs spent and verified by the National controller (NC).</p>	<p>The eligible expenditures under Budget category 2 include expenditures for rent of office (specifically for the purpose of the project), overheads (expenses covering electricity, heating, water, telephone, internet, other utilities), consumables (expenses covering paper, pens, CDs, folders, toners etc.), bank charges - expenses for opening and administrating the bank account where the implementation of the project requires a separate account to be opened (only for the Lead beneficiary) and charges for transnational financial transactions (for all beneficiaries), and maintenance costs (expenses for postal services, cleaning, security, insurances, business cards, coffee/biscuits for small project meetings).</p>
BC 3 TRAVEL AND ACCOMMODATION COSTS	
<p>Accounting and Financial documents</p>	<p>Other documents/conditions for eligibility of expenditure</p>
<p><u>Flat rate option</u></p> <p>The Travel and accommodation costs must be reported as a flat rate on the basis of the fixed percentage of the staff costs, envisaged in the</p>	<p>The category of expenditures covers travel and accommodation costs of project staff and shall be limited to the following costs – travel costs (tickets, travel and car insurance, fuel, car mileage, toll and parking fees); the costs of meals; accommodation costs; visa</p>

budget of the respective project partner. This percentage remains the same for the entire project implementation.

The amount of the travel and accommodation costs, which could be reported, depends on the amount of the staff costs spent during the reporting period.

No supporting documents need to be presented at the reporting stage.

Real cost option

1) Travel Costs, including train tickets, bus tickets, airplane tickets, parking fees, car/mini-bus travels (expenditure for fuel/kilometer, insurances for cars, green cards, motor way taxes, vignettes, etc.), rent of vehicle for the operation, medical insurances for project team members.

1.1) Traveling by bus/train/airplane/public transport:

- Business trip order, report and copy from the relevant page in the International passport;
- Calculation of travel expenses;
- Airplane boarding cards;
- Tickets;
- Invoice/protocol issued by the travel agency for the value of the airplane ticket;
- Invoice and Cash receipt for paid transport;
- Bank statements;
- Accounting records.

1.2) Traveling by own or rented car:

- Business trip order and report;
- Calculation table for travel expenses showing the route;
- Route-sheets/driver's sheets containing the following information: distance, fuel price, average fuel consumption, toll roads, vignette, health insurance, etc.;
- Protocol determining the consumption rate of the used vehicle and the passed distance

costs; daily allowance. The proper spent of the travel and accommodation costs is the sole responsibility of the project partners themselves.

together with invoices certifying the exact amount of funds spent on fuel;

- Invoice for fuel;
- Invoices/ receipts for parking fees, insurances for car, green cards, motor way taxes, vignettes, medical insurances

Accounting records.

BC 4

EXTERNAL EXPERTISE AND SERVICES COSTS

Accounting and Financial documents

Other documents/conditions for eligibility of expenditure

1) Rent of hall for events:

- Tender documentation (if applicable);
- Contract;
- List of participants, agenda, pictures and other documents proving realization of activity – to be provided for each day of the event;
- Invoices and cash receipt notes/ payment order/bank statements;
- Accounting records.

Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA, if required.

2) Rent of audio/video equipment for events:

- Tender documentation (if applicable);
- Contract;
- List of participants, agenda, pictures and other documents proving realization of activity – to be provided for each day of the event;
- Invoices and cash receipt notes/payment order/bank statements;
- Accounting records.

Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA.

3) Travel for events:

3.1) Rent of vehicle (car, van, minibus, bus, etc.):

- Tender documentation (if applicable);
- Contract;
- Protocol and other documents proving realization of activity;
- Invoices and cash receipt notes/payment order/bank statements;

Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA.

<ul style="list-style-type: none"> - Accounting records. <p>3.2) Ticket costs (bus, train, airplane):</p> <ul style="list-style-type: none"> - Airplane boarding cards; - Tickets; - List of participants, agenda, pictures and other documents proving realization of activity; - Invoice / protocol issued by the travel agency for the value of the Airplane ticket; - Bank statements; - Accounting records. 	
<p>4) Catering for events (coffee breaks, refreshments, lunches and dinners for participants in the events):</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Agenda where must be indicated that coffee breaks/refreshment/ lunches and dinners for participants in the event have been provided; - List of participants, pictures and other documents proving realization of activity – to be provided for each day of the event and for each expenditure (e.g. lunch, dinner) – separate pack of pictures & proofs; - Acceptance protocol; - Invoice, payment documents, bank statements; - Accounting records. 	<p>Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA.</p> <p>Expenditure for alcoholic beverages and cigarettes cannot be paid under the project. In case such expenditure is made by the project partners, it will be considered ineligible and will not be reimbursed to the partner.</p>
<p>5) Accommodation for participants in the events:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Agenda; list of participants, pictures and other documents proving realization of activity; - Invoice, payment documents, bank statements; - Accounting records. 	<p>Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA.</p> <p>The accommodation expenditures cannot exceed the limits determined in the Guidelines for Applicants.</p>

