

Terms of Reference

Interreg South Baltic 3rd Seed Money Facility

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1. BACKGROUND INFORMATION

The aim of the 3rd Seed money call for proposals is to facilitate the process of preparation of projects to be implemented and financed under the future Interreg South Baltic Programme 2021-2027. The Seed Money Facility itself is implemented under the Interreg South Baltic Programme 2014-2020. However, offering the Seed Money Facility to potential South Baltic partnerships aims at stimulating development of high-quality projects for regular calls for proposals in the 2021-2027 perspective. At the same time, the Facility can serve as an incentive for potential beneficiaries to convince local decision makers to develop a project idea, as the respective costs will be co-financed from the European Regional Development Fund (ERDF).

2. SET-UP OF THE SEED MONEY PROJECT

2.1. Thematic focus

The 3rd Seed Money Facility offers support to partnerships, which aim at developing projects addressing specific challenges of the programme area of the Interreg South Baltic Programme (ISBP) 2021 – 2027. The thematic focus of the Interreg South Baltic Programme in the upcoming financial perspective will cover the following planned Priority Axes and Programme Measures¹:

PA1 Innovative South Baltic – enhancing the level of innovation and internationalization of local actors

Programme Measure 1.1: Digitizing the region

Programme Measure 1.2: Building connectivity of the region through internationalization

PA 2 Sustainable South Baltic - promoting sustainable development and blue and green economy

Programme Measure 2.1: Supporting transition towards green energy

Programme Measure 2.2: Promoting sustainable use of water

Programme Measure 2.3: Supporting a circular and more resource efficient development

PA 3 Attractive South Baltic – activate the tourist potential of South Baltic Area

Programme Measure: 3.1: Developing sustainable, resilient and innovative tourism

PA 4 Active South Baltic – improving cooperation governance

Programme Measure 4.1: Strengthen the cooperation capacity of actors based within the South Baltic Area (incl. civil society)

More information about the thematic coverage of the Interreg South Baltic Programme 2021-2027 can be found at: www.southbaltic.eu/interreg-south-baltic-2021-2027.

¹ As in Interreg South Baltic 2021-2027 Programme draft under the public consultation

Therefore, proposals shall aim at development of projects contributing to the above indicated future Interreg South Baltic Programme Priority Axes and Programme Measures. As the 3rd Seed money call is open within the framework of the current Interreg South Baltic Programme 2014-2020, applications must be developed under one of the listed specific objectives:

- SO 1.1 Increase the presence of blue and green sector SMEs from the South Baltic area in international markets through joint cross-border actions;
- SO 1.2 Improve the transfer of innovation for the benefit of blue and green sector SMEs through joint cross-border actions;
- SO 2.1 Increased development of the South Baltic area's natural and cultural heritage assets into sustainable tourist destinations;
- SO 2.2 Increased use of green technologies in order to decrease the pollution discharges in the South Baltic area;
- SO 3.1 Improve the quality and environmental sustainability of transport services in the South Baltic area
- SO 5.1 Improve the cooperation capacity of local South Baltic area actors through participation in cross-border networks.

The SO 4.1 is not open in the 3rd Seed money call due to lack of available funding in the Programme budget.

2.2. Outputs and indicative activities

The seed money project may contain all activities (e.g. desk research, meetings, workshop, etc.) necessary to prepare a project proposal that will contribute to the above mentioned Measures of the Interreg South Baltic Programme 2021-2027. The planned activities have to be compiled in one work package only and have to contribute to the preparation of two obligatory outputs (see the template of the seed money Application Form).

Each of the approved seed money projects must develop two outputs which have to be delivered along within a progress report as the condition to receive project funding. These are:

- a) **“project concept paper”** which must include:
 - a report on the state of play in the field addressed, a report should include the following: challenges related to current situation, needs of target groups, justification of a project idea, an overview of complementary projects that were/are being implemented, explanation of an intended project's added value to the field addressed (the www.keep.eu database should be checked in order to identify similar/related projects),
 - a plan for the future regular project, containing: a work plan, planned activities and outputs of the future regular project as well as explanation how partners intend to tackle an identified challenge/problem through joint actions; expected future project result, change in a target group situation, composition of potential project partnership; an indicative budget plan,
 - proposed contribution to the Programme result and output indicators listed under the Programme Measures within the Interreg South Baltic Programme 2021-2027 or explanation of reasons for not applying within ISBP 2021-2027,
 - risk analysis: a description of potential issues/problems that could negatively impact the next steps of project development and the future project implementation.

