

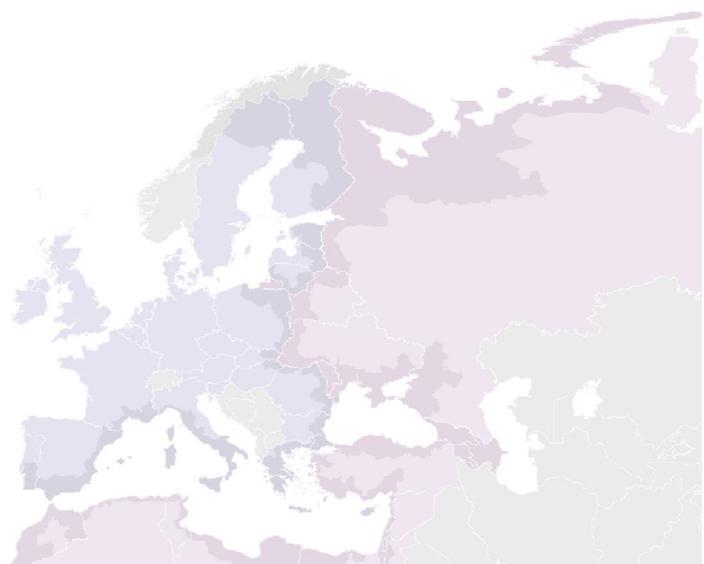


Technical support to the implementation  
and management of ENI CBC programmes

# 2<sup>nd</sup> network meeting of the 'Northern Cluster' programmes

Tartu, Estonia  
22-23 August 2018

(OFFICIAL PROCEEDINGS)



## Background and introduction

The second network meeting of the 'Northern Cluster' programmes took place in Tartu on 22-23 August 2018. The meeting was organised by the TESIM project together with the Estonia-Russia CBC programme (EE-RU), as a part of the wider effort to support the implementation of the **7 ENI CBC programmes**<sup>1</sup> in which the Russian Federation (RF) participates. This event focused on a number of topics indicated by the programmes after the first meeting held in January 2018 in Riga, as well as additional topics identified prior to the event, namely:

- ❖ Contracting procedures;
- ❖ Setting conditions for the beneficiaries after the award decision;
- ❖ Complaints to the assessment procedure;
- ❖ Procurement procedures applicable for Russian beneficiaries;
- ❖ Expenditure verification for Russian beneficiaries;
- ❖ Communication and visibility requirements;
- ❖ Implications of the General data protection regulation (GDPR);
- ❖ Preliminary discussions on the post-2020 perspective.

The aim of the meeting was to provide a platform for the programmes to discuss about these topics and exchange on the lessons from the past, as well as on the main challenges ahead.

The meeting gathered **55 representatives** from the Managing Authorities (MA), Joint Technical Secretariats (JTS) and Branch Offices (BO) of all 7 ENI CBC programmes, together with the representatives of TESIM (4 experts). In order to allow for efficient networking throughout the meeting, the participants were grouped at the tables in accordance with their functions in the programme bodies (i.e., project managers, programme managers, financial managers, strategic managers, BO managers and communication managers).

## Expectations and contributions

The meeting started with the introduction of participants, who presented their main expectations and possible contribution to the event. All participants were looking forward to fruitful exchanges during the two days and were ready to contribute with their experience, ideas and questions. A summary of the expectation/contribution exercise is attached as **Annex I**.

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<sup>1</sup> Kolarctic, Karelia, South-East Finland Russia, Estonia-Russia, Latvia-Russia, Lithuania-Russia and Poland-Russia.



## First practical experiences with contracting, conditions and complaints

The session started with short introductory presentations from each programme on their state of play and experiences regarding contracting, conditions and dealing with complaints. A summary is presented below:

