



**IMPLEMENTATION MANUAL FOR  
BENEFICIARIES**

**PART 2:  
PROJECT DEVELOPMENT**

Cooperation Programme  
Interreg V-A Slovenia-Croatia  
for the programme period 2014–2020  
Version 4, July 2021

# Implementation Manual for Beneficiaries

## **PART 2: PROJECT DEVELOPMENT**

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## PART 2: PROJECT DEVELOPMENT

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## PART 2: PROJECT DEVELOPMENT

### 1. WHO CAN PARTICIPATE AND OTHER PROGRAMME REQUIREMENTS

#### 1.1 Partnership requirements

The participation in the programme is primarily open to beneficiaries of the individual specific objective as specified in this Chapter. Lead Partners must be located in the programme area. Institutions located outside the programme area can only act as Project Partners if a justification is provided in the Application Form<sup>1</sup>.

The minimum requirement is to have at least **one project partner from Slovenia and one from Croatia** or an EGTC registered in the Participating Country consisting of members from both Member States. The recommended upper number of Project Partners is 6.

All partners must have legal, financial and operational capacity to participate in the programme.

Types of beneficiaries eligible under each specific objective are listed below:

#### Types of beneficiaries eligible under specific objective 2.1 (investment priority 6c)

- ✓ Local, regional or national authorities (e.g. municipalities, counties...)
- ✓ Non-profit organisations established by public or private law - legal persons acting in the field of cultural or natural heritage, sustainable tourism development or related services (e.g. museums, Natura 2000 and protected areas management authorities, regional development agencies, tourism destination management organisations, NGOs, associations...)
- ✓ Small and medium sized enterprises

#### Types of beneficiaries eligible under specific objective 2.2 (investment priority 6d)

- ✓ Local, regional or national authorities (e.g. municipalities, counties...)
- ✓ Non-profit organisations established by public or private law - legal persons in the field of nature protection (e.g. Natura 2000 and protected area management authorities, conservation authorities, NGOs, R&D institutions, regional development agencies, forest institutes, rural development centres, etc.)

#### Types of beneficiaries eligible under specific objective 3.1 (investment priority 11)

- ✓ National, regional and local authorities
- ✓ Non-profit organisations established by public or private law - legal persons (e.g. health centres, social care organisations, NGOs, elderly centres, regional development agencies, social enterprises, rescue services and civil protection organisations, etc.).

<sup>1</sup> Organisations located outside the programme area but inside the European Union can become Project Partners only in duly justified cases. Please note that, in case of project approval, the effective participation of partners from EU regions outside the programme area is subject to the condition that the Member States where they are located accept of all implementing provisions in relation to management, control and audit.

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Partners should bear in mind that the absence of advance payments and the time gap between incurring the expenditure and having it reimbursed may lead to cash-flow problems. This might be particularly relevant for private institutions and associations.

### 1.2 Lead partner principle and requirements

The partners appoint a Lead Partner for each project among themselves who becomes the main beneficiary once the Subsidy Contract has been signed. The **Lead Partner** assumes the following responsibilities:

- ✓ Signing of Partnership Agreement which lays down the arrangements for relations with the Project Partners participating in the operation and is, inter alia, comprised of provisions guaranteeing the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid.
- ✓ It shall be responsible for ensuring the implementation of the entire operation and reaching project main outputs, results and deliverables as well as their quality.
- ✓ It shall ensure that the expenditure presented by the Project Partners participating in the operation has been paid for the purpose of implementing the operation and corresponds to the activities agreed between those partners.
- ✓ It shall verify that the expenditure presented by the partners participating in the operation have been validated by the controllers.
- ✓ It shall be responsible for transferring the ERDF contribution to the Project Partners participating in the operation.

Beside these responsibilities, the Lead Partner is also responsible for:

- ✓ Collecting the information from the Project Partners, cross-checking the verified activities with the progress of the project and submitting the reports to the JS;
- ✓ Signing the Subsidy Contract;
- ✓ Harmonizing the project changes with the JS and other project partners.

More information on setting up partnership management is available in Chapter 2.4 in this part of the Manual.

### 1.3 Project size and project duration

The projects eligible for participation in the programme are those **with the total ERDF amount requested higher than 100.000 € to 2.5000 € for Priority axis 2 (Preservation and sustainable use of natural and cultural resources) and from 100.000 € to 1.000.000 € for Priority Axis 3 (Healthy, safe and accessible border areas).**

The earliest possible start date of the project is the day of the approval of the project by the MC. The project end date is the date defined in the Subsidy Contract, but not later than 30 June 2023.

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The projects eligible for participation in the programme are those with the duration **up to 30 months for Priority Axis 2 (Preservation and sustainable use of natural and cultural resources)** and **up to 24 months for Priority Axis 3 (Healthy, safe and accessible border areas)**.

### 1.4 Co-financing

Only eligible expenditure can be funded from the programme, whereas the co-financing from the ERDF can amount to maximum of 85 per cent of total costs. Every Project/Lead Partner must ensure at least 15 per cent funds from other sources (own or other private or public sources).

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

### 1.5 Cross-border cooperation criteria

All Project Partners must work together actively for producing the project outputs and results and achieving their planned use.

