



INTERREG III B CADSES

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**Project Changes
And
Financial Flexibility**

A guideline for Programme Institutions and LPs

(Version 1.0 24/01/2006)

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1. Introduction

Project implementation is a process between 'form' and 'life'. On the one hand not everything can be foreseen in real life. This is especially true in case of innovative actions. While striving for an added value it is often necessary to leave beaten tracks.

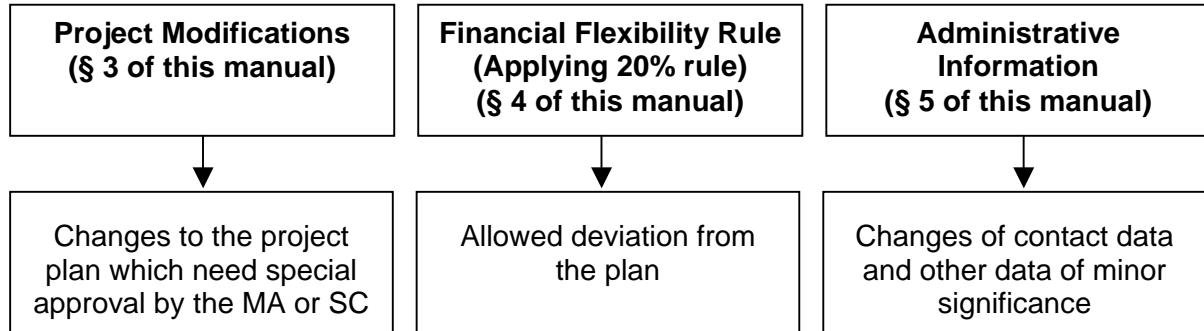
On the other hand co-operation among partners needs a structured form. Objectives shall be achieved in a given time. The more ambitious a co-operation is the more its success depends on well-developed basis. The application form (AF) of the INTERREG III B CADSES NP is not just a form. For all projects approved the AF is the agreed basis, which describes the project in detail. It is the legally binding document both for the Lead Partner (LP) and the programme during the whole project implementation. The approved AF together with the Joint Convention (JC) signed by all Project partners (PP) is an integral part of the Subsidy Contract (SubCon) concluded between the INTERREG III B CADSES Managing Authority (MA) in Rome, Italy and the LP of each funded project. Being the basis for the project it is logically that any change in the SubCon and the integrated AF is a basic change of the project itself.

The understanding of the Steering Committee is that the once approved project will be implemented within the margins described in the application. LP and PPs have a maximum of freedom to develop the projects but are expected to follow the basic agreement of the SubCon. Changes occurring during the lifetime of a project in general should not affect this basis. Nonetheless, there may be cases for an inevitable exception.

Subject of this manual are changes, which either need to be notified towards or even approved by authorities of the Programme. The aim of this manual is to describe the different categories of related project changes. The understanding and management of necessary procedures shall be eased and become more transparent. Nonetheless, approval of project changes is not described as an automatic procedure but it remains an exception for projects, which are in the situation of a basic crisis.

2. Definition of categories of project changes

Three main categories in the field of project changes can be defined. The graphic below shows the three main fields that will be also described in detail by this manual.



Project Modifications

Project modifications (see also § 3 of this manual) are changes with major impacts on the approved structure of the project, in particular to the approved AF and consequently to the Subsidy Contract. All effects on the approved objectives, outputs and results as well as on the activities, the partner structure, the transnationality etc. will be carefully assessed before an approval of a requested modification can be granted.

These requests have to be submitted in two original versions both to the MA and to the JTS.

It has to be clearly understood that only the INTERREG III B CADSES NP Steering Committee and in the special cases foreseen in this manual also the MA – that acts on behalf of the Steering Committee - are entitled to take final decisions on project changes. Neither the JTS nor the CADSES Contact Points are entitled to take respective decisions but have to give their support and advise where needed.

In any case, following a request for project modification a revision of the approved AF by exchange pages as well as a revision of the concluded Subsidy Contract by an addendum is necessary.

Project Modification under 20% of the total budget (“Financial flexibility”)

In order to enable the LPs to address better the challenges and/or problems occurred within the execution of a project and in order to ensure the smooth delivery of outcomes and results within the defined time schedule as anticipated in the AF, the LP is given a possibility to shift up to 20% of the total budget between BL and WP by the INTERREG III B CADSES NP.

The financial flexibility is an automatic procedure. However, it's necessary to send a communication to the MA and in copy to the JTS and to provide the revised pages of the AF affected by the change(s).

Changing of Administrative Information

This category comprises changes that do not have any impact on the substance of the project, e.g. change of the email address, change of the contact person etc. Especially the objectives, planned results and outputs as well as the planned activities will not be affected.

The MA and the JTS shall only be informed about the changes. These minor amendments do not need any changes to the approved Subsidy Contract and therefore also do not need any prior approval of the SC or the MA. Check also § 5 for more information.

3. Project modifications

Subject

Project modifications are changes in the approved AF and/or the Subsidy Contract with major effects on the approved structure of the project. All effects on the approved objectives, outputs and results as well as on the activities, the partner structure, the transnationality etc. will be carefully assessed before an approval of the requested modification can be granted.

Possible topics for project modifications are e.g.:

1. The modification of the project duration (prolongation, shortening);
2. Budget reallocation between project partners;
3. Shift of funds between Work Packages (WP) exceeding a 20% of the total budget;
4. Shift of funds between Budget Lines (BL) exceeding a 20% of the total budget;
5. Modification of the project partnership (e.g. exchange and/or withdrawal of PP);
6. Exchange of the Lead Partner (LP) of a running project;
7. Modification of the annual financial plan as presented in the AF and/or the Subsidy Contract;
8. Content-related modifications (e.g. changes of WP and activities, objectives, results and outputs);
9. Other modifications to be applied for which are not listed here or covered by this Manual and which are affecting the approved AF and the concluded Subsidy Contract.