	Contracting	Conditions	Complaints
<b>KOLARCTIC (KOL)</b>	<p><b>18 selected projects</b> in the negotiation phase, and - as of 1st October – the grant contracts (GC) for the majority of them will be signed</p> <p>Delays regarding signature of GC due to <b>late FA ratification process</b></p> <p>The main problem faced is <b>to maintain the interest of the partners in the implementation of projects</b> and provide communication support to projects</p>	<p><b>All conditions</b> imposed to the selected projects by the JMC (e.g., budget cuts, intervention logic, introducing new organisations to the partnership scheme) have been already met</p>	<p><b>No complaints</b> have been received so far</p>
<b>KARELIA (KAR)</b>	<p>Negotiations have been completed for <b>36 out of 41</b> awarded projects</p> <p>Delays regarding signature of GCs due to <b>late FA ratification process</b></p> <p>The programme will sign the first GCs <b>starting from the beginning of October</b></p>	<p>Contract negotiation process concerned mainly: <b>intervention logic, budget and consistency of planned activities and proposed budget</b></p> <p>The programme has set conditions to the GC which were based on the ENPI General Conditions and then updated and converted to ENI</p>	<p>The programme had to deal with only <b>one complaint</b> (out of 112 submitted applications) which was finally withdrawn after reasoning behind the complain had been presented to the lead beneficiary by the JMC</p>
<b>SOUTH-EAST FINLAND – RUSSIA (SEFR)</b>	<p><b>20 selected projects</b> are currently at the negotiation phase</p> <p>Negotiation phase ends with face-to-face <b>kick off</b> meeting between the MA and the project consortium (good practice to be shared)</p>	<p>Modifications concerned mainly the <b>logical framework design</b></p> <p>Some lead beneficiaries faced problems with drafting the PA (<b>necessary before signature of GC for all Russian private entities</b>)</p> <p>Specific (more strict) requirement for Large Infrastructure Projects (LIPs) have been set by the programme (technical documentation/ permits to be submitted before signature of the GC)</p>	<p>No complaints have been received yet</p>
<b>ESTONIA- RUSSIA (EE-)</b>	<p><b>24 selected projects</b> are currently at the negotiation phase and the</p>	<p>The programme set the deadline of 28 September 2018 for fulfilling the JMC</p>	<p>The programme has received <b>two complaints</b> so far :</p>



<p><b>RU)</b></p>	<p>programme will be ready to sign all the contracts from the 1st call for proposals as soon as ratification process of the FA is completed</p> <p>Technical documents for infrastructure projects <b>shall be verified by Russian and Estonian experts</b> before signature of the GC</p>	<p>conditions and recommendations</p> <p>The most challenging condition to be met by projects was the <b>revision of overestimated indicators</b> (the programme asked some lead beneficiaries to bring indicators values to more realistic ones)</p>	<p>one regarding administrative and eligibility check (finally accepted) and one regarding quality assessment that concerned attributing scores to different parts of the evaluation grid (complaint rejected)</p>
<p><b>LATVIA-RUSSIA (LV-RU)</b></p>	<p>The contracting process shall start <b>only after 5 December 2018</b> – after the JMC meeting that shall select full application forms</p>	<p>Till now <b>20 concept notes</b> have been shortlisted with conditions to be fulfilled set by the JMC</p> <p>The number of conditions to be fulfilled ranged from one to 11 (<b>ca. 2.65 per project on average</b>)</p>	<p><b>No complaint</b> to the concept notes assessment procedure has been received so far</p>
<p><b>POLAND-RUSSIA (PL-RU)</b></p>	<p>Since the programme closed the first call for proposals in July, no experience on contracting and complaints could be shared</p> <p>The JMC selected <b>3 LIPs</b>, which have been submitted to the EC for the final approval</p> <p>The 1st call for proposals was open from 16 April 2018 till 16 July 2018 and <b>118 application</b> forms were submitted, the first selected projects will be approved in December 2018</p>		

As regards the **Lithuania-Russia CBC programme (LT-RU)**, no experience on conditions, contracting and complaints could yet be shared.

After these introductory presentations, group exchanges were organised on the first experiences regarding contracting, setting conditions for awarded projects and dealing with complaints. Programme representatives who were identified and briefed before the meeting moderated these group exchanges. A full overview of the discussion is available in **Annex II**.

## Parallel sessions

After lunch, participants split into two groups according to their favoured topic of interest, to work on the following subjects:

<p><b>Session 1</b></p>	<p><b>Control of the public procurement in the Russian Federation</b></p>	<p><b>Communication/ requirements</b> <span style="float: right;"><b>visibility</b></span></p>
<p><b>Session 2</b></p>	<p><b>Expenditure verification in the Russian Federation</b></p>	<p><b>Implications of GDPR regulation</b></p>

## Control of procurement in the Russian Federation

Before the meeting, TESIM supplied the participants with two factsheets together with checklists<sup>2</sup> on the control of procurement procedures for public and private beneficiaries in the RF. The session started with an introductory presentation on the drafts of the above-mentioned documents.

The rationale behind the developed drafts was to create supporting tools for the programmes, taking into account the specific requirements indicated in the Financing Agreements (FA). The documents are intended as possible source of inspiration for the programmes in different tasks, such as creating guidance documents or factsheets for the lead beneficiaries/beneficiaries and their auditors and raising awareness of the beneficiaries in the RF on the procurement requirements.