**At least three of the following cross-border cooperation criteria must be fulfilled to have the project eligible for funding.**

#### Joint development (mandatory)

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

#### Joint implementation (mandatory)

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

#### Joint staffing

- ✓ All project partners have a defined role and allocate staff to fulfil this role.
- ✓ Staff members coordinate their activities with others involved in the activities and exchange information regularly.
- ✓ There should be no unnecessary duplication of functions in different partner organizations.

#### Joint financing (mandatory)

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

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- ✓ The budget includes annual spending targets.

Project Partners shall cooperate in the project development and project implementation. In addition, they shall cooperate in the financing or the staffing, or in both.

### 1.6 State aid

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

State aid is defined as any aid granted by a Member State or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods insofar as it affects trade between Member States, which is incompatible with the internal market<sup>2</sup>. It is important to mention that the concept of an undertaking covers any entity engaged in an economic activity, regardless of its legal status and the way in which it is financed. Therefore, the nature of activities of the undertaking in question is relevant to define if State aid rules will be applied.

State aid is a question of activities in a state of competition, or not, and, in the respect to State aid rules, a question of maximum grant rate of public funds to apply to this operation (ceiling to be respected).

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

**In Slovenia** the usage of the relevant State Aid schemes will be described in the GODC guidelines on granting state aid/*de minimis* for ETC programmes in the period 2014-2020.

**The Republic of Croatia** will use *de minimis* and the following State aid schemes:

- ✓ regional schemes;
- ✓ SMEs schemes for investments, operational support and access to financing for SMEs (schemes for SMEs involved in ETC projects).

The ceiling of awarded public funds applies not only to EU funds but also to all public grants (including national, regional and local levels).

The following criteria define whether the support received is State aid. **State aid rules apply only to measures that satisfy all 5 criteria listed in Article 107(1) of Treaty on the Functioning of the European Union:**

#### 1. Undertaking

The recipient of the aid is an “undertaking”, which is carrying out an economic activity in the context of the operation.

<sup>2</sup> Article 107(1) of TFEU (Treaty on the Functioning of the European Union)

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An undertaking is any entity which exercises an activity of a tradable nature and which offers goods and services on the market, regardless the legal form and the way of financing of this entity. Also if an entity is not profit-oriented, State aid rules will apply as long as it competes with companies that are profit-oriented.

The only relevant criterion to decide is whether or not the entity carries out an economic activity in the context of the operation.

### 2. Transfer of State resources

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

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

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

### 3. Economic advantage

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

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

### 4. Selectivity

State aid must be selective and thus affect the balance between certain firms and their competitors. "Selectivity" is what differentiates State aid from so-called "general measures" (namely measures which apply without distinction across the board to all firms in all economic sectors in a Member State (e.g. most nation-wide fiscal measures)).

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

### 5. Effect on competition and trade

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

The Commission has taken the view that small amounts of aid - *de minimis* aid of less than 200 000 € of total public advantages every 3 budgetary years per beneficiary - do not have a



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potential effect on competition and trade between Member States. It therefore considers that such aid falls outside the scope of Article 107(1) of TFEU.

All that means that the concrete public funds, considered as State aid can only be granted with the respect of a Community rule allowing such a level of grant. This will be done on an operation by operation basis during project assessment process. To clarify whether the support to operation or its parts could mean State aid, information will be provided by NAs and included in specific guidelines. Most relevant aids for cross-border operations are *de minimis* aid and State aids included in the General Block Exemptions Regulation – GBER (Commission Regulation (EU) No 651/2014) in which different thresholds of aid intensity according to related activities and aid categories are defined.

### 1.7 Revenues

As a general principle eligible expenditure of a project (and consequently the ERDF contribution to it) shall be reduced according to the net revenue generated by the operation both during its implementation as well as until three years after its completion or by the deadline for the submission of documents for programme closure, whichever is the earlier (detailed explanation on revenues generated projects is provided in Part 4, Chapter 2.3.2).

Rules governing revenues do not apply to projects subject to state aid rules and “*de minimis*”.

### 1.8 Project modifications

During the project implementation, a project might face the need to modify the Application Form in order to adapt it to the actual needs, complete the project successfully and achieve the set objectives.

The following types of project modifications may occur during project implementation:

- ✓ Change of the project partnership;
- ✓ Budget changes;
- ✓ Change of the work plan;
- ✓ Extension of project duration.

The LPs should always inform the JS as soon as they become aware that a change of the project might be needed.

As a general rule, only two major modifications initiated by the Lead Partner are allowed during the project duration.

Depending on the impact on the project, it can be distinguished between **minor and major project modifications**. All project modifications must be justified and agreed between the Project Partners before they are communicated to the JS. Changes have to be approved by the programme bodies.

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### Minor modifications:

Minor modifications are adjustments of the project, which do not have a significant impact on the project objectives and/or implementation. They may concern administrative/management issues as well as work plan and budget within the limits allowed by the programme. Minor modifications can be approved by the JS and, if needed, involved National Authorities. They may agree to put the decision on the level of the MC.

Examples of minor modifications:

- ✓ minor adaptations of the work plan (modifications which do not change the nature and use of the planned outputs and investments, minor modifications of deliverables or outputs e.g. change of the output values not exceeding 20% of the initially approved ones, etc.);
- ✓ reallocation of the funds between budget lines not exceeding the sum of 20% of total eligible costs of the operation;
- ✓ extension of the project duration for less than 12 months from the end date defined in the Subsidy Contract (taking into account that the extended project duration does not exceed the maximum project duration, set in the Call for Proposals).