Principles

- In any case, with a project modification a revision of the approved AF by exchange pages as well as a revision of the concluded Subsidy Contract by an addendum is necessary. Only after the final conclusion of an addendum to the Subsidy Contract a modification can be regarded as approved. **The request itself does not constitute an automatic approval.**

Decision

The MA, with support of the JTS and, when necessary, with the national INTERREG III B CADSES Contact Point (CCP) concerned will assess the request, submitted within a fixed deadline, and will inform the LP within 20 working days (starting from the deadline concerned) on the decision. Requesting a decision of the SC or requesting any other document from the LP or CCP, which is necessary to take a final decision, might prolong the above-mentioned time frame.

Necessary documents to be submitted

Details have been defined in relevant subchapters. However, a request for project modification has to be sent in two originals (2x) (in English language) one to the MA and one to the JTS including the following documents:

- 2x (1x to the MA 1x to the JTS) official cover letter explaining the requested modification and giving a clear description and justification of the envisaged modification.
- 2x (1x to the MA 1x to the JTS) relevant exchange pages of the AF, initialled, stamped and dated by the legal representative of the LP.
- 2x revised AF in electronic format to be send by email to the following email-addresses:
1) cadses@infrastrutturetrasporti.it and 2) cadses@jts.dresden.de. The email has to bear the following description in the subject line: <project code>, <project title> and <request for project modification>.

Deadlines

In order to guarantee the smooth management of requests for project modifications, the following deadlines for the submission of requests have to be met: 01/02; 01/05; 01/09; 01/11.

3.1 Modification of the project duration

Subject

The project duration as determined in § 1.5 of the approved AF and § 2 of the concluded Subsidy Contract defines the period of eligibility of costs to be co-financed by the ERDF.

In principle, three types of modification of the project duration are possible:

- a) Modification of the project starting date (Prolongation and/or shortening the duration)
- b) Modification of the project ending date (Prolongation and/or shortening the duration)
- c) Modification of the project starting date and ending date (without prolongation or shortening of the project duration).

Every request for modification of the project duration needs a detailed analysis and justification to be presented with the request itself.

The prolongation of the project duration or the postponement of the ending date of the project can affect the loss of ERDF funds on Programme level. The reason is the so called "n+2 rule" of the EU COM stating that funds, which have not been claimed to the COM within two years following the year of commitment in the respective annual budget will be decommitted from the Programme budget. This principle will strongly influence the evaluation of the requests.

Principles

a) Modification of the project starting date (Prolongation and/or shortening the duration)

A shifting of the starting date to an earlier/later point of time (here prolongation/shortening of the project duration) is in any case subject to a case-by-case decision. General recommendations cannot be given. However, basic principle for a decision will be whether all objectives, results and outputs as well as work packages and activities can be achieved and implemented in a better way than originally foreseen in a longer project duration and whether the prolongation of the duration would affect the decommitment risk of the CADSES NP.

b) Modification of the project ending date (Prolongation and/or shortening the duration) or modification of the project starting date and ending date (without prolongation or shortening of the project duration).

On the basis of the n+2 rule:

- The prolongation of project duration up to 6 months in the same calendar year could be more easily accepted (e.g. prolongation from ending date 30 January to 31 July of the same year), in case that the project ends in any case at the latest 30 of September of the same year. Prolongations of the duration going beyond the 30th September or even covering two years (e.g. original ending date End of October 2005 and request of prolongation of 6 months, i.e. prolongation until April 2006, with an amount carried forward from 2005 to 2006) have to be carefully justified.
- That means that prolongations exceeding one calendar year are in principle possible but because of the risk of decommitment of funds from the Programme budget these requests need a careful justification by the LP and can only be granted under certain conditions:

- Possible losses due to n+2 at Programme level could be charged on project budget proportionally which could lead to a reduction of the ERDF funding rate.
- The financial tables referred to, will be those originally approved by the SC and not those modified with the request of project modification¹.

As a consequence the INTERREG III B CADSES NP in principle approves only the prolongation of the project duration in the way that the period of eligibility of expenditures will be prolonged however without guaranteeing the reimbursement of expenditures by ERDF funds be it partly or as a whole of course only in the framework of the approved project budget.

Nonetheless the resp. national certifying body might certify the expenditures incurred within the prolonged project duration!

The final percentage rate of reimbursement depends on several factors, e.g. like the performance of the project as a whole during the project duration and particularly the decommitment risks on the Programme level. In case of necessary decommitments on the Programme level the INTERREG III B CADSES NP SC will take decisions which projects and with which financial share have to contribute to the n+2 decommitment

- A request for project prolongation has to be submitted at the latest 6 months before the ending date of the project.
- The latest date possible to apply for a prolongation of the project duration is the 1st September 2007. Requests for prolongations after this date will not be accepted anymore, regardless the time period for prolongation asked for. The latest date until a prolonged project can run is in any case the 31st August 2008.

Decision

MA will decide upon modifications of the project duration (shortening/prolongation of the duration) up to 6 months.

An exception to this rule is foreseen for the request of project prolongation submitted by the projects approved under the 1st and 2nd call for project proposals. Taking into account the delays occurred on the side of Programme implementation, the MA shall decide also on project prolongations exceeding 6 months.

All other requests for modifications exceeding the timeframe of 6 months have to be decided by the SC.

Necessary documents to be submitted

- 2x (1x to the MA 1x to the JTS) original covering letters describing and justifying in detail the envisaged modification
- 2x (1x to the MA 1x to the JTS) original exchange pages of the AF (here § 1.5 "Project duration") stamped, dated and initialled by the legal representative of the LP.
- 2x revised AF in electronic format to be send by email to the following email-addresses: 1) cadses@infrastrutturetrasporti.it and 2) cadses@jts.dresden.de. The email has to bear the following description in the subject line: <project code>, <project title> and <request for project modification>.

