



# Manual for Small Project Funds



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## List of abbreviations

CBC	Cross-border Cooperation
CPR	Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy
DNSH	‘Do no significant harm’ principle
EC	European Commission
ERDF	European Regional Development Fund
EU	European Union
GBER	Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty
GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC
Interreg Regulation	Regulation (EU) 2021/1059 of the European Parliament and of the Council of 24 June 2021 on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments
Programme	Interreg NEXT Poland – Ukraine 2021-2027 Programme
Programme website	<a href="http://www.pl-ua.eu">www.pl-ua.eu</a>
TFEU	Treaty on the Functioning of the European Union
SPF	Small Project Fund – Programme operation aimed at the selection and implementation of projects, including people-to-people actions, of limited financial volume;
SPF Beneficiary	operator of the Small project fund
Small project	action of limited financial volume, implemented within the Small Project Fund

# 1. MAIN PRINCIPLES

## 1.1. Thematic scope of SPF projects

The Programme foresees implementation of two SPF projects, by one for the priority:

- PRIORITY 1. ENVIRONMENT. Specific objective 1.4. Promoting the transition to a circular and resource efficient economy
- PRIORITY 4. COOPERATION. Specific objective 4.2. Build up mutual trust, in particular by encouraging people-to-people actions.

### PRIORITY 1. ENVIRONMENT



Specific objective 1.4.

Promoting the transition to a circular and resource efficient economy

As part of this specific objective the following initiatives could be implemented:

1. Joint initiatives for the improvement of household waste management and residual waste treatment and promoting innovative solutions related to the transition to a circular economy

2. Promoting rational waste management (minimizing generation, promoting segregation, increasing recycling and repurposing) and raising awareness of challenges concerning environmental issues

#### The indicative list of eligible cross-border activities:

- small-scale innovative environmentally positive solutions and infrastructure addressing specific visible improvements of local environmental conditions, raising awareness in the general population on the matter;
- promotion of innovative solutions related to the transition to a circular economy and cross-border initiatives related to the technology transfer, utilisation of research outcomes and adaptation to local needs and capacities of local and regional authorities, public utility providers and professional associations practitioners, related to product design, waste management, resource efficiency and recycling;
- initiatives creating conditions and specific solutions for the promotion of eco-friendly lifestyles, monitoring, assessment, prevention and solving of the common issues of local communities concerning waste management and environmental protection.

**Main target groups of support:**

- units of state, regional and local administration, associations of these units and institutions subordinate to them;
- other public law entities (e.g., chambers, government administration bodies);
- units of higher education and research institutions;
- non-governmental organisations.

**PRIORITY 4. COOPERATION**



Specific objective 4.2.

Build up mutual trust, in particular by encouraging people-to-people actions

As part of this specific objective the following initiatives could be implemented:

1. Integration of residents of the Programme area in the fields of art and culture

2. Cross-border cooperation in education

3. Integrational initiatives and capacity building in the field of healthcare and safety

**The indicative list of eligible cross-border activities:**

- conduction of events and initiatives engaging target audiences for the joint cultural and creative leisure, especially based on joint cultural heritage of the area cooperative actions between cultural and art institutions and NGOs across the border;
- joint preservation and promotion of cultural and art heritage objects;
- joint socio-cultural and art inclusion of the people with special needs
- adaptation of innovative educational and scientific technologies and solutions in the cross-border region;

- joint creation of a new, accessible, cross-border educational offer for people of all age groups;
- establishing official institutional cooperation initiatives, exchange of youth, trainings, seminars;
- development and implementation of systemic solutions and measures facilitating the integration of Ukrainian children and students in Polish educational and care settings;
- joint initiatives on promotion of regular medical check-ups/examinations and actualization of the aspects of hygiene and public health;
- actions raising awareness and capacity building for local communities on the matter of first aid for distant cross-border territories, small scale practical solutions and synergies on the crossing of topics of healthcare, emergency situations.

#### **Main target groups of support:**

- state, regional and local administration units, associations of these units and institutions subordinate to them;
- other public law entities (e.g., chambers, government administration bodies);
- rescue units, fire protection units (including fire brigades) and the police;
- non-governmental organisations;
- units of higher education and research institutions;
- societies and organisations for activating the economy, technological centres (e.g., chambers of economy or trade, business environment institutions);
- institutions organizing vulnerable groups or taking care of them;
- institutions taking care of migrants and refugees.

## **1.2. Output and result indicators for the SPF projects**

SPF projects shall achieve Program output and result indicators relevant to the priority and specific objective in a scope, defined by the Programme document.

### **PRIORITY 1. ENVIRONMENT:**

*Output indicators:*

- RCO81. Participations in joint actions across borders. Target value: 180 participations;
- RCO116. Jointly developed solutions. Target value: 32 solutions.

*Result indicators:*

- RCR85. Participations in joint actions across borders after project completion. Target value: 18 participations;
- RCR104. Solutions taken up or up-scaled by organisations. Target value: 26 solutions.

### **PRIORITY 4. COOPERATION:**

*Output indicators:*

- RCO85. Participations in joint training schemes. Target value: 552 participations;
- RCO87. Organisations cooperating across borders. Target value: 242 organisations;

- RCO115. Public events across borders jointly organised. Target value: 418 events.

