



EUROPEAN UNION

Delegation of the European Commission
to Montenegro

CONTRACTING AUTHORITY'S CLARIFICATIONS

Request for clarifications no 1

Open Call: **Cross-border Programme Croatia-Montenegro, 2007-2008**

Reference: **EuropeAid/128959/L/ACT/MULTI**

Q1: We would like to know whether it is possible to finance expenses of a consultant for project preparation and writing, as well as the costs associated to holding meetings with partners, out of the project budget.

A1: Please see for reference section 2.1.4 of the Guidelines for Applicants (GfA) “Eligibility of costs”, sub-section “Eligible direct costs”, where the first paragraph and first bullet point reads:

“Eligible costs are costs actually incurred by the beneficiary of this grant which meet all the following criteria:

- *they are incurred during the implementation of the action as specified in Article 2 of the Special Conditions with the exception of costs relating to final reports, expenditure verification and evaluation of the action, whatever the time of actual disbursement by the Beneficiary and/or its partners...”*

The costs you are referring to in the question would have been incurred prior to the implementation of the action and would therefore not be eligible.

Q2: Smaller NGOs have problems in providing funds for the implementation of the action. Is it possible within this Programme to ask for funds for pre-financing, as it is in the frame of the Adriatic Programme? Are there some funds allocated by the Government of Montenegro for such activities?

A2: Please read for reference section 1.3 of the GfA “Financial allocation provided by the Contracting Authority”, sub-section “Payment of the action”, which provides for options and modalities of payment and pre-financing. You will note that depending on the size of the grants and duration of the action, pre-financing payments varies but they are in all cases foreseen.

As for the second part of the question, there are no funds foreseen within the budget of the Government of Montenegro for co-financing, as it is the case with the

Adriatic Programme. There might be however some municipalities which decided to provide funds to support projects implemented in their territories and for the benefit of their municipal population, as there is as well a possibility to find donors other than the European Community.

Q3: What will happen if someone is not satisfied with a given answer to a question posed during the period of the Call, and if there is no time to ask for further clarification?

A3: Please see section 2.2.4 of the GfA *“Further information for the applicant”* where it is stated:

“Questions may in addition be sent by e-mail or by fax only in English language no later than 21 days before the deadline for the submission of applications...”

“The Contracting Authorities have no obligation to provide further clarifications after this date.”

“Replies will be given no later than 11 days before the deadline for the submission of applications.”

Given the above provisions, applicants are encouraged to ask questions as soon as they have some, allowing the Contracting Authority to provide answers as soon as possible, leaving time for themselves to ask further clarification before the above deadlines, if need be.

Q4: Why are deadlines for answering questions so short, there used to be longer period for questions in other EU Programmes?

A4: This Call for Proposals is published, in many aspects, according to procedures set out in the *“Practical Guide to Contract Procedures for EC external actions”*, (PRAG), (http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm), whereby the PRAG provides for the following:

“6.4.4. Additional information before the deadline for submission of proposals during the time between publication and the deadline for the submission of proposals, and in addition to the eventual information session mentioned in point 6.4.1, applicants should be able to ask questions to help them fill in the form and put together their applications. The Contracting Authority should therefore provide a contact point to which questions may be addressed. Applicants may submit questions in writing up to 21 days before the deadline for the submission of proposals. The Contracting Authority must reply to all such questions at least 11 days before the deadline for submission of proposals.

In the interests of transparency and equal opportunity, the answer provided to one applicant on points which may be of interest to the other applicants should be made available to all the others. The way to achieve this is to publish on the Internet a table of questions and answers provided. This must be updated regularly until 11 days before the deadline for submission of proposals.”

Please note that all Calls for Proposals (except those which are intended for the EU Member States) are obliged to follow these PRAG provisions, and will therefore have the same time limits as this one.

Q5: Is it possible to submit the project proposal in the Antenna in Dubrovnik?

