



## **9. PROJECT CLOSURE**

In accordance with the Commission Implementing Regulation (EU) 2020/879 (amending Implementing Regulation (EU) No 897/2014), all activities of projects financed by the Programme shall end by **December 31<sup>st</sup>, 2023, and all costs shall be paid within the same date<sup>1</sup>.**

The Final Report (hereinafter FR) is intended to provide a precise and detailed overview of the entire project implementation, with focus on achievement of results and use of resources, and must be submitted within 3 months after the end of the project implementation, together with the payment request, in order to obtain the final balance of the ENI grant.

**Key issues:**

- ✓ The FR is part of an important management process, which must lead to the understanding of the results achieved through proper dissemination actions to a wider community and the assessing of the overall achievement of the project by taking into account key challenges and lessons learned for the next programming period.
- ✓ Taking into consideration the short time available between the end of project implementation and the deadline for submission of the FR, it is of utmost importance to plan very carefully all the steps for its preparation. This planning must be steered by the Lead Beneficiary (LB) but shared and accepted by all Project Partners. We strongly recommend avoiding important project activities, such as a final conference or the delivery of infrastructure works, in the last month of project implementation. If possible, devote the last months to start working on the final report.
- ✓ The FR is drafted and sent to the JTS/MA through the Management Information System (MIS), the Programme dedicated IT interface among the actors involved in the Programme and projects management, including LBs, PPs and projects' auditors.
- ✓ All documents required for starting the final balance payment procedure must be signed by the legal representative of the LB/PPs' organization or by the auditor. Some documents included in the final reporting package are also required as original copies with handwritten signatures or digital signatures.<sup>2</sup>
- ✓ All technical and administrative documents related to the project shall be kept by the LB/partner organization at least until year 2030.

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<sup>1</sup> With the exception of costs for Audit and external evaluation

<sup>2</sup> See the list provided in Ch.4 of the PIM, par.2.2 "Which documents"

This chapter deals with:

1. The Narrative final report
2. The Financial final report
3. Non-profit principle
4. Transfer of assets
5. Controls after project closure: Right of access & keeping of documents

## **1. THE NARRATIVE FINAL REPORT**

The Narrative FR shall provide a global overview of the achieved results and first impact of the project on the project territories, the added value in terms of cross-border cooperation, project sustainability and contribution to the Programme objectives, including cross-cutting issues (non-discrimination principle and equality of treatment in all activities; environmental sustainability; gender equality).

The narrative components of the FR have the same structure as the progress and interim narrative reports described in Ch. 4 “Reporting”, except for some specific information to be provided, at project level, concerning indicators and their achievement (see Annex 9.1 Final report template).

Below a synthetic overview of the Narrative FR’s sections:

- Project state of play at the closure date
- State of completion of the planned events
- Reported expenditure
- Cross-border cooperation, final evaluation and added value of cross-border approach
- Synergies, final evaluation
- Additional actions with relevant stakeholder, final evaluation and state of achievement, granting transferability
- Cross-border transversal result indicators (Programme level), final evaluation and state of achievement
- New jobs created as a result of project initiatives, final evaluation and state of achievement

- Participation and visibility of cross-border cooperation, lessons learnt on involving target groups, final evaluation
- Priority, expected results and outputs and related indicators, final evaluation
- Project results and outputs, final evaluation
- Potential risks, external conditions and corrective measures, final evaluation
- Overview of the outputs and (expected/actual) delivery, final evaluation
- Work packages implementation and evaluation of technical project implementation, final evaluation
- Durability of project outputs and capitalization (to which extent will the PPs continue to cooperate beyond the project's end?)

The narrative section is intended for describing the project achievements and their contribution to change in the Mediterranean Area, according to the Programme's objectives and indicators. It is the opportunity to display what has been done by the partnership during the years in which the project has been implemented, in a variable context such as the Mediterranean Basin, on topics relevant for the entire Region. What the project achieved, and the resulting impact have to be clearly identified and verifiable, also with respect to the project and Programme indicators. Any gap from the initial plan has to be justified, especially when the target values set in the application form have not been reached, in order to avoid a reduction of the final amount of the grant.

Adaptation to variability of the context is an important capacity to assure the results. When adaptation has been a project feature, it should be described.