In general, programmes expressed a positive feedback regarding both the factsheets and the checklist. They found the documents useful because they help to better understand the procurement provisions deriving directly from the FA and its annex 2. Also, the division provided in the checklist between the provisions applying to public and private beneficiaries according to the types of contracts was considered reasonable. However, at this stage further discussions are necessary, strongly involving all participating programmes in order to define:

- ❖ Clear use and scope of the documents;
- ❖ Indication of the processes where the documents can be potentially helpful (for example, awareness raising, support to beneficiaries, monitoring)
- ❖ How the documents should be presented (factsheets/checklists/list of items).

Programmes found it feasible to come up with a common approach towards managing the procurement procedures, as the rules stipulated in the FA are the same for the same types of Russian beneficiaries, namely public or private. Moreover, some eligible territories overlap for some programmes as well.

The representatives of the BOs located in Russia shared the opinion on the good structure and content of the documents; however, they invited to have further discussion on how such documents could be used to support the organisations in Russia, especially public ones, since there might be legal challenges that have to be addressed. This is particularly the case for who is legally entitled to carry out the control of the procurement procedures implemented by the public organisations in the RF. The issue has to be discussed further during the development of the documents. The programmes expressed their willingness to nominate concrete persons to contribute/exchange on the factsheets and checklists using the Slack platform as a working tool.

Currently, only the PL-RU programme has developed the checklist for control of the public procurement law in the RF; however, no checklist for private bodies has been drafted yet.

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<sup>2</sup> Each factsheet includes separate checklist for the control of the public procurement procedures.



## Expenditure verification in the Russian Federation

The objectives of this session were twofold:

- Increased knowledge of the methodological practices related to expenditure verification, with a focus on the procedure, contracting of project auditors and reporting templates;
- Test innovative practices in the expenditure verification methodology for the programmes dealing with Russian beneficiaries.

In order to address these objectives, the practices of the programmes were analysed, and new, innovative approaches were tested. An overview of the practices of the programmes is available in **Annex V**.

As a last point in the session, the **practice of EE-RU programme in sampling** was presented as case study. In general, there are two options in the Northern cluster programmes: (1) 100% verification of all expenditure items, and (2) less than 100% verifications. Programmes led by Finland have opted for a *PRAG-inspired* approach – sample size and certain sampling conditions have been pre-defined by the programme; however, the choice of the sampling method has been left up to the professional decision of the auditor. The practice applied by EE-RU is different, as the programme has opted to define a sampling methodology that must be followed by all auditors<sup>3</sup>.

A short presentation by TESIM and by the Head of the MA of EE-RU was delivered to explain the rationale behind their sampling approach. The EE-RU representative emphasised that the auditor of the beneficiary must follow the sampling methodology and document all the steps of the sampling process. Participants were divided in groups and the case study was based on the progress report. The following tasks were given for the discussion in the groups:

- *To read and shortly exchange on the methodology;*
- *To analyse the progress report and expenditure items; discuss and select the ones to be verified according to the methodology.*

Each group was asked to shortly present the expenditure items that they have selected. A summary of summary of results was displayed on the screen, so that the choice of all groups was visible. Selected items and expenditure coverage ratio differed between the groups, depending on their decisions within the scope of the methodology. The session demonstrated how the procedure could be defined in a way that decreases the amount of the formal work for the auditors, while focusing on the items with the biggest risks.

## Implications of the General data protection regulation

The session started with a short introduction to the changes brought by the General data protection regulation that entered into force in May 2018, followed by a discussion on the practical activities implemented by the programmes concerning

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<sup>3</sup> Details of the methodology are available in the hand-out and presentation of this session.

data protection, as well as situations in which they have been confronted with the protection of personal data. So far two programmes (SEFR and PL-RU) have included a privacy policy on their website, and another example presented was the privacy policy on the TESIM project website. A full overview of the programme activities mentioned during the discussions is provided in **Annex VI**.

It was agreed that the documents produced by the programmes would be shared among the participants, in particular,

- *SEFR CBC offered to share their privacy policy document as an example with other programmes,*
- *Kolarctic CBC programme has prepared its data protection description, and as soon as it is translated into English, it will be shared with the other programmes,*
- *Finnish-Russian programmes will share their data protection policy for the programme management information system.*

## Partnership agreements

The second day of the event started with TESIM's presentation and discussion on Partnership agreement (PA) practices in Northern cluster programmes. In the preparation stage TESIM reviewed the PAs in order to create an analytical overview of clauses included in the agreements and practices (i.e., binding template, checklist for checking the content, deadlines for signature, parties of the agreement, scope of checking of the content, common and programme specific clauses included in PAs). During the session, programme representatives provided additional inputs concerning their practices with this document. A full overview of the highlighted points is available in **Annex VII**.

After plenary discussions, participants further discussed specific issues in smaller groups. A detailed overview of the group work outcomes is provided in **Annex VIII**.