A5: Please see section 2.2.2 of the GfA “Where and how to send the Application”, which contains the following provisions:

“Applications must be submitted in a sealed envelope by registered mail, private courier service or by hand-delivery (a signed and dated certificate of receipt will be given to the deliverer) at the address below:

*Joint Technical Secretariat
Cross-border programme Croatia-Montenegro
Škaljari bb
85330 Kotor
Montenegro*

Applications sent by any other means (e.g. by fax or by e-mail) or delivered to other addresses will be rejected.”

Q6: How long can our project last?

A6: Please see section 2.1.3 of the GfA “Eligible actions: actions for which an application may be made”, “Duration”, which reads:

“The planned duration of an action may not be shorter than 6 months nor may it exceed 24 months.”

Q7: What will happen with the last payment from the Contracting Authority if the final financial report is not approved?

A7: All of the provisions answering your question are laid down in the standard “Annex II - General Conditions applicable to European Community-financed grant contracts for external actions”, and specifically in articles 2 - Obligation to Provide Information and Financial and Narrative Reports; 12 - Termination of the Contract; 15 - Payment and Interest on Late Payment; and 17 - Final Amount of Financing by the Contracting Authority. The above mentioned document was published together with the Guidelines for Applicants, as part of the “Documents for information”.

Q8: Do both applicants have to provide the same amount of min. 15% co financing of the project, or one can provide less and other more?

A8: Please see section 1.3 of the GfA “Financial allocation provided by the Contracting Authority”, sub-section “Size of Grants”, which reads:

“Any grant awarded under this programme must fall between the following minimum and maximum amounts as shown below. Each action will consist of two grants: one awarded in Croatia and one in Montenegro.”

Furthermore, “*co-financing rules*” under the same article provide the following:
“*The grant requested by an applicant may not be for less than 50% of the total eligible costs included in the applicant’s budget. In addition, no grant may exceed 85% of the total eligible costs included in the applicant’s budget (see also section 2.1.4). The balance must be financed from the applicant’s or partners’ own resources, or from sources other than the European Community budget.*”

In other words, co-financing should be provided by both partners, as it is per grant (i.e. per contract). Each should contribute minimum 15% and maximum 50% of the grant budget submitted to the relevant Contracting Authority. One partner can contribute less, and other more, but each and always within the given minimum and maximum limits mentioned above.

Q9: Does the applicant have to be registered in PADOR?

A9: Please see section 2.2 of the GfA “*How to apply and the procedure to follow*” where you can find:

“*Please note that prior registration in PADOR for applicants and their partners for this CfP is not obligatory. However the applicants and their partners can register their organisation data, and upload supporting documents in PADOR.*”

Q10: We are registered in Podgorica but we implement our activities on the entire territory of Montenegro. Are we eligible for the Programme?

A10: Please see section 2.1.1 of the GfA “*Eligibility of applicants: who may apply?*” with the specific reference to the following provision:

“*In order to be eligible for a grant, applicants must be established in Croatia, Montenegro, a Member State of the European Union, other IPA beneficiary country, a country that is a beneficiary of the European Neighbourhood and Partnership Instrument, or a Member State of the European Economic Area, and...*”.

In view of this provision, please be aware that there is no geographical restriction for the eligible nationality of an applicant.

Furthermore, partners “*must therefore satisfy the same eligibility criteria as applicants*” (see section 2.1.2 *Partnership and eligibility of partners*).

Finally, please note that the action “*must take place in the programme area of Croatia and/or Montenegro*” (see section 2.1.3 *Eligible actions: actions for which an application may be made*).

Q11: One of the procedures state that the salaries of the employees in the organizations / institutions paid by the State budget could not be financed from the Project. Does it mean that those people will work for free in the Project?

A11: Please refer to section 2.1.4 of the GfA “*Eligibility of costs: costs which may be taken in consideration for the grant*” where the following provision is laid down:

“Civil servants or other public employees of central or local administrations which participate under this call for proposals may not receive fees for their contribution to the action other than their salaries in the respective institution. The salaries of the civil servants or other public employees of the central and local administrations may be presented as co-financing contribution of the applicant.”