<p>6) Preparation of materials for events – invitations, agenda, presentations etc.:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Acceptance protocol; - Invoices and cash receipt notes/payment order/bank statements; - Copy of the prepared materials; - Accounting records. - A copy of each delivered item and a picture of all delivered materials, clearly showing their quantity. 	<p>Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA.</p> <p>Elaborated materials should contain visibility elements, according the Programme rules.</p>
<p>7) Consumables for events – paper, files,</p> <ul style="list-style-type: none"> - folders, cases, CDs, etc.: - Tender documentation (if applicable); - Contract; - Acceptance protocol; - Invoices, cash receipt notes, payment orders, banks statements; - Accounting records; - A copy of each delivered item and a picture of all delivered materials, clearly showing their quantity. 	<p>Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA.</p>
<p>8) Purchase of advertising materials – pens, key chains, CDs, USBs, hats, bags, note books, folders, etc.:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Acceptance protocol; - Invoices, cash receipt notes, payment orders, bank statements; - Accounting records. - A copy of each delivered item and a picture of all delivered materials, clearly showing their quantity. 	<p>Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA.</p> <p>Copies of the respective materials should be kept by the project partner.</p> <p>All advertising materials must comply with the Programme visibility rules in order the respective expenditures to be considered eligible.</p>

<p>9) Elaboration, design, translation of advertising materials:</p> <p>9.1) Information materials concerning project documents, project events, meetings, implementation provisions, etc.;</p> <p>9.2) Brochures, leaflets informing about the project implementation and results;</p> <p>9.3) Manuals and guidelines related to the project;</p> <p>9.4) Design of project logo;</p> <p>9.5) Design and printing of advertising items with logo of the project or with logo of the Programme (pens, key chains, CDs, USBs, hats, bags, note books, folders etc.).</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Acceptance protocol/ report by the Contractor; - Invoices, cash receipt notes/payment order/bank statements; - Accounting records. 	<p>Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA.</p> <p>Copies of the elaborated/ designed/translated materials should be kept by the project partner.</p> <p>All advertising materials must comply with the Programme visibility rules in order the respective expenditures to be considered eligible.</p>
<p>10) Publications in mass media – press, radio, TV:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Acceptance protocol/ certificate/ report by the Contractor; - Invoices, cash receipt notes/payment order/bank statements; - Accounting records. 	<p>Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA.</p> <p>Copies of the publications in print/electronic media and broadcasting in radio/TV should be kept by the project partner.</p> <p>All publications must comply with the Programme visibility rules in order the respective expenditures to be considered eligible</p>
<p>11) Consultancy, studies, designs, website development, etc.:</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Acceptance protocol/ report by the Contractor; - Invoices, cash receipt notes/payment order/bank statements; - Accounting records. 	<p>Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA.</p> <p>Reports on methodology applied and on the results of the researches/studies conducted.</p> <p>Reports, research, analysis, studies and other written documents must be in accordance to the EU requirements for visualization and should have information for the author and year of issue.</p>

	The web site developed under the project must also comply with the Programme visibility rules.
12) Interpreters, lecturers, trainers, moderators, etc.: <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - List of participants, agenda, pictures and other documents proving realization of activity – to be provided for each day of the event, clearly showing the involvement of each expert hired; - Acceptance protocol/ report by the Contractor; - Invoices, cash receipt notes/payment order/bank statements; - Accounting records. 	Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA.
13) Others, including organisation or participation in online events (seminars, conferences, trainings, workshops, working meetings, etc.): <ul style="list-style-type: none"> - Tender documentation (if applicable); - Contract; - Invoices, cash receipt notes/payment order/bank statements; - Accounting records. - Software subscription / license (if applicable for online events) 	Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA. For expenditures related to online events, additionally document and provide in the Partner report: <ul style="list-style-type: none"> - e-mail invitations and received confirmations; - data for access to the virtual event (meeting ID, access link, etc.); - software log of the event; - screenshots taken during the event; - audio (if possible); - video recording (to be kept by the beneficiary and/or uploaded in cloud service with provided link in the beneficiary's report). - any other suitable for the purpose evidences.
BC 5	EQUIPMENT COSTS
Accounting and Financial documents	Other documents/conditions for eligibility of expenditure
<ul style="list-style-type: none"> - Tender documentation (if applicable) - Contract; - Acceptance protocol, containing the type of the supplied equipment, exact number of the 	Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA. Detailed and exhaustive documentation of the implemented tender procedure

delivered items, their trademarks, models and serial numbers;

- Warranty card for the purchased equipment;
- Declaration containing the type of the supplied equipment, exact number of the delivered items, their trademarks, models and serial numbers;
- Invoices, cash receipt note, payment orders, bank statements;
- Accounting records;
- Document which certifies the posting of all assets purchased under the project, and their existence into in the organization's balance sheets, where they remain after the finalization of the project.
- Pictures of purchased equipment.

should be kept by the project partner – invitation letter and/or other documents related to publication of the tender, tender dossier, evaluation report and other evaluation documents, offers submitted by the participants in the tender procedure, etc.

Equipment that will not be used by the project partners or the project target group after the project completion and if the economic lifetime of the equipment (respectively the period of depreciation) is longer than the project duration, only the depreciation costs for the period of project duration are eligible. The depreciation rate has to be in line with national rules. Depreciation is charged proportionally for each relevant period for which a periodical report is required and prepared. The full value of depreciated costs on equipment in relation to the total project duration cannot be charged as total amount for 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 properly clarified (auditable).

The depreciation costs of equipment can never exceed the purchase price of the equipment.

If project partners declare that the equipment will be used after the project completion full invoice amount will be eligible for verification. The LP/ PP must provide Statement/ Declaration regarding purchased equipment, stating that the equipment shall be used by LP/PP for the same purpose for at least 5 years after project closure.

BC 6

COSTS FOR INFRASTRUCTURE AND WORKS

Accounting and Financial documents

- Tender documentation (if applicable)
- Contract, Bill of Quantity (BoQ);

Other documents/conditions for eligibility of expenditure

Tender procedure has to be conducted according to the National legislation for Bulgarian beneficiaries and PRAG rules for the NA. Detailed and exhaustive

- All guarantees provided for in the special conditions of the works contract;
- Certificates/ protocols for the implemented works according to the national legislation;
- Invoices, payment order, bank statements;
- Accounting records;
- Pictures of performed infrastructure and works.

