

METHODOLOGY

Regarding financial corrections/reducing of the grant to be applied to projects that do not/partially achieve the indicators set in the grant contract for POC RO-MD, POC RO-UA

1. Purpose of the Methodology. Regulatory basis

The present methodology is aimed to set a framework and an unified approach for the Managing Authority (MA) for applying financial corrections in cases if projects financed by the Joint Operational Programme Romania - Ukraine 2014 - 2020 and Joint Operational Programme Romania - Republic of Moldova 2014 - 2020 do not/partially achieve the indicators foreseen in the grant contract. The procedure is also to be used by the Joint Technical Secretariat (JTS) when providing the MA the analysis on the final reports with payment request submitted by the beneficiaries, along with the resulting proposals.

Application of this procedure is based on:

- Commission Implementing Regulation (EU) 897/2014 laying down specific provisions for the implementation of the cross border cooperation programmes under Regulation (EU) 232/2014 of the European Parliament and the Council establishing a European Neighbourhood Instrument, in particular art. 71,
- Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012;
- REGULATION (EU) 2022/2192 the European Parliament and of the Council laying down specific provisions for the 2014-2020 cooperation programmes supported by the European Neighbourhood Instrument and under the European territorial cooperation goal, following programme implementation disruption,
- Government Emergency Ordinance 66/2011 on the prevention, identification and sanctioning of irregularities occurred in the collection and use of the European funds and/or of the national public related funds, amended, in particular art.6,
- The Joint Operational Programme Romania - Ukraine 2014 - 2020,
- The Joint Operational Programme Romania - Republic of Moldova 2014 - 2020,
- Guidelines for the grant applicants, in particular the evaluation criteria used by the programme to select the projects submitted following the Calls for proposals launched by the Programme,
- The grant contract provisions, in particular the sections concerning the final amount of the grant and the non-eligible costs.

2. General aspects

2.1 Intervention logic at programme level

The programmes finance only projects that support achievement of the expected results and (common) outputs detailed in the programming document, fulfil clear quality criteria and demonstrate technical and financial viability.

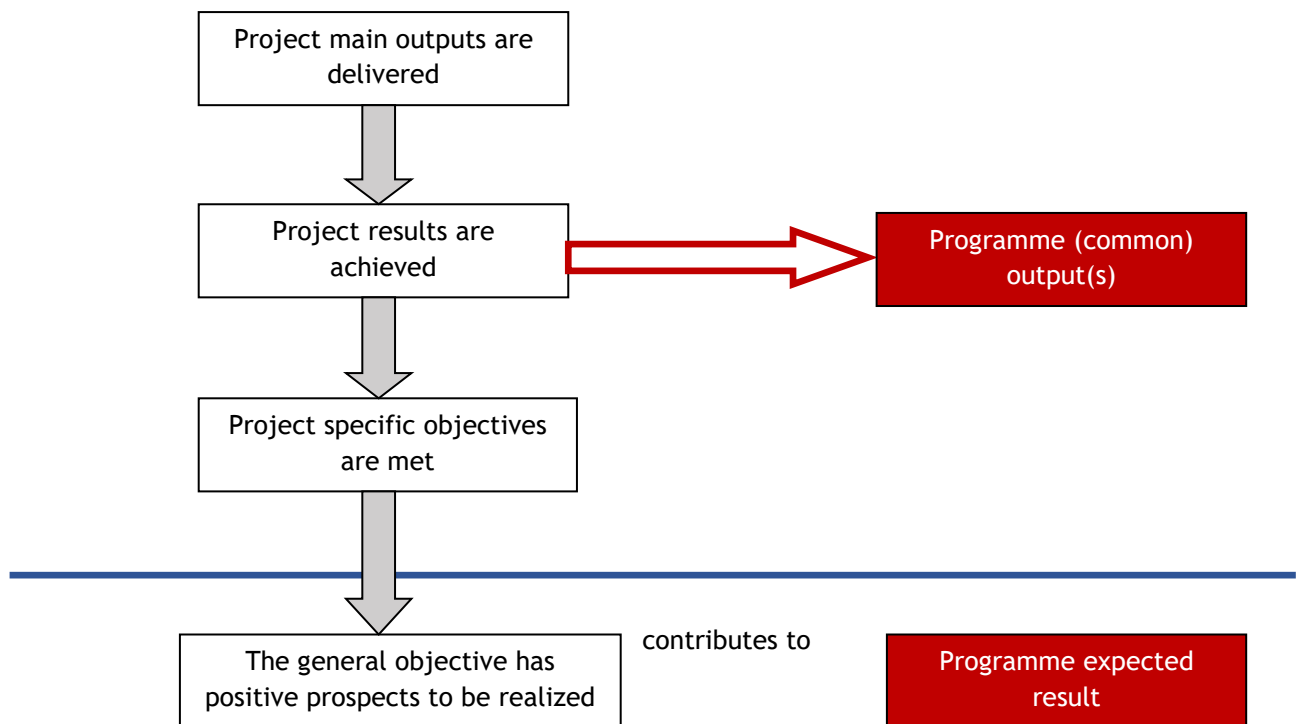
To this purpose and irrespective that is financed following a Call for proposals or through direct award, any project must demonstrate its contribution to the programme expected results and programme (common) outputs, specific for the priority chosen, as provided by the grant contract and guidelines for applicants.