*Result indicators:*

- RCR81. Completion of joint training schemes. Target value: 497 participants;
- RCR84. Organisations cooperating across borders after project completion. Target value: 169 organisations;
- RCR85. Participations in joint actions across borders after project completion. Target value: 28 participations.

Furthermore, the efficiency of the SPF projects will be measured through project-level indicators. The list of the indicators constitutes Annex V.

### 1.3. Support area

The support area for the SPF projects of both priorities is entire Programme territory.

The geographical coverage of the Programme is as follows:

- **Poland:** Podlaskie, Mazowieckie (Ostrołęcki and Siedlecki subregions only), Lubelskie and Podkarpackie voivodeships;
- **Ukraine:** Volyn, Lviv, Zakarpattya, Rivne, Ternopil and Ivano-Frankivsk oblasts.

The Programme covers 177 128 km<sup>2</sup>, of which 57% is in Ukraine and 43% in Poland.

**Regardless of fact, that potential SPF Beneficiaries are institutions, that operate on one side of the border and a limited area, they shall ensure equal access to all eligible potential small project beneficiaries from the entire Programme area, on both sides of the border.**



### 1.4. Compliance and contribution to EU horizontal principles

Both SPF projects and small projects shall respect EU horizontal principles, as described in p. 3.3. *Compliance and contribution to EU horizontal principles* of the Programme Manual for Regular projects (Part 1 – application).

## 2. SPF BENEFICIARIES

### 2.1. Potential SPF Beneficiaries

The call for the SPF Beneficiaries is dedicated, that means that potential beneficiaries are pre-defined as follows:

- Programme 'Cooperation' priority: Association of the Carpathian Euroregion (PL);
- Programme 'Environment' priority: Ternopil Regional Development Agency (UA).

### 2.2. Main tasks of the SPF beneficiary

The main tasks of the SPF beneficiary are:

- elaboration and update of the Manual for the small projects (see p. 2.8 for details), its submission to the JS for consultation and to the MA for approval. The Manual shall be elaborated by each of the SPF beneficiary. At the same time, **the JS may request an amendment of the Manual provisions in order to align approaches in both SPF projects.**
- conducting calls for small projects, open to both Polish and Ukrainian institutions, by carrying-out i.a.
  - information and promotion activities in national languages, organized on both sides of the border as well as online,
  - training and consultations for potential applicants in the national languages, organized on both sides of the border as well as online, ensuring equal treatment of potential applicants from the entire programme area,
  - operating the IT system for the submission and implementation of small projects,
  - organizing calls for proposals and evaluating applications (including the assessment of the draft budget and the presence of de minimis, if necessary involving external experts),
  - convening and organizing meetings of a Polish-Ukrainian Small Project Fund Committee;
- implementation of small projects
  - concluding contracts with beneficiaries of small projects from Poland and Ukraine (and amending them, if necessary) and supervising the implementation of these contracts, including keeping them on schedule,
  - analysis, verification and approval of changes in small projects,
  - support for Polish and Ukrainian beneficiaries at all stages of the implementation of small projects, in national languages,
  - providing information and aid concerning the IT system for management of small projects;
  - verification and confirmation of the correctness of implementation of Polish and Ukrainian small projects' tasks, settled using simplified cost options and verification of correct application of simplified cost options;



- (if applicable) providing and monitoring de minimis aid granted to small projects beneficiaries;
- applicable for the SPF Beneficiary located in Poland only: in the case of applying for funding for small projects and the costs of managing the SPF project from the state budget, the SPF beneficiary are responsible for obtaining and accounting for funds from the state budget in accordance with the applicable national procedures. Polish beneficiaries obtain and settle funds from the earmarked reserve of the state budget for all eligible Polish beneficiaries or partners of small projects (including Polish beneficiaries who have received funding, also in a project with a Ukrainian SPF beneficiary)<sup>1</sup>.
- implementation and settlement of SPF
  - use and settlement of the pre-financing payments from the Programme,
  - returning the amount due in the process of recovery of funds. If in an SPF project or a small project, a grant has been paid for ineligible expenditure, expenditure incurred incorrectly or the provisions of the grant contract have been breached, or if funds have been collected unduly or in an excessive amount, then the SPF Beneficiary shall return the unduly paid grant to the programme account, in whole or in part, respectively;
  - ensuring that the expenses presented by the small project beneficiaries for reimbursement are correct and eligible and that lump sums have been calculated correctly, i.e.:
    - confirmation of achievement of indicators specified for a given small project, verification of documents presented by the small project beneficiaries as confirmation of the tasks implementation (and relevant lump sum amounts),
    - monitoring visits for small projects (in the case of sample checking – based on the risk analysis prepared by the FMP beneficiary),
    - accounting for SPF management costs (simplified methods only),
  - ensuring the adequate audit trail for all the tasks being the responsibility of the SPF beneficiary,
  - monitoring the implementation of small projects and the entire SPF project, maintaining a database for monitoring small projects – preparing monthly information for the MA on the status of implementation of small projects,
  - if applicable, submitting partial request for payments from the SPF project containing a summary of expenses incurred as part of small projects and expenses incurred as part of management costs to the appropriate controller in the CST2021 system,
  - submitting request for payment from the SPF project to the JTS in the CST2021 system,
  - maintaining entries in the CST system,

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<sup>1</sup> [Rezerwa celowa - Ministerstwo Funduszy i Polityki Regionalnej - Portal Gov.pl \(www.gov.pl\)](http://www.gov.pl)

- fulfilling informational and promotional obligations for the SPF,
- performing the tasks of the Personal Data Administrator in relation to the collection of personal data regarding small projects, processed in documents or electronically, in accordance with the Personal Data Protection Act.