The 'project concept paper' obligatory template is provided in the 3rd Seed money call application pack.

And

- b) **Cross-border workshop:** in order to facilitate cross-border character of a seed money project, partnership must organize at least one cross-border workshop. The workshop shall serve as a tool to work on the project concept, to build up a partnership for a future regular project and to network with stakeholders interested in the investigated field. The workshop can be organized as an on-site or an on-line event, therefore different lump sums are applicable, depending on the event format. As a result of the workshop a report shall be concluded that stands as a source of verification that the workshop actually took place. The report should include as a minimum:
- workshop agenda, number of participants,
 - list of institutions interested in the planned project initiative, being represented at the workshop,
 - summary of the workshop that includes its contribution to the project concept paper (min. 1 page).

No template for the Cross-border workshop report is provided by the Programme.

2.3. Partnership

The project must be implemented by a consortium consisting of at least two partners from two different Member States of the Programme area. Each project partner must have a pre-defined share from the lump sum and must co-finance the project activities. For practical reasons related to the project implementation it is recommended that seed money partnerships do not consist of too many partners (up to 4-5 PPs).

In order to act as a lead partner, an organization must follow the requirements described in the Programme Manual, Chapter III 2.1. The regular project partners must fulfil the obligations described in Chapter III 2.2.

Furthermore, to formalise a joint implementation of the seed money project partners must sign a Partnership Agreement/Agreements. It is entirely up to a project if a Partnership Agreement is one document signed by all project partners or a number of individual agreements that are signed between the lead partner and each of the partners. The template of a Partnership Agreement (minimum scope) dedicated for the seed money project may be found at www.southbaltic.eu/partnership-agreement-template.

2.4. Duration and eligibility of costs

Seed money funding shall be granted to approved partnerships for a period of the project implementation lasting up to 4 months, provided that the project's end date is not later than 31 October 2022. The project may start its implementation period after the Monitoring Committee decision on project approval. The tasks related to project clarifications and conclusion of the Subsidy Contract are envisaged for the period March-May 2022. In addition, all approved projects will be given up to 120 days for the compilation and submission of the final project progress report (closure phase: November 2022 – February 2023).

The seed money project will be reimbursed based on two lump sum payments. The project must deliver two obligatory outputs with pre-defined lump sum costs:

- Output 1: Project concept paper: 25 000,00 EUR
- Output 2: Cross-border workshop:
 - on-site event (covers also combined form of traditional meeting + online streaming): 15 000,00 EUR **OR**,
 - online event: 7 000,00 EUR.

The lump sum related to the organisation of the cross-border workshop is granted once, regardless of the number or combination of different types of workshops organized.

In the seed money Application Form, the project must define what type of workshop is planned to be implemented taking into account all the internal conditions and external circumstances.

The JS will carry out quality check against the pre-defined requirements on the obligatory outputs delivered by the project. If a respective output is delivered and complies with the requirements, the project receives 100% of the planned lump sum as reimbursement. If the project fails to deliver an output, or the delivered output does not comply with the pre-defined requirements, the project receives 0% of the planned lump sum.

The project partners do not have to submit supporting financial documents in order to receive reimbursement. However, project partners must observe relevant EU and national regulations and comply with them, including storing the documents related to project implementation.

Lump sums and public procurement:

- Independently from using lump sums, public procurement procedures must be carried out and obeyed, according to relevant EU and national regulations. However, the incurred costs and supporting documents will not be checked during the verification of project reports.
- It is not allowed to develop (outsource) an entire output through public procurement, e.g. it is not possible to procure the entire preparation of project concept paper (Output 1). However, parts of the preparation of the output can be implemented through public procurement.

2.5. Size of the subsidy and co-financing rates

The total budget of a seed money project is 32 000,00 EUR, if organising an online workshop or 40 000,00 EUR if organising an on-site meeting (including 24 000,00 – 34 000,00 EUR of the ERDF co-financing, depending on the co-financing rate, i.e. 75% or 85%).

NB: Depending on the location, the South Baltic Programme provides different ERDF co-financing rates for organisations participating in projects:

- partners from Poland, Lithuania and Germany can receive up to 85% of ERDF co-financing;
- partners from Denmark and Sweden and EU Member States other than Programme Member States can receive up to 75% of ERDF co-financing.