## Discussion on post-2020

The next session started with a presentation by TESIM on the preliminary arrangements for the post-2020 perspective. TESIM underlined that the project has no direct mandate from the EC to answer concrete questions regarding post-2020, but at the same time it is of value to exchange on which solutions from the ENI CBC regulatory framework and practices can be considered successful and valuable as a lesson for the future. It was also mentioned that there is no new information available concerning ENI CBC programmes post 2020 to those discussed in Brussels in June during the Consultation and Coordination Group and the Interreg annual event.

At the beginning of the presentation TESIM introduced the main changes proposed in comparison to the current perspective, i.e.:

- Integration of external cross-border cooperation into territorial cooperation

- Common set of rules with the internal cooperation programmes
- Post-2020 programmes will be managed by DG REGIO
- External cooperation programmes will be called “Interreg Neighbourhood CBC programmes”

TESIM also focused the participants’ attention on the five components of Interreg, the new policy objectives and specific Interreg objectives and the thematic concentration. The new draft legal framework and the most important changes it will bring were put on the table as well.

Plenary discussions followed the presentation. Programme representatives acknowledged that there are still many questions to be answered concerning the integration of the external cooperation programmes into the European territorial cooperation (ETC) goal, starting from the applicability of the regional development policy objectives to the external cooperation, followed by specific concerns on the use of the simplified cost options, lower pre-financing to the programmes, de-commitment that does not take into account the specificities of the external cooperation programmes (e.g., delays in the signature of the FAs).

It was also stressed that, while striving for simplification, the distinct features of the ENPI/ENI CBC programmes are lost and that integration into ETC was seen as a step back to where the ENPI CBC programmes started 10 years ago.

Representatives of the Managing Authorities raised their concerns about the lack of possibility to clarify the outstanding issues on post-2020.

## Jointly working together further on

The last session of the event was devoted to planning the joint work of the Northern cluster programmes further on, and it was organised in thematic groups which were asked to produce a dish using the ingredients that are available to the Northern cluster programmes.

### A sample recipe:

**Starter:** smoothie “friend’s shoulder”

**Main course “Strategic”:** grilled “first achievements” with roasted “clustering” covered in “capitalisation sauce”.

**Desert “After-party”:** with a flavour of post 2020 infused with the “human touch”.

The following issues were mentioned in several “recipes”:

- Sharing knowledge and experience, as well as best practices and common doubts, especially in the groups according to the roles/ functions of the programme staff;
- Importance of networking;

- Meetings 1-2 times per year, and use of Slack platform for communication in between the meetings.

**From a recipe:**

- Boil on low temperature until the end of the programme period: **do not let it burn!**
- Use TESIM as a spoon to stir the soup

On the request of EE-RU, a representative of Estonia-Latvia Interreg programme presented her experience in job shadowing, inviting the ENI CBC programmes also to benefit from this type of cooperation with the colleagues. More information is available in the “Interreg staff exchange” document produced by Interact: <http://www.interact-eu.net/library#857-publication-interreg-staff-exchange-recommendations-and-considerations>

At the end of the meeting, TESIM again reminded the participants of the Slack platform, which was created for direct exchanges within the Northern cluster group, and asked to indicate concrete persons with contact details that TESIM may address regarding follow-up activities and revision of the documents discussed during the event.

## ANNEXES

### ANNEX I

#### **Expectations and contributions of the participants**

##### Expectations

- Gaining knowledge from more experienced colleagues
- Getting acquainted with the state of play regarding implementation of other programmes
- Fruitful networking on financial management issues
- Practical information on implementation and monitoring of the projects
- Common solutions applicable for the implementation of programmes with the participation of the RF
- What has to be done in relation to the execution of the Financing Agreements (FA) in the RF
- Different approaches to the Partnership Agreements (PA)
- Procedures for checking correctness of the procurement procedures for the Russian beneficiaries
- Procedures for the verification of expenditure in the RF
- Efficient contracting procedures
- Implications of the new draft regulations for the post-2020 perspective
- Implications of the new GDPR regulation

##### Contributions

- Active discussion during plenary and group exercises
- Sharing experience and procedures regarding assessment and contracting of projects, project financial management
- Providing general lessons learnt from the previous generation of programmes
- Sharing in experiences of drafting grant contracts (GC) and PA
- Sharing knowledge on expenditure verification procedures (how to be in line with the provisions of the ENI CBC IRs and at the same time not to overlap verification tasks)
- Sharing experience regarding information systems
- Presenting new ideas for communication and visibility
- Expressing concerns regarding the post-2020 perspective
- Presenting own capitalisation experiences
- Presenting experiences regarding exchanging on financial issues with the EC

## ANNEX II

### **Contracting, conditions and complaints**

The key lessons learnt and remaining challenges identified during the discussions include:

