



Guidelines for determining financial corrections to be made for not achieved or partly achieved project main outputs

This methodology indicates amounts of financial correction to be applied by the Managing Authority during approval of final consolidated progress report in cases when project main outputs are not achieved or are achieved partly.

1. Each project case should be assessed separately, but as a general rule, the following amounts of financial correction shall be applied to the expenditure directly related with project main output:

Achievement coefficient	Amount of correction
Not less than 65%	0
Below 65% but not less than 50%	10%
Below 50%	25%

2. Financial correction is applied merely to expenditure directly related with project main output and is not extrapolated to other expenditure (for example, if not achieved project main output is "minor repair works of hall", financial correction is applied to expenditures related with hall repair under Work Package "Investment" and is not extrapolated to expenditure reported under other Work Packages).
3. In case if project main output quantification target is 1 and main output is achieved partly, depending on the achievement level (at least a half or less than a half), 10% or 25% financial correction shall be applied.
4. In case when several project partners are involved in the achievement of project main output and it is possible to identify specific project partner due to whose failure in project implementation the main output is not achieved, financial correction shall be applied to the particular partner's expenditure directly related with project main output. If it is not possible to identify specific project partner, financial correction shall be applied to the expenditure directly related with project main output of all concerned project partners.
5. Financial correction is not applied in exceptional cases when implementation of Programme's priority and/or project is significantly affected due to impact of:

- 1) circumstances which could not be known during projects application preparation (reorganisation of institution, etc.)
- 2) socio - economic factors (GDP, inhabitants, employment, etc.);
- 3) environmental factors;
- 4) significant changes in the conditions of state economy or environment;
- 5) force majeure (in addition to irresistible compulsion or greater force or unforeseeable circumstances, to such conditions can be attributed also those cases where project implementation is hampered in the result of decisions taken by government of Latvia, government of Lithuania or the European Commission and it was not possible to foresee adoption of these decisions in advance, as well as taken decisions are not related with unlawful action of specific project partner).