### 2.3. Application Form for potential SPF Beneficiaries

The potential SPF Beneficiary shall submit the Application form and required supporting documents online, using the WOD2021 Application system. The Application form as well as all supporting documents, based on the Programme templates, shall be submitted **in English**<sup>2</sup>.

The Application form template, binding for the regular projects (vide Programme 1<sup>st</sup> call for proposals) shall be used.

The application procedure is described in detail in the PL-UA 21-27 WOD2021 Applicant Manual – Application form (Annex I to the current document).

The potential Beneficiary shall refer in its Application to essential aspects of the related priority as well as to organisational and managerial issues connected with the implementation of the SPF, including:

- detailed description of the management structure of the potential SPF Beneficiary institution, explanation of its institutional and financial capacities, justification of institution relevance to the role of SPF Beneficiary;
- presentation of clear and concise mechanism of assurance equal access for all potential beneficiaries of small projects from all Programme regions, especially from the other side of both countries;
- preliminary schedule of conducting calls for the small projects;
- information on the way of keeping information on implemented small projects (database);
- detailed description of the planned promotion and visibility activities, including the event required by article 36.4 of the Interreg regulation.

**The potential Beneficiary shall declare in its Application achievement of the output and result indicators in a full scope, as foreseen in the Programme document.**

### 2.4. Budget of the SPF project

SPF project budgets include both funds for co-financing of small projects (minimum 80% of the budget of a given SPF project) and funds to cover the costs of managing the SPF project (maximum 20% of the total budget of a given SPF project).

In case of both SPF projects maximum Programme co-financing equals to **5 111 345,00 EUR** per project, that constitute 90% of the project total budget.

Thus, management cost limit of this amount is **1 022 269,00 EUR** (max 20 % of total eligible costs of the SPF project), whereas **4 089 076,00 EUR** shall be directed for the small projects implementation.

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<sup>2</sup> Does not apply to fields where proper names in national languages are requested.

Eligible management costs amount directly depends on the reported and settled expenditures of the small projects.

SPF Beneficiary shall make every effort to make maximum use of the funds allocation. In case of delays in project implementation and savings occurring in the SPF project, the SPF Beneficiary shall inform the JS and MA about this fact and take remedial measures. Failure to take such measures may constitute grounds for the MC to reduce the amount of allocation granted to the SPF project.

## **2.5. SPF Budget structure and categories of eligible expenditures**

The SPF project budget has a task-based structure. It is composed of two tasks:

1. SPF project management;
2. Implementation of small projects.

**The SPF project management task** is settled within three flat rates, constituting a maximum of 25% of eligible expenditures, incurred in small projects (task 2) and approved by the controller. The maximum final rate for the SPF project management task shall be calculated as follows:

- a) staff costs – 20% of eligible expenditures, incurred in small projects (task 2) and approved by the controller;
- b) office and administrative costs – 15% of staff costs;
- c) travel and accommodation costs – 10% of staff costs.

**The task of implementation of small projects** – settlement of costs of small projects is described in a section devoted to small projects.

## **2.6. Annexes to the Application form**

The Application form shall be submitted with the following supporting documents:

**Annex A1.** SPF communication plan.

**Annex A2.** Declaration of the potential SPF Beneficiary.

**Annex A3.** Statute or other relevant documents e.g., internal regulations of the potential SPF Beneficiary. If necessary for conducting a reliable evaluation – the Joint Secretariat and the Monitoring Committee may ask for additional clarifications/documents regarding the legal status of the institution.

**Annex A4.** Copies of the profit and loss account and the balance sheets or other relevant fiscal documents for the last 3 years (if available) of the potential SPF Beneficiary, showing its financial standing.

**Annex A5.** If applicable, authorisation from the potential SPF Beneficiary that the person has the right to sign the declarations and statements to be annexed to the Application form (if the abovementioned documents shall be signed not by the head of the organisation).

**Annex A6.** The declaration of potential SPF Beneficiary on ensuring the funds necessary for project implementation.

**Annex A7.** Register document applicable for the SPF Beneficiary:

For Polish potential SPF Beneficiary:

- effective (up to date) extract from the National Court Register - Krajowy Rejestr Sądowy.

For Ukrainian potential SPF Beneficiary:

- copy or the original of an extract (витяг) from the Unified State Register of legal entities and individuals, certified as true to the original by the beneficiary, or:
- copy or the original of excerpt (виписка) from the Unified State Register of legal entities and individuals, as true to the original by the beneficiary.

and additionally:

- an extract from the Register of non-profit institutions issued by Tax Inspection of Ukraine;

**Annex A8.** Declaration of Compliance with the Charter of Fundamental Rights.

## **2.7. Verification of the submitted Application and its approval**

Once submitted, the Application will be verified by the JS on the basis of the assessment grid (Annex III to the current document). Administrative and quality assessment will be conducted in one stage.