#### Contracting

- Concrete deadlines set for fulfilment of conditions reduce delays in the contracting process
- Good internal communication (between lead beneficiaries and beneficiaries) and external communication (between the MA/JTS and the project partnership) is a key for smooth contracting procedure. A kick-off meeting of all interested parties - as used in SEFR - was indicated as a good practice
- In all programmes led by Finland the template of the grant contract is shared, to avoid confusion for the beneficiaries
- To avoid delays, grant contracts have to be prepared in advance, so that when the projects can start, they have all documents ready
- Delays in the programme implementation can cause additional delays for some projects (especially the ones where activities are related to the seasons – for example, works that can only be carried out in summer)
- The programmes should better explain the necessity of the PAs for the partners
- One of the main challenges that is very hard to address is that Lead beneficiaries / beneficiaries do not read the programme documents

#### Conditions

- Conditions should be concrete (i.e. their realisation should be measurable) and communicated very precisely to the beneficiaries
- Detailed guidance for assessors is very useful to formulate clear and consistent conditions
- One of the challenges is the fulfilment of certain conditions set by the JMC (e.g., balancing significant budget cuts with the need to maintain the initial projects outputs and results)
- Different deadlines are given by different programmes to beneficiaries regarding the fulfilment of conditions (some documents are requested as a precondition for the signature of the GC, while others may be submitted afterwards depending on the programme)
- Programme bodies should pay special attention to the State aid compliance while setting conditions for projects (requesting only self declaration may not be sufficient)
- In some programmes, adjustments of the salary rates were made based on the national requirements and salary levels in the participating countries

#### Complaints

- Generally, official complaints are rare. However, there are *un-official* complaints, as the beneficiaries want to know the reasons for rejection and get a detailed feedback on their application assessment
- Different approaches regarding the exact time for submission of complaints were noticed. Some programmes allow for submission of complaint at project summary stage or after the administrative and eligibility check, whereas in other programmes the submission of complaints is only possible after the final JMC decision
- Approaches for dealing with complaints differ from programme to programme. In some cases there is a permanent complaint panel established; in other programmes

complaints are dealt on a case-by-case basis. Another practice is the direct involvement of the JMC, whereas in Finnish programmes the board of the regional council (hosting institution of the MA) takes care of the complaint

- Close cooperation with applicants is essential to explain the reasoning behind the project's rejection
- It is easier to deal with complaints to the outcome of the administrative and eligibility check than to the quality assessment
- Clear procedures/guidelines are a good prevention measure, as the quality of the assessment and a clear reasoning for rejection decisions help to decrease the amount of complaints (or intent to complain)
- In some cases, pro-active discussion in the JMC on the contentious cases can help create better reasoning for the decision

### ANNEX III

#### **Public procurement in the Russian Federation**

During the group work the following questions were discussed:

##### **Group 1**

- ❖ What do you find useful and what is missing in the draft guides and checklists developed by TESIM?
- ❖ Are there any questions which are not reflected in the checklists? Do the existing questions need any improvements?

##### **Group 2**

- ❖ What are the lessons learnt from the past for low value tenders that you would consider as important?
- ❖ How are you going to deal with contracts below 60 000€? Are there any procedures developed so far?

##### **Group 3**

- ❖ Which were the most common procurement infringements in the past and what action(s) was taken by your programme?
- ❖ How are you planning to deal with the infringements of the procurement procedures? Are you planning to follow the financial corrections according to the article 72.7 of ENI CBC IR for Russian beneficiaries as well? Are you planning (or have approved) any specific programme rules for the corrections to Russian funds/beneficiaries?

Summary of the discussions held:

#### Group 1 - TESIM factsheets and checklists

##### **What is useful?**

- The factsheet for private beneficiaries and its checklist presents Annex II to FA in a friendly way and describes well the basic procurement procedures
- The factsheet for public beneficiaries is a very good summary of the Russian Federal Law for programme bodies
- Documents may be easily used for the update of the existing implementation documents developed at programme level

##### **What is missing?**

- Practical examples on how to interpret wording of some terms from Annex II to FA (e.g., best value for money)
- Simplification of wording of Annex II to FA
- More precise description of the competitive negotiated procedure
- Examples of the approaches applied for contracts below 60 000€ in other programmes
- Glossary of all terms used in the factsheets

## Group 2 - Low-value contracts

### Lessons learnt from the past?

- Under ENPI CBC, for contracts below 10 000€, programmes usually requested three offers or some comparative analysis of prices, except for very small amounts when some direct award was sometimes possible
- Some general principles on procurement procedures still have to be respected even for low amounts (transparency, best or lowest price, avoiding conflict of interest, equal treatment)
- Artificial splitting of tenders was usually a consequence of bad planning rather than an intentional attempt to avoid the appropriate procurement procedure, therefore it can be avoided by training beneficiaries and requesting them to prepare a procurement plan/checking it