The Final Narrative report shall include details on the involvement of stakeholders and their capitalization/ownership of the project results, as well as on how the target groups and final beneficiaries were reached, what change they received from the project and how they are going to keep accessing the results. All deliverables linked to the final report should be uploaded in the Final version, not in draft. Any uploaded draft version will be rejected.

### **1.1 Cross Cutting Issues**

According to par. 2.6 of the JOP, projects granted under the Programme must describe the way they mainstream cross-cutting issues in their implementation.

The FR shall detail what has been done and achieved with respect to:

- a) democracy and human rights: the ways the project has met the rights of minorities, workers' rights and general access to resources ought to be clearly described;

- b) environmental sustainability: environment and climate change cover four out of eleven of the Programme priorities. Nonetheless, all projects must integrate and mainstream environmental considerations, such as: conservation and management of natural resources and ecosystems, reduction of greenhouse gases, reduction of carbon footprint. The FR shall describe what has been done and achieved in terms of positive impact on the environment and reduction of potential negative impact. Projects should consider that their environmental performance contributes to the Programme Strategic Environmental Assessment (SEA; see JOP par. 2.8), thus if relevant they ought to mention in the Final Report the way they dealt with 5 macro-environmental dimensions: I) water; II) air emissions and climate change; III) waste management; IV) energy; V) ecosystem and landscape;
- c) gender equality: the Programme is committed to pursue the empowerment and human rights of women and girls and to ensure equal access to resources and equal opportunities in all spheres of life, both for men and women. All projects are asked to describe how they have addressed gender-related issues in the implementation of their activities, and what has been achieved also in terms of balanced distribution of responsibilities and benefits.

## **1.2 Sustainability**

The Programme includes sustainability as a transversal and mandatory approach and the calls for proposals require sustainability of project outputs and results as a native feature, since their conceiving.

It is of the utmost importance to clearly refer to the project's sustainability in the FR, describing how activities that are meant to continue will be kept alive (responsibilities, human and financial resources) and how target groups and/or final beneficiaries will continue to access the results and outputs. Multiplier effects at any scale (local, regional, national and/or Mediterranean Sea Basin level) have to be clearly described as well.

In this regard, projects are required to provide information on:

- Institutional sustainability: which organization(s) take(s) ownership and responsibility on the continuation of activities/services, as well as on the access of target groups and final beneficiaries to results and outputs, in the territories involved?
- Financial and organizational sustainability: how is the continuation of results going to be funded? By whom? To which amount and duration? Will the corresponding human resources be guaranteed (if applicable)? In case the project publishes its results and outputs online, will the access by final beneficiaries be guaranteed?

- Environmental sustainability (where applicable): the FR has to define if it is going to produce future side effects on the environment or if the continuation of results is environmentally neutral/positive.
- Policy level (where applicable): is the project leading to improve legislation and regulations, codes of conduct, methods, etc.? In which contexts and territories?

### **1.3 Project Webpage and other internet-based tools**

The FR has to show the coherence of Communication activities with the Programme's Communication and Visibility Guidelines (see PIM Chapter 10).

Projects have to be specific in reporting the communication indicators and results reached, as well as in quantifying the use of the project's webpage and social media use, through the number of articles, news, publications, followers, visualisations, etc.

In the case of sub-grants, the application of visibility rules as per the Handbook for sub-grants management shall be mentioned.

The publication and diffusion of outputs and reports has to be described, ensuring that all of the corresponding outputs are uploaded on the MIS. Any publication/upload of outputs/deliverables in other platforms has to be mentioned in the FR. Any use of project outputs by target groups and final beneficiaries witnesses the communication effectiveness of the project and has to be highlighted.

## **2. THE FINANCIAL FINAL REPORT**

The final financial reporting process is similar to the interim one. However, once the final report is submitted there will be no further opportunity for budget updates and maximization of the use of the available funds, nor for resubmitting expenditures reported incorrectly.

Moreover, a significant part of the grant may be part of the final payment, it is of the utmost importance and in the best interest of the partnership to have a clear and up-to-date financial plan, to avoid any cashflow problems during the last phase of project implementation.

### **2.1 Eligibility of expenditures**

The project financial closure refers to the finalisation of all the legal and administrative duties and obligations of the LB and PPs related to the granted activities, and to the incurred expenditure. The financial management of the project needs to be finalised by the partnership as a whole, in accordance with the roles and responsibilities foreseen by the GC, art 5.