If the further elaboration of the required aspects of application will be necessary, the JS shall send the potential SPF list of relevant recommendations. The correction(s) of the Application shall be conducted in WOD2021 Application system.

After positive verification of the submitted application, the JS/MA submit the application for the MC approval of the Programme Monitoring Committee (written procedure).

Simultaneously to the preparation of the Application form, the potential SPF Beneficiary shall start elaboration of the Manual for the small projects.

**The Grant Contract shall be signed only after the submission of the Manual for small projects and its approval by the MA.**

After the MC approval of the Application and the MA approval of the Manual for small projects, the Grant Contract with the SPF Beneficiary will be prepared for the signature. The template of the Grant Contract is presented in Annex IV to the current document.

**The SPF beneficiary shall announce the call of small projects within 60 days from the date of grant contract signature.**

## **2.8. Manual for small projects**

The Manual for the small projects, elaborated by the SPF Beneficiary, shall inter alia contain:

- Rules of procedure of the Small Project Fund Committee,
- small project evaluation grid/methodology;

- methodology for estimating the small project budget;
- system of call and evaluation of small project applications;
- provisions related to de minimis and its monitoring;
- complaint system for small projects during the call;
- template of the small project co-financing agreement;
- partnership agreement template for small projects;
- small project implementation, pre-financing requirements;
- reporting procedures, the reporting templates, checklists for small projects' verifications, procedure for appeals against violation of verification procedures;
- principles of on-the-spot verifications;
- archiving rules;
- durability principles (applicable for Environment priority).

## **2.9. Small Project Fund Committee**

Each SPF Beneficiary shall establish a Polish-Ukrainian Small Project Fund Committee (SPFC), responsible i.a. for selection of small projects to be implemented under a given SPF project.

The SPFC chairman is the representative of the SPF Beneficiary.

The SPFC composition shall be in line with art. 8 of the CPR and be representative to the entire programme area. In addition, representatives (and deputy representatives) of the Managing Authority and the National Authority, controllers and JS shall participate in the SPFC meetings as observers.

The chairman and other committee members shall remain impartial and shall not show a conflict of interest in relation to any application for funding considered during the selection of small projects.

The tasks of the SPFC shall include:

- approval of small projects for implementation, approval of reserve list and list of rejected applications;
- periodic review of progress in achieving the SPF project goals,
- analysis of the results of small project implementation.

Detailed information on the composition, operation and organization of meetings of the SPFC is presented in the Rules of procedure of the Small Project Fund Committee, being the part of the Manual for the small projects, elaborated by the SPF Beneficiary. Possible conflict of interest shall be prevented by introducing appropriate procedures.

## **2.10. Implementation period of the SPF project**

The start and end dates of the SPF project are to be included in the Grant contract. The SPF project shall be completed in time to allow timely closure of the Programme.

The SPF project shall be settled no later than June 30, 2028.

## **2.11. Pre-financing payments for the SPF project**

For the implementation of the SPF project the SPF Beneficiary receives funding in the form of an pre-financing payments in the amount specified in the Grant Contract.

The pre-financing payment is paid in tranches and is intended to cover the costs of managing the SPF project and costs of small projects' beneficiaries (paid as pre-financing or reimbursement). The detailed provisions of granting and settlement of the pre-financing payments for the SPF Beneficiary are specified in the Grant Contract.

## **2.12. SPF project control**

The control of the SPF is carried out by the national controller assigned to the SPF beneficiary.

- Polish controller is appointed for the SPF, managed by the SPF beneficiary located in Poland. The controller verifies all small projects beneficiaries of this SPF, regardless of their nationality and place of registration (i.e. both Polish and Ukrainian small projects' beneficiaries);
- Ukrainian controller is appointed for the SPF, managed by the SPF beneficiary located in Ukraine. The controller verifies all small projects beneficiaries of this SPF, regardless of their nationality and place of registration (i.e. both Polish and Ukrainian small projects' beneficiaries).

### **2.12.1. Management verifications**

The SPF project is subject for management verifications, which compose of:

- administrative verification of the SPF progress report – which cover the management costs and the small projects;
- on-the-spot verification of the SPF project.

The verification is carried out based on the documents listed in the grant contract, submitted by the SPF beneficiary together with the partial progress report via SL2021 or directly during the on-the-spot verification.

#### **2.12.1.1. Administrative verification**

The administrative verification of SPF partial progress report is carried out by the controller of the SPF beneficiary and includes:

- a) in relation to the SPF management costs:
  - verification of the correctness of management costs calculation (in accordance with section 2.4),
  - verification of indicators achievement,
  - verification of fulfilment by the SPF Beneficiary of communication and visibility requirements,
  - confirmation of payments for small projects (pre-financing and final balance payments),
  - confirmation of settlement of tranches of pre-financing payments in accordance with the deadlines set in the grant contract,
  - formal verification of the partial progress report.
- b) in relation to the small projects implementation:

- verification of fulfilment by the small project (Lead) Beneficiary of communication and visibility requirements,
- verification of fulfilment conditions for lump sum payment, defined in the contract for financing of the small project,
- formal verification.