### Procedures below 60 000€ in ENI CBC period?

- KOL, KAR and SEFR require at least three offers for contracts below 60,000€, though for contracts below 4,000€ this is only recommended and not compulsory. The negotiation process must be described and documented but there is no specific template for the process nor for the offer, it can be informal (e.g. by phone)
- EE-RU also requires at least three offers when contracts are between 5,000€ and 60,000€, while LT-RU requires three offers for contracts between 20,000€ and 60,000€ (for contracts below 20,000€ one offer is enough). There is no threshold for direct award under PL-RU
- LV-RU do not foresee specific checks for procedures under 60,000€ other than checking that the general principles on procurement (applicable to all procedures) are respected

## Group 3 - Infringements

- Infringements of the procurement were not a systemic issue in ENPI programmes (at least on the level of the 'Annex VII' verifications). However, there were cases such as conflict of interest, partial delivery of activities
- The main challenge was to obtain solid evidence to prove procurement infringements
- As regards dealing with the infringements of the procurement procedures and financial corrections, the programmes intend to follow a similar approach to the one described in article 72.7 of the ENI CBC IR for Russian beneficiaries as well. However, the issue has not been yet discussed in detail in the majority of the programmes. So far, only EE-RU has drafted a methodology for financial corrections for both Estonian and Russian beneficiaries that is being discussed on the programme level.

## ANNEX IV

### Summary of discussions in the communication session

During the discussion on the current programme practices and tools in order to get through to media, following conclusions were reached:

Getting through to media	
What works	What does not work and has to be dropped
<p><b>Building/keeping relationships:</b></p> <ul style="list-style-type: none"> <li>- personal connections with journalists, beneficiaries (including on social media);</li> <li>- keeping a list of journalists interested in writing about the EU, sending them invitations to the programme events;</li> <li>- good contact with the regional authorities.</li> </ul> <p><b>Tools that work:</b></p> <ul style="list-style-type: none"> <li>- addressing <u>local</u> media;</li> <li>- website in national languages (Russian);</li> <li>- electronic newsletter;</li> <li>- annual promotion event;</li> <li>- public campaigns (e.g. EC Day).</li> </ul> <p><b>What else can be done:</b></p> <ul style="list-style-type: none"> <li>- joint programme initiatives;</li> <li>- use of new information channels (e.g. online seminars).</li> </ul>	<ul style="list-style-type: none"> <li>- regional, national media is usually difficult to reach;</li> <li>- press releases;</li> <li>- leaflets;</li> <li>- press conferences.</li> </ul>
Who or what can help?	
<ul style="list-style-type: none"> <li>- <i>Involvement of journalism students, building a long-term relations with them;</i></li> <li>- <i>Cooperation with the regional and local authorities and posting information on their websites;</i></li> <li>- <i>Cooperation with the local partners (authorities, businesses) in organizing joint events, and thus achieving maximum efficiency;</i></li> <li>- <i>Formulation of clear messages concerning programme benefits, use of plain language and simple explanations;</i></li> <li>- <i>Involvement of IT specialists (those within the team or from outside);</i></li> <li>- <i>Benchmarking and cooperation with other programmes.</i></li> </ul>	

## ANNEX V

### **Programme practices concerning expenditure verification:**

#### Selection of the auditors

- As regards the monitoring of **selection of the auditors** in the RF, in practice the auditors with past experience in ENPI expenditure verification are being selected by the beneficiaries, thus there should not be an issue in terms of compliance with the respective rules indicated in the programme documents. However, when receiving the progress reports, programmes should verify whether the auditor meets the set requirements
- A general rule across all the programmes is that the procurement procedures have to be followed when contracting the auditor

#### Reporting and expenditure verification

- As regards the **deadlines for the expenditure verification** and **submission of the reports** to the programmes, the requirements differ. As for the regular progress reports, the deadline for the submission of the report (including all expenditure verification reports) to the programme varies from 1 to 4 months. As regards final reports – the deadline varies from 2 months to 4 months. In the past, the main reason for delays in the submission of the reports has been the delayed implementation of the core project activities

#### Documentation

- As regards the documentation for the expenditure verification, the programmes have developed extensive packages, including documents such as terms of reference for the contract between the beneficiary and auditor, guidelines on expenditure verification, minimum scope checklist for project control and templates of certificates, reports, and procedures

