

GUIDE FOR THE FINANCIAL SETTLEMENT
TO THE CALL FOR APPLICATIONS FOR FINANCING THE PREPARATORY AND CAPACITY BUILDING ACTIVITIES RELATED TO
CLIMATE PROTECTION PROJECTS IN THE WESTERN BALKANS REGION

After completing the tasks and obligations set out in the award document issued by Western Balkans Green Center Nonprofit Llc. (in Hungarian: Nyugat-Balkáni Zöld Központ Nonprofit Kft., hereinafter: Granting Authority), the Beneficiary shall submit an interim report within the deadline specified in the award document, and then a final report after the end of the supported activity; 1 year after the acceptance of the final report by the Granting Authority and then annually during the maintenance period, the Beneficiary shall submit follow-up reports. All such reports shall be filed via the online grant management system.

1. Content of the interim report

The Beneficiary shall submit an interim report to the Granting Authority by the date specified in the award document. The purpose of the interim report is to monitor the progress of the supported activity. The Beneficiary shall complete the document entitled "Interim report" attached in Annex 1 and shall submit it to the Granting Authority.

2. Content of the final report

The final report has two parts: the technical report and the financial accounts. The final report shall be drawn up by the Beneficiary so as to allow for the detailed examination of the use of the grant and for determining whether the Beneficiary used the grant amount specified in the award document for the intended purpose. The Beneficiary shall complete the "Technical Report" document attached in Annex 2 along with the "Summary of Invoices" attached in Annex 3 and submit them to the Granting Authority.

2.1. Content of the technical report

In addition to the identification data (the Beneficiary's name, registered office, tax identification number, number of the award document) and the supported activity recorded in the grant document, the technical report shall cover the completion of the task as undertaken in the award document, including the following, *mutatis mutandis*, depending on the nature of the task:

- **For events:** the fulfilment and result of the original programme (schedule, scenario, etc.), photo and media appearances, the names of the performers/speakers, their organisation, description of the participants, the exact or estimated number of participants, the reason for any deviation from the programme, the extent to which it affected the planned result, substitute programme for any missed lecture/presentation, reaction by the audience to the lectures/presentations, social and professional acceptance of the event. In the case of an event series or if the event did not specifically address the topic relevant for the purpose of the grant only, a statement shall be drawn up as to which lectures/presentations addressed issues relevant to the supported activity.
- **For education and further training:** the agenda, the number of hours given per topic and the attendance sheet signed by the participants shall be attached. The report shall briefly describe the preparation, professional qualifications and experience of each speaker. In addition, the participants should be described (including their institution or ethnicity, or the group of people with disabilities) along with their assessment by the instructors and, vice versa, the assessment of each lecture by the students, whether they were satisfied with the instructors and the quality of education, the results achieved by the instructor, and whether the participant receives any certificate/qualification attesting the participation.
- **For preparing a study:** the necessity and usability of the study should be briefly described, together with a short summary of its content, highlighting the conclusions and suggestions, indicating the own research results required for the development and the source materials used, as well as the medium where the prepared study will be published. The study shall be uploaded electronically to the online grant management system and sent in 6 hard copies to the Granting Authority, accompanied by a statement from the Beneficiary to the effect that the completed study may be used and disseminated freely by the Granting Authority and the Ministry of Innovation and Technology (hereinafter: ITM).
- **For a survey or investigation:** the subject, scope and necessity of the survey or investigation should be briefly described, together with the areas of utilisation of the results, a brief summary of the results, conclusions and recommendations, and the medium where the prepared material will be published. The summary of the survey or investigation shall be uploaded electronically to the online grant management system and sent in 6 hard copies to the Granting Authority, accompanied by a statement from the Beneficiary to the effect that the completed study may be used and disseminated freely by the Granting Authority and the ITM.
- **For the supporting of the operation of an organisation:** it should be described what technical equipment is assigned to each task during the operation, how open and private the service is, to what extent the society knows it, which layer of society is affected by it and to what extent it is related to the purpose of the grant, and how many people used the service during the reporting period. In the case of overheads, the number of hours spent providing the service and, in the case of personal payments, the number of persons whose commission fees/wages were taken into account.
- **For investment:** a short technical description shall present the investment, its implementation method (its purpose, the way it was implemented, the contractor in the case of construction and how it was selected, the way the construction was carried out), the necessity and effectiveness of the investment, any deviation from the award document or the original plan (including its reason, cost implications, obtaining the necessary permits, fulfilling the reporting obligations). A copy of the technical handover report and a certified copy of the authorisation for putting in service or operation shall be attached.