### 2.12.1.2. On-the-spot verification

On-the-spot verification of SPF project is carried out by the SPF beneficiary's controller and includes:

- a) in relation to the SPF management:
  - establishing a non-discriminatory and transparent selection procedure;
  - use of objective criteria for selection of the small projects, enabling avoidance of the conflict of interest;
  - evaluation of the small projects' applications,
  - selection of the small projects,
  - verification if the amount of support for each small project (so called draft budget) was determined correctly,
  - implementation of the SPF project,
  - keeping of separate accounting records in accordance with the Programme requirements,
  - publication of the list of the small projects' Beneficiaries,
  - fulfilment of requirements concerning communication and transparency,
  - fulfilment of requirements concerning the keeping of documentation.
- b) (optional) in relation to the small projects implementation:
  - visit at the place of the small project implementation or at the premises of the small project (Lead Beneficiary). The controller verifies during the visit whether the goods or services have actually been supplied or delivered in accordance with scope and standard defined.

### 2.12.1.3. Special rules concerning timing of on-the-spot verification of the SPF beneficiary

The on-the-spot verification is performed by the controller of the SPF beneficiary.

There are two possibilities of conducting the verification. The controller may carry out the control after or before the contracts with small projects' beneficiaries are signed.

The two options differ as to the way the corrections or financial corrections for irregularities are determined.

After having been notified by the controller, the SPF beneficiary is obliged to give access to all documents to the controller. It is advised that the SPF beneficiary and the controller cooperate closely during the on-the-spot verification.

**NOTE:** the rules of determining the irregularities and the consequences of drawbacks/irregularities, including imposing financial corrections, are described in chapter 2.12.1.6.

The SPF beneficiary will be asked to ensure that the drawbacks/irregularities alleged during the control are corrected. It is the SPF responsibility. If the SPF beneficiary does not ensure that the drawbacks are corrected as requested and it will sign the contract with small project, the irregularity will be declared and financial correction will be imposed in line with rules described in 2.12.1.6.

In case of doubts as to the procedure, the SPF beneficiary shall contact its controller.

**IMPORTANT:** The controller has the right to verify the SPF beneficiary's project at a later stage as part of ad hoc control, if he/she receives a signal or suspects irregularities him/herself. Please also note that the SPF project may be audited/controlled by other control authorities.

### **Procedure for conducting the on-the-spot verification after signing the contracts with small projects' beneficiaries – general rules**

The on-the-spot verification can be carried out also after the contracts with small projects' beneficiaries are signed. In this case any drawback that will be identified will be treated as irregularities in the SPF project. In case the irregularities are alleged, the financial correction will be imposed. The rules for imposing financial corrections are described in chapter 2.12.1.5.1. point 2 and 2.12.1.5.2.

#### **2.12.1.4. Other controls and audits**

The SPF beneficiary may be subject to the control and audits carried out by other authorised bodies, like the audit authority and the group of auditors, ECA, European Commission, national authorised bodies and is obliged to get themselves subject to these controls and provide documents and access to premises. The rules defined in chapter 5.2.2 of Programme Manual for Regular projects (Part 2 – implementation) apply. These controls and audits will take place once the contracts with small projects are signed, therefore any drawbacks found during these controls will result in declaring the irregularities and imposing financial corrections for the SPF project – please see rules of chapter 2.12.1.6 point 2.

#### **2.12.1.5. Irregularities in SPF**

Irregularities may be identified in connection with the SPF management costs and/or implementation of small projects in relation to the scope of responsibilities, described in section 2.2.

General provisions concerning irregularities and recoveries of funds are presented in the section 6.3 of the Programme Manual for Regular projects (Part 2 – implementation).

##### **2.12.1.5.1. Special rules for managing irregularities with regard to tasks of the SPF beneficiary with regard to the determining the draft budget**

If control or audit states incorrectly incurred expenditure(s) in the SPF project, a financial correction may be imposed on the SPF Beneficiary. The method of correction depends on the stage at which irregularity was stated.

1. For irregularities related to incorrect estimation of the lump sum amount, **identified before concluding contracts** for financing of small projects, the controller calls the SPF Beneficiary to make appropriate corrections. Identified errors in determining the amount of lump sum amounts for individual small projects result in the need to re-submit a revised draft budget of the small project with correct lump sum amounts to the SPF beneficiary. Financial correction is not imposed on the SPF project provided that the SPF beneficiary corrects the small project as requested by the controller. If the SPF beneficiary does not correct the small project, financial correction will be imposed in line with rules of point 2.
2. For irregularities related to incorrect estimation of the lump sum amount, **identified after the conclusion of contracts** for financing of small projects:



The amount of the irregularity will be deducted from the SPF management costs, NOT from small projects, as it is the SPF beneficiary responsible for correct lump sum determination.

The amount of irregularity is the difference between the value of the incorrectly approved lump sum amount and its correct value determined by the controller (based on documents submitted by the SPF beneficiary) as a result of the findings of the control.

The burden of presenting the correct value of the approved draft budget rests with the **beneficiary of SPF project**, not a controller. If the evidence is not provided – the controller determines an error which results in recognizing the entire value of undocumented /incorrectly documented items from the draft budget as ineligible.

