

A guidance on the **participation of Russian organisations** in joint projects developed in step 2 of the second call for applications

The participation of Russian organisations as project partners has been envisaged from the beginning of the Interreg Baltic Sea Region Programme. The intention has been to use both EU funds (originating from the European Neighbourhood Initiative (ENI)) as well as Russian national funds. The negotiations on the Financing Agreement regulating the EU funds are ongoing.

In parallel, the Russian Federation allocated national funds to the Interreg Baltic Sea Region Programme and signed the *“Declaration by the Russian Federation concerning its participation in the cooperation programme Interreg Baltic Sea Region for the funding period 2014-2020 and the management of corresponding Russian funds”* on 26 July 2016. The Russian Federation would be ready to bring these Russian Funds to the Programme even if the Financing Agreement on ENI funds was not signed by the end of the second call for applications.

Therefore, Russian organisations may be included as project partners in the application form during step 2 of the second call for applications. The necessary updates of the Programme Manual regarding the participation of Russian project partners will be made at a later stage, most likely at the time of the project selection.

Budget and co-financing

Around 4 million euros of Russian national funds will be available for Russian project partners. These funds will not be divided by Programme priorities (the same principle applies to Norwegian funds). Russian project partners will receive up to 85% co-financing from the Russian funds and have to provide at least 15% own contribution.

Documents to be submitted at step two

Partners from Russia have to be added to the application form. The involvement of Russian project partners has to be described in the work plan and the planned budget has to be indicated.

Each organisation from the Russian Federation joining a project as a project partner has to sign a partner declaration (like any other project partner). The partner declaration is available as a part of the application package.

Legal eligibility of Russian partners

Prior to the project selection by the Monitoring Committee the Russian Federation will carry out the eligibility and legal status checks of the applicant (project partner) located

in the Russian Federation in accordance with the Programme eligibility rules.¹ The Russian project partners need to come from the regions in the Programme area.

At the Monitoring Committee meeting on project selection, the Russian Federation shall confirm its agreement to the allocation of Russian funds to Russian project partners for projects selected by the Monitoring Committee.

Applicable rules and eligibility of costs

In general, project partners from the Russian Federation follow the Programme rules laid down in the Programme Manual, e.g. concerning the applicable budget lines, the eligibility of costs, etc. If necessary, specific updates of the Programme Manual regarding the participation of Russian partners will be approved at the time of the selection of the second call projects. Special attention should be paid to the following points:

- Procurement rules also apply to Russian project partners. According to the current status² all Russian public entities have to follow the national procurement rules. Provided there are relevant national rules for private entities using public funds, these private entities have to follow these national rules. In the case of an absence of any relevant national rules for private entities the Programme rules described in the Programme Manual must be followed.
- VAT is eligible only if it is not recoverable by any means. This means if a Russian project partner could apply for a VAT exemption, only costs excluding VAT would be eligible.
- State aid: The relevance of State aid rules for Russian partners has to be clarified. If necessary, the State aid assessment of activities of Russian project partners would be done during the contracting phase.

Payment of funds

Russian project partners will receive an advance payment for their activities. The advance payment scheme is under development. It will be described in the Programme Manual.

Audit and control

The Russian Federation has a decentralised first level control system. This means that each Russian project partner will have to select a controller and pay for the services. This should be taken into consideration when planning the project budget. The Ministry of Economic Development of the Russian Federation is the designation authority that will approve the controllers of all Russian project partners. Further information about the first level control system will be provided at <http://www.interreg-baltic.eu/about-the-programme/country-specific-info.html>.

¹ Programme Manual, Chapter C “Formal expectations towards project partners”. The Programme Manual is available on the [Programme website](#).

² Clarification of the details of the procurement procedures will be done during the negotiations on additional EU funds for Russian partners.