The report shall present the development of the direct (result) and expected indirect (impact) indicators related to climate protection included in the grant application, measuring the implementation of the project and appearing as a commitment, where the planned and implemented results and impacts shall be compared.

If the grant was intended to support a capacity development or a business planning activity, the development of the implementation of the business plan as submitted in the framework of the grant application should be briefly described.

Depending on the supported activity, the report shall contain enough details on at least 2 pages, with documents, photographs and other audio-visual means if necessary. The results of the programme implemented from the grant shall be highlighted in the report.

If the report is longer than 10 pages, the Beneficiary shall prepare a 1-page executive summary.

If the implementation of the supported activity is subject to official authorisations, a certified copy of the final official authorisations required for the implementation of the supported activity shall be attached to the technical report.

2.2. Content of the financial accounts

In the financial accounts, only invoices issued for the name of the Beneficiary, accounting documents certifying the activation of the investment, and other substitute documents and accounting documents suitable for use for accounting purposes and for use by the tax authorities may be indicated; such invoices and documents must relate to eligible costs indicated in the cost plan annexed to the award document and that incurred during the implementation period specified in the award document in connection with the implementation of the supported activity specified therein and demonstrated to have been spent on that purpose.

Eligible costs:

Cost of materials:

- stock purchases essential for the achievement of the project's purpose, including the purchase of professional materials (office supplies, specialist books, journals, studies, publications and other data sets).

Services used:

- property rent;
- information technology services;
- services supporting professional activities (e.g. consultant, attorney, legal and translation fees);
- travel expenses: reimbursement of train, bus and airplane tickets against invoices and, in the case of travel by car, logs must be kept of official trips, which logs must contain the type, registration number and owner of the vehicle, the kilometres travelled in the interest of the project's implementation, the departure and arrival times, specification of departure and arrival locations, average mileage (l/100 km), and invoices and receipts on fuel purchased must also be attached;
- accommodation costs (maximum 120 EUR/person/night);
- business entertainment;
- exhibition costs (e.g., registration and rental fees);
- advertising, marketing and media expenses.

Other services:

- other services closely related to the purpose of the project (e.g. fees of postal services or financial services).

Wages and salaries, personnel costs:

- wages and other personnel costs closely related to the purpose of the project (except premium, bonus, cafeteria, other fringe benefits, etc.)

Contributions on wages and salaries:

- contributions and social contribution taxes payable by employers.

Investment projects:

- acquisition and creation of intangible assets;
- acquisition of tangible assets;
- capitalised value of experimental developments (e.g. research costs);
- concessions and similar rights (e.g. leases, concessions, rights of use, licence fees, brand names, etc.);
- intellectual property (e.g. software, invention, manufacturing process, trademark);
- refurbishment (only for tangible assets, with all recognised costs included in the acquisition cost).

The total eligible amount of business entertainment costs (hospitality (food and drinks) provided as part of business and official events related to the purpose of the project and services relating to such events (travel, accommodation, etc.)) may not exceed 7% of the total eligible costs of the project.

The amount of investment and refurbishment costs may not exceed 30% of the total eligible costs of the project.

The rent for the registered office or business site shown in the applicant's deed of foundation at the time of the submission of the application does not qualify as eligible cost. The rent for a property – closely linked to the project's implementation and which the Beneficiary started to lease after the submission of the grant application – may be recognised as eligible cost up to a maximum of 30% of the total eligible costs of the project.

The wages of the Beneficiary's senior officers qualify as eligible cost up to 20% of personnel costs (wage costs and wage contributions).

Non-eligible costs:

Types of costs other than those described in the section "Eligible costs" above are not eligible under the grant transaction.

Invoices or other accounting documents issued by the members of the consortium to each other may not be recognised under the grant.

Costs not directly related to the planned activities as well as overpriced costs may be deducted during the audit.

In addition to the identification data (the Beneficiary's name, registered office, tax identification number, number of the award document, name of the bank holding the account and the bank account number of the Beneficiary) and the supported activity specified in the grant document, the financial accounts shall cover the following, mutatis mutandis, depending on the nature of the task:

- It shall be presented in detail what the grant was used for and what percentage of the costs was covered from the grant under the award document.
- For the grant awarded, any deviation from the original cost plan shall be justified in detail in terms of its total amount, supported by a comparative table in which the following items shall be identified: costs specified in the original cost plan, costs incurred and to be accounted for, and their deviation in %.
- The original copy of the invoice, invoice-substituting document, payroll summary, transfer and/or cash receipt (hereinafter: invoice) that is required for the settlement but remains with the Beneficiary shall be endorsed. Endorsement means that the following text shall be written on the invoice using blue ink or a stamp: *"Accouted for in an amount of HUF ... (that is, ... forints) under award document number WBGC-2020/2 to Western Balkans Green Center Nonprofit LLC."*

The Summary of Invoices (itemised accounts) attached hereto as Annex 2 shall be attached to the financial accounts.