The irregularity may also result from missing or incorrect documentation regarding the determination of the lump sum amount based on the draft budget.

#### **2.12.1.5.2. Irregularities in the SPF project others than the ones resulting from determining the draft budget**

Irregularities that result from the scope of SPF Beneficiary responsibilities, specified in section 2.2 reduce the co-financing of its SPF management costs.

### **3. SMALL PROJECTS**

#### **3.1. Types of activities in small projects**

Small projects within the COOPERATION priority may contain soft and investment activities.

Small projects within the ENVIRONMENT priority may contain soft and investment activities and also include **small infrastructure elements**.

Small infrastructure element(s) shall be defined as works worth up to 50 000 euro, regardless of necessity to obtain building permission or its equivalent.

Small infrastructure element(s) cannot be the only or main purpose of a small project implementation. Small infrastructure element(s) are allowed in the small project, when all of the following conditions are met:

- the infrastructure shall correspond to the general and/or specific objectives of the small project;
- the infrastructure undertaking(s) shall be logically connected with and related to other activities of the small project;
- infrastructure created as part of small project shall be dedicated to public purposes.

Co-financing of small-scale local initiatives, possible due to the SPF projects, shall create the foundation for larger, joint cross-border projects.

#### **3.2. Eligibility of the small project partners**

##### **Organizational criteria /legal type**

Only following types of organizations may play the role of the Lead Partners and Project Partners in the small project:

- 1) **institutions of national, regional, local governments** or association of such institutions;
- 2) **bodies governed by public law or by private law**
  - a. established for the specific purpose of meeting needs in the general interest, not having industrial or commercial character, and
  - b. having legal personality and
  - c. - financed for the most part by the state, regional or local authorities or other bodies governed by public law or
    - that are subject to management supervision by those bodies or
    - having an administrative, managerial or supervisory board with more than half of whose members are appointed by the state, regional or local authorities or other bodies governed by public law;
- 3) **non-governmental organization** with legal personality.

In case of **Polish institutions** falling within the 1<sup>st</sup> type above, eligible are entities:

- having legal personality under the applicable national law;
- entities without legal personality:
  - if their superior unit (having legal personality) grants them power of attorney and also assumes financial responsibility for the project implemented; or
  - on behalf of which the superior unit will apply for financing (with indication which entity will implement the project).

### Geographical location

Institutions from the following locations are eligible:

1. Programme area (referring to the legal address of the organisation).
2. In justified cases, organisations that are located **in Poland/Ukraine outside the Programme area** but have a recognisable impact and/or functional links with the Programme area.

In such case it shall be proven in the application that organization contributes to the benefit and bring added value to the Programme area. All its activities shall be dedicated to the good of that area and its participation is necessary for the achievement of the project goals.

### Special restrictions

Financial support will not be granted to any organisation – Partner or the Lead Partner, who was or has been involved directly or indirectly in the Russian military aggression on Ukraine. The list of entities excluded from possibility to receive grants may be checked:

- a) art. 51.1 of Council Regulation (EU) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine;

- b) art. 7.1 of Act as of 13.04.2022 on special solutions in the field of counteracting supporting aggression against Ukraine and serving the protection of national security;
- c) list of persons and entities against whom sanction measures will be applied on the website of the Public Information Bulletin of the Minister of Internal Affairs and Administration;
- d) publicly available national data bases to verify if bodies are associated with entities supporting aggression against Ukraine (if established nationally).

**The SPF Beneficiary may not be a Partner or a Lead Partner in a small project, implemented within its SPF ('no own small projects' principle).**

### **3.3. Cross-border impact, cross-border partnership requirement**

Each small project has to demonstrate a cross-border impact – soft activities in a small project shall take place with the participation of representatives from both sides of the border, e.g. joint PL-UA workshops, trainings, rallies, whereas supplies and activities with infrastructure elements shall be built in into undertaking of the cross-border dimension.

To strengthen the cross-border impact of small projects, each small project, supported by the SPF, need to have at least one partner from Poland and one from Ukraine as well as activities implemented on the both sides of the border. Furthermore, minimum 20% of the joint small project budget shall be assigned to activities on each side of the border.

All joint small projects shall correspond to cooperation criteria, defined in p. 4.4. of the Programme Manual for Regular projects (Part 1 – application).

### **3.4. Small project budget, co-financing level, budget structure**

Small projects implemented within the SPF project shall be co-financed in the amount of up to **90%** of eligible expenses. The minimum limit for co-financing of a small project is **20 000 EUR** and the maximum is **90 000 EUR**. The maximum total budget of a small project may not exceed **100 000 EUR**.

Small projects are settled using simplified cost options. A small project budget may contain one or more lump sums (e.g. by one for each activity or undertaking).

Each lump sum is estimated on the basis of a draft budget.

Each lump sum cost will be settled on the basis of achievement of indicator(s), assigned to it.