Document which certifies the posting of all assets purchased under the project, and their existence into in the organization's balance sheets, where they remain after the finalization of the project.

documentation of the implemented tender procedure should be kept by the project partner – invitation letter and/or other documents related to publication of the tender, tender dossier, evaluation report and other evaluation documents, offers submitted by the participants in the tender procedure, etc.

Local Act – permission for use of the construction according to the National legislation for construction works.

Statement of the beneficiary confirming the existence of the performed construction works, their consistency with the provisions of the contract and the measures taken regarding the provisions of the contract and the measures taken regarding the requirements for publicity and transparency of all activities financially supported by the EU;

All guarantees provided for in the special conditions of the construction and supervision contracts;

Copy of the final report of the Construction supervisors according to the relevant national legislation (for BG LP/PP - according to art. 168, par.6 of the Bulgarian Territory Structure Act).

BC 7

PROJECT PREPARATION COSTS

Accounting and Financial documents

Projects approved by the Programme's Monitoring Committee and contracted by the MA are entitled to receive the reimbursement of the preparation costs in a form of a lump sum. No other checks of supporting documents will be performed by the national controller.

Project preparation costs must be included as a lump sum in the Partner report of the Lead partner and must be declared by the LP for reimbursement only in first interim request for payment under the project,

Other documents/conditions for eligibility of expenditure

Project preparation costs are limited to the following services - meetings between partners, consultancy, elaboration of technical documentation (incl. feasibility studies, detailed design, technical drawings, etc.), elaboration of project proposal and application form, translation of documents, taxes and other charges.

The proper spent of the project preparation costs in accordance with the national and European legislation is the sole responsibility of the project partners themselves.

8. MODIFICATION OF SUBSIDY CONTACT

The Subsidy Contract determines the rights and obligations of the Lead Partner and the Managing Authority. The approved Application Form and the Partnership Agreement signed between the Project Partners are integral part of the Subsidy Contract. The Subsidy Contract explicitly provides information concerning project implementation period. During the project lifecycle, due to certain reasons, some modifications/changes might be necessary concerning the project implementation bases and the conditions, defined in the Subsidy Contract, as well as in the approved Application Form and other annexes that are integral part of the Subsidy Contract.

Modifications/changes can be related to changes in the partnership, modifications concerning the project's content, budget changes, extension of the implementation period, administrative changes.

According to their nature modifications/changes are a subject of:

- 1) **Approval by the Monitoring Committee** - this type of modification requires signature of an addendum. The Addendum enters into force on the day of its registration in the Registry system of MA, following the signing by both parties, except the case the addendum confirms modifications in the national/European applicable legislation with impact on the implementation of the contract - when the modifications become effective from the date the respective legal acts become effective.
- 2) **Approval by the Managing Authority;**
- 3) **Notification to the Joint Secretariat.**

NB!

Only the Lead Partner may initiate a contract modification by sending respective request for modification or notification to the Joint Secretariat. The Request for contract modification must be accompanied by the required supporting documents listed below according to the type of the modification.

The LP fills in the electronic form of the Request for modification/ or prepares Notification letter and submits it via e-mail to the JS. The Request for Contract Modification must clearly describe and justify the reasons for requested modification. If it is needed, the supporting documents may be attached to the Request according to the type of the modification. In 1 (one) working day after receiving the request for modification, the JS assess the request and unlock the Application Form (AF) in JEMS in case the requested modification imposes amendment of the AF. In 5 (five) working days the Lead partner make respective amendments in the AF in JEMS. In case the request for modification requires amendment of the AF, it is consider submitted at the day the revised AF is submitted in JEMS.

NB!

The Request for modification of the Subsidy Contract can be submitted at least 30 days before the Addendum is intended to enter into force. This will give the MA the sufficient time for launching the procedures for MC approval of the Request for modification.

Additionally, the LP should strive to submit the Request for contract modification at least 60 days before expiration of the project implementation period. Otherwise the request may be rejected.

8.1. Modifications concerning the project's content

In case a modification of project's content is required, the partners have to assure that all the objectives and outputs defined in the Application form will be achieved and delivered by the project. The procedure to be followed in case of content change depends on the significance of the modification.

8.1.1. Modifications requesting approval by MC and signature of addendum

Modifications in the project **altering the approved objectives or outputs need the approval of the MC, as well as signature of an Addendum to the Subsidy Contract.**

Modifications/changes in the project altering the approved objectives or outputs are possible only in "force majeure" circumstances or in case of existence of objective circumstances, which make it impossible to achieve the project's objectives or outputs.

The LP should immediately contact the JS in case of problems, which would affect the project's activities, objectives and/or outputs. The LP is obliged to inform the MA in written form about planned significant changes with clear justifications of the reasons for such changes before their implementation. The modification may not lead to the increase of the budget of the project.

The official procedure of request for modification includes the following documents to be submitted by the LP to the JS by e-mail:

- *"Request for Contract Modification" (Annex 8), clearly describing and well justifying the reasons for such a modification - scanned document signed by the LP legal representative send by e-mail;*
- *Other documents annexed to the Subsidy contract that should be revised in accordance with the proposed modification (if applicable) – scanned documents send by e-mail.*

After unlocking the AF in JEMS the LP has to submit the following documents in 5 working days:

- *"Revised Application Form" - filled in on-line in the JEMS.*

The Managing Authority may request additional documents proving existence of "force majeure" circumstances or objective circumstances, which make it impossible to achieve the project's objectives or outputs.