In other words, civil servants and other public employees of central, regional or local administrations are not expected “to work for free” on the project, but they cannot receive any fees in addition to the salary they are entitled with their employer.

Q12: Why are there two Contracting authorities?

A12: EU funding for the Cross-border Cooperation Programme Croatia-Montenegro is allocated per country and each Contracting Authority can only commit (sign contracts) for the funds it is responsible of, those of its respective country. This is a procedural limitation, but has no impact on the effectiveness of the implementation of the Programme as both Contracting Authorities are collaborating closely on all matters, ensuring smooth implementation.

Q13: Public institutions usually cannot afford to engage their employees to work only on one project, but they should at the same time perform their everyday tasks. In this case, they are engaged in two assignments and receive only their normal salary. What is the solution for such cases?

A13: The top management in public institutions should be aware of the restriction this call entails as per question and answer no. 11 above and in consequence this top management should make certain decisions in order to reallocate tasks of their staff in accordance with their engagement in the implementation of projects. We will make recourse to an example for clarification purposes: we assume that the employees in question perform 8 working hours per day and work on project one (at present) 25% of their time, will work on project two (grant in question) other 25% and on day to day duties for their employer the remaining 50% of their time. In such case where their involvement in the project submitted under call is expected to be 25% of their working time, what is eligible for financing under the grant is 25% of their gross monthly salary.

In addition, the budget table will have as a unit rate their gross monthly salary, but the number of units in a yearly budget will correspond to their actual involvement (25% of 12 months), which is 4 months.

Q14: How should one organization/ institution prove that is capable to co-finance 15-50% of the project?

A14: This is somehow tested in the assessment of the selection criteria according to the evaluation grid (see section 2.3 of the GfA “*Evaluation and Selection of Applications*”), specifically when assessing the stability and sufficiency of the applicants’ sources of funding. The assessment will take into account the financial data provided by the applicants in the Part II of the Application Form (AF) in

terms of their turnover, revenue, capital, variety of previous and current sources of funding, etc., and against the amount of expected co-financing for the particular application in question.

Please note also that the share of co-financing from the applicants' or partners' own resources, or from sources other than the European Community budget, must be established in advance and it should be explicitly stated in the Application Form – indicating both the total project value and the amount requested from the EU.

Please mind as well that a grant beneficiary is not obliged to have the respective amount of co-financing on its account by the start of the project implementation.

Once the activities are carried out and the project finalized, the grant beneficiary will provide the Contracting Authority with a Final Financial Report recording all incurred costs. In principle, the grant beneficiary shall be able to provide evidence that all eligible costs are, at that date, paid and accounted for or prove that the expenditure was committed (in the latter case, however, the beneficiary must be able to prove that the corresponding costs will ultimately be met).

When proper verification of the financial statements are completed, the Contracting Authority will pay the balance between the sum of all advance payments and the contracted proportion of community contribution (maximum 85%) of the final amount of eligible costs. This procedure obviously implies that the grant beneficiary may have already covered the rest of the eligible costs.

Q15: Are customs costs eligible for co financing?

A15: Please see section 2.1.4 of the GfA *“Eligibility of costs: which costs may be taken in consideration for the grant”*, sub-section *“Ineligible costs”*, where it is quoted:

“Customs and import duties, or any other charges” are not eligible costs.

Q16: We plan to apply with a partner from Croatia who is registered in the adjacent area. Do we have to find a partner from the eligible area?

A16: Please see section 2.1.1 of the GfA *“Eligibility of applicants: who may apply”* which reads:

“In order to be eligible for a grant, applicants must be established in Croatia, Montenegro, a Member State of the European Union, other IPA beneficiary country, a country that is a beneficiary of the European Neighbourhood and Partnership Instrument, or a Member State of the European Economic Area, and...”

