

3.4 Payments / cash flows

ERDF

Following the approval of the progress reports, the Certifying Authority will transfer the European Union's contribution to an interest-free bank account indicated by the Lead Partner in the application form. Payments from the Certifying Authority to the Lead Partner will be made in euro (€). The Lead Partner shall further transfer the respective European Union's contribution to the PPs interest-free bank account within one month of its receipt. The amounts will be paid according to the flow of funds from the European Commission.

Payment of the eligible preparation costs, as specified in chapter 2.4.2 of this manual, will be included in the first progress report.

In case that one year after the signing of the subsidy contract and provided that the total verified expenditure reported in progress reports, as regards the previous year, is less than 20% of the total budget for the project, the Managing Authority reserves the right to consider the possibility of reducing the approved budget of the project. In this case immediate communication should be made to the Lead partner and project partners.

In case that the ERDF annual contribution (as stated in the Operational Programme) is automatically decommitted by the European Commission, in accordance with the EC Regulation 1083/2006, the Managing Authority reserves the right to consider the possibility of reducing the approved ERDF budget of the project with respect to expenditure not carried out in accordance with the stipulated timetable.

In both cases the Monitoring Committee, after the proposal of the Managing Authority, may decide to reduce the budget of the project. If the reduction of the project budget is decided, the subsidy contract and respective annexes will be modified accordingly.

National Contribution

For Greek Partners the national contribution will be granted through the Public Investments Programme. For the Italian Partners, in turn, the national contribution will be covered by the Rotation Fund (Fondo di Rotazione).

3.5 Project modifications

Introduction

During the lifetime of a project, internal or external causes may bring minor or major changes. These changes are usually evident in the case of innovative actions. Nevertheless, in order to secure success during the implementation phase, partners need to follow a structured form with a precise time table and well defined actions and results. The Application Form describes each project in detail providing specific information such as timetables, financial information, budget forecasts, etc. The Application Form together with the Subsidy Contract and Partnership Agreement provide the basis for project implementation. The programme's Monitoring Committee approves projects based on the information provided in the Project Proposal comprising the Application Form and annexed documents. Therefore, Lead Partners and Project Partners have full freedom to develop the projects but are expected to follow the basic agreement of the Subsidy Contract. Changes occurring during the lifetime of a project in general should not affect this basis. Nonetheless, there may be cases for an inevitable exception. The main object of this chapter is to describe the different categories of related project changes. It is important to note that approval of project changes should not be considered an automatic procedure.

Definition of categories of project changes

Two main categories of project changes can be defined, these are:

- **Project modifications** are changes to the project plan which need special approval by the Managing Authority or Monitoring Committee,
- **Administrative Information** includes changes of contact details and other data of minor significance.

1. Project Modifications

The Lead Partner must address, to the JTS (in accordance with the requirements set out in article 8 of the subsidy contract), any requests for modification of the project. The request for modification must be duly justified.

Modifications approved directly by the Managing Authority, ~~with the delegation of the Monitoring Committee.~~

- Reallocation between the respective budget categories *or between actions* for amounts **equal to or less than** 20% of the total budget of the project. The percentage of the requests for amount reallocations will be calculated cumulatively upon previous modification requests
- Small changes to the project's implementation.
- ~~Extension of the date set for closing project implementation activities, if not affecting the achievement of the budgetary targets as set by the budgetary rules.~~
- ~~Reallocation of resources between partners from the same Member State, which may result in a reallocation equal to or **less than 10%** of the project budget (ERDF + National Participation). Reallocation of funds between partners may be accepted only if it does not involve an increase in the ERDF contribution of the project and does not change the nature of the whole project.~~

The above mentioned changes will be permitted provided that they are fully justified and do not affect the objectives, results and indicators of the project (i.e. number of outputs).