### Major modifications:

A major modification is any deviation from the latest version of the approved Application Form going beyond the flexibility limits applicable to minor modifications. They are to be considered as exceptional and may be approved only in duly justified cases. The major modifications shall be approved by the MC.

Examples of major modifications, which have to be approved by the MC:

- ✓ extension of the project duration for more than 12 months from the end date defined in the Subsidy Contract or when the extended project duration exceeds the maximum project duration, set in the Call for Proposals;
- ✓ changes in project partnership (replacement of a partner, withdrawal of a partner, additional partner);
- ✓ modification of the financing plan (influencing the amount of the approved ERDF),
- ✓ reallocation of the funds between budget lines exceeding the sum of 20% of total eligible costs of the operation,
- ✓ changes of output values exceeding 20% of the initially approved ones.

The project modifications can be approved only if the project is still reaching the main project or/and programme indicators and results.

**In case of changes of administrative elements** (e.g. change of contact data, bank account, legal representatives etc.) the LP should **inform the JS as soon as possible**. The JS will then analyse the LP request and, if applicable, open the respective section in the eMS. The LP will then be able to update the information in the eMS.

### The request process for project modifications

Once the project partnership agrees on the project modification, the Lead Partner should inform the JS about the upcoming project modifications.

The Lead Partner needs to fill in a **“modification request”** and submit it through the eMS. The requested project change needs to be clearly described and justified, including also the cause

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and effects of the proposed project modifications. The technical support through the project modification process will be provided by the JS.

Once the project modification is submitted by the Lead Partner, the JS screens the provided request and depending on the type of the project change performs the decision procedures. In case of minor changes the decision can be taken by the JS, for major changes, the materials for the MC decision will be prepared and the final decision taken by the MC members.

Obligations deriving from the Subsidy Contract and the Partnership Agreement in terms of audits, retention of supporting documents and durability of outputs remain applicable after any type of the project modification.

If the outcome of the proceedings is positive, the JS grants the possibility to the Lead Partner to revise the Application Form in the eMS. The Lead Partner then updates the relevant parts of the Application Form (partnership, work plan or budget) in line with the approved project change request. In case the requested project change requires additional supporting documents (e.g. partner declaration, withdrawal letters etc.), they have to be uploaded in the eMS as annexes of the revised Application Form.

The JS examines the revisions done in the Application Form. The LP can be asked to provide further clarifications and/or amendments of the Application Form, in case the changes done in the eMS and related explanatory information is not sufficient.

Based on the final submission of the revised Application Form in the eMS, the JS informs the Lead Partner on the final decision on the requested project change.

The changes and related eligibility of expenses are valid from the date of the approval by relevant programme body.

### 1.9 Durability of ownership

The Project Partners need to be aware that the ownership of outputs having the character of investments in infrastructure or productive investments realised within the project must remain with the concerned Project Partner for at least five years following the final payment to the beneficiary, or where applicable, within the period set out in state aid rules. Examples where a violation of rules<sup>3</sup> concerning durability would occur:

- ✓ relocation of a productive activity to outside the programme area<sup>4</sup>,
- ✓ substantial changes affecting the nature, objectives or implementation conditions of the investment,
- ✓ change of the ownership of an infrastructure item which gives a firm or a public body an undue advantage.

<sup>3</sup> According to EC Regulation 1303/2013, Article 71(4) this shall not apply for operation, which undergoes cessation of a productive activity due to a non-fraudulent bankruptcy.

<sup>4</sup> This requirement is to be observed for 10 years following the final payment to the beneficiary (unless the beneficiary is a SME) or for the applicable timeframe according to state aid rules in case of grant released under state aid conditions.

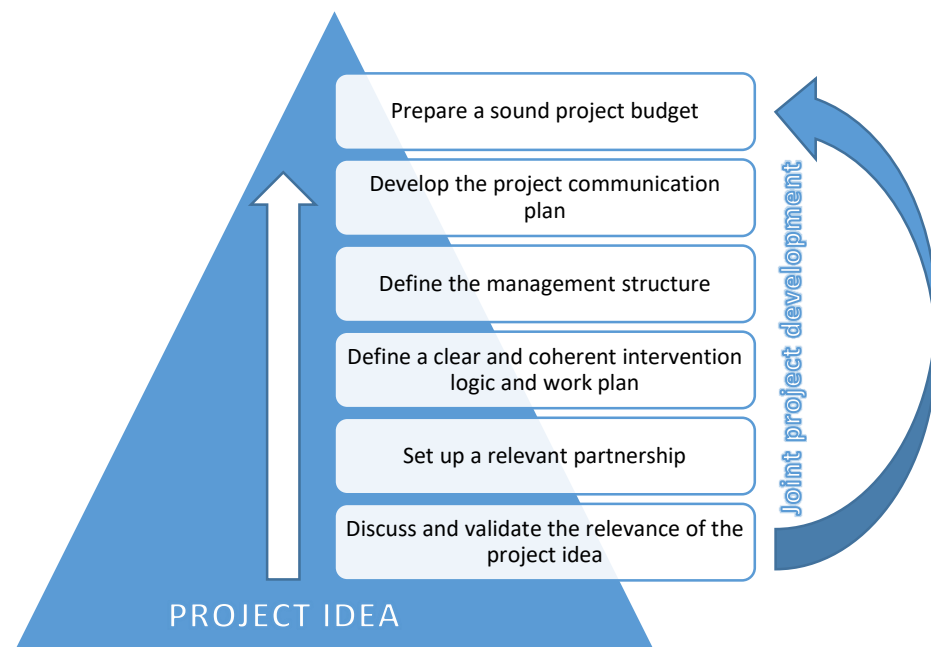
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### 2. HOW TO DEVELOP A GOOD PROJECT?

