**Methodology on establishing the application of financial corrections for not achieving or partial achieving the indicators within the financing contracts under the**

**INTERREG V-A ROMANIA-BULGARIA PROGRAMME**

**1. The scope of the Methodology**

The aim of the present methodology is to establish the way on which financial corrections will be applied for the projects implemented under the INTERREG V-A Romania-Bulgaria Programme in case of not achieving or partial achieving the indicators within the subsidy contracts.

Legal basis:

* Provisions of the Emergency Ordinance no. 66/2011 on the prevention, detection and sanctioning of irregularities in obtaining and using European funds,
* The importance of results in the current programming period,
* The principle of equal treatment for all grant beneficiaries,
* Provisions of the subsidy contracts signed with beneficiaries of projects submitted under the first and second call for proposals,
  + art. 7 “Rights and duties of the parties”, Lead Beneficiary: “…The LB shall also be liable towards MA for achieving the results and indicators stipulated in the contract and its annexes”.

Art. 14 “Termination”, **In case the indicators are not reached as mentioned in the approved Application Form**, **the MA has the right** to decide the termination of the contract and to demand the repayment of already reimbursed funds, **or, with the previous approval of the Monitoring Committee, to accept the partial completion of the project and reduce the project’s budget accordingly.**

**2. General aspects**

The relevant structures within the Programme ensure the monitoring of the projects implemented in the framework of the INTERREG V-A Romania-Bulgaria Programme.

In this respect, a constant process of analysis, data collection and documentation, together with regular providing of observations on the activities made, the results and output indicators achieved, is assured.

The following two categories of indicators, that are included in the approved applications and are part of the subsidy contract, are taken into consideration in the process of monitoring:

1. Output indicators
2. Result indicators

JS and MA representatives will ensure the monitoring of the output and result indicators’ degree of achievement, as included in the approved application form, annex to the subsidy contract.

1. **Establishing the output indicators’ degree of achievement**

The status of achieving the output indicators will be monitored during the whole project implementation period, by means of the analysis of the intermediate progress reports, as well as on site monitoring visits, according to the internal monitoring procedures and even in sustainability period (if the case).

For the output indicators four situations can be identified:

1. Output indicators which are achieved till the end of the implementation period.
2. Output indicators which will be achieved in the sustainability period and this fact is clearly described in the Application.
3. Output indicators for which there is no specification of achieving the target in the sustainability period, but the structure of the indicator is clearly indicating that will be achieved during the sustainability period. ( Ex. Increase in expected number of visits to supported sites of cultural and natural heritage and attraction (COI) – target value 10000 persons – value reported at the final report 3000 visitors to the museum). In this case, if during the project implementation period is identified this situation, it will be requested to MA the modification of the contract for the output indicators.
4. Output indicators which will be achieved in the sustainability period but this fact is not described in the Application. In this case, if during the project implementation period is identified this situation, it will be requested to MA the modification of the contract for the output indicators in order to be achieved in the sustainability period (situation b)) with the agreement of the MC. In case that the description of the output indicator is not modified by an addendum the output indicators will be assimilated to situation a) .

The progress of the output indicators will be assessed based on the information in the final project report.

The output indicators’ degree of achievement will be appraised considering the following factors:

1. the contribution to the Programme output indicators, as established in the application form, which is annex to the subsidy contract;
2. the effectively achieved indicators value (according to the justification/supporting documents/monitoring sources)

Degree of achievement = (achieved value\*100) / target value

For the above point a) the degree of achievement will be calculated during the stage of the verification of the final report.

For the point b) and c) the degree of achievement will be calculated annually till the end of the 4 year of project sustainability, but not later than 31.12.2023.

**Note: The project which has not achieved the specified objective will be terminated in accordance to the article 14 of the subsidy contract. The achievement of the objective will be checked at the final report stage, unless the approved application form provides another deadline for the achievement of the objective, other than the finalization of the implementation period.**

1. **Correction methodology**

**I. For the output indicators**

During the final site visit to the project beneficiaries, the JS’ representatives will verify the degree of achievement for all output indicators (established in the application form), to see if the situation is as declared by the Project Lead Beneficiary in the final project report.