The organisations implementing seed money projects are expected to complement their grants with their own contributions. These contributions must not come from other EU sources.

The activities implemented within the Seed Money Facility and granted ERDF co-financing are not subjected to state aid regime.

2.6. Seed money projects vs. preparation costs of future regular projects

Due to the risk of double financing, ideas developed under the seed money facility **will not be eligible to claim preparation costs** within the projects submitted in regular calls for proposals under Interreg South Baltic Programme 2021-2027.

3. APPLICATION PROCEDURE AND SUBMISSION DEADLINE

The lead applicant for the seed money project is responsible for submitting the application on behalf of the project consortium. The documents necessary for the application process can be found in the Application pack, which is available on the Programme website www.southbaltic.eu/seed-money. Programme documents will not be altered during the call for proposals and project assessment.

The Application pack consists of:

- Announcement of the call
- Terms of Reference for seed money projects,
- seed money Application Form template with all required attachments (incl. Project Partner Declarations),
- a template of the "project concept paper"
- Guidelines for submitting and filling in the Application Form,
- Complaint template.

Applications must be completed in English, the official and working language of the Programme. Applications submitted in another language will not be considered.

The following documents must be submitted electronically to seed-money@southbaltic.eu:

- seed money Application Form in Excel format;
- signed Project Partner Declarations of all partners, including the lead partner*;
- confirmation page of the seed money Application Form signed by the lead partner*.

**Signed document means here a document with certified electronic signature OR a scan of handwritten signed document.*

Documents must be submitted **until 5 November 2021, 4.00 p.m. CET** at the latest. Applications delivered after the deadline will not be considered.

4. PROJECT SELECTION

The decision on selection for funding of seed money project proposals is taken by the Monitoring Committee of the Interreg South Baltic Programme 2014-2020. It is based on results of formal and eligibility assessment and quality assessment, which is carried out by the Joint Secretariat (JS).

The following criteria will be used during the evaluation of submitted proposals:

- formal and eligibility assessment:
 - the seed money Application Form delivered to the correct location by the set deadline;
 - all obligatory annexes are submitted (i.e. Project Partner Declarations);

- the seed money Application Form and Project Partner Declarations are signed by the authorised signatories;
 - the seed money Application Form is delivered in the correct format (Excel format and signed confirmation page or Excel format and signed scan of the AF);
 - the seed money Application Form and all annexes are compiled in English;
 - the seed money Application Form is correctly filled in (no error messages are displayed);
 - administrative and formal data in the the seed money Application Form and annexes is consistent;
 - the project fulfils the minimum requirements for partnership (at least 2 eligible partners from 2 Programme Member States);
 - the lead partner is an eligible organisation;
 - all project partners are eligible organisations;
 - project is assigned to the Programme Priority and its Specific Objective
 - co-financing is secured, in line with the Programme thresholds and project seed money Application Form.
- quality assessment:
 - context of the seed money project and compliance to one of the Programme Measures of the Interreg South Baltic Programme 2021 – 2027;
 - quality and adequateness of the work plan of the seed money project (covering also joint development, joint implementation, joint staffing);
 - budget quality (correct application of lump sums, value for money, joint financing).

The Monitoring Committee's decision on the approval of the submitted seed money projects proposals is expected on **7 February 2022**.

5. PROJECT IMPLEMENTATION

5.1. Contracting process

After a project is approved by the Monitoring Committee, the lead partner is obliged to sign the Subsidy Contract in order to receive subsidy from the ERDF. The JS is responsible for contacting a project as soon as the requirements necessary to sign a contract are met.

A Subsidy Contract is signed between the Polish Ministry of Development Funds and Regional Policy (acting as the Managing Authority for the Programme) and the lead partner of the approved seed money project. It confirms a final allocation of EU grants to a project and forms a legal and financial framework for implementation of project activities. In particular, the contract specifies the mutual liabilities and rights of the contracting parties with regards to payment of grants, monitoring and reporting, recovery of funds, control and audit system of the project.

It is important that the lead partner becomes familiar with the issues regulated by the Subsidy Contract before the application is submitted. The seed money Subsidy Contract's template is available at the Programme website www.southbaltic.eu/subsidy-contract-template.

5.2. Rules of implementation and reporting

Unless specified otherwise in this Terms of Reference, all seed money projects are obliged to follow the rules of the Interreg South Baltic Programme 2014 – 2020 as defined in the Programme Manual (www.southbaltic.eu/programme-manual). In case the project encounters any difficulties in the implementation phase, it should contact the Joint Secretariat as soon as possible.