The preparation of a project application is a challenging process, especially in the cooperation context. Every good project has to be based on a specific need / opportunity perceived by organizations in their work and environment, which is then developed through problem analysis. It usually starts with a first project idea which is then further developed through the inputs of the future Project Partners and according to the programme guidance. It is therefore recommended to follow the structure of the Application Form in order to see which information is expected and not to miss out on any relevant topics.

The aim of this chapter is to help the applicants in preparing Application Form. There are practical hints for advancing from the initial project idea to a successful application. The subsequent chapters guide the applicants through the workflow from the project idea to the application ready for submission (as illustrated in Figure 1).

Figure 1: Project development: from a project idea to the application



#### 2.1 Support provided by the programme

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

- ✓ information about the programme and the Open Call;
- ✓ information concerning preparation and submission of Applications;
- ✓ organisation of informative workshops (see website for planned dates and agenda);
- ✓ publication of frequently asked questions and answers;
- ✓ publication of information on approved projects on the programme website.

Support concerning specific project content related topics, including information on State aid and Project Partners search will be provided by the representatives of both Member States (National Authorities).

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<b>Joint Secretariat</b>	<p><b>Government Office of Republic of Slovenia for Development and European Cohesion Policy</b>  <b>European Territorial Cooperation and Financial Mechanisms Office</b>  <b>Crossborder programme management Division</b></p> <p><b>Joint Secretariat Slovenia-Croatia 2014-2020</b>  <b>Kotnikova 5, 1000 Ljubljana</b>  <b>Contact:</b>  <b>e-mail: <a href="mailto:si-hr.svrk@gov.si">si-hr.svrk@gov.si</a></b>  <b>or by telephone +386 (0)1 400 3685</b></p>
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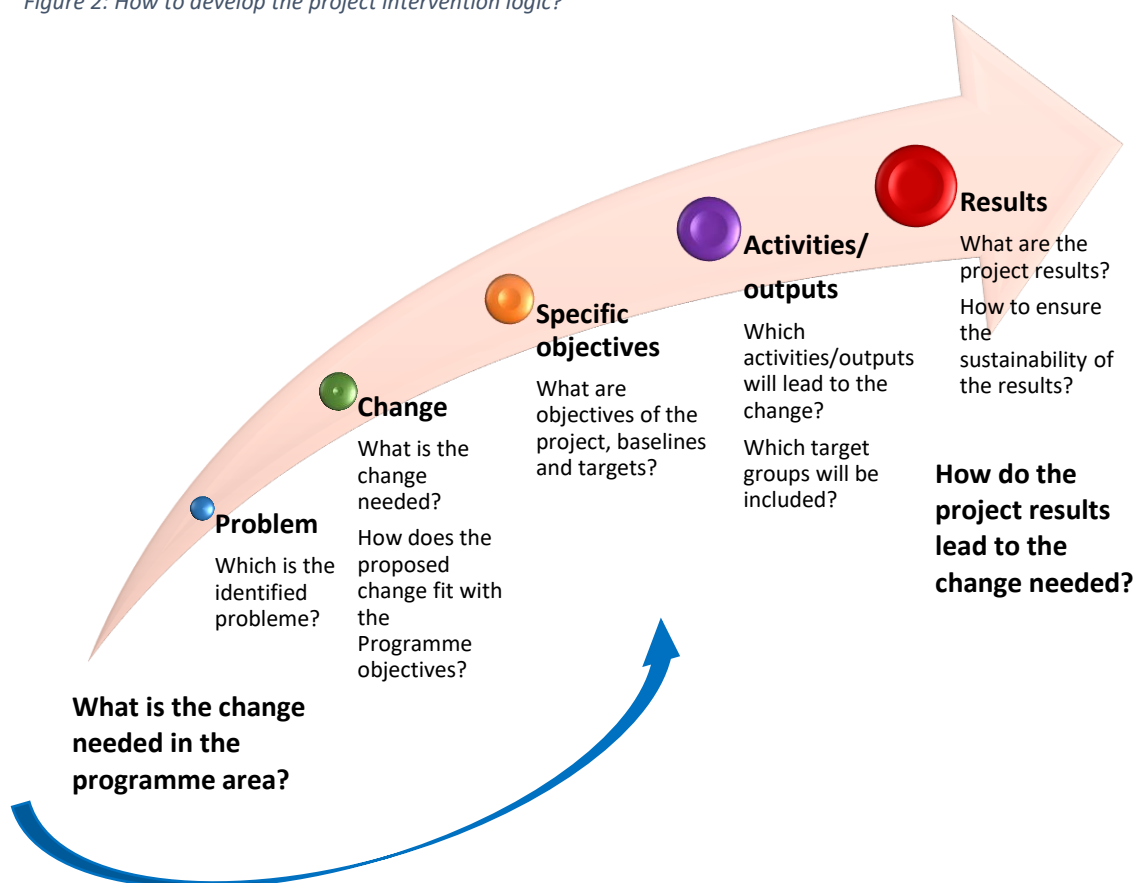
### 2.2 Developing project intervention logic

The links and synergies between the programmes co-financed by the European Union and the projects supported are even more important in the period 2014-2020 than in previous programme periods. The projects therefore need to be structured according to particular intervention logic, taking into account the attempted change as the basis for result-orientation. The project intervention logic needs to show how a desired change will be achieved. It should reflect the current situation (e.g. the problem), its underlying causes and the change which the project seeks to achieve by implementing the planned activities. It also needs to indicate the activities needed to result in the change.