In either case, direct contribution of a project to:

- i) the programme expected result and the corresponding result indicator, following achievement of the project general objective and the corresponding indicator, AND
 - ii) the programme (common) outputs and the corresponding output indicators, following achievement of all or some of the project results and the corresponding indicators,
- is detailed within the application form.

Furthermore, project results are presumed achieved if the related main outputs are delivered. The application form gives details on the link between main outputs and the corresponding project result.

Having in view all the above, the programme intervention logic shows that:



If some of the main outputs are not/partially delivered by the project, and if the underlying not/partially achieved results affect project contribution to the programme (common) output(s), consequently, project contribution to the programme expected result might also be affected.

Note: For calculating the degree of the indicators' achievement at the moment of the project closure, impact/ex-post indicators will not be considered.

2.2 Project monitoring

The Joint Technical Secretariat/Managing Authority ensure projects' monitoring during the implementation period, including the progress made towards achieving the main outputs and results specified in the grant contract and indicators assumed in the projects.

At the end of implementation, JTS/MA examines the project performance, considering the grant contract, relevant regulations and procedures in force. Basis of this examination is the final report with payment request submitted to the programme.

3 Assessment of output indicators.

Having regard to Article 8 “Cross-border cooperation impact of projects” (paragraph 1 points a and b) of Regulation (EU) 2022/2192, in the context of the implementation of projects affected by a programme implementation disruption, the cross-border cooperation impact and benefits of projects shall be assessed considering the three phases:

(a) a first phase up to the date on which the programme implementation disruption started, namely the date of 24th of February 2022;

(b) a second phase as of the date referred to in point (a);

(c) a third phase after the programme implementation disruption has ended.

With regard to the first phase, the indicators and related target values used for that assessment shall be those achieved by the beneficiaries in Romania and in Ukraine/Romania and Republic of Moldova, provided that the beneficiaries in Ukraine/Republic of Moldova have been able to provide the relevant information to the managing authority.

With regard to the second phase, the indicators and related target values used for that assessment shall be those achieved by the beneficiaries in Romania. Nevertheless, if the beneficiaries in Ukraine/Republic of Moldova are able to provide relevant evidence in support of the indicators achieved, they will be considered by the programme.

At the time of projects’ closure, both ENI programmes are expected to be in the second phase.

Assessment of project indicators by the JTS/MA will be made on the evidence regarding their achievement and provided by the beneficiaries in the final reports.

If a beneficiary in a Member State (Romania) or in another partner country (Ukraine or Republic of Moldova) did not fully achieve the indicators, but the JTS/MA analysis concludes, based on the information provided by the lead beneficiary, that this is not due to the exclusive fault of the beneficiary and is caused by external and objective circumstances, the MA may close the project without applying a financial correction. Such situations will be described in the Annual/Final Implementation Reports.

4. Methodology of applying and calculating financial corrections

The Average Deviation Rate (ADR) is the average of the deviations of the main outputs which affected project contribution to programme (common) output indicators.

Depending on the ADR, the following flat rates will be applied as financial corrections:

Average Deviation Rate	Financial correction
ADR < 15%	no correction
ADR = 15 - 30%	3%
ADR = 30 - 45%	6%
ADR = > 45%	9%

The financial correction is to be applied at the total amount of eligible ENI at project level pertaining to the beneficiaries in Romania which did not/poorly implement their share of project activities, thus leading to not/partial delivery of main outputs which affected the project results contributing directly to (common) Programme output(s).