Invoices and receipts shall be arranged in the Summary of Invoices by grouping them according to the items of the Cost Plan attached to the award document.

As regards invoices to be accounted for in the framework of the grant transaction, invoices or any document equivalent to invoices submitted in support of the incurred expenses shall comply both in form and content with the provisions of Act CXXVII of 2007 on the Value Added Tax and be completed accurately numerically, too.

In that case, a certified copy of the invoices, accounting documents, proofs of payment and other documents certifying the economic event shall be submitted by the Beneficiary as soon as part of the accounting process – simultaneously with the Summary of Invoices – if the Granting Authority expressly imposed an obligation to that effect in the award document.

During the use of the grant, the Beneficiary may deviate downwards from the amount fixed on the individual budget lines of the cost plan to an unlimited extent. The Beneficiary may make changes to any cost element (main budget line) of the budget plan not exceeding 10% each within its own competence, without the prior approval of the Granting Authority. Transfers exceeding 10% but not more than 25% as a maximum shall be requested by the Beneficiary in writing 20 working days before the last day of the implementation period as specified in the award document and may be accounted for only if the transfer request is approved in writing by the Granting Authority and the new cost plan is accepted. It is not possible to change the cost plan by more than 25%.

The settlement of accounts can only be performed in HUF. During the financial settlement, in the case of economic events for which the consideration has been determined in a foreign currency and thus the document supporting the economic event (invoice, accounting document) is also issued in a foreign currency, its final amount and the amount of relevant eligible costs shall be converted into HUF at the average exchange rate published by the Hungarian National Bank valid on the date of performance indicated on the invoice or accounting document. In the case of an invoice or accounting document issued in a currency not quoted by the Hungarian National Bank, it must be converted into a foreign currency at the average exchange rate published by the European Central Bank. The value of invoices and accounting documents shall be expressed in their HUF value (calculated on the basis of the above) in the financial accounts. The exchange rate used during the conversion into HUF shall be indicated on the summary of invoices, and the subject of the invoice shall be entered in Hungarian in the column for the names of products/services. If a foreign invoice issued in a foreign currency is paid in HUF by transfer, the value of the transferred amount shall be accounted for under the grant if the bank account statement regarding the transfer clearly identifies the payment of the given invoice and the given daily exchange rate of the financial institution and a copy of the bank account statement regarding the transfer shall also be attached to the financial accounts.

3. Audit of the final report

During the audit of the final report, the Granting Authority shall examine the final technical report and the financial accounts, their compliance with the contents of the award document, and the coherence of the three documents with each other.

During the audit of the financial accounts, the Granting Authority shall verify the summary of invoices (summing up the accounting documents certifying the costs related to the implementation of the supported activity) attached to the final report by verifying the existence of accounting documents selected at random from the summary of invoices and their conformity with the summary either by requesting the submission of the endorsed original accounting documents or their certified copies or by checking them on site.

The audit shall cover at least 5% of the accounting documents or, where there are less than ten documents in the summary, at least 50% of them, but at least one document so that the sum of the audited invoices reaches at least 10% of the value in the summary.

If the invoices or a specific part of them are requested separately in the context of the audit of the financial accounts (where they are not reviewed in the context of an on-site audit), the endorsed invoices and accounting documents shall be copied and certified by the official signature of the legal representative of the Beneficiary, then attached to the audit within the deadline specified in the letter sent by the Granting Authority, for which, as a general rule, 10 working days are available. Certification means that a photocopy of the endorsed original invoice shall be marked with the following text: *"The copy is identical in all respects with the original."* using blue ink, duly signed and dated by the legal representative or agent of the Beneficiary.

A certified copy of the document proving the financial performance (payment) shall be attached to the invoices or accounting documents certifying the incurring of expenses submitted in the framework of the audit of the financial accounts. In the case of payment by bank transfer, the supporting document may be a bank account statement or account history downloaded from the internet, which also includes the opening and closing balance. In the case of cash invoices, the supporting document may be an outgoing cash document; while in the case of funds and their sources, as well as any changes made to them, the supporting document may be an accounting record kept by the Beneficiary (for example, a periodic cash report, general ledger, etc.). If it is not possible to clearly identify that a certain document certifying the financial performance (payment) is related to the payment of which accounting document or cost, then the accounting document certifying the financial performance (payment) shall also be endorsed.