The cost categories that can be covered in a small project are as follow:

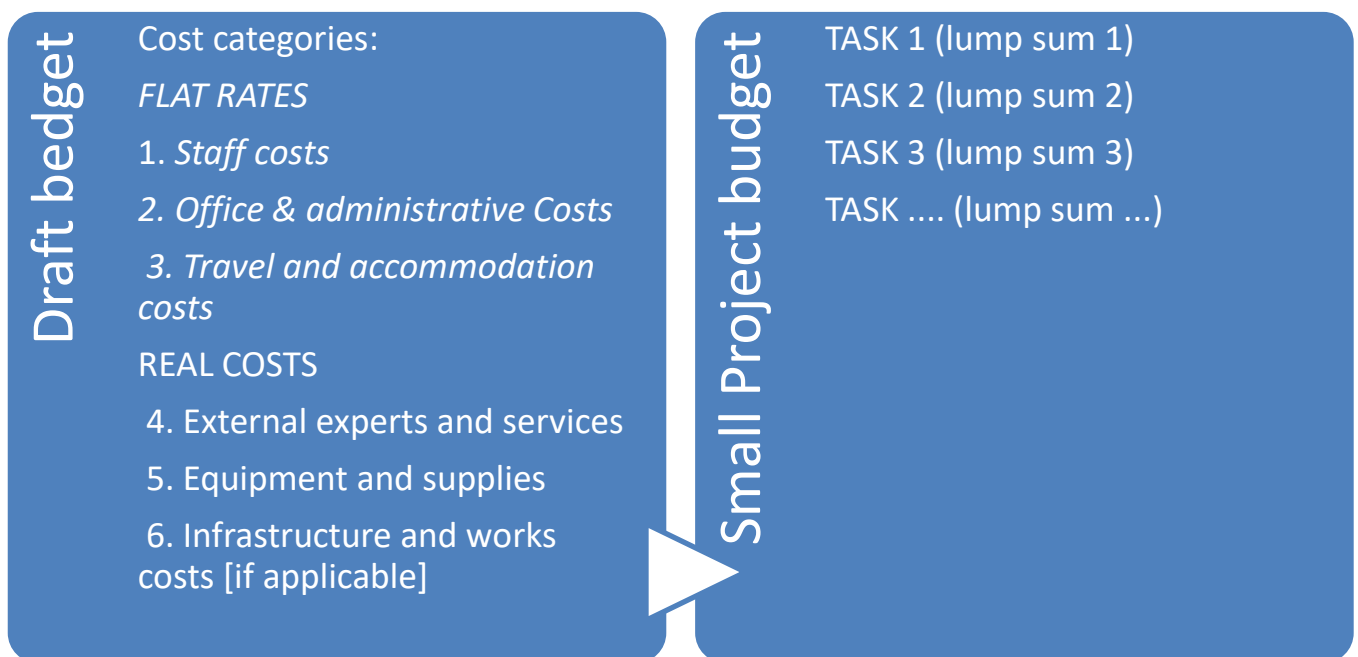
1. Staff costs
2. Office & administrative Costs
3. Travel and accommodation costs
4. External experts and services
5. Equipment and supplies
6. Infrastructure and works costs (applicable only for the SPF within Priority 1. Environment).

The amount of each lump sum (task) is calculated in the draft of the budget basing on real costs of:

4. external experts and services,
5. equipment and supplies
6. and (if applicable) infrastructure costs.

In each small project, the staff, travel and accommodation costs, and office and administrative costs included in the lump sum are settled as a fixed flat rate:

1. Staff costs – 20% of the lump sum (task) budget,
2. Office and administrative costs – 15% of staff costs,
3. Travel and accommodation costs – 2% of staff costs.



A beneficiary of a small project may either choose to settle staff with a 20% flat rate or not to settle staff costs at all. It is not possible to use a different rate or a different method of settling this category in a small project.

The absence of staff costs in a small project means that the beneficiary of a small project also does not have to account for office and administrative costs, as well as travel and accommodation costs. It is not possible to use a different amount of flat rates or a different method of settling these categories in a small project.

Detailed provisions of Chapter 9. PROJECT BUDGET STRUCTURE of the Programme Manual for Regular projects (Part 1 – application) are the relevant source for more detailed information on eligibility of these categories of costs.

When drafting the lump sum, the VAT of the Polish small project partners shall be included into the lump sum amount as eligible, whereas the VAT of the Ukrainian small project partners is ineligible. Detailed provisions on VAT eligibility are provided in p. 6.2 of the Programme Manual for Regular projects (Part 2 – implementation).

The small project partner shall ensure project compliance with the rules of de minimis aid, described in p. 3.10.

### **3.5. Implementation period of the small project**

As a rule, the implementation time of a small project cannot be longer than 12 months. In exceptional cases, at the written request of the small project Lead Partner, accepted by the SPF beneficiary, this period may be extended to 18 months.

The implementation period of each small project is specified in the co-financing agreement.

### **3.6. Call for applications for the small project co-financing**

After the signature of the Grant Contract with the SPF Beneficiary, the latter shall within 60 days announce a call for applications for co-financing small projects. Provided that the SPF project is approved by the MC and the Manual for small projects is approved by the MA, the call may be also announced before the signature of the Grant Contract.

Information about call shall be published by the SPF beneficiary on its website and by the JS on the website of the Programme.

The call announcement shall contain at least the following elements:

- name and address of the institution announcing the call,
- subject of the call, name of the Programme and types of small projects to be supported,
- requirements for the applicant;
- core for proposals scope, conditions and available allocation;
- deadline and form for submission of applications,
- link to the application package.