Distribution of the financial correction shall be made between the project partners in Romania responsible for non/partial delivery of the respective main outputs (if on phase one

will be made also at the level of partners in Ukraine and Republic of Moldova). If more than one beneficiary in Romania is responsible for a certain main output, the amount of financial correction per partner will be proportional to their share of eligible ENI from the total eligible ENI pertaining to all the respective responsible partners, and is calculated as percentage as follows:

$$\text{Share of correction per partner X (\%)} = \frac{\text{eligible ENI}_{\text{partner X}}}{\text{total eligible ENI}_{\text{all responsible partners}}} \times [100]$$

Calculation example:

LB and B2 (Romanian partners) are responsible together for achieving MO4 and MO5 that are contributing to project result R1 which, in turn, contributes to programme common output indicator CO121.

Eligible expenditure reported by LB in the final report = 800,000 EUR out of which 720,000.00 EUR represents ENI funding

Eligible expenditure reported by B2 in the final report = 200,000 EUR out of which 180,000 EUR represents ENI funding

Assuming that the ADR for MO4 and MO5 is of 18%, the financial correction to be applied by the programme is of 3% from the total eligible ENI reported by LB and B2 (i.e. 27,000 EUR).

Calculation of shares of the financial correction to be applied to LB and B2 is as follows:

For (LB): $27,000 * (720,000/900,000*100) = 27,000 * 80\% = 21,600$ EUR

For (B2): $27,000 * 20\% = 5,400$ EUR

Special case:

If the project includes an infrastructure component (in the meaning foreseen by the Guidelines for grant applicants/other relevant Programme/project documentation) having a value of 70% or more out of the total costs included in the project budget and the respective component is finalised and functional by the end of the execution period, no financial corrections will be applied.

5. Workflow

When non/partial achievement of the main outputs and results is detected, JTS shall require the project to explain the reasons leading to deviations, actions having been taken by the project partners in this respect, and their consequences (positive, negative, neutral) (see [Annex 1](#)). Information shall be cross-checked with the final report and/or during the final monitoring site-visit.

Having in view the final report submitted, the analysis provided by the Lead Beneficiary on project's indicators, the site-visit findings and its own analysis, JTS concludes its examination and may propose the MA, as the case may be: project closure without recommending any financial correction, project closure and financial corrections to be applied, or termination of the grant contract (see [Annex 2](#)). Conclusions and the respective proposal shall be forwarded to MA together with the JTS analysis on the final report.

The workflow is as follows:

Action	Responsible	Result
Submission of the final report with payment request	Lead Beneficiary	final report with payment request
Examination of project indicators (main output(s), results)	JTS	JTS analysis, final site-visit report
Project analysis on not/partially achieved indicators, responsible partners, reasons, actions taken	Lead Beneficiary	project analysis (Annex 1)
Analysis of the final report with payment request, including analysis of project indicators, site visit, conclusions and proposal of financial correction at project level, if the case	JTS	analysis, conclusions and proposal of financial correction at project level, if the case (Annex 2)
Analysis of the final report with payment request, including the status of project indicators, decision on the financial correction to be applied	MA	Information to the JMC, authorization of the final payment and debt note (if the case)

All the necessary steps related to closure of the grant contracts will be made within their execution period, as foreseen in the relevant contractual provisions.

Project analysis on indicators ([Annex 1](#)) shows if actions have been taken at project level. JTS examination on project indicators with conclusions is reflected in ([Annex 2](#)).

Annex 1 Beneficiary's analysis on not/partially achieved project indicators

Project code	
Project title	
Lead Beneficiary	

Not/partially achieved main project outputs				Project result affected	Responsible partner(s)	Reasons for deviation	Measures taken	Documentary evidence
Project main outputs	Target value	Achieved value	Deviation [%]					
Not/partially achieved project results				Programme Output affected				
Project results affected	Target value	Achieved value	Deviation [%]					

Annex 2 JTS analysis on the project indicators. Conclusions

	Yes	No	Comments
1. Is the project finalized during the first phase as per art.8 of Regulation EU 2022/2192?			
2. Is the project finalized during the second phase as per art.8 of Regulation EU 2022/2192?			
3. Have deviations to main project outputs been identified?			
4. Have deviations to project results been identified?			
5. Have the (common) programme output(s) indicators set in the grant contract been affected?			
6. Is the (expected) programme result set in the grant contract likely to be affected?			
7. Have unforeseen changes/events occurred during implementation which affected the indicators? Were they outside the beneficiaries' control?			

JTS conclusions

Financial corrections to be applied to the project	Reasons	Observations indicate the percentage proposed and the beneficiaries concerned
Project closure without financial corrections	Reasons	Observations make reference to art.8 of Regulation EU 2022/2192
Grant contract termination	Reasons	Observations