No deficient, incomplete or illegible copies of invoices or those without an original signature may be accepted during the audit.

Invoices requested for the audit shall be accompanied by a document certifying the payment (bank receipt/bank account statement/outgoing cash document) and a copy of the contract, order or request corresponding to the title of the received invoice, officially signed by the legal representative or agent of the Beneficiary.

In the case of staff-related payments, it is necessary to attach the relevant employment contract and the accounting documents on the related payment, as well as the proof of payment of the employer's contributions (indicating the name). If the accepted invoice is accompanied by an agency contract, a copy of the certificate of completion of the task covered by such agency contract shall be attached.

In the case of purchasing assets and equipment, a copy of the receipt inventory document/asset registration document shall be attached to the relevant invoices.

In the case of services, please attach the relevant purchase order or contract to the copy of the invoice.

The requested copies of invoices shall be numbered in accordance with the serial number entered on the summary of invoices so that the payments can be clearly identified during the itemised check.

In addition to copies of the above accounting documents, the Granting Authority is entitled to request a copy of other documents that support the intended use of the grant amount in accordance with the approved cost plan and technical programme.

During the implementation of the supported activity, the Beneficiary may conclude contracts for the purchase of goods or services exceeding the value limit of HUF 200,000 at the expense of the grant only in writing. For the purposes of this paragraph, an order sent and confirmed shall also be considered a written contract. The amount of a payment made for the performance of a contract in breach of the required written form shall not be taken into account among the costs of the supported activity.

In the case of purchasing/procurement, market price must be certified in line with the following: for purchases exceeding HUF 200,000 gross, at least 1 quote, while for purchases exceeding HUF 1,000,000 gross at least 3 comparable price quotes – issued independently of one another and of the Beneficiary – must be submitted. For commercially available assets, the written quote may be substituted by presenting official price quotes (screenshots of websites of companies distributing the given assets). Such price quotes can be issued more than 6 months prior to the date of the execution of the purchase agreement concluded. Price quotes can only be accepted if they reflect average market prices and if the price quotes attached allow for objective comparison in respect of the features of products and services of various specifications.

The deductible value added tax (hereinafter VAT) shall not be eligible; therefore, if the Beneficiary stated before the issuance of the award document that it is not entitled to deduct VAT, then the basis for calculating the grant shall be the total gross cost of the project plus VAT, or if it is entitled to deduct VAT, then the grant shall be based on the total net cost of the project calculated without a deductible VAT.

The Beneficiary shall manage the grant amount separately and keep separate accounting records for the use of the grant amount and also manage and record all grant-related documents (especially the invoices, accounting documents, contracts and other documents documenting the use) in a manner that can be audited by the Granting Authority or other bodies entitled to audit and keep them for at least 10 years from their approval by the Granting Authority. In addition, the Beneficiary shall provide all the information and other assistance necessary for the audit.

Where the supported activity is implemented in the form of a consortium and the parties wish to amend the consortium agreement after the entry into force of the award document in such a way as to materially affect the grant transaction, then the consortium leader, after the prior approval of the consortium members, shall request the prior written approval of the Granting Authority before signing the amendment.

The Granting Authority shall decide on the acceptance or rejection of the final report within 40 working days of the receipt of all requested documents. The Granting Authority shall notify the Beneficiary in writing of its decision and of the obligation to repay any grant that has been unduly used and/or not used by the Beneficiary.

If the Beneficiary fails to fulfil its obligation to submit the final report by the deadline or does not fulfil the requirements regarding the final report submitted by the deadline in accordance with the award document and these accounting guidelines, the Granting Authority shall invite the Beneficiary in writing to submit the final report, to rectify the deficiency or to otherwise correct the final report within 10 working days. If the Beneficiary does not, or not sufficiently remedy the deficiencies by the deadline specified in the request, no further rectification will be possible. The final report submitted cannot be accepted and the grant relationship cannot be closed until the deficiencies are remedied.

The final report submitted is evaluated, and consequently the Granting Authority may make the following decisions:

1. acceptance of the final report;
2. rejection of the final report;
3. partial acceptance of the final report.

Acceptance of the final report means that the Granting Authority has concluded that the Beneficiary acted in line with the contents of the award document. The amount remaining from the grant amount indicated in the award document shall be transferred by the Granting Authority as a lump-sum to the Beneficiary after the acceptance of the final report.