¹ See also § 3.6 of this manual for further information.

3.2 Budget reallocation between Project Partners

Subject

Changes in the approved allocation of budget by project partners do need in any case an approval by the MA or the SC, because these changes do heavily interfere in the approved project structure as well as in the transnational character and/or allocation of the budget between PP and the national share of ERDF. These requests have to be considered always as project modifications and they **DO NOT** fall under the financial flexibility rule (as described in chapter 4 of this manual).

The allocation of the budget by project partners is particularly reflected in the following chapters of the approved AF:

1st call projects (2A0XX): § 2, § 10.1 and § 14

2nd call projects (3B0XX): § 2, § 14, §§16.1, 16.2 and 16.6

3rd call projects (5CXXX): § 2, § 14, §§16.1, 16.2, 16.3,16.4,16.6

4th call projects (5DXXX): § 1.2, § 1.3, § 3.3ff, § 3.5, § 3.6, § 4.2, § 5.4 ff, § 5.5 ff, § 5.6 ff, § 8.3, § 14 ff, § 16.1, 16.2, 16.3, 16.4, 16.7, 16.8

Principles

- In the covering letter the LP has to confirm that:
 - The requested change does not alter the minimum requirements and the planned action plan, objectives, outputs and results.
 - The requested change does not put in danger the general project principle of co-operation and transnationality
- Budget shifts between project partners are only possible between project partners having the same ERDF co-financing rate (see also § 3.5 of this manual).
- New co-financing statements have to be submitted (for the old and new partner);

Decision

Changes in the allocation of budget by project partners up to 20% of the total amount of the project budget will be decided by the MA, reallocations over 20% have to be decided by the SC. MA might delegate the decision to the SC in case of doubts on the achievement of project objectives, results and deliverables as well as on the level of transnationality.

Necessary documents to be submitted

- 2x (1x to the MA 1x to the JTS) original covering letters describing and justifying in detail the envisaged modification and securing the delivery and achievement of all deliverables, results and outputs as described in the original AF.
- 2x (1x to the MA 1x to the JTS) new original co-financing statements of the partner requesting a higher/lower project budget.
- 2x (1x to the MA 1x to the JTS) original exchange pages of the AF (stamped, dated and initialled by the legal representative of the LP) of all pages affected by the change.
- 2x revised AF (part 1 and part 2) in electronic format to be send by email to the following email-addresses: 1) cadses@infrastrutturetrasporti.it and 2) cadses@jts.dresden.de. The email has to bear the following description in the subject line: <project code>, <project title> and <request for project modification>.

3.3 Budget reallocation between Work Packages over 20% of the total amount of the project budget

Subject

Work Packages are described in the following paragraphs and financial tables of the AF:

Projects of the 1 st call (2A0XX):	10.2 and 10.3
Projects of the 2 nd call (3B0XX):	4.3, 16.2, 16.3, 16.5, 16.6 and 16.7
Projects of the 3 rd call (5CXXX):	4.2, 16.2 and 16.3
Projects of the 4 th call (5DXXX):	4.2, 16.2 and 16.3

Principles

- In the covering letter the LP has to confirm that:
 - The requested change does not alter the minimum requirements and the planned action plan, objectives, outputs and results.
 - The requested change does not put in danger the general project principle of co-operation and transnationality.
- It's not allowed to reduce certain work packages, which are of crucial importance for the co-operation itself. (e.g. shift of funds from WP 1 to the WP 3 to the extent, that one or more of the PP are in fact not involved in the project implementation any more and/or one or more actions and/or objectives and results can not be achieved any more);
- In case of rejection of the applied project modification, the payments of the ERDF co-financing will be effected according to the original Subsidy Contract.
- In case of approval of modification by the SC, the payments will be effected accordingly to the Addendum to the Subsidy Contract.

Decision

Budget reallocations between Work Packages under 20% will be processed pursuant to the financial flexibility rule acc. to § 4 of this manual. Modifications exceeding 20% of the total project budget will be forwarded by JTS/MA to the SC for decision.

Necessary documents to be submitted

- 2x (1x to the MA 1x to the JTS) original letters describing and justifying in detail the envisaged modification and securing the delivery and achievement of all deliverables, results and outputs as described in the original AF.
- 2x (1x to the MA 1x to the JTS) original exchange pages of the AF (here relevant financial tables of the AF), stamped, dated and initialled by the legal representative of the LP.
- 2x revised AF in electronic format to be send by email to the following email-addresses: 1) cadses@infrastrutturetrasporti.it and 2) cadses@jts.dresden.de. The email has to bear the following description in the subject line: <project code>, <project title> and <request for project modification>.

3.4 Budget reallocation between Budget Lines over 20% of the total amount of the project budget

Subject

Budget lines are described in the following paragraphs and financial tables of the AF:

Projects of the 1 st call (2A0XX):	10.2 and 10.3
Projects of the 2 nd call (3B0XX):	16.2, 16.3, 16.5, 16.6 and 16.7
Projects of the 3 rd call (5CXXX):	16.2 and 16.3
Projects of the 4 th call (5DXXX):	16.2 and 16.3

Principles

- In the covering letter the LP has to confirm that:
 - The requested change does not alter the minimum requirements and the planned action plan, objectives, outputs and results;
 - The requested change does not put in danger the general project principle of co-operation and transnationality.
- It's not allowed to reduce certain budget lines, which are of crucial importance for the co-operation itself (e.g. shift of funds from BL2 „Personnel costs“ to the BL6 “External expertise” to the extent, that one or more of the PP are in fact not involved in the project implementation any more or relevant actions and/or outputs and results can not be achieved anymore);
- In case of rejection of the applied project modification, the payments of the ERDF co-financing will be effected according to the original Subsidy Contract;
- In case of approval of modification by the SC, the payments will be effected accordingly to the Addendum to the Subsidy Contract.