Detailed procedure of submission applications for funding, assessment and selection of the projects shall be presented in the Manual for small projects.

### **3.7. Signature of agreements on co-financing of small projects**

The SPF Beneficiary (acting as the contracting authority) shall conclude agreement on co-financing of small projects within 90 days from the date of the SPFC decision to approve the small project for implementation.

**IMPORTANT:** Please note, that the deadline of 90 days may be prolonged in some cases due to the on-the-spot control performed on the SPF Beneficiary just after the Small Project Fund Committee decision. Please also note that the amount of financing approved for small projects may change if the control reveals any irregularities in drafting the draft budget by the SPF Beneficiary.

### **3.8. Settlement of small projects costs**

The SPF Beneficiary verifies the lump sum amount, assigned to each task, submitted for settlement in the small project payment claim in the "pass/fail" system.

The lump sum amount submitted for reimbursement shall be paid by the SPF Beneficiary only if the given task was completed in accordance with the call for application and agreement on co-financing.

The SPF Beneficiary shall specify in the call for application the scope of documents confirming whether the objectives of the small project have been achieved at a level and in a standard that allow to settle the agreed lump sum amount. These documents may confirm obtaining of the product of a given task (e.g. report, strategy) or the task completion (attendance list, photo documentation, etc.). The most significant documentation for the task shall be listed. The accounting evidence documents shall not be necessary.

The documentation shall confirm not only the quantitative execution of the task, but also that the activities were performed in standard and scope, defined in the agreement on co-financing.

If defined documents are not presented in a full scope, the lump sum specified for the task shall be considered ineligible and shall not be paid.

### 3.9. Durability

Small projects including infrastructure elements must follow durability rules as defined in art 65 of General Regulation. Small project beneficiaries may be subject to the durability verification conducted by the controller.

### 3.10. De minimis aid

The de-minimis aid may be granted:

- by Polish SPF beneficiary to Polish or Ukrainian small project partner;
- by Polish small project partner to any final recipient. In such a situation, the final recipients of the aid receives a benefits for which they would have to pay under market conditions, e.g. for participating in trainings or workshops carried out as part of the project and acquiring specific knowledge, skills or qualifications.

The de-minimis aid may **not** be granted by Ukrainian SPF beneficiary to small project partner or by Ukrainian small project partner to any final recipient.

De minimis aid is granted based on the Regulation of the Minister of Development Funds and Regional Policy on the granting de minimis and State aid under the Interreg programmes for 2021-2027. It refers to the conditions of Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid<sup>3</sup>.

The SPF Beneficiary shall assess the presence of de minimis aid at the stage of small project assessment, basing i. a. on documents submitted within the application for co-financing of small project. If the SPF beneficiary/small project partner provides de minimis aid to the final recipients of the aid (indirect aid), it is responsible for the correct granting of aid (including examining the conditions for granting it), collecting

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<sup>3</sup> Regulation 1407/2023 has been replaced by the new de minimis regulation 2023/2831 (OJ L, 2023/2831, 15.12.2023), in force from the 1th of January 2024. Projects with the minimis aid can be contracted based on conditions of Regulation 1407/2023 no longer than until 30 July 2024 (so called transitional period) or until the date of publication of changed aid scheme (Regulation of the Minister of Development Funds and Regional Policy on the granting de minimis and State aid under the Interreg programmes for 2021-2027).

and issuing the required documents, in accordance with national regulations, and possible reporting<sup>4</sup>.

The **day of aid granting** is the day of signing the agreement on co-financing of small project (aid at the first level) or the day **the participant joins small project activities** (aid at the second level). On the same day, a **certificate** of de minimis aid should be issued in accordance with the applicable template.

The Polish SPF Beneficiary shall provide de minimis aid to Polish and Ukrainian partners and participants, applying reporting procedures and regulations, foreseen by relevant Polish national legislation.

The Ukrainian SPF Beneficiary shall not select for financing any small projects nor provide any kind of state aid under their SPF.

The value of aid granted to one entity cannot exceed EUR 300 000 over a three-year period (regardless of whether de minimis aid is received within the SPF or from other sources). The small project partner has the right to apply for such assistance itself. The small project partner shall also consider whether activities within its project will contain de minimis aid to the project activities participants.

The Polish SPF beneficiary shall monitor the compliance of the small project implementation with the regulations on de minimis aid, verifying:

- whether the small project partner has any changes, that may affect the occurrence of de minimis aid in the project or the correctness of its granting;
- whether the value of the aid actually granted did not exceed the maximum amount of aid specified in the agreement on co-financing of small project for a given small project partner (*applicable when aid is granted directly from SPF beneficiary to small project*).

## List of Annexes

1. Annex I. WOD2021 Applicant Manual – Application form.
2. Annex II. Templates for Annexes to the Application form.
3. Annex III. Administrative and quality assessment grid for the SPF project.
4. Annex IV. SPF Grant Contract template.
5. Annex V. List of the project-level indicators.

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<sup>4</sup> The reporting obligation depends on the law of the state in which the entity granting indirect aid is established. The partner shall report the fact that such assistance was provided in national IT system (using appropriate national forms), e.g. in Poland it is the SHRIMP system.