The submitted request will be evaluated by the MA and, if acceptable - will be put forward for

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decision to the MC. In case of approval, an Addendum to the Subsidy Contract will be signed by the contracting parties. The Addendum enters into force on the day of its registration in the registry system of the MA, following the signing by the both parties. The expenditures related to the activities and outputs of the modified contract are eligible from the date of the MC decision but those costs can be validated only after the Addendum of the Subsidy Contract enters into force.

In case the project cannot be fully implemented by carrying out the planned activities, the planned outputs and results the MA is entitled to withdraw from the Subsidy Contract and reclaim the contribution already transferred.

8.1.2. Modifications requesting notification to the JS

In case of modifications of the approved project which **will not affect the project's objectives and outputs** and will not jeopardize the successful completion of the project, a written notification to the JS is required to be sent by e-mail. The LP is obliged to clearly describe and justify each of such changes in the notification.

The official procedure of request for such modification includes the following documents to be submitted by the LP to the JS by e-mail:

- *“Notification letter” containing explanation of requested modification/s - scanned document stamped and signed by the LP legal representative send by e-mail;*
- *Other supporting documents (if applicable) – scanned documents send by e-mail.*

In case the amendment of the Application form is needed, after unlocking the AF in JEMS the LP has to submit the following documents in 5 working days:

- *“Revised Application Form” - filled in on-line in the JEMS, including all requested changes filled in on-line in the JEMS.*

The LP will be informed by the JS whether the respective change is acceptable.

Examples: Small changes of project activities (time, place or content); changes in technical specifications changes in the positions of the project team, etc.

8.2. Administrative changes

Modifications concerning the administrative part of the project (change of bank account, contact details, address for communication, legal representative, changes in the persons, part of the project team, etc.) require only notification to the MA/JS **within 15 (fifteen) days** following the change.

8.3. Modifications concerning the Partnership

Modifications concerning the partnership **need the approval of the MC** and signature of an **Addendum to the Subsidy Contract**.

The LP has to assure that following the change (s) in the partnership the project still fulfils the

requirement for partnership set in the Guidelines for Applicants and in the Programme and the general character (objectives and outputs) of the original project is not altered.

NB!	<p>The Lead partner and other project partners responsible for project investments (construction and/or installation of equipment) cannot be changed.</p> <p>Additionally the scope and location of investments cannot be changes as well.</p>
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In case of inclusion of new partner in the project, the new partner takes part of the responsibilities under the project of one or more of the project partners or undertakes additional responsibilities related with inclusion of additional activities and/or outputs that will bring added value to the project.

Amendment of partnership may be requested while having in mind the following conditions:

- By including the partners, the cross-border character of the project must not be altered;
- The new partner must be relevant for the partnership according to the objectives of the project;
- All partners have to consent on the proposed modification;
- All partners have to consent to continue the project implementation;
- The new proposed partner/s and the new partnership must meet the eligibility criteria stipulated in the Contracting Guide;
- The newly proposed partner(s) must have financial, technical and administrative capacity, as well as human resources in order to fulfil the activities under the project;
- The new partnership must meet eligibility conditions set in the Contracting Guide.

The official procedure of request for modification includes the following documents to be submitted by the LP to the JS by e-mail:

- *“Request for Contract Modification” (Annex 8), clearly describing and well justifying the reasons for such a modification - scanned document signed by the LP legal representative and send by e-mail;*
- *“Written Decision of the Partnership” - scanned document signed by the legal representatives of all PPs send by e-mail for inclusion of new project partner send by e-mail;*
- *New “Partnership Agreement” - scanned document signed by the legal representatives of LP and all other project partners send by e-mail;*
- *New “Co-financing Statement(s)” of the affected partner/s - scanned document per each affected PP signed by the legal representative of the respective PP send by e-mail;*

- *Documents proving eligibility and financial, technical and administrative capacity of the new partner/s as required in the Contracting Guide - scanned documents per each new PP send by e-mail.*

After unlocking the AF in JEMS the LP has to submit the following documents in 5 working days:

- *Revised “Application Form”, defining the new division of work by the modification of the work plan and the budget accordingly - filled in on-line in the JEMS.*

The modification concerning the partnership is a subject of MC decision.

In case of approval of the request by the MC, an Addendum to the Subsidy Contract will be signed by the contracting parties. The Addendum enters into force on the day of its registration in the Registry system of the MA, following the signing by both parties. The expenditures related to the activities and outputs of the modified contract are eligible from the date of the MC decision but those costs can be validated only after the Addendum of the Subsidy Contract enters into force.

In case the project will not fulfil the requirement for the partnership of the Programme due to change in the partnership the MA is entitled to withdraw from the Subsidy Contract and reclaim the contribution already transferred.

8.4. Extension of implementation period

Modifications concerning the extension of the implementation period **need the approval of the MC and signature of an Addendum to the Subsidy Contract.**

NB!	Extension of the project implementation period can be granted only if not affecting the achievement of the target set by the n+3 rule.
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The LP should request this modification in case the project implementation is in such delay that the main project activities **cannot** be accomplished during the project implementation period of the Subsidy Contract and the achievement of the project objectives could be precarious.

To request a modification concerning extension of the implementation period the LP has to submit the following documents to the JS by e-mail:

- *“Request for Contract Modification” (Annex 8), clearly describing and well justifying the reasons for such a modification - scanned document signed by the LP legal representative and send by e-mail;*

After unlocking the AF in JEMS the LP has to submit the following documents in 5 working days:

- *“Revised Application Form” reflecting the changes in the project implementation period including the rearrangement of section C.4 Project work plan (concerning necessary amendment of C.6 Project Time Plan) - filled in on-line in the JEMS.*

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The submitted request will be evaluated by the MA and **submitted** for decision to the MC. In case of approval of the Request for contract modification, an **Addendum to the Subsidy Contract** will be signed by the contracting parties before the original end date of the project.