Decision

Budget reallocations between Budget Lines under 20% will be processed pursuant to the financial flexibility rule acc. to § 4 of this manual. Modifications exceeding 20% of the total project budget have to be decided in any case by the SC.

Necessary documents to be submitted

- 2x (1x to the MA 1x to the JTS) original covering letters describing and justifying in detail the envisaged modification and securing the delivery and achievement of all deliverables, results and outputs as described in the original AF.
- 2x (1x to the MA 1x to the JTS) original exchange pages of the AF (here relevant financial tables of the AF), stamped, dated and initialled by the legal representative of the LP.
- 2x revised AF in electronic format to be send by email to the following email-addresses: 1) cadses@infrastrutturetrasporti.it and 2) cadses@jts.dresden.de. The email has to bear the following description in the subject line: <project code>, <project title> and <request for project modification>.

3.5 Changes of Partnership

Subject

Changes in the approved project partnership do need in any case an approval of the MA and/or SC, because these changes do heavily interfere in the approved project structure as well as often also into the transnational character and/or allocation of the budget between project partners and countries. Therefore these kinds of modifications should be carefully considered.

The project partnership is especially reflected in the following chapters of the approved AF:

1st call projects (2A0XX): § 1.2, § 2, § 3.5, § 7.3, § 10.1-10.4 and § 14

2nd call projects (3B0XX): § 1.2, § 2, § 4.3, § 5.3, § 8.4, § 14, § 16.1-16.9

3rd call projects (5CXXX): § 1.2, § 2, § 4.2, § 5.3, § 8.3, § 14 ff, § 16.1-16.6

4th call projects (5DXXX): § 1.2, § 1.3, § 3.3ff, § 3.5, § 3.6, § 4.2, § 5.4 ff, § 5.5 ff, § 5.6 ff, § 8.3, § 14 ff, § 16.1-16.4 and 16.6-16.9

In case other chapters of the application form might be affected by the envisaged change of the project partnership the LP has to submit the related exchange pages.

The change of the list of partners has also impact on the financial table "10.1/16.1". Since the table 10.1/16.1 is also inserted in the Subsidy Contract, this document also needs a modification and here an addendum has to be signed between the LP and the MA.

As the partner's consortium changes, there is also the need for a new Joint Convention or an addendum to the JC.

Principles

- A request for change of the project partnership has to be handed in by the LP of the project along with an official document signed by the project partner declaring his withdrawal from the project from a specific date ("changing date");
- The LP has to hand in a clear statement that:
 - The requested change does not alter the minimum requirements and the general character of the action plan (with minor exceptions e.g. location of activities), objectives, outputs and results;
 - The requested change does not put in danger the general project principle of co-operation and transnationality.
- In order to monitor the project and to proceed with the payments, a definite date ("changing date") has to be indicated from which an "old" PP leaves the running project (and skips his activities) and the "new" PP joins the project (and takes over activities foreseen originally for the old PP). This is also the limiting date for eligibility of expenditures for ERDF co-financing of the "old" and the "new" project partner;
- It has to be underlined that the "old" project partner is still fully responsible and liable for all activities carried out so far until the "changing date"; LPs and PPs are recommended to regulate these responsibilities and liabilities also in the Joint Convention to be signed by all project partners.
- The respective CCP has to submit a statement concerning the economic and organisational capacity of the new project partner to the MA/JTS by 15 working days from receiving the request. Lack of the answer within the given deadline means tacit approval;

- The total and ERDF budget approved by the SC cannot be increased.
- Following the above-mentioned rule, the “old” and the “new” project partner have to have the same co-financing rate (e.g. 50/50 or 75/75). The procedure cannot be applied on a shifting of activities between partners with different co-financing rates (e.g. 75/50 or 50/75).

To be decided by

The MA will take decisions concerning the changes in the project partnership combined with budget shifts under 20%. Changes in the project partnership exceeding 20% of the total project budget have to be decided in any case by the SC.

3.5.1 Replacement of project partner (changing date equals starting date of the project)

Subject

In case of modification of the approved project partnership it is assumed that the date on which the change between the project partners comes into force equals the starting date of the project according to § 1.5 of the AF (= **Change takes place right from the beginning of the project**).

The basic principle here is, that the “old” project partner leaves completely the project partnership and the “new”, replacing partner will take over all responsibilities, activities and liabilities as well as the originally foreseen budget of the “old” project partner which includes also a new co-financing statement.

Thus, the “old” project partner will disappear completely from the list of partners and will be replaced by the “new” project partner. The PP-number will remain the same.

The respective CCP of the “new” project partner has to hand in a statement concerning the economic and organisational capacity of this project partner within 15 working days from the receipt of the request.

In order to avoid “mock partnerships” just valid for the approval of a project, the SC underlines the very exceptional character of these kinds of requests.

Example

Starting date of the project: 01/12/2004

Changing date of the partnership: 01/12/2004

PP 6: “Region X” (Total budget: 15.000,00 EUR) wants to leave the project partnership with due date of 01/12/2004 and will be replaced with new PP 6 “Region Y” with starting date of 01/12/2004 which is also the limiting date for eligibility of costs. New PP 6 will take over the total budget of “old” PP 6 (here: 15.000,00 EUR) and has to submit a new co-financing statement or – in the case of non-financing partners – a Letter of Intent (LoI).

Decision

The MA will take decisions concerning the changes in the project partnership under 20%. Changes in the project partnership exceeding 20% of the total project budget have to be decided in any case by the SC.