The rejection of the final report means that the Beneficiary has not complied with its obligation to account for the grant, or it has accounted for it in a way that is contrary to the award document. In the case of rejection, the Granting Authority withdraws the grant, as a result of which the Beneficiary is obliged to repay the grant amount disbursed with added transaction interest. The rate of the transaction interest is twice the central bank base rate valid on the day of grant disbursement. The starting date of the charging of transaction interest is the day of grant disbursement, while its last day is the day of the fulfilment of the repayment obligation.

The partial acceptance of the final report means that only a partial performance can be established based on the submitted final report. In such cases, it is determined which items/amounts of the financial accounts and which parts of the technical report have been accepted and rejected, and the repayment obligation is also established according to the above.

4. Project follow-up report

In the project follow-up report, the Beneficiary shall provide information on the indicators included in the project, their effects, the effects of the results obtained and on any additional activities no longer supported by the project. A project follow-up report shall be prepared 1 year after the acceptance of the final report by the Granting Authority, and then annual reports shall be prepared during the maintenance period and submitted to the Granting Authority signed by the legal representative or agent of the Beneficiary via the online grant management system.

5. On-site audit

The purpose of the on-site audit is that the Granting Authority and the organisations and persons authorised by it, as well as the bodies authorised by law examine whether the grant in question has been used for its intended purpose.

On-site audits may include extraordinary and ex-post audits. After the submission of the application, extraordinary audits may be conducted in the decision-preparation phase, prior to the decision-making, following the issuance of the award document and prior to and following the settlement of the accounts; and ex-post audits may be conducted at any time following the acceptance of the final report in the maintenance period as defined in the award document.

Extraordinary audits shall cover the accuracy of the information in the application, the date of commencement of construction, the timely completion of construction, the scheduling of implementation, the implementation of the content of the investment according to the application, the justification of the investment, the technical conformity of the installed products and equipment, the technical content of a completed investment, compliance with the maintenance obligation, and the specific reason for the on-site audit.

Ex-post audits shall cover the accuracy of the information in the application, development of the results, the budget of the investment, the technical conformity of the installed products and equipment, the technical content of a completed investment, compliance of the above with the content of the application, compliance with the maintenance obligation, and the specific reason for the on-site audit.

The primary task of the extraordinary and ex-post on-site audit is to check the fulfilment of the award document, the intended use of the resources and the proper use of the award document, and to verify implementation. During the on-site audit, the status of the construction and all related documentation, such as contractors' and other contracts, invoices and documents certifying their payment, as well as other documents related to activities and investments, shall be examined. In order to facilitate the accurate and regular conduct of on-site audits, due regard shall be paid to keeping a separate and up-to-date record of documents resulting from the implementation. If the Beneficiary obstructs the audits or fails to provide the information required for the audit, or if the person carrying out the audit reveals a situation which is not in line with the purpose of the grant, the non-reimbursable grant awarded may be withdrawn.

During the on-site audit, the Beneficiary's representative is entitled to request the auditing officer to produce a document suitable for proving his identity or his credentials, failing which he shall be entitled to refuse to cooperate, to get acquainted with the inspection findings and to comment on them. The representative of the audited organisation shall provide the information necessary for the audit at its registered office or at the place of implementation of the purpose of the grant, ensure the conditions for the Granting Authority, the organisations and persons authorised by it and the bodies specified by law to examine the use of the grant; to which end, all contracts, invoices, accounting documents and other documents relating to the use of the grant shall be kept by the Beneficiary for a period of 10 years from the accounting deadline and made available for inspection and, if necessary, for making copies to the organisation entitled to audit.

6. Other provisions

All documents to be submitted to the Beneficiary shall be sent to the Granting Authority via the online grant management system, with the exception of documents requested by the Granting Authority on paper (e.g., studies requested in a hard copy, etc.). The submitted documents shall be signed by the legal representative of the Beneficiary, and any deviation from this shall be subject to an authorisation in accordance with civil law rules.

Further information relating to the use and accounting of the grant may be requested by e-mail at wbgc@wbgc.hu.

7. Closing of the grant transaction

The grant transaction may be finally closed after the approval of the final report and the expiry of the maintenance period specified in the award document, of which the Granting Authority informs the Beneficiary in writing, simultaneously with issuing a statement on the withdrawal of the recovery order and waiving the further availability of another security.

Annexes:

Annex 1: "Interim Report" document (available only in Hungarian)

Annex 2: "Final Technical Report" document (available only in Hungarian)

Annex 3: "Summary of Invoices" document (available only in Hungarian)

Annex 4: "Project Follow-Up Report" document (available only in Hungarian)