#### Necessity of on-the-spot checks

- The programmes' approach towards the necessity of on-the-spot missions differs.
  - In the programmes led by Finland, the necessity of on the-spot mission is decided by the auditor carrying out expenditure verification – on the basis of type of project, quality of documents and other factors.
  - In EE-RU, on-the-spot checks are mandatory with certain conditions (the auditor has to assess risks according to the pre-defined methodology).
  - In LT-RU, on-the-spot checks are mandatory at least once during the project implementation period.
  - In PL-RU, on-the-spot checks are mandatory for beneficiaries with purchases of fixed assets with value equal or higher than 5.000 € gross.
  - LV-RU is currently developing their approach towards on-the-spot checks.
- Taking into account that the quality of the work of the auditors has been an issue (to certain extent) in the past, the programmes were interested in the approach on how quality management can be ensured. Even though it is a challenge to define a benchmark of 'quality', some programmes have already addressed the issue (e.g., PL-RU and programmes managed by Finland)

This question is to be followed-up with the Northern cluster participants, and concrete practices by the programmes are to be analysed in detail by TESIM.

## ANNEX VI

### Discussion on the implications of the General data protection regulation

In order to comply with the provisions of the regulation, the following activities have been introduced (please note that this is a summary of issues mentioned by different programmes):

Changes made in documents	Changes to the IT system
<ul style="list-style-type: none"> <li>○ analysis of Russian legislation to know which GDPR-similar provisions apply there</li> <li>○ amending registration form with information that pictures will be taken during the event and published in social media</li> <li>○ privacy policy statement for the website (done (SEFR, PLRU) or in process)</li> <li>○ developing for EC Day an explicit parental « consent » for Russian children pictures being taken during the event (compulsory under Russian legislation) and need to integrate also EU legislation as data will be stored in Latvia</li> <li>○ staff and external service providers are instructed and sign written permission to process the personal data</li> <li>○ inserting disclaimer in announcement of events that photos may be taken</li> <li>○ when using an old database for a new event, the programme must insert in the email a link to the privacy policy and give the opportunity to get deleted from the database.</li> </ul>	<ul style="list-style-type: none"> <li>○ insert in contract (or as annex) with data processor (e.g. located in India) that he guarantees respect of the MA privacy policy</li> <li>○ some adjustments done e.g. hiding salary information in MIS (done automatically by Interact not by programmes themselves)</li> <li>○ adjusted PROMAS and define clear procedures on who can access data</li> <li>○ PL-RU programme has started to use anonymisation of the personal data when sending information to the JMC</li> <li>○ use “undisclosed list of recipients” when sending information to persons on the mailing list</li> </ul>
Personnel	Audit/ monitoring
<ul style="list-style-type: none"> <li>○ about half programmes have nominated a data protection officer (compulsory whenever have a register, not depending on size of organisation), most of the time not nominated specifically for the programme but at Ministry’s level or for several programmes</li> <li>○ SEFR did a training on GDPR for their data protection officer, others not but would be useful</li> <li>○ in Kolarctic the group of programme data protection specialists has been created</li> </ul>	<ul style="list-style-type: none"> <li>○ Interact has carried out the initial check of the eMS (MIS used by EERU) compliance with the requirements</li> <li>○ Expertise of documents, processes and IT system on their compliance with the GDPR (PLRU) =&gt; at the moment recommendations are being implemented</li> </ul>

## ANNEX VII

### Partnership agreement practices in the Northern cluster programmes

The following points were highlighted in the presentation and discussed in plenary:

#### Template

- In general two programmes managed by Finland (SEFR and Kolarctic) do not provide their beneficiaries with specific templates for PA, but only with a checklist of content. This is due to the fact that MA is not a part of the PA and prefers not to interfere in the legal link between Lead beneficiary and other beneficiaries.
- At the same time, based on the experience from the previous programming period (delays in contracting due to the lack of PA), Karelia has decided to draft an indicative template that may be used by the beneficiaries. At present, Karelia's beneficiaries are free to choose between the template developed by the programme or a document drafted based on their own capacities and experience, in which case they still have to respect a compulsory minimum content listed by the programme.
- All other programmes have decided to give their beneficiaries less flexibility and drafted binding templates, to which beneficiaries may add some specific provisions. The reason behind this is to limit possible contracting delays and ensure compliance with the programme rules.
- Most programmes request a single PA by project to be signed by all beneficiaries, while the programmes managed by Finland provide also the possibility to sign separate agreements with each beneficiary.

#### Timing of signature

- Most programmes request PA to be signed with all beneficiaries before signing the grant contract with the Lead beneficiary, in order to provide notably a legal basis for the payment transfers.
- However, Karelia allows signing the PA later, until the first project update is submitted, in order not to delay the start of the project activities, and also as the PA is linked to the grant contract, so that beneficiaries know what they commit to – this has already been the practice in the previous period.
- In the case of SEFR, the requirement to sign PA before the grant contract is signed only applies in case of Russian private entities, considered more “risky” as beneficiaries, in other cases it is allowed to sign the PA still within the first 6 months of project implementation. This risk mitigation towards Russian private entities is also applied by SEFR to the project budget (share of Russian private entities limited to 50% of the budget).
- EE-RU imposes a specific deadline (2 months) for signing the PA after fulfilment of the conditions set by the JMC to the project; this is a new requirement that aims to speed up the contracting process.