Necessary documents to be submitted

- 2x (1x to the MA 1x to the JTS) original covering letters describing and justifying in detail the envisaged modification and ensuring the delivery and achievement of all deliverables, results and outputs as described in the original AF. The cover letter also has to comprise a detailed description on which actions had been taken to prevent this major project crisis.
- 2x (1x to the MA 1x to the JTS) official document signed by the leaving project partner declaring his stop of activities in the project
- 2x (1x to the MA 1x to the JTS) new original co-financing statement of the new partner.
- 2x (1x to the MA 1x to the JTS) original exchange pages of the AF (stamped, dated and initialled by the legal representative of the LP) of all pages affected by the change.
- 2x revised AF (part 1 and part 2) in electronic format to be send by email to the following email-addresses: 1) cadses@infrastrutturetrasporti.it and 2) cadses@jts.dresden.de. The email has to bear the following description in the subject line: <project code>, <project title> and <request for project modification>.
- 2x (1x to the MA 1x to the JTS) official document signed by the project partner declaring his withdrawal from the project from a specific date.

3.5.2 Replacement of project partner (changing date after project starting date)

In this case of modification of the project partnership it is assumed that the date on which the change between two project partners comes into force does not equal the starting date of the project according to § 1.5 of the AF (= **Change takes place after the starting date of the project**, e.g. in the middle of the project duration). Additionally this change has to be applied in case of expenditures already occurred on the side of the “old” project partner.

The basic principle here is that the “old” project partner stops his activities with a certain date to be indicated. The “old” project partner will not leave the project partnership but will remain as inactive partner in the project partnership, being still liable and responsible for all activities carried out and expenditures incurred until the changing date.

Thus, a “new” project partner will be added to the project partnership list (also with a new PP number). This “new partner will take over all activities, responsibilities and liabilities originally foreseen for the “old” project partner in the approved AF, but only after the changing date of the withdrawal of the partner from the project. The total project partner budget will be shared between the “old” and the “new” PP. The budget of the new project partner has to be calculated as the difference between the total project partner budget and the eligible expenditures already incurred by the “old” PP until the changing date. The “new” project partner has to hand in a co-financing statement covering the share of national co-financing of his new budget.

Example:

Starting date of the project: 01/12/2004

Changing date of the partnership: 30/06/2005

PP 6 (Total budget: 15.000 EUR) will stop his activities with due date 30/06/2005. Until this date PP 6 had already eligible expenditures incurred of 5.000,00 EUR. PP 6 will remain in the project partnership until the end of the project, but as inactive partner with a new budget of 5000,00 EUR. The original number of the PP will remain.

Newly introduced PP X will join the project partnership with due date 01/07/2005 and will take over all remaining activities, responsibilities and liabilities of PP 6 foreseen after the changing date. A new PP number will be assigned to the newly introduced PP. Additionally newly introduced PP XX will take over as new budget 10.000,00 EUR and will deliver a related co-financing statement.

Decision

The MA will take decisions concerning the changes in the project partnership under 20%. Changes in the project partnership exceeding 20% of the total project budget have to be decided in any case by the SC.

Necessary documents to be submitted

- 2x (1x to the MA 1x to the JTS) original covering letters describing and justifying in detail the envisaged modification and securing the delivery and achievement of all deliverables, results and outputs as described in the original AF. The cover letter also has to comprise a detailed description on which actions had been taken to prevent this major project crisis.

- 2x (1x to the MA 1x to the JTS) official document signed by the leaving project partner declaring his stop of activities in the project with indicating a “changing date” and his expenditures occurred until the “changing date”.
- 2x (1x to the MA 1x to the JTS) original co-financing statements of the new PP covering the new amount of national co-financing (Difference between the share of national co-financing to the “old” PP budget minus the share of national co-financing to the total expenditures incurred at the “old” PP until the “changing date”), stamped signed and dated by the legal representative.
- 2x (1x to the MA 1x to the JTS) original exchange pages of the AF (stamped, dated and initialled by the legal representative of the LP) of all pages affected by the change.
- 2x revised AF (part 1 and part 2) in electronic format to be send by email to the following email-addresses: 1) cadses@infrastrutturetrasporti.it and 2) cadses@jts.dresden.de. The email has to bear the following description in the subject line: <project code>, <project title> and <request for project modification>.

3.5.3 Withdrawal of a project partner without replacement

3.5.3.1 Withdrawal of a financing PP equals starting date of the project

In this case of modification of the approved project partnership it is assumed that the date on which the withdrawal of one project partner comes into force equals the starting date of the project according to § 1.5 of the AF.

In order to avoid “mock-partnerships” just valid for the approval of a project the SC underlined the very exceptional character of this kind of requests.

Based on the decision of MA and/or SC the total project budget will be revised accordingly.

The respective pages of the AF as well as financial tables and the Subsidy Contract have to be revised accordingly by an addendum to the Subsidy Contract.

3.5.3.2 Stop of activities of a financing PP after the starting date of the project

In this case of modification of the approved project partnership it is assumed that the date on which the stop of activities of one project partner comes into force does not equal the starting date of the project according to § 1.5 of the AF (= Change takes place after the starting date of the project, e.g. somewhere in the middle of the project). Additionally this change has to be applied in case of expenditures already occurred on the side of the PP stopping his activities.

The basic principle here is that the PP stops his activities with a certain date to be indicated. However, this PP cannot leave and withdraw the project partnership but will remain as inactive partner from the changing date on until the end of the project.

Based on the decision of MA and/or SC the total project budget will be revised accordingly.

The respective pages of the AF as well as financial tables and the Subsidy Contract have to be revised accordingly by an addendum to the Subsidy Contract.

3.5.3.3 Withdrawal of a non- financing PP from the project partnership

Subject

A withdrawal can be applied but as usual with the indication of a due date when the non-financing project partner wants to leave the project partnership together with a detailed justification of the request itself.