8.5. Budget changes

Modifications related to budget changes can be budget reallocation between project partners, reallocations between budget categories and reallocation inside of a budget category.

8.5.1. Budget reallocation between project partners

Modifications concerning budget reallocation between project partners' budgets need the approval of the MC, and signature of an Addendum to the Subsidy Contract. The changes have to be agreed upon by all partners. The maximum amount of funding awarded cannot be changed and the major issues of the operation should not be affected. The budget changes should not result in non-compliance with the requirements for minimum and maximum budget on project partner level, if applicable.

To request a modification concerning budget reallocation between project partners the LP has to submit the following documents to the JS by e-mail:

- *“Request for Contract Modification” (Annex 8), clearly describing and well justifying the reasons for such a modification – scanned document signed by the LP legal representative.*
- *“Budget modification table” (Annex 8.1) – sent by e-mail;*
- *New “Co-financing Statement” of the affected partner/s - scanned document per each affected PP signed by the PP’s legal representative sent by e-mail.*

After unlocking the AF in JEMS the LP has to submit the following documents in 5 working days:

- *“Revised Application Form” with modified budget - filled in on-line in the JEMS;*

In case of approval of the request by the MC, an Addendum to the Subsidy Contract will be signed by the contracting parties. The Addendum enters into force on the day of its registration in the Registry system of the MA, following the signing by both parties. The expenditures related to the activities and outputs of the modified contract are eligible from the date of the MC decision but those costs can be validated only after the Addendum of the Subsidy Contract enters into force.

8.5.2. Budget reallocation between budget categories up to 20 %

The budget reallocation(s) between budget categories in a limit of 20% of the smaller budget line can be made after an approval of the Managing Authority before the referring expenditures are carried out. The budget of the respective partner cannot be changed and the major issues of the operation should not be affected.

NB!	<p>The 20% limits shall not be considered separately for each single budget change of the respective budget category. The amount of each new requested reallocation between budget lines is cumulated to the total amounts of previous reallocations until the cumulated amounts of such reallocations reach 20% of the original amount of the respective budget category.</p> <p>Reallocation between budget categories is applicable only for budget categories which shall be reimbursed on the basis of real cost.</p>
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The reallocation between budget categories should comply with the rules for the minimum and the maximum thresholds of the amount of eligible expenditures for the specific budget categories.

To request a modification concerning budget reallocation between budget categories within 20% of the smaller budget line the LP has to submit the following documents to the JS by e-mail:

- *“Request for Contract Modification”* (Annex 8), clearly describing and well justifying the reasons for such a modification – scanned document signed by the LP legal representative send by e-mail;
- *“Budget modification table”* (Annex 8.1) - **send by e-mail**;

After unlocking the AF in JEMS the LP has to submit the following documents in 5 working days:

- *“Revised Application Form”* with modified budget - filled in on-line in the **JEMS**.

The request for modification will be evaluated by the MA. A notification letter for approving/rejection of the request for modification will be send by the MA to the beneficiary. The modification will become effective **only after the written approval of the MA**.

8.5.3. Budget reallocation inside a budget category

Changes inside a budget category, between budget sub-lines, can be made after approval of the MA prior the referring expenditures are carried out. The total amount of the budget category cannot be changed and the major issues of the operation should not be affected.

Reallocation inside the budget categories is applicable only for budget categories which shall be reimbursed on the basis of real cost.

To request a modification concerning budget reallocation inside a budget category the LP has to submit the following documents to the JS by e-mail:

- *“Request for Contract Modification”* (Annex 8), clearly describing and well justifying the reasons for such a modification – scanned document signed by the LP legal representative send by e-mail;
- *“Budget modification table”* (Annex 8.1) - send by e-mail.

After unlocking the AF in JEMS the LP has to submit the following documents in 5 working days:

- *“Revised Application Form”* with modified budget - filled in on-line in the JEMS.

The request for modification will be evaluated by the MA. A notification letter for approving/rejection of the request for modification will be send by the MA to the beneficiary. The modification will become effective **only after the written approval of the MA**.

8.5.4. Inclusion of own co-financing

Due to unforeseen circumstances, any project partner may include own co-financing for any of the envisaged activities in order to reach their successful implementation, as long as the maximum amount of funding awarded remains unchanged and the major issues of the operation are not affected.

The LP has to submit the following documents to the JS by e-mail:

- *“Request for Contract Modification” (Annex 8), clearly describing and well justifying the reasons for such a modification - scanned document signed by the LP legal representative send by e-mail;*
- *“Budget modification table” (Annex 8.1) - send by e-mail;*
- *New “Co-financing Statement” of the affected partner/s - scanned document per each affected PP signed by the PP’s legal representative send by e-mail.*
- Other relevant documents - send by e-mail.

After unlocking the AF in JEMS the LP has to submit the following documents in 5 working days:

- *“Revised Application Form”* with modified budget - filled in on-line in JEMS

In case of approval of the request, an Addendum to the Subsidy Contract will be signed by the contracting parties.

The modification requested can be implemented only after it is approved by the MC. Although the expenditures related to the modified partners’ budgets are eligible already from the date of the MC decision, those costs can be validated only after the Addendum of the Subsidy Contract enters into force.

9. MONITORING AND AUDIT OF THE PROJECT

9.1. Project Monitoring

The overall monitoring of the project will be carried out by the Joint Secretariat (JS) to ensure effective and transparent implementation. The primary sources for monitoring include progress reports and on-the-spot visits.