Seed money projects are required to submit one project progress report (final project progress report) once the implementation of the project is finalised. The maximum deadline for submitting a project progress report to JS is 120 days after the project end date.

Along with the report, each project partnership is obliged to deliver the evidence of the above-described two project outputs (a project concept paper and a report from cross-border workshop). Projects have up to 120 days to fulfil this obligation. (see also section 2.2.). A detailed description of the reporting requirements is included in the Chapter VI.7 of the Programme Manual.

Nevertheless, due to the specificity of seed money projects (i.e. limited budget, use of lump sums, duration and purpose), following **deviations from the rules specified in the Programme Manual** are applicable:

- Seed money projects have only one work package (Chapter III. 5. p. 55.).
- The obligation for each project to contribute to at least one Programme output indicator (Chapter III.3 p. 51.) does not apply to Seed Money Facility projects. Two outputs are required to be delivered: the project concept paper and the cross-border workshop.
- It is not possible to introduce changes to project outputs (Chapter VI. 6.3 p. 107-108.), they should be delivered as defined in the Subsidy Contract/seed money Application Form.
- The project budget will include lump sums only, due to this, the project budget shall not be structured according to budget lines. Regarding project partners budget, the project partnership needs to define only the lump sum division when planning the budget (Chapter IV.2 p. 67., Chapter V. 1 p. 84.). When assessing the project's budget after submission (Chapter V. 4.2 p. 92.) only the followings will be checked:
 - correct application of lump sums,
 - existence of lump sum division per partners,
 - amount of ERDF applied per partner.
- After signing the Subsidy Contract, all project partners must sign Partnership Agreements dedicated to seed money projects (www.southbaltic.eu/partnership-agreement-template). Please mind that the template may be slightly modified by the time of project contracting.
- The project does not have to introduce publicity measures related to the communication of results or the monitoring of the project's impact. It is also exempted from delivering a success story and the task to participate in Programme events (Chapter VI.5 p. 102-105.).
- The obligation to perform a mid-term project evaluation does not apply (Chapter VI.7.2 p. 116.).
- A lead partner and project partners submit **partner progress reports in 15 days after the project end date**. A verification of partner progress reports will be carried out by First Level Controllers (the part of the lump sum received should reimburse the FLC cost incurred (if applicable)). Due to the simplified method of reporting, it is recommended for project partners to agree with relevant FLC on earlier, than defined in the Programme Manual (90 days),

partner progress report verification deadline. After a positive verification of partner progress reports, a lead partner compiles and submits a **final project progress report in maximum 120 days after project end date** (to JS) with information on the financial and physical implementation of the project and the achievement of outputs (Chapter III. 1 p. 41, Chapter VI. 7.1 p. 115, Chapter VI. 7.4 p. 117-118).

- The projects will be reimbursed based on two lump sums (not based on expenditures actually incurred). Due to these settlement rules, expenditures incurred will not be verified against the eligibility rules (Chapter IV.1 p. 64-67., Chapter VI 7.1 p. 115., Chapter VI. 7.3 116-117., Chapter VI. 8.1 p. 121.). However, project partners are obliged to observe and follow the EU and national regulations regarding the financial management of the project.
- The project must deliver two outputs specified in the ToR with the features defined in the Subsidy Contract/seed money Application Form. If either of two delivered outputs does not meet with the defined requirements, the related lump sum will not be paid to the project (Chapter VI. 6.8 p. 110-111.). However, in case of unforeseen conditions (e.g. force majeure like COVID-19) it would be possible to change the form of the workshop. Such situation should be well justified and will be considered by JS. Every case will be treated individually. .
- Project monitoring will not cover the assessment of the quality of the management (Chapter VI. 7.1 p. 112.).

6. TIMEFRAME OF THE SEED MONEY FACILITY

Timeframe for the Seed Money Facility	Date
Announcement of the call for seed money projects	13 September 2021
Deadline for the submission of proposals	5 November 2021
Assessment of submitted proposals	November 2021 – January 2022
Decision of the Monitoring Committee	7 February 2022
Conclusion of Subsidy Contracts	April - May 2022
Implementation of the seed money projects	4 months, projects ending not later than 31 October 2022
Final progress report to be delivered to the JS	120 days after the end of the project, not later than 28 February 2023