Necessary documents to be submitted

- 2x (1x to the MA 1x to the JTS) original covering letters describing and justifying in detail the envisaged modification and securing the delivery and achievement of all deliverables, results and outputs as described in the original AF.
- 2x (1x to the MA 1x to the JTS) official document signed by the project partner declaring his withdrawal/stop of activities from the project with indicating a due date.
- 2x (1x to the MA 1x to the JTS) original exchange pages of the AF (stamped, dated and initialled by the legal representative of the LP) of all pages affected by the change.
- 2x revised AF (part 1 and part 2) in electronic format to be send by email to the following email-addresses: 1) cadses@infrastrutturetrasporti.it and 2) cadses@jts.dresden.de. The email has to bear the following description in the subject line: <project code>, <project title> and <request for project modification>.

3.5.4 Changing the LP

3.5.4.1 Changing the LP without legal consequences (e.g. the name of a ministry after reorganisation)

Subject

Please refer to § 5 of this manual to obtain further information concerning the revision of administrative information.

3.5.4.2 Changing the LP with legal consequences

Subject

Changing the LP during the implementation of an INTERREG III B CADSES project has severe consequences on the whole project implementation.

As the LP is representing the project and is responsible for the total amount of ERDF of the whole project and signed the Subsidy Contract with the INTERREG III B CADSES Managing Authority this request is regarded as a major change in the structure of the project and will be seen as an indicator of a extremely serious project crisis. Thus, a request for exchanging the LP of a running INTERREG III B CADSES project might also lead to further consequences as described in § 7 of the concluded Subsidy Contract.

Additionally all project partners, funded by the same fund, have to agree on the envisaged change and have to communicate this position to the INTERREG III B CADSES Managing Authority with official and originally signed statements.

In case of approval the same procedures as with the exchange of project partners has to be applied.

Decision

A decision has to be taken in any case by the SC.

Necessary documents to be submitted

- 2x (1x to the MA 1x to the JTS) original covering letters describing and justifying in detail the envisaged modification and securing the delivery and achievement of all deliverables, results and outputs as described in the original AF.
- 2x (1x to the MA 1x to the JTS) official document signed by the “old” LP declaring his withdrawal/stop of activities from the project with indicating a due date.
- 2x (1x to the MA 1x to the JTS) official declaration of mutual agreement signed by all project partners, the “old” and the “new” LP on the exchange of the LP.
- 2x (1x to the MA 1x to the JTS) original exchange pages of the AF (stamped, dated and initialled by the legal representative of the LP) of all pages affected by the change.
- 2x revised AF (part 1 and part 2) in electronic format to be send by email to the following email-addresses: 1) cadses@infrastrutturetrasporti.it and 2) cadses@jts.dresden.de. The email has to bear the following description in the subject line: <project code>, <project title> and <request for project modification>.

3.6 Shifting within the approved annual budget

Subject

The annual allocation of budget per year is described in the following chapters of the approved AF and concluded Subsidy Contract:

1st call projects (2A0XX): § 10.4 (AF) and § 3.3 (Subsidy Contract)

2nd call projects (3B0XX): § 16.3, 16.4 and 16.7 (AF) and § 3.3 (Subsidy Contract)

3rd call projects (5CXXX): §§ 2.3 and 3.3 (Subsidy Contract)

4th call projects (5DXXX): § X.X (to be defined)

For the projects funded within the 1st and 2nd call, since the shift of the approved annual budget (budget per years) will in any case affect the n+2 risk of the INTERREG III B CADSES NP, possible budget cuts at the Programme level might also lead to a loss of ERDF fund at project level. The losses will be calculated on the basis of the original annual financial plan laid down in the original subsidy contract.

For the approved projects under the 3rd and all following calls the shifting between years is regulated in the concluded Subsidy Contract § 2.3: *„Special provisions apply in the case of reallocation between years. The LP has to ensure that each Project Partner funded from ERDF strictly follows the allocation of expenditure per year and source as reported in the Table 1, § 3 point 3 of this subsidy contract. Each Project Partner (under the responsibility of the LP) is allowed to reallocate up to 20% of the budgeted yearly allocation of expenditure (Tab.1 of this subsidy contract, § 3 point 3) to the following year. The amount shifted from the year x must be claimed within the year x+1 following the shifting, and cannot be further reallocated to the next years. Should the Project Partner in the course of one year x claim less than 80% of the amount stated in the annual Payment Claims plan, only 20% of the remaining amount can be shifted to the following year x+1 and the unclaimed funds that exceed 20% of the yearly allocation funds will be decommitted from the project. Funds that have been shifted to the year x+1 and have not been not claimed within the same year will be decommitted and the project budget reduced accordingly”*

Thus, the Programme cannot guarantee for funds shifted between years on the project level.

However requests for budget shift (shift of the date of the submission of the payment claims to the MA) from the following years x+1 to the former/current years x, e.g. due to the faster implementation of the activities will be treated differently. Bearing in mind the interest of the Programme such shifts can be accepted automatically after the prior announcement to the MA.

Principles

- Modifications of the annual allocation of the budget per year are considered as exceptions; they are always subject to decision of the SC.
- Even in case of approval of a prolongation of the project duration there will be no approval on a new allocation of the annual budgets.
- The only exception from this principle are the shifts of the date of the submission of the payment claims to the MA from the following years x+1 to the former/current years x. Such shifts can be accepted automatically after the prior announcement to the MA.

Decision

MA will in principle not decide on any changes of the allocation of budget per year with the exception of the shifts of the date of the submission of the payment claims to the MA from the following years x+1 to the former/current years x falling under an automatic procedure.

Any further changes of the approved annual budget have in any case to be approved by the SC.

