

A guidance¹ on the **participation of Russian organisations** in joint projects developed in the third call for applications

Introduction

Russian organisations may be included as project partners in applications in the third call for proposals. The necessary updates of the Programme Manual regarding the participation of Russian project partners will be made at a later stage, after the signature of the Financing Agreement between the European Union, the Russian Federation and the Federal Republic of Germany hosting the Managing Authority. The negotiations on the Financing Agreement are at their final stage.

The Programme co-financing for Russian project partners will combine the financial contribution of the European Union provided by the European Neighbourhood Instrument (ENI) and the financial contribution of the Russian Federation.

Budget and co-financing

Around 5.1 million euros of the Programme funds are available for Russian project partners in the third call for applications. Russian project partners will receive up to 85% co-financing and have to provide at least 15% own contribution.

Documents to be submitted

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. Every project partner has to sign a partner declaration. The partner declaration is available as a part of the application package.

Legal eligibility of Russian partners

After the submission of the applications including Russian project partners to the MA/JS and 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 rules². The Russian project partners need to come from the regions in the Programme area.

¹ Please note that this guidance is an intermediary paper. It provides the information as being discussed during the preparation of the Financing Agreement (FA). Once the FA is signed, all the rules will be defined in an updated version of the Programme Manual.

² Programme Manual, Chapter C “Formal expectations towards project partners”. The Programme Manual is available on the [Programme website](#).

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 will follow the Programme rules laid down in the Programme Manual, e.g. concerning the applicable budget lines, the eligibility of costs, etc. The Programme Manual will be updated with regard to the participation of Russian project partners after the signature of the Financing Agreement, most likely at the end of 2017. While the updates are being prepared, the current version of the Programme Manual³ as well as this guidance should be consulted for the most important points.

The following points are to be taken into account by Russian project partners as these differ from the general Programme rules:

- **Advance payment**

Russian project partners may receive advance payments after the Financing Agreement has been concluded provided that there is enough liquidity on the Programme accounts. Conditions for payments will be defined in the updated Programme Manual.

After the signature of the subsidy contract the advance payment may be transferred to the project via the lead partner. Further requests for regular payments are part of the project's joint progress reports submitted on a six month basis. The advance payments have to be balanced with the reported and certified expenditure of Russian project partners at the end of each project at the latest.

- **Procurement**

For the purpose of this guidance and based on the Financing Agreement, a “public entity” in the Russian Federation means a federal, regional or local authority of the Russian Federation.

(1) Procurement award procedures by Russian project partners other than public entities and other legal entities which are subject to public procurement legislation of the Russian Federation, shall be subject to the Annex to this Guidance (Award of procurement contracts by beneficiaries established in the Russian Federation other than public entities and other legal entities which are subject to public procurement legislation of the Russian Federation)⁴.

³ Programme Manual is available at [the Programme website](#).

⁴ This annex is part of the FA, hence, still pending further updates.

- (2) Where the Russian project partner is a public entity established in the Russian Federation or a legal entity which is subject to public procurement legislation of the Russian Federation, it shall apply the legislation of the Russian Federation provided that the following principles are observed.

The procurement contract shall be awarded to the tender offering best value for money or as appropriate to the tenderer offering the lowest price.

The Russian project partner shall avoid any conflict of interests and respect the principles of equal treatment, non-discrimination, fair competition, transparency.

The Russian project partner ensures that services, works and goods that are not originating from the Russian Federation receive the same treatment as compared to its own services, works and goods in accordance with the rules of nationality and origin (see below).

Failure to comply with the above shall render the related expenditure ineligible.

- (3) When purchasing goods or services with a value above EUR 5,000 (excl. VAT) the Programme requires the implementation of a “bid-at-three” procedure if provisions set by the two points above do not require any stricter procedures (see Programme Manual, chapter F.1.4.5).

- **Rules of nationality and origin**

- (1) Participation in the award of procurement procedures referred to above shall be open on equal terms to all natural persons who are nationals of, and legal persons which are effectively established in all participating countries and in accordance with the applicable legislation of each participating country⁵.

- (2) All supplies purchased under a procurement contract referred to above under the point procurement shall originate from a participating country in accordance with paragraph (1), except when the cost of these supplies is below EUR 100,000. In this case, supplies may originate from any country.

- (3) National preferences are prohibited, except for procurement contracts with a value not exceeding EUR 20,000 in order to promote local capacities, markets and purchases. Failure to comply with this principle shall render the related expenditure ineligible.

- **First level control (FLC)**

The Russian Federation established a decentralised FLC system. This means that each Russian project partner will have to select a first level controller and pay for the services. FLC costs are eligible project costs. This should be taken into consideration when planning the project budget. The Ministry of Economic Development of the

⁵ “Participating countries” means the countries participating in the Programme: specific EU Member States, the Russian Federation and the Kingdom of Norway.

Russian Federation is the control contact point responsible as approbation body that designates the controllers of all Russian project partners. Further information about the first level control system in Russia will be provided at <http://www.interreg-baltic.eu/for-projects/first-level-control.html>.

General requirements for the FLC are stipulated in the Programme Manual.

- **Studies**

Any contract related to studies co-financed by contributions provided under the ENI as well as by the Russian Federation shall include the right for the Russian Federation and the Commission to use the study, to publish it or to disclose it to third parties.

- **Exemption from “foreign financing/foreign agents”**

For the purposes of the implementation of the Programme, support received under the financial contribution of the ENI and under the financial contribution of the Russian Federation by Russian beneficiaries in the Russian Federation shall not be considered as foreign financing as defined in the national legislation of the Russian Federation.

- **Foreign exchange provisions and transfer of funds**

(1) The Russian Federation will apply its necessary national regulations in a non-discriminatory manner to the exchange, import and purchase of foreign currency. In case of procedures in currencies other than Euro, the amount shall be converted to Euro using the exchange rate method stipulated in the Programme Manual.

(2) The Russian Federation will undertake measures to facilitate any Russian project partner or contractor, in its own territory, where applicable, to:

(a) receive funds provided under the financial contribution of the ENI and under the financial contribution of the Russian Federation for the purposes of the Programme and open specific bank accounts, including accounts in Euro;

(b) make payments as per procurement or subsidy contract requirements for the implementation of all activities necessary for the implementation of the project, including the possibility of the lead partner to redistribute the grant amount to the other project partners;

(c) return unspent funds to the Managing Authority.

- **State aid**

State aid rules, defined by the Programme, are not applied to the Programme co-financing to the Russian partners.

The **Programme Manual should be consulted for other points**, not mentioned above. In particular, special attention should be paid to⁶:

- Use of Euro and exchange rate: chapter F.1.6
- Value added tax and other financial chargers: chapter F.1.7
- Visibility rules: chapter F.1.10
- Activities outside the European Union and the Programme area: chapter F.4
- Partnership agreement: chapter G.2.1
- Second level audit: chapter I.6.1
- Irregularities and follow-up measures: chapter K.3

For further questions please contact:

- Managing Authority/Joint Secretariat at info@interreg-baltic.eu
- Members of the Monitoring Committee from the Russian Federation: Ministry of Economic Development of the Russian Federation, Ms Svetlana Bibichkova, BibichkovaSO@economy.gov.ru
- Russian National Sub-Committee for Interreg Baltic Sea Region, Secretary General Ms Irina Karelina, karelina@leontief.ru

⁶ Please note that some of the rules might be further adjusted to include the reference to and reflect the use of the ENI/Russian funding.