9.2. Monitoring Visits

To assess the progress, quality, and compliance of activities with prescribed rules (including expenditures), the JS will conduct at least one initial meeting and one final on-the-spot visit during the project's implementation. The initial meeting checks partners' readiness and may be held on-site if decided by the JS. For SMEs, an on-site visit is mandatory; for other, visits may be arranged based on risks or specific needs. In case of serious issues or if construction activities are involved, additional ad-hoc visits may be arranged by experts from the MA, NA, or JS.

Monitoring visits may take place at the premises of the Lead Partner (LP) or Project Partners (PPs), or at the investment site. Depending on the situation, these visits may be conducted online or on-site. The JS/MA may formally notify the Beneficiary in advance, although ad-hoc visits may occur without prior notice.

For online visits, Beneficiaries must complete and sign the "Declaration for Virtual Visits" (Annex 4).

Two main monitoring tools will be used during these visits:

- Documentation check;
- Interviews focusing on progress, timely implementation, expenditure validation, project objectives, management, communication, risks, problems, delays, and solutions.

The monitoring visits will assess various aspects, including but not limited to:

For investment activities:

- Description of the object (location), scope of constructed/reconstructed facilities, number of renovated rooms, and maintenance of the site.
- Verification of construction works for compliance with approved designs.
- Confirmation that the facilities are used for the project's purposes as outlined in the Application Form.
- Verification of office equipment and other purchases used for the project.
- Review of trademarks, models, serial numbers of purchased equipment.
- Documentation related to project implementation.
- Verification of visibility materials (e.g., signs, websites).

For “soft” activities:

- Description of activities carried out.
- Assessment of how project deliverables are used by target beneficiaries or a broader audience.
- Review of related documentation.

The minimum documentation to be checked is outlined in Section 6.2 (“Sources of Verification”).

NB!

Beneficiaries should invite JS representatives to attend key project events (e.g., press conferences, seminars, exhibitions, official openings) in writing at least 10 days in advance.

During a monitoring visit, the JS expert will prepare a report summarizing the findings and providing recommendations. The report will be signed by all participating PPs, and each will receive a copy. The Beneficiary/ies must address the recommendations by the given deadline.

Ad-Hoc Visits:

These are conducted when serious problems arise or after a risk assessment. They aim to analyze the situation in detail and propose corrective actions. Ad-hoc visits may be performed by JS/MA/NA to check:

- Actual progress against the project plan, compliance with the subsidy contract, and program rules.
- Physical verification of investment activities and services.

Final Visits:

The JS will perform final on-the-spot visits to all PPs involved in investment activities. The visit aims to verify the actual status of the project results compared to the approved activities. During this visit, the following checks will be made:

- Verification of investment activities (works and supply).
- Review of delivered services.
- Check compliance of promotional materials with visualization requirements.
- Verification of achievement of project objectives and output indicators.
- Identification of any state aid issues post-subsidy contract.

Ex-Post Visits:

These visits can be conducted up to five years after the completion of the subsidy contract to ensure compliance and the sustainability of project results. The ex-post checks may include:

- Online check of project deliverables and intellectual products available to the public.
- Review of information, services, websites, and other publicity materials.
- Physical inspection of investment location, facilities, and renovations.
- Verification of equipment condition and use for project purposes.
- Confirmation that original documents are maintained.

9.3. Audit of the Project

Audits conducted by the Audit Authority or external auditors on its behalf are considered “second level audits.” These audits typically involve sampling of Control Certificates issued by controllers,

checking supporting documents and other relevant information at the LP and/or PPs' premises. The audits aim to verify:

- The accuracy and validity of the controllers' verifications.
- The audit trail and accounting of project expenditures.

To facilitate the audit, the LP must provide all necessary documents, information, and access to business premises.

10. INFORMATION AND PUBLICITY

10.1 Overall Information

This section outlines the information and publicity requirements for project partners under the 2021–2027 Programme. The main goal of project communication is to support project results and ensure transparency in the use of EU funds. This is achieved through planned communication activities targeting relevant audiences.

Project beneficiaries must comply with Article 36 of the Interreg Regulation (EU) 2021/1059 regarding public communication measures. Communication activities are an essential part of project implementation and should be strategically planned to align with project objectives. This chapter provides guidelines to facilitate effective communication.

The key objectives of project communication include:

- **Raising awareness of the project's societal impact** – Communicating how the project benefits society, addressing key challenges, and improving the lives of target communities. This ensures that stakeholders, policymakers, and the public recognize the value of the project.
- **Disseminating project results** – Sharing the outcomes and achievements of the project through various communication channels, such as reports, case studies, and media outreach, to ensure that knowledge and best practices reach relevant audiences.
- **Highlighting EU financial support** – Ensuring that all communication materials acknowledge the European Union's funding contribution, reinforcing transparency and visibility of EU investment in regional development.

Each beneficiary must develop a Project Communication Strategy (Annex 14), outlining the communication activities, tools, and target group engagement strategies.

Key Principles of Project Communication and Visibility

Shared Responsibility

- Programme communication is managed by the Managing Authority (MA), Joint Secretariat (JS), and National Authority (NA).

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- Project partners are responsible for promoting and disseminating project results.

Visibility

- Project information should be publicly available through websites, social media, and official documents.
- Acknowledgment of EU co-financing must be included in all materials.
- Durable plaques or billboards must be installed at project sites.
- High-impact projects (over €5 million) must organize a communication event with European Commission and Managing Authority representatives.