According to art.14.1 lett a), (ii), (iii) of the GC, in order to be eligible for reporting, final costs must be compliant with the following:

*(ii) Costs incurred should be paid before the submission of the final reports.*

*(iii) An exception is made for [...] costs relating to final reports, only for expenditure verification and final evaluation, as the case may be, which may be incurred after the project implementation period and may be paid after the submission of the final reports, provided that they are listed in.<sup>3</sup>*

The following costs can then be claimed in the final financial report:

1. costs related to activities implemented and paid by the end of the project, verified by the external auditor;
2. costs related to activities implemented by the end of the project, but paid before the delivery of the final report and verified by the external auditor; the expenditure document (invoice, receipt) has to be dated within the project implementation period, or, in exceptional and duly justified cases, clearly linked to the activity implemented within the implementation period (i.e.: an invoice with a clear indication of the date of the services provided by the end of the project, or taxes and social charges paid on the last month of salaries); **in order to be eligible, these expenditures have to be paid on or before 31 December 2023;**
3. costs related to the final evaluation<sup>4</sup>, implemented after the end of project; the activity has to be carried out and the payment finalized before the delivery of the final report and verified by the external auditor;
4. costs related to the final expenditure verification; the final invoices and proofs of payments can be sent to the MA after the delivery of the final report, but before the payment of the final balance, for control of eligibility and alignment with percentages set in the Guidelines.

Regardless of the timing of the payment, **all expenditures shall be indicated in the financial report, thus included in the MIS before submitting the report** to the JTS, in order to be declared eligible.

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<sup>3</sup> Thus, Staff Costs incurred (and paid) after the end of the project are not eligible.

<sup>4</sup> The final evaluation can take place after end of implementation according to GC, but never after 31 December 2023.



## 2.2. Validation of the Final Report and payment of the balance

The procedure for the validation of the final report is the same described in par 4.3 of the PIM – The reporting flow.

The indicative expected final balance amount of the project is set in the GC, art. 7.1.

According to art. 8 of the GC, the total amount of the grant may not exceed the maximum laid out in the contract, both in terms of absolute amount and co-financing rate.

Moreover, the total amount of the grant maybe reduced in case of administrative and financial penalties or financial corrections (art. 12 and 13 of the GC).

Therefore, if the total actual eligible costs are less than the initially estimated budget, the Programme contribution shall be limited to the amount obtained by applying the percentage of co-financing rate to the final amount of costs accepted by the Programme.

Once the pre-financing payments are deducted from the final amount of the grant, the balance shall result in either a final payment or a recovery procedure. As an example, a 2.500.000 Euro project with 2.250.000 Euro ENI funds (90% co-financing rate), having already received 2.000.000 Euro as pre-financing, may face different situations according to the total amount of accepted expenditures:

	<b>Case 1</b>	<b>Case 2</b>
Project total costs	2.500.000	2.500.000
ENI contribution (90%)	2.250.000	2.250.000
Total eligible accepted expenditure	2.485.000	2.200.000
Actual ENI grant (90%)	2.236.500	1.980.000
Already received	2.000.000	2.000.000
Balance payment	236.500	-20.000

A negative final balance of payments will result in the recovery procedure of the ENI funds surplus received by the project, according to Article 75 of ENI-CBC Implementing Rules.

Finally, the final amount of the grant may be reduced if the project does not deliver all the outputs, or even if the target values for the indicators are significantly lower than foreseen. In particular, a financial deduction up to 10% may be applied to the total amount of the grant, “if the project is not implemented or is implemented poorly, partially or late” (art 12.2 of the GC).



### **3. NON-PROFIT PRINCIPLE**

According to article 47 of the ENI CBC Implementing Rules, grants shall not have the purpose or effect of producing a profit within the framework of the project. Profit is defined as a surplus of the receipts over the eligible costs approved by the programme bodies when the request for payment of the balance is made<sup>5</sup>.

The Regulatory framework for the ENI CBC Programme sets the requirements for the verification procedures of declared revenues, putting in place specific measures to prevent and detect revenues, from the application process to the implementation and completion of the projects.

Expected revenues have to be declared in the description of the project during the application process; any revenue generated by the partnership during the project implementation must be checked by the external auditor and declared to the MA in the expenditure and revenue verification report (EVR).