Necessary documents to be submitted

- 2x (1x to the MA 1x to the JTS) original covering letters describing and justifying in detail the envisaged modification and securing the delivery and achievement of all deliverables, results and outputs as described in the original AF.
- 2x (1x to the MA 1x to the JTS) original exchange pages of the AF (stamped, dated and initialled by the legal representative of the LP) of all pages affected by the change.
- 2x revised AF (part 1 and part 2) in electronic format to be send by email to the following email-addresses: 1) cadses@infrastrutturetrasporti.it and 2) cadses@jts.dresden.de. The email has to bear the following description in the subject line: <project code>, <project title> and <request for project modification>.

3.7 Content related changes

Subject

In principle it is not allowed to change the content of the project, especially not the objectives, results and outputs as well as work packages as foreseen because they were of particular importance for the approval of the project by the SC. The LP has to ensure that all objectives as well as all results and outputs as stated in the approved AF will be achieved and delivered.

However, notwithstanding the above-mentioned rule, minor modifications of the approved project structure might be necessary. Therefore the LP has the possibility during the regular reporting procedures to report about deviations that had been necessary to achieve the described outputs and results in the reporting period.

Due to the different circumstances and characters of approved projects, LP are obliged to inform the JTS/MA immediately in case of envisaged major modifications of the project content and to ask for further guidance on how to proceed (report and justify it during reporting or go for a modification procedure).

Principles

- Major changes to the project content, especially to the described objectives, results and outputs as well as to the planned activities need a separate approval by the SC;
- These changes have to be well justified and described and communicated to the Programme as soon as they become evident;
- Transnationality should not be altered;
- Achievements of overall outputs, results and impacts of the project as described in the approved application form have to be secured.

Decision

MA in co-operation with the JTS will decide on the necessary steps to be followed based on the request and justification handed in by the LP.

Major modifications of the project content (e.g. adding and/or changing of small scale investments, changing of pilot actions etc.) need in any case a decision of the SC.

Documents to be submitted

- 2x (1x to the MA 1x to the JTS) original accompanying letters describing and justifying in detail the envisaged modification and securing the delivery and achievement of all deliverables, results and outputs as described in the original AF.
- 2x (1x to the MA 1x to the JTS) original AF (stamped, dated and initialled by the legal representative of the LP).
- 2x revised AF (part 1 and part 2) in electronic format to be send by email to the following email-addresses: 1) cadses@infrastrutturetrasporti.it and 2) cadses@jts.dresden.de. The email has to bear the following description in the subject line: <project code>, <project title> and <request for project modification>.

4. Financial flexibility rule (20% flexibility)

Subject

In order to ensure the smooth delivery of outputs and results within the defined time schedule as anticipated in the AF (§ 1.5 of the AF), the LP is given the possibility to shift up to 20% of the total budget between the BL and WP according to the „financial flexibility rule” following also § 2(2) of the signed Subsidy Contract.

In any case shifts between the budget lines and/or work packages should not alter the possibility of the project partners to co-operate as originally foreseen. This means that requests to reduce certain budget lines that are of crucial importance for the co-operation itself cannot be accepted (e.g. shift of funds from BL 2 „Personnel costs“ to the BL 6 “External expertise” to the extent, that one or more of the PP are in fact not involved in the project implementation any more).

Principles

- Financial flexibility rule gives the possibility to shift funds between the BL and WPs up to 20% of the total budget without the necessity to revise the Subsidy Contract and or the AF.
- Financial flexibility rule comprises changes to the financial allocation between the work packages and budget lines. The anticipated outputs and results must not be affected by the reallocation of funds following this rule.
- The reference point for the application of financial flexibility rule is the Subsidy Contract concluded along with the approved version of the AF. The budget shift according to the financial flexibility rule does not require any changes of the legal basis, therefore neither a revision of the Subsidy Contract nor of the AF being a part of the Subsidy Contract is necessary, even if the LPs are obliged to submit to the MA the revised table/s “allocation of expenditures between BL” and/or “allocation of expenditures between WP” to carry out a simple check of consistency and correctness.
- The calculation bases are the total amounts assigned to the Budget Lines and to the Work Packages accordingly to the Subsidy Contract and to the approved AF. The check is made on the basis of the submitted Payment Claims reflecting the expenditures actually paid.
- The compliance with financial flexibility rule is to be ensured throughout the duration of the project, thus, control mechanisms have been established on the side of the project management:
 - a. Ex-ante control – to be carried out by the LP;

The LP checks the compliance with the financial flexibility rule applying the method of calculation defined by the Programme. In order to facilitate the calculation, the LP will be provided with an excel-based calculator (see the Annex 1). The LPs will be requested to attach to each Payment Claim submitted within the regular deadlines a declaration of the conformity with the 20% flexibility rule (see the Annex 2), stating that the Payment Claims submitted are in line with the financial flexibility rule.

This both with respect to the calculation method, previous budget reallocation between WP and BL and with regard to further conditions, e.g. not affecting the anticipated outputs, results. The LPs are obliged to use the form elaborated and provided by the JTS. Furthermore the LP is obliged to inform in the progress reports about the budget shift under the financial flexibility rule.

b. Ex-Post Control – to be carried out by the JTS/MA;

The check on the basis of the submitted Payment Claims – real expenditures will be conducted after each deadline for the submission of the Payment Claims. Considering previous Payment Claims, the MA, with the support of the JTS, will determine the actual reallocation rate and will inform the LPs as well as the SC about the cumulative reallocation rate and thus about the compliance with the financial flexibility rule with regard to the max. Ceiling defined (20% of the total budget). The assessment of the progress reports will allow the verification, whether the budget shift within the financial flexibility rule does not affect the objectives, outputs, results as well as the project principle of co-operation and transnationality.

- In case the request for budget modification does not comply with the financial flexibility rule according to the rules and procedures defined by the Programme the project risks the suspension of payments and it might be necessary to apply for a project modification.

Decision

Budget reallocations that do comply with the financial flexibility rule do not require a prior approval by the MA or SC and are meant to be an automatic procedure. However, the budget reallocation has to be communicated to the MA following the procedure mentioned below.