Furthermore, under the section 2.1.2 of the GfA *“Partnership and eligibility of partners”*, you may also read:

“If the applicant for funds from the Croatian Contracting Authority is not originating from Croatia, he must have at least one partner originating from Croatia. If the applicant for funds from the Montenegrin Contracting Authority is not originating from Montenegro, he must have at least one partner originating from Montenegro.”

Please refer also for more details to the question and answer 10 above.

Q17: Why an organization / institution should be non-profit making when at the same time it should have stable financing sources?

A17: The Operational Programme upon which this call is based was agreed by the relevant authorities of the Participating Countries (HR & MNE) and approved by the European Commission by the end of 2007. The Authorities of the two countries determined and agreed upon the type of organisations/institutions that could apply per measure under the programme. Besides, the EC standard rules for grants (see section 2.1.3 of the GfA “Eligible actions”) stipulate that actions related to profit making activities are ineligible.

Please note also that as for the stable financial sources, being a profit making organization does not guarantee that stability either.

Q18: Could the project finance preparatory activities performed before signing of the Contract?

A18: Please see the answer under the question number one above.

Q19: Usually, according to the practice, the general aim of a project is related to the programme aim. Is it accepted in this Programme that a general aim is connected to the Programme measures? Should we have one or two project purposes, and the same number of project results?

A19: Applicants and partners are free to judge whether the overall objective of their project could fit the way in which the relevant measure for which they will submit an application under the call is formulated. Applicants and partners are advised to submit an application containing one single project purpose or specific objective. In very complex operations, two project purposes could however be technically justified.

Q20: Should we erase the questions on the cells of the Logframe Matrix (LFM) table?

A20: Questions and instructions on the LFM are there for guiding purposes, you may well want to erase them in the version submitted with the application form and budget.

Q21: Can we add charts, tables, pictures etc. in the Application form? Do we have to provide original documents (Budget, Declaration of partnership etc.)?

A21: Please see section 2.2.1 of the GfA “Application form” which contains all the information on how to fill in the application form, what to supply and what not to. Whenever the applicant deems that the introduction of charts, tables and pictures can improve his argumentation in any of the sections of the description of the action (part B I of the application form), the Contracting Authorities welcome this initiative.

Furthermore, please note that in section 2.2.2 of the GfA “Where and how to send the application” it is stated that the “Applications must be submitted in one original and two (2) copies”. This requirement relates to each and every declaration which is part of the application form.

Q22: It is required that applicant should prove its experience in implementing and managing projects. But the public institutions usually implement programmes, not projects. How could they prove such experience?

A22: A project is defined as a set of interrelated activities, which has a clearly defined start and end time, and a budget. A project is implemented to achieve an outcome or goal and to address an identified problem. Applicants are requested to provide information about projects defined as above in the AF under Part B “Full Application Form”, section I “Description of the action”, subsection 4 “Experience of similar actions” and in Part II “The Applicant” section 3 “Capacity to manage and implement projects”. These pieces of information will be the base for proving experience in managing and implementing projects.

Q23: Could our partner be a profit-making organization from Italy?

A23: Please see the section 2.1.1 of the GfA “Eligibility of applicants: who may apply” where it is stated that:

“In order to be eligible for a grant, applicants must be non profit making legal persons, excluding private educational centres and research institutes, established by public or private law for the purposes of public interest or specific purpose of meeting needs of general interest”

Furthermore, according to section 2.1.2 of the GfA “Partnership and eligibility of partners”, “Applicant’s partners [...] must therefore satisfy the same eligibility criteria as applicants”.

Q24: Which projects should be presented in the part requiring evidence of project implementation and management experience?

A24: Applicants are requested to provide information under Part B “Full Application Form”, section I “Description of the action”, subsection 4 “Experience of similar actions”. The instructions under the title of the subsection provide guidance on which information to enter:

“Maximum 1 page per action. Please provide a detailed description of actions managed by applicant 1 and applicant 2 over the past five years.

This information will be used to assess whether you have sufficient and stable experience of managing actions in the same sector and of a comparable scale to the one for which a grant is being requested.”