The procedure for the approval of the above mentioned cases of project modifications is as follows:

~~After the approval of the modification proposal by the Project Management Team,~~
 †The Lead Partner submits a duly justified request to the Joint Technical Secretariat that forwards it, along with its recommendations according to its internal rules of procedures, to the Managing Authority of the Programme, according to its internal rules of procedures. The Managing Authority decides upon the approval of the request on the basis of the Joint Technical Secretariat proposal. The JTS will provide the answer to the Lead Partner and copy it to the Managing Authority. Any relevant claim must be sent to the JTS no later than 40 days prior to the date on which the proposed modification is requested to become effective.

In all the above mentioned cases no modified Application Form (hard copy) needs to be submitted.

Modifications approved by the Monitoring Committee.

- Reallocation between the respective budget categories or between actions for amounts **greater** than 20% of the total budget of the project. The percentage of the requests for amount reallocations will be calculated cumulatively upon previous modification requests. Budget reallocation between Budget categories or between actions, of over 20% of the total budget may occur only if the requested change does not alter the minimum requirements, nor the planned action, nor the outputs and results, and does not endanger the general project principle of co-operation. In addition to the above, it is crucial for a project to keep constant those categories that are of crucial importance for the project implementation and the partners' cooperation.
- ~~Reallocation of budget resources between partners. from the same Member State, which may result in a change greater than 10% of the project budget (ERDF + National Participation). Reallocation of funds between partners may be accepted only if it does not involve an increase in the ERDF contribution of the project.~~
- Requests to extend the overall duration of the project.
- Significant €changes to the nature of the project, and in particular to the objectives and the expected results, is in principle, not allowed. However, in some cases, modification of the approved project structure might be necessary. These changes must be well justified and described as soon as they become evident.
- Modification to the composition of the partnership. In this case, the partnership has two choices:

 - The specific partner will be replaced by another partner who will implement all the activities with the same budget. This new proposed partner should meet all the eligibility criteria as stated under the Call for Proposal from which the project was contracted, and in particular have at least the same expertise and preferably be active in the same field of work as the one withdrawing, proving its competency to implement the allocated project activities without changing their nature, nor affecting the described objectives, deliverables and results of the approved project.
 - The activities and the budget of the withdrawing partner will be allocated among the partnership in a duly justified way.

In both abovementioned cases the withdrawing partner should return any funds received to the Lead Partner or to the bank account specified by the Joint Technical Secretariat.

In case of modification of the composition of the partnership, the Lead Partner must submit to the JTS the following documents:

1. Documents showing that the specific partner/s will be excluded from the project, explaining the need of replacement of the partner/s in question.
2. Documents proving that all partners approve the project's new composition
3. A report duly justifying the relevant modification
4. The new Application Form and the relevant supporting documents (i.e. new procurement plan) all stamped and signed by the legal representative of the LP.

- Budget modifications decided by the Monitoring Committee on the basis of sound financial management of the Programme.

Procedure for the approval of the above mentioned cases of project modifications:

After the approval of the modification proposal by ~~the Project Management Team~~ all Partners, the Lead Partner submits a request to the Joint Technical Secretariat that forwards it according to its internal rules of procedures to the Managing Authority of the Programme. The Managing Authority, taking under consideration information provided by the Joint Technical Secretariat, presents its proposal to the Monitoring Committee that decides upon the approval of the request. The JTS will provide the answer to the Lead Partner and copy it to the Managing Authority.

Any relevant claim must be sent to the JTS no later than 60 days prior to the date on which the proposed modification is requested to become effective.

After project's approval, the LP must submit to the JTS a new Application Form and Partnership Agreement. The JTS will amend the Subsidy Contract and the relevant annexes and send them in the form of an official contract modification.

b. Administrative Information

For a change of ~~address~~ contact details, a simple notice is required. The same applies for changes to a bank account, however, the MA preserves the right to

object to the choice of the type of account opened by the beneficiary. Changing the bank account must be stated in progress reports.

The abovementioned modifications will have retroactive effect and are applicable for the approved projects under the 1st, the 2nd and the 3rd call of proposals of the ETCP "Greece-Italy 2007-2013".