Necessary documents to be submitted

Declaration of the conformity with the 20% flexibility rule - duly signed, dated and stamped along with the revised table/s “allocation of expenditures between BL” and/or “allocation of expenditures between WPs”.

The declaration has to be attached to each submitted Payment Claim.

Procedure and deadlines

- The LP shall keep track of the reallocation continuously and has to ensure that financial rule is observed. In order to ease this, the JTS/MA provides a calculator to every LP.
- The LP is obliged to attach to each submitted Payment Claim a declaration of the conformity with the 20% flexibility rule. The LP shall use the form of the confirmation as defined by the MA. The declaration has to be submitted to the MA in Rome. The deadlines for the submission of the declaration are therefore the same as the ones for the submission of the Payment Claims, which are 01/04; 01/07; 01/10; 01/12.
- The MA verifies the actual cumulative budget shift considering the previous payment claims and informs the LPs and the SC on the regular basis (within the process of processing the payment claim) about the actual (cumulative) reallocation rate.

Calculation Method

Principle: Absolute value & separately per BL, WP

- The max. amount to be reallocated within the 20% flexibility shall be determined as follows: 20% of the total budget.
- Calculation relies on the shifted values, i.e. considering the positive deviations from the financial plan, i.e. exceeding of the amounts anticipated in the Subsidy Contract, e.g.

Increase within BL2

+10.000,00 EURO

Decrease within BL6

-10.000,00 EURO

Total Reallocation: 10.000,00 EURO

- This formula has to be applied separately to the WPs and BLs, i.e. the total reallocation has to be determined separately for WPs and BL. The compliance with the financial flexibility rule is ensured, when the total (cumulative) budget shift between BLs is smaller or equal to the ceiling of 20% of the total budget and when the total (cumulative) reallocation between WP is smaller or equal to the ceiling of 20% of the total budget.

5. ADMINISTRATIVE INFORMATION

Subject

Changes of administrative information do not constitute a major change to the approved project budget and structure. Especially the objectives, planned results and outputs as well as the planned activities will not be affected. Therefore, changes of this administrative information do not need any changes to the approved AF and the Subsidy Contract and therefore also do not need any prior approval of the SC or MA.

Possible topics for project adjustments are e.g.:

- The change of contact information of the LP and PP (e.g. telephone no., addresses, contact persons, etc.)
- Changing the certifying bodies of LP and PP (provided that the change is in line with national regulations of the CADSES Member States (For details concerning the organisation of the 1st level control in your CADSES member state please consult your national CADSES Contact Point).
- Bank details
- Change of the names of project partners without any change of the responsibility and/or legal status of the project partner (e.g. change of the name of a public body after reorganisation). In case of the change of the legal status of the project partner a formal project modification procedure following § 3.5 of this manual has to be applied.
- Change of the name of the LP without changing the legal status and responsibility (e.g. renaming a ministry after election etc.)
- Changes of sources of national co-financing
- Other small changes not mentioned above

Principles

- Changes have to be reported to the MA and JTS as soon as the change applies.
- Changes of administrative information do not need any revision of the approved AF and the Subsidy Contract and therefore also do not need any prior approval of the SC or MA.
- The MA (with support of the JTS and the CCPs if requested) will check the submitted information. In case the information will not be accepted as a minor change to the approved project structure the request will be automatically considered as a request for project modification. MA will inform the LP in case his request will be considered as a project modification. If the request already fulfils all requirements for a modification request, it will undergo all procedures foreseen for project modifications. Otherwise, the MA will inform the LP on the necessity to submit further documents. Such changes only have to be reported, not approved, as stated above.

Decision

The LP will take decision. No official approval of MA and/or SC is necessary. The information shall only be reported to the MA and JTS.

Documents to be submitted

2x (1x to the MA 1x to the JTS) Information on the change of contact data has to be submitted in English language.

5.1 Special Case: Change of the name of the LP without any legal consequences

5.1.1 Public LPs

The important precondition is that the institution did not change its legal status and statute. The institution has to be the legal successor of the former partner and can prove this by an official document.

The LP has to send his request to the MA. The respective CCP will be requested by the MA to confirm that there are no legal consequences and to issue a declaration concerning the economic and organizational capacity.

In any case a new Subsidy Contract has to be prepared and to be signed by both contracting parties.

The LP has to submit relevant exchange pages of the AF, esp. § 2 and § 14 (LP).

5.1.2 Private LPs

A change of the name of a private LP should be handled with special care, as necessary additional documents might be requested here (e.g. bank guarantee, state aid declaration etc.). In any case it has to be secured that no exchange of the LP takes place but only a change of the name keeping all liabilities and responsibilities. In case of doubts MA will apply a modification procedure as described in § 3.5.4 of this manual.

The LP has to send his request to the MA. The respective CCP will be requested by the MA to confirm that there are no legal consequences and to issue a declaration concerning the economic and organizational capacity.

In any case a new Subsidy Contract has to be prepared and signed by both contracting parties and the LP has to submit relevant exchange pages of the AF,

6. List of abbreviations

AF	Application Form
BL	Budget Line
CCP	CADSES Contact Point
JC	Joint Convention
JTS	Joint Technical Secretariat
LP	Lead Partner
MA	Managing Authority
NP	Neighbourhood Programme
PP	Project Partner
SC	Steering Committee
SubCon	Subsidy Contract
WP	Work Package

7. Glossary

N+2 decommitment

The INTERREG III B CADSES NP has two years (+2) to ensure that the committed amount of structural funds during a given year (n) is spent. If the spending target is not achieved within the deadline, the shortfall is de-committed. Article 31(2) of Council Regulation (EC) No 1260/1999: "The first commitment shall be made when the Commission lays down its decision approving the assistance". In the case of CADSES, the decision was taken on 27 December 2001.