**Programme intervention logic is a key factor in project planning. The connection between project intervention logic (project specific objectives, activities, main outputs and expected results) and relevant programme specific objectives is a pre-requisite for project financing.**

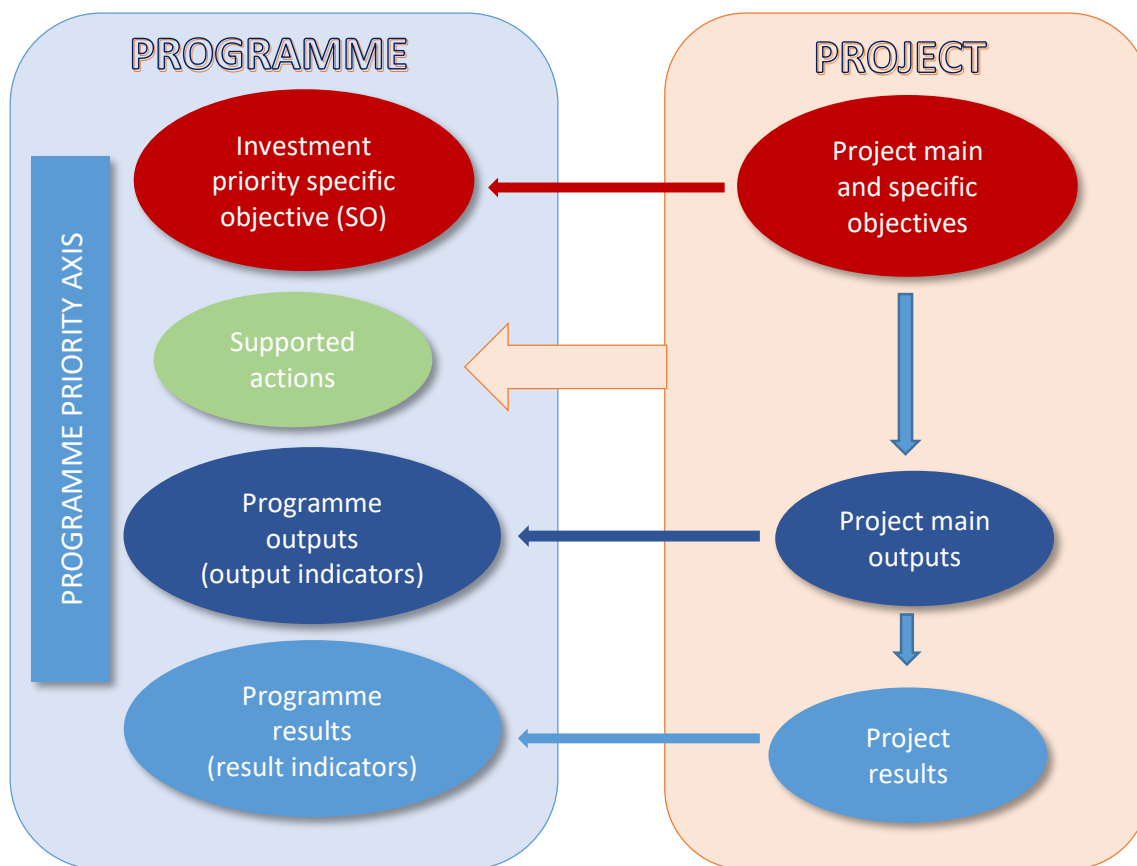
The following figure illustrates different components of the project development and basic questions to be addressed during the development of the project.

Figure 2: How to develop the project intervention logic?



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Figure 3: Links between the programme and project intervention logic



### How to develop project intervention logic and definitions of its key concepts

#### Challenge / opportunity

The project idea always starts with the identified need or challenge that is considered of a cross-border nature and commonly shared in the programme area.

#### Project overall objective

The project overall objective provides the overall context of what the project intends to achieve, and aligns to a programme priority specific objective. It relates to the strategic aspects of the project.

After the main challenge is set, the applicants identify the main cause for this challenge (problem), which is common to different regions in the area. By turning this cause in a positive statement, the overall project objective is formed and the main change (result) the project wants to achieve - in relation to the identified challenge - is set. At this point the applicants have to check the CP and see to which priority the project proposal fits thematically and what kind of actions, outputs and results the programme plans under the selected priority. After this step some applicants might realise that the Interreg SI-HR programme is not the right programme for what they want to achieve, or they might reconsider the challenge addressed and the overall project objective. The applicants should describe how the project will contribute to a programme priority specific objective.

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**The projects have to be based on a clear result-oriented approach which contributes to one of the Interreg SI-HR specific objectives.**

- ✓ Project objectives have to be focused on only one programme specific objective of the chosen priority axis.
- ✓ Project contribution to relevant programme result (and associated indicator) has to be clearly defined.
- ✓ Project activities and main outputs have to be logically connected to the chosen specific objective and corresponding programme output indicators.