Transparency

- Beneficiaries must clearly indicate EU support in all communication materials.
- Agreements with project partners must include visibility and communication obligations.
- The European Commission is responsible for broader communication regarding IPA III funds.

10.2 Legal Framework

Project communication and visibility requirements are governed by the following regulations and guidelines:

- Regulation (EU) 2021/1059 on European Territorial Cooperation (Interreg).
- Regulation (EU) 2021/1060 on common provisions for EU funds, specifically Annex IX on Communication and Visibility.
- The New Interreg Brand Design Manual sets the rules for Programme logo use, available **at:Interact Library**.
- Guidelines on using the EU emblem: European Commission.

10.3 General Requirements for Information and Publicity

All public communication must include:

1. The EU emblem, displayed according to Annex IX of Regulation (EU) 2021/1060.
2. The statement: *"Funded by the European Union"* or *"Co-funded by the European Union"*, placed next to the emblem.
3. The **Programme logo**, downloadable from **Programme Website**.
4. Standard disclaimer for publications, websites, and videos:.

Disclaimer (English): *"This [website/publication/video] is funded/co-funded by the European*

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Union. Its contents are the sole responsibility of [Author/Partner] and do not necessarily reflect the views of the European Union or the Managing Authority.”

Failing to comply with Programme publicity requirements may result in financial corrections (2%-3% of the total project budget). Project partners should consult the Programme Communication Officer before implementing communication measures.

Visibility Rules

- The **EU emblem** must be prominently displayed, unaltered, and correctly positioned according to the guidelines.
- The **Programme logo** must be used without any modifications, following the **Interreg Brand Manual**.
- These rules apply to all communication activities, including printed materials, websites, events, and promotional items.
- Always use digital brand files to ensure consistency in all communications.

10.4 Implementation of Information and Publicity Activities

Project partners are expected to use diverse communication channels, such as:

- **Digital platforms:** websites, social media, online events, videos, podcasts, and other digital formats to reach a wide audience.
- **Traditional media:** press releases, interviews, printed materials, radio and TV interviews, as well as publications in magazines and newspapers.
- **Public events:** conferences, workshops, training sessions, awareness campaigns, exhibitions, public forums, and other live events that offer direct interaction with the target audience.

Project partners should ensure the appropriate and regular updating of information across all channels, maintaining constant communication and engagement with the public. Additionally, the use of integrated communication strategies that combine traditional and new media is recommended to achieve maximum impact and reach of the project..

Mandatory Visibility Actions

- Long-lasting plaques or billboards must be placed at investment sites.
- A comprehensive photo archive of project activities should be maintained.
- Programme branding must be used in all visual materials.

10.5 Project Communication Strategy

The Project Communication Strategy (Annex 14) should be an integral part of the project's development and implementation, detailing the provisions for promoting the project by all partners

in relation to all project activities. It should be prepared at the start of the project implementation cycle.

The primary purpose of this strategy is to support project partners in coordinating overall project activities.

The strategy should outline the project's general objectives, target groups, specific activities, communication tools, expected achievement indicators, and the required human and financial resources. For convenience, a template (Annex 14) is provided for developing the strategy.

Each project partner must develop a Project Communication Strategy (Annex 14), which should **include:**

- **Overall communication objectives:** Define the primary goals and desired outcomes of the communication efforts. These objectives should align with the project's overall mission and vision.
- **Target groups and tailored messaging:** Identify the specific audiences the project aims to reach and develop personalized messages that resonate with each group, considering their needs, interests, and characteristics.
- **Communication activities and responsibilities:** Outline the specific activities to be undertaken to achieve the communication goals, and assign clear responsibilities to project team members to ensure accountability.
- **Chosen communication tools:** Specify the communication channels and tools to be used (e.g., digital platforms, traditional media, public events), ensuring they are appropriate for reaching the intended target groups effectively.
- **Performance indicators:** Establish measurable indicators to assess the effectiveness of the communication strategy. These could include metrics such as audience engagement, reach, or impact.
- **Feedback mechanisms:** Implement methods for collecting feedback from the target audience, stakeholders, and partners to continuously improve the communication efforts and adapt to changing needs.
- **Human and financial resources:** Identify the necessary human resources (e.g., staff, experts) and financial resources required to implement the communication activities successfully.

10.6 Promotional Materials

General recommendations for promotional materials:

- Use the **EU emblem** and **Programme logo** on all items.
- Ensure high-quality materials and environmentally friendly production.

- Preferably use **bilingual materials** in Bulgarian and Serbian.
- Consult the **Communication Officer** for compliance with visibility requirements.

By adhering to these guidelines, project partners can ensure successful communication, effective dissemination of project results, and compliance with Programme requirements.

11. PROJECT CLOSURE

The project closure process begins with the submission of the Final PPR and the Final Request for Payment. The Lead Partner (LP) must include all expenditures related to the final reporting period, and, if applicable, any expenditures from project partners that were not submitted in previous reporting periods.

NB!

For final payments, expenditures are eligible if they were incurred during the respective reporting period and paid no later than 45 calendar days after the end date of the operation's implementation period. Expenditures not incurred within the respective reporting period may still be eligible if appropriate justification is provided.

During project closure, the Joint Secretariat (JS) conducts a final on-the-spot visit, approves the Final PPR, and verifies whether all activities have been completed as per the approved Application Form, as well as whether all conditions outlined in the Subsidy Contract have been met. This includes confirming that the project has been fully implemented by completing work packages, carrying out planned activities, achieving the expected outputs and results, and ensuring the project has been completed within the agreed timeframe.