The revenues generated during the implementation period of the project need to be reported at the latest with the FR. (e.g.: registration fees for a conference or entrance fees for cultural events organised by the project).

Bank interests generated by pre-financing payments are not considered as revenues.

Moreover, revenues are checked also through the on-the-spot checks and/or through other 2<sup>nd</sup> level verifications, also in order to detect any non-declared revenues.

Where the final amount of the grant determined in accordance with the GC would result in a profit, the final balance shall be reduced by the percentage of the profit corresponding to the ENI contribution set in the Grant contract (art. 3.2).

As stipulated in article 18.4 of the GC, the provisions on the non-profit principle do not apply to grants of EUR 60.000 or less.

### **4. TRANSFER OF ASSETS**

The following provisions of the Grant Contract shall be taken in to account during the final reporting phase, ruling the transfer of assets of items purchased with the budget of the project and to be transferred at the end of the project implementation.

In particular:

- Article 22.5 foresees that, unless otherwise clearly specified in the Description of the Project in Annex I, the equipment, vehicles and supplies paid for by the Budget for

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<sup>5</sup> Art. 192 of Financial Regulation (Regulation (EC) 1046/2018)

the Project shall be transferred to the final beneficiaries of the Project, at the latest when submitting the final report.

If there are no final beneficiaries of the Project to whom the equipment, vehicles and supplies can be transferred, the LB and its partners may transfer these items to:

- local authorities
- local Partners
- local affiliated entity(ies)
- another project funded by the European Union
- or, exceptionally, retain ownership of these items.

In such cases, the LB shall submit a justified written request for authorisation to the MA, with an inventory listing the items concerned and a proposal concerning their use, in due time and at the latest with the submission of the final report.

In no event may the end use jeopardize the sustainability of the Project or result in a profit for the LB and its partners during project implementation.

- Article 22.6

Lead Beneficiaries and partners located in EU Member States may indeed implement activities in Mediterranean Partner Countries involving equipment or vehicles. These must be then transferred to partners in the countries where the activities were carried out or to the final beneficiaries of the project, at the latest when submitting the final report. Copies of the proofs of transfers of equipment and vehicles, the purchase cost of which was more than EUR 5.000 per item, must be attached to the final report (see Annex 9.3 - Transfer of Assets). Such proof must be kept for control purposes in all other cases.

In order to fulfil such contractual provisions, Annex 9.3 - Transfer of ownership of assets and equipment list - shall be completed by the LB and / or concerned partner/s and submitted with the final report.

## **5. CONTROLS AFTER PROJECT CLOSURE: RIGHT OF ACCESS & KEEPING OF DOCUMENTS**

The LB and Project Partners shall keep all records, accounting and supporting documents related to the project for five years after the payment of the balance for the

Programme<sup>6</sup>, and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim has been initiated by the competent authorities.

All the supporting documents shall be available either in the original form, including in electronic form, or as a copy. They shall be easily accessible and filed to facilitate their examination<sup>7</sup>.

The LB and partners shall allow verifications and access to the documentation to be carried out by the MA, the Audit Authority, the European Commission, the European Anti-Fraud Office and the national anti-fraud agencies, the European Court of Auditors, the Control Contact Points established at national level in the participating countries, and any other bodies / entities authorised by the MA or the above mentioned institutions and bodies that may exercise their power of control concerning premises, documents and information irrespective of the medium in which they are stored. The Lead Beneficiary and partners have to take all measures to facilitate their work.

The verifications and access to the documentation concerned described above shall also apply to the activities of contractors, subcontractors and any recipient of financial support who has received Programme financing. To this end, the LB and the PPs shall ensure, through contractual provisions and any other means at its disposal, that these persons are legally bound by the same obligations as the Lead Beneficiary and the partner themselves toward the above-mentioned institutions and bodies.

Other possibly longer document retention periods, according to the applicable national and internal rules of the Lead Beneficiary and the partners, remain unaffected.

## **ANNEXES**

Annex 9.1 Final narrative report template

Annex 9.2 Request for final balance

Annex 9.3 Transfer of ownership of assets and equipment list

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<sup>6</sup> i.e., until at least 2030

<sup>7</sup> Please see the “Informative note on documents keeping” published [here](#). and the box “TIP: Naming your files” in PIM Ch. 4, par. 4.2.2 “Which documents”