**Project results** are direct effects resulting from the project and from the production of the outputs. They represent what is intended to be changed by the project, especially with regard to the improvement of the identified challenge (problem) the project is tackling. Compared to the outputs, they imply a qualitative value, an improvement compared with the initial situation. Project results should be linked to project overall objective. Project result indicators do not have to be defined yet the project application form has to include the expected results and their quantitative contribution to the **programme specific result indicators**, defined in the Cooperation Programme and in the Manual, Part 1, Chapter 1.4. These indicators represent a measurable intended change by the programme in the entire programme duration through all approved projects. These indicators will be monitored only on the programme level and their quantitative value has been determined in advance. When defining project's contribution to programme specific result indicators the applicants have to take into consideration the Methodology for monitoring of programme indicators, available on programme webpage.

**The project specific objectives** are a concrete statement describing what the project is trying to achieve. The project specific objective describes the immediate objective sought by the project, which can be realistically achieved within the project lifetime through development of the project outputs. It should be verifiable at the end of a project whether the specific objective was achieved or not. Each project specific objective has to clearly contribute to the project overall objective. To break the overall project objective in specific objectives, the applicants should go back to the main cause of their challenge and break it down to the main reasons behind it. Again they transform them into positive statements and by doing so, the specific objectives are formed. These objectives will naturally contribute to the project overall objective, because they are solving the reasons behind the main cause of the challenge. The projects should plan up to three specific objectives. Project specific objectives should be realistic and planned in a way that it is possible to achieve them with the given project means (available budget, project duration, number of partners, area covered).

**Project main outputs** are the tangible deliverables of the project which contribute to the results. They are directly deriving from the activities carried out in the project during its implementation. After defining the specific objectives, the applicants need to think about which main outputs need to be planned to lead towards the achievement of the specific objectives during the project implementation. Outputs are typically measured in physical units such as: the number of restored cultural heritage sites, km of rebuilt paths in the protected area, number of newly-developed tourism products, newly-founded cross-border structures in the field of flood protection and rescue, number of capacity building seminars. Project main outputs have to directly contribute to **programme specific output indicators** defined in the Cooperation Programme and Manual, Part 1, Chapter 1.4. These indicators represent tangible



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deliverables of the programme, which the programme will achieve in the entire programme duration through all approved projects. The quantitative value of these indicators has been determined in advance and they will be monitored on the programme as well as project level. When defining project's contribution to programme specific output indicators the applicants have to take into consideration the Methodology for monitoring of programme indicators, available on programme webpage.

### Work plan

The project work plan describes the activities which will be performed by the project in order to deliver the outputs necessary for achieving the project specific objectives. The work plan is composed of a set of work packages. **A work package** is a group of related project activities required to produce project main outputs. **An activity** is a specific task, a component of a work package, resulting in a deliverable. One or more activities lead to the realization of the project main output. Every implementation work package has to include at least one project main output. **A deliverable** is the outcome obtained following the implementation of project activities paid with project funds (i.e. strategy/action plan, tool, pilot action, training etc.). Project main outputs and deliverables are planned in the application form and reported in the progress reports. The number of "Implementation" work packages is limited to five to encourage projects to be focused. Additionally, each project shall have two obligatory work packages: "Management" and "Communication", while the "Preparation" work package is optional. If a project includes investments these should be described in special "Investment" work packages.

### 2.3 Setting up a relevant project partnership

The quality of a project depends largely on an integrated composition of its partnership. A good partnership should pool all skills and competences of relevant institutions necessary to address the issues tackled by the project in order to achieve the set objectives.

When building a partnership, the following general aspects should be taken into account:

- ✓ Partnership should include institutions relevant for reaching the project results (e.g. thematically, geographically, level of governance, institutional competence).
- ✓ Involve as Project Partners only institutions whose interests are closely linked to the project objectives and planned measures. They should also have the capacity to create strong links to target groups addressed by the project. Representatives of key target groups or project stakeholders should be included in the project, either as stakeholders or project partners, in order to improve the representation of target groups' interests in the project.
- ✓ Apply a result-oriented approach by involving institutions who are able to realise and subsequently implement the project outputs and results. Ensure that they have fitting competences (e.g. if project tackles environmental themes, the project partners involved should possess the relevant knowledge in the field of environment).
- ✓ Ensure a balanced partnership in terms programme area coverage. Distribution of project activities, responsibilities and results should be also adequately balanced.
- ✓ Every project partner should have a clearly defined role in the project and different partners should complement each other. Project partners should be relevant for the project implementation and take part in the majority of project's work packages.
- ✓ Ensure that decision makers (e.g. ministries) are either directly (where needed) included in the partnership or can be effectively reached by the Project Partners.

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- ✓ Where necessary, involve expert organisations (e.g. universities, research institutions) as a source of knowledge.
- ✓ Keep the partnership size manageable (recommended maximum of 6 partners). Having a broad partnership should not be the goal when preparing a project as it does not necessarily lead to a better project quality.
- ✓ Ensure the commitment of all partners from the very beginning, starting with project preparation, as it contributes to a better application quality and better project implementation.
- ✓ Institutions from outside the programme area should only be involved in exceptional and well justified cases.<sup>5</sup> Their involvement should bring a clear benefit to the programme area and add value to the partnership.
- ✓ In accordance with project topic the project partnership should demonstrate the approach of horizontal and vertical integration.