#### Content

- Templates for PA **vary considerably**, both in the extent of the topics covered and in their formulation, being more or less specific and user-friendly.
- It was agreed that the **duration of the PA** should not end before the archiving deadline stipulated in the ENI CBC IRs. This is mainly due to the possible recoveries that may occur after project execution period and up to 5 years after EC final payment to the programme. The only programme that provided a specific indicative date regarding this duration of responsibilities is Karelia (December 2030).
- It was highlighted that the PA should provide specific guidance and a **concrete understandable basis** for the partnership relations and related commitments, rather than referring mostly to a long list of regulations and legal acts that beneficiaries are often unfamiliar with.

- General **procurement** provisions are included in all PA except for PL-RU. However, only one programme mentions clearly the rule of nationality and origin that should be followed by all beneficiaries, and that notably forbids national preferences in public tenders in RF.
- Karelia has decided to include very detailed provisions regarding **accounting**, to be sure that this aspect is well known for all beneficiaries from the beginning.
- In relation to the project budget and finances, SEFR programme emphasised that there is a need to indicate **payment procedures** also in the PA, because of past experience concerning problems with payment transfers between the Lead beneficiary and beneficiaries. However SEFR also recommended including references to other specific project and programme documents (grant contract, implementation manuals) in the body of PA to make the document lighter.
- As for **communication** requirements (both internal and external), detailed provisions can be included in the programme communication manual, which allows more flexibility if updates are needed to the document (as is the case with the updated EU communication and visibility requirements).
- In case of **disputes** between the beneficiaries, LV-RU has introduced a new approach: requirement to beneficiaries to commit to resolving disputes through an ad-hoc arbitration committee specified in the PA.
- As regards **recoveries**, art. 16.4 of the FA requests that contracts signed contains a clause allowing the EC to recover from any beneficiary established in RF (except public entities), and for public entities a clause allowing NA to recover – it would be highly relevant to include this clause also in the PA. Only 2 programmes have clearly mentioned it so far.

## ANNEX VIII

### **Discussions concerning the partnership agreements**

The group discussion was organized to discuss programme experiences concerning content and/or process of agreement on the PA with the Russian beneficiaries. Each group was given a specific topic. The conclusions of the discussions are summed up below:

#### Strategic managers group

##### **Minimum compulsory elements of the PA**

- PA is the document needed mainly for mitigating risks and protecting all beneficiaries' interests, especially those of the lead beneficiary.
- There are some compulsory elements that shall be included in the body of the PA.
- TESIM is requested to identify the above-mentioned compulsory elements of each PA and share them with participants as a follow-up to the meeting (not only a check-list of elements but also with suggested formulations when relevant).

#### Programme managers group 1

##### **Change of beneficiaries**

- Partnership structure and its capacities shall be well checked during the assessment process and then appropriately reassessed during contracting phase and in case of any request for partner change in order to ensure a smooth project implementation.
- In case a beneficiary must be replaced, both the MA and the project remaining beneficiaries should think twice of whether the project can/should still go ahead (as it takes time to reorganise a partnership).

#### Project managers group 2

##### **Budget and payments**

- The MA should not impose concrete budget arrangements between beneficiaries and may only provide some examples from previously successfully implemented projects.
- However, process of payments, schedule and responsibilities between lead beneficiary and beneficiaries needs to be included in the PA.
- SEFR leaves the possibility for direct payments from MA to Finnish beneficiaries (rather than through a Russian Lead beneficiary) to avoid losses because of currency exchange.

#### Financial managers group

##### **Recoveries**

- It was agreed that in some PA templates the recovery clauses need to be more detailed and precise to allow lead beneficiary to recover amounts due directly from beneficiaries, and also to allow the EC (or NA in case of public entities) to recover directly from any beneficiary in RF (in case the MA cannot recover).
- Further to the discussions, PL-RU will also consider amending parts of its template to include procurement provisions.

### Communication officers group

#### **Visibility and communication (internal/external)**

- There is no need to include detailed communication and visibility arrangements in the PA. Instead there can be references to other documents, for example, grant contract and communication guidelines.

### Branch Office group

#### **Ownership and intellectual property**

- Ownership of project results; intellectual property arrangements and possible transfers need to be more precise compared to the previous programming period, and to be clearly agreed in advance in the PA. There is a need to enrich the provisions applicable in EU Member States with those commonly used in RF, and to find common fields to reconcile EU and RF legislations.