Once the project is completed and the Final PPR is approved by the JS, the Managing Authority (MA) proceeds with the financial closure of the project to determine the amount of the final IPA III and national co-financing contributions to be reimbursed to the LP. After the final payment is approved, the project is considered closed.

The project closure process cannot begin if there are outstanding issues such as irregularity or recovery procedures. In such cases, the final payment will be suspended until all other processes are concluded.

11.1 Retention of Project Documents

NB!

The LP and all partners are required to retain all project files, documents, and data for audit purposes for a period of five (5) years from the date the MA notifies the verified amounts under the final payment request.

In accordance with Article 82 of the Common Provisions Regulation (EU) 2021/1060, each partner

must archive documentation related to their project activities for a minimum period of five years. All supporting documents must be kept for at least five years from 31 December of the year in which the final payment by the MA to the LP is made. Longer retention periods may apply if state aid is involved or under national regulations.

The following documents must be retained as part of the project's audit trail:

No.	Document	Lead Partner	Project Partner
1.	Approved Application Form	Original	Copy
2.	Partnership Agreement (and its amendments)	Original	Original
3.	Subsidy Contract	Original	N/A
4.	Amendments of the Subsidy Contract	Original	Only if relevant
5.	Project Progress Reports	Original / Only electronic version	N/A
	Partner Reports	Only electronic version	Only electronic version
6.	Request for Payment	Original	N/A
7.	Control Certificates	Original	Original
8.	Each invoice and accounting document of probative value related to project expenditure (originals to be retained at the premises of the project partner concerned)	Only LP's invoices in original	Only PP's invoices in original
9.	All supporting documents related to project expenditure (e.g. bank statements, public procurement documents, etc.) to be retained at the premises of the project partner concerned	Only the supporting documents of the LP in original	Only the supporting documents of the PP in original
10.	All project deliverables (materials produced during the project period)	Only the project deliverables of the LP in original	Only the project deliverables of the PP in original
11.	If relevant, documentation related to on-the-spot checks of the controllers (to be retained at the premises of the project partner concerned)	Only LP's on-the-spot check documentation in original	Only PP's on-the-spot check documentation in original

No.	Document	Lead Partner	Project Partner
12.	If relevant, documentation of monitoring visits of the JS	Only LP's on-the-spot check documentation in original	Only PP's on-the-spot check documentation in original
13.	If relevant, audit reports	All audit reports, LP audit report in original, all other reports - as a copy	N/A
14.	Other official correspondence	Original	Only if relevant

11.2 Sustainability of the Project

The Lead Partner and all project partners are obligated to ensure the sustainability of the operation's results by preserving its conditions and ownership for at least five (5) years (three (3) years for projects concerning SMEs) from the date of the final payment to the LP.

The JS confirms the fulfillment of the sustainability requirement by the beneficiaries through an on-the-spot ex-post visit.

During the ex-post visits, the JS expert checks the following:

- **Availability of Project Results:** This includes documentary and online checks to verify the usage of the project results after the project's completion.
- **Project Reports and Archive:** The expert checks whether project documentation is stored properly, ensuring it includes all relevant documents that provide a continuous and coherent history of the project and maintain an audit trail.
- **Use of Investments:** The expert verifies whether assets, supplies, or equipment are available and used according to the conditions set in the Subsidy Contract.
- **Documents Ensuring Sustainability:** This includes checking for protocols between institutions or official letters from relevant institutions stating their commitment to ensuring the security, maintenance, and active operation of the project.
- **Other Checks:** This includes an overall assessment of the project's sustainability, such as whether project partners are undertaking common initiatives, preparing and implementing joint projects, or participating together in events. Compliance with Programme Visibility rules is also checked.

Without affecting the MA right to take appropriate action if a lack of sustainability is identified by a competent authority after the project's completion, but no later than five (5) years after its conclusion, the MA may request a partial or full recovery of the granted funds based on any damages or omissions identified.

11.3 Ownership of Project Results

The ownership of the project results, including industrial and intellectual property rights, as well as any studies, research, surveys, or other related documents, will belong to the Lead Partner (LP) and project partners (PPs).

The LP is responsible for ensuring that the project results are widely publicized and made available to the public.

The Managing Authority has the right to use the project results as needed, provided this does not breach any confidentiality agreements or intellectual and industrial property rights.

12. LIST OF ANNEXES

Annex 1	Financial Identification Form
Annex 2	Project Procurement Plan
Annex 2.1	Declaration for Project Procurement plan
Annex 3	Project Progress Report (only for information purpose)
Annex 3.1	Final Project Summary
Annex 4	Declaration for virtual visit
Annex 5	Request for National Control
Annex 5.1	Reference for similar activities (applicable to BG only)
Annex 5.1.1	Guidelines for completing the Reference for similar activities (applicable to BG only)
Annex 6	Request for payment
Annex 7	Appeal Declaration
Annex 8	Request for contract modification
Annex 8.1	Budget modification table
Annex 9	Compatibility check sheet of the project with the Strategic Environmental Assessment
Annex 10	Declaration of conflict of interests check
Annex 11	Declaration on VAT status
Annex 12	Declaration for lack of double funding and revenue of the project
Annex 12.1	Declaration for lack of double funding and awareness of the non-profit principle for SMEs

Annex 13	Declaration for the absence of the circumstances under Article 5k of Council Regulation (EU) No. 2022/576 of April 8, 2022 amending Regulation (EU) No. 833/2014
Annex 14	Project Communication Strategy - template
Annex 15	Public Procurement Procedures for Single Tender for all Serbian beneficiaries
Annex 16	Single Tender packages for all Serbian beneficiaries - templates
Annex 17	Templates for Bulgarian beneficiaries for selection procedure with Public invitation