**A project partner should not be confused with a “supplier” or an associated partner.**

**A project partner cannot act as a supplier** (i.e. contractor or sub-contractor that provides services and products against payment). In general, partners cannot contract each other and bodies acting in a state of competition for activities that could be tendered by other partners should be treated as suppliers.

The partners can designate **associated partners** for the project in certain cases, depending on the type/content of the project. The associated partners are usually the institutions responsible for relevant policy:

- they can provide the strategic (content) input, help improve the project objectives, define the gaps in the regulations and operative instruments, suggest the missing outputs;
- as bodies at the appropriate level and with the appropriate jurisdiction they can help coordinate the stakeholders in the State, they can attend different workshops and other relevant events in the State etc.

When applicable, end users of project main outputs or results that ensure their long-term implementation should be included as associated partners. Associated partners are not final beneficiaries of European funds; they do not play an active part in the project yet are of vital importance for its successful completion (e.g. sectoral ministries). They do not need to fulfil eligibility criteria defined for partners, and they also cannot act as suppliers, do not have a project budget and are therefore not eligible for reimbursement of funds for their involvement in the project.

The Lead Partner takes over the role of the “engine” of the partnership, coordinating the work of the partners and being also the link between the project and the programme (MA and JS ).

<sup>5</sup> Please note that, in case of project approval, the effective participation of partners from EU regions outside the programme area is subject to the condition that the Member States where they are located accept all of the implementing provisions in relation to management, control and audit.

## PART 2: PROJECT DEVELOPMENT

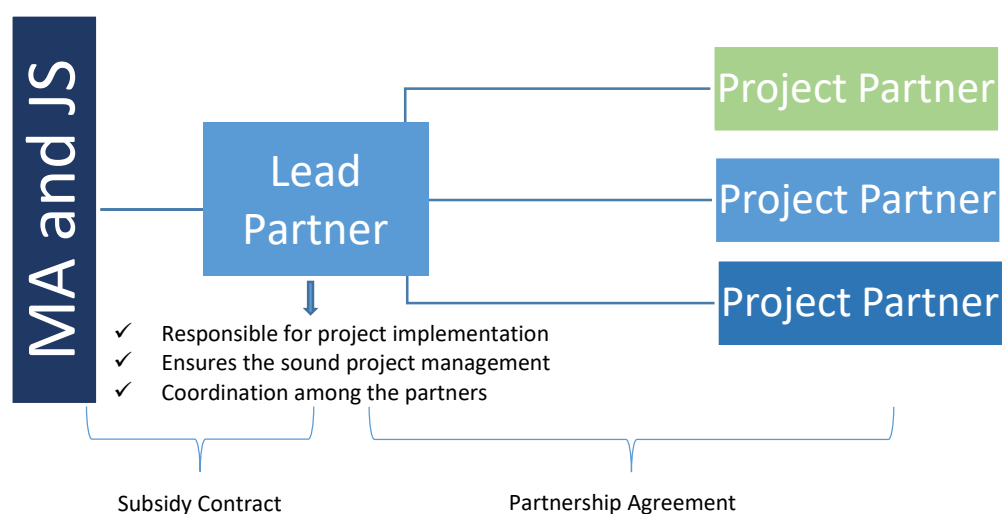
### 2.4 Developing a sound project management structure

The sound project management is secured by adopting quality management tools. The partnership is governed by the **Lead Partner principle** (the responsibilities of the Lead Partner are described in Chapter 1.2). This means that among the partners implementing the project, one institution is appointed as Lead Partner acting as project interface with the programme (MA and JS) and is responsible for the successful implementation of the entire project. The Lead Partner is also responsible to ensure the sound project management (including internal communication among the Project Partners).

On the level of the Lead Partner, as well as on the Project Partner level, it is recommended to establish the project management team comprised of the project manager, financial manager and communication manager in order to enable a good information flow and coordination.

The following figure illustrates the relations between the Programme, Lead Partner and the Project Partners.

Figure 4: Project management structure



### 2.5 Setting up relevant project communication

Communication plays an important role in the project implementation and requires careful planning as well as the adequate resources (human and financial). The communication activities help projects to achieve the aimed change and the planned project results.

Communication objectives for projects need to be linked to:

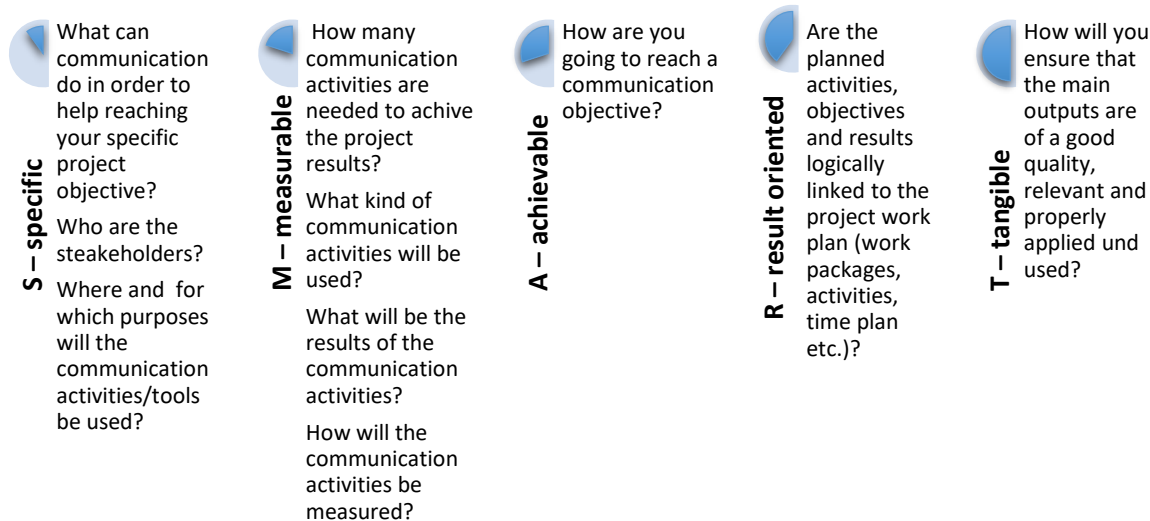
- ✓ raising awareness
- ✓ changing behaviour or mind-set
- ✓ changing attitude
- ✓ spreading knowledge.