If the JS’s representatives will consider that the output indicators were not achieved/partially achieved, they will mention that, in the final site visit report. The final findings will be presented by JS within the checklist of the final project reports where the following table will be filled in with the respective project indicators (indicated below as example):

|  |  |  |  |
| --- | --- | --- | --- |
|  | Target Value | Achieved value | **Degree of achievement (max 100%)** |
| **Output Indicator** | | | |
| Indicator 1 | 10000 | 300 | 3 |
| Indicator … | 1 | 1 | 100 |
| ………. |  |  |  |
| Degree of achievement of indicators (*Calculation: D= Sum of the Values of the degree of achievement / number of indicators*) | | | 51.5 |

**Degree of achievement of indicators % - for the project is D = 51.50%**

Calculation: D= Sum of the Values of the degree of achievement / number of indicators

After finalization of the verification, JS will submit to MA, in the eMS system, according with the internal monitoring procedure, the checklist for verification of the projects final report, which will include the abovementioned verifications and conclusions on degree of achievement of the indicators.

|  |  |
| --- | --- |
| For the project in case a) specified above the JS will include in the checklist for the final report that is sent to the MA (in eMS system) the percent of the financial correction, established as presented below, based on the calculated degree of achievement of the output indicators. **Degree of achievement of the output indicators** | **Rate of financial correction** |
| Not less than 65% | 0 |
| Below 65% but not less than 60% | 5% |
| Below 60% but not less than 50% | 10% |
| Below 50% | 25% |

In case of the projects specified at the above points b), c) and d) the JS checklist will include only the degree of achievement of the indicators and conclusions on when and how the indicators will be achieved without the rate of financial correction. For these projects the JS will analyse the achievement of the indicators during sustainability, within yearly on the spot monitoring visits, realized in accordance with the internal monitoring procedure. Within the visit realized after the end of the deadline foreseen within the application form for achievement of the indicators (project in case b).) or after a 4 years period (since finalization date), but not later than 31.12.2023 (for projects in case c).) the JS will verify and explicitly mention the degree of achievement of the output indicators, according with the abovementioned methodology. When submitting the respective ex post monitoring visit report to MA (in the eMS system), JS will also submit, in a separate document, the proposed rate of financial correction, established as mentioned above, based on the degree of achievement of the indicators within the last ex post monitoring visit.

*If there are no objections at the JS analysis, the MA will communicate to the JS the final amount considered as financial correction and request to the JS to launch a written procedure for the approval of the Monitoring Committee of the Programme (according with the provision of article 14 of the subsidy contract) for applying the financial correction. After MC approval, JS will request LB to identify the partner/ partners and the correction amount to be applied for each of them, within a deadline of 10 working days.*

*The financial correction (amount) will be applied by MA to the budget of the partner/partners responsible for non-achieving the output indicator. In case that LB will not identify a responsible partner in the given deadline the - the financial correction will be applied by MA to the budget of project. The financial correction calculation method is applied per partner, but the deduction is done initially at the LB level (due to the fact that the financing contract is signed with the LB). The LB transfers the money to the reaming partners accordingly.*

*Note: The budget to which the corrections apply is the budget resulting from the implementation of the project and it consists in eligible expenditures (executed budget of the project). In case the correction cannot be applied to the remaining budget (eg. after final payment or insufficient budget remaining, the correction will be considered debt).*

**II. For the result indicators**

Having in mind the nature of the result indicators as mentioned in the Programme and the way of how to quantify the result indicators differ in function of the type of the result indicators, the financial correction for not achieving the result indicators will be applied only in case of EC will apply corrections to the programme.

However, the Lead Beneficiary is required to report the status of achieving the programme result indicators.

**Important:** *The present methodology does not impede on the application of the relevant contractual provisions regarding termination of the subsidy contract*.