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All projects should define a communication plan. There are many ways to do that, but it is useful to consider the following:

- ✓ planning (setting communication goals, defining the target groups, defining the objectives)
- ✓ taking action (establishing the strategy/approach the project is going to take in order to achieve the goal)
- ✓ evaluating (regularly checking whether and to what extent the activities are efficient.

At the same time, it is not sufficient for a project to define its objectives as “to raise awareness” or “to communicate the activities and results”. Communication objectives need to be **SMART, that means** clearly defined, detailed, achievable and measurable.



Once the project communication objectives and target groups are clearly defined, it becomes important to think about how a project will achieve its communication objectives (“Which approach?”) and through what measures (“Which activities?”). Communication objectives related to awareness and knowledge are tactically most often related to the approach of passing on information and messages (or often described as „dissemination“) through storytelling. However, there are a lot of different communication approaches/tools which can be used.

In view of communication objectives related to attitude and behaviour, communication is most often about involving and influencing stakeholders (open and transparent dialogue, building on previous dissemination, which has ideally built awareness and knowledge).

“Communications” must be understood as a strategic project tool, which contributes to achieving the project objectives. It cannot simply be an 'add-on' at the end of the project.

The communication activities and planned budget should be described in the Work Package “Communication”.

More information on communication requirements concerning the information and communication rules is provided in Part 6 of this Manual.

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### 2.6 Designing a sound project budget

The budget of the project must be drafted following the real cost principle<sup>6</sup>, fulfilling the principles of adequacy of costs and sound financial management (i.e. economy, efficiency and effectiveness). Accordingly, the project budget shall reflect the work plan, i.e. activities, deliverables and outputs planned by each Project Partner in order to achieve the intended results.

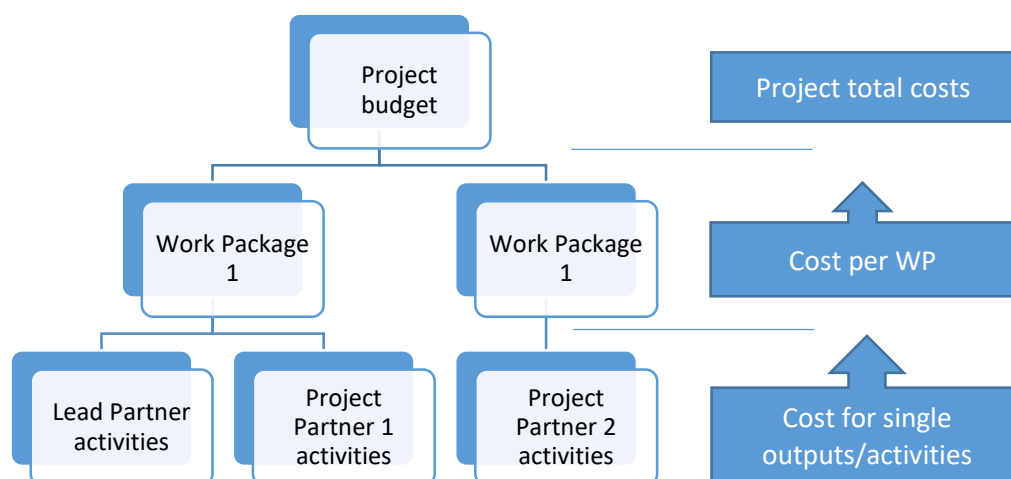
When designing the project budget, it is important to plan at the level of each partner (allocated to budget lines, work packages and reporting periods).

Concerning the allocation of budget to reporting periods, the following elements are to be taken into consideration:

- ✓ The reporting periods run as a general rule on a six-month basis as from the project start date.
- ✓ The budget allocated to each reporting period should be an estimation of the actual payments to be done in the respective reporting period. Therefore, the budget only partly reflects the activities taking place in a certain period. Indeed, if an activity is carried out close to the end of a reporting period, the related payment may take place in the following period and the costs should therefore be budgeted only in the following reporting period.

The budget shall be planned realistically and not inflated.

Figure 5: Project budget planning



### 2.7 From project idea to project results

The development of a project idea and the final decision on the project provided by the Monitoring Committee of the Cooperation programme is a process with several steps which need to be considered as well on the level of the Project Partnership as on the level of the Programme Authorities. Some of the main steps are demonstrated in Figure 6.

<sup>6</sup> Except when simplified cost options are used for calculating costs under staff and office and administration budget lines. For further information, please refer to Part 4, Chapters 2.2.1 and 2.2.2.

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Figure 6: From project idea to project results