Q25: How will the project sustainability be evaluated?

A25: Applicants will elaborate upon the sustainability of their project under point 3 of the concept note (Part A of the AF) and under point 1.10 of the full application form (Part B I of the AF), preferably using the instructions specified therein. This elaboration will then be scored solely using the criteria specified in the two evaluation grids and their respective parts, which are published in section 2.3 of the GfA.

Q26: If certain equipment is bought within the project, which ownership it will have after the project ends?

A26: The ownership of equipment is regulated by article 7.3 of the General Conditions applicable to European Community-finance grant contracts for external action, which reads:

“Where the Beneficiary does not have its headquarters in the country where the Action is implemented and unless otherwise specified in the Special Conditions, the equipment, vehicles and supplies paid for by the Budget for the Action must be transferred to an local partners of the Beneficiary and/or the final recipients of the Action, at the latest by the end of the implementation of the Action. Copies of the proofs of transfers of equipments and vehicles, the purchase cost of which was more than 5,000 Euros per item, must be attached to the final report. Such proofs must be kept for control in all other cases.”

The same General Conditions do not specify any provision on what to do when the beneficiary has its headquarters in the participating country and therefore the equipment purchased under the project budget remains the property of the applicant unless the latter requests to do otherwise to the relevant Contracting Authority.

Q27: For works such as building water supply systems, a tender procedure should be respected. Should the selected company be noted in the project proposal?

A27: If proper tendering procedure is to be followed, the applicant cannot know nor can it pre-select a company at the stage of project proposal preparation. Therefore this information is not to be provided with the application. For more information please consult “Annex IV Procurement by grant Beneficiaries in the context of European Community external actions”, which is published under “Documents for Information” in this call.

Q28: If there is more than one construction work planed in the project, should there be more than one tender, separate ones for each?

A28: The Contracting Authority is not in a position, with limited information provided, to give an objective opinion on the matter. However, as a rule of sound financial management, wherever appropriate, supply and work tenders should encompass as many items or lots as possible in order to obtain the best price-quality ratio available in the market. Please see general principles under the aforementioned document “Annex IV Procurement by grant Beneficiaries in the context of European Community external actions”.

Q29: Can revenue obtained by project activities be included as co financing?

A29: In terms of sources of funding, direct revenue from the action can be computed as co-financing as reflected in the working sheet “Sources of Funding” within the annex B “Budget” of the Application Package. If there is finally some revenue generated during the project implementation, it is to be deducted from the final cost of the action. The final payment by the Contracting Authority will be calculated based on the new balance amount and the respective percentage agreed in the contract.

Q30: Tourist organizations gain revenue from tourist taxes. Should it be included in the project?

A30: If the revenue is generated from the project activities, then and only then it should be included in the project accounts.

Q31: Do we have to transfer the co financing amount from our accounts to the account opened specially for the project?

Q31: Not necessarily, but it is recommended. Co-financing does not need to be proved at the moment of submitting the application form (for instance, by a contract with another donor), but it should be proved in the final financial report.

Q32: Can a profitable organization (company) apply for a grant within this Programme if the project is related to public benefit (for example, repairing the water (sewerage) system in Buljarica)?

Q32: Please see the answer 23 above.

Q33: If one organization applies for the CB Programme Albania – Montenegro, can it apply also for the CB Programme Croatia – Montenegro?

A33: This call for proposals has no restriction on applicants who may apply or have applied under other CBP where Montenegro was a participating country. For the provisions on the number of applications and number of grants under this call, please refer to section 2.1.3 of the GfA “Eligibility of actions”.

Q34: Can the project be part of another, long term initiative, which will last more than 24 months?

A34: Please refer to the definition of a project under the answer 22 above. A project may theoretically be considered as a phase in a much longer term and wider initiative, but the applicant must well justify the action and prove its internal coherence and autonomy.

Q35: If the applicant is a non-profit organization, how can it provide its co financing?

A35: Co-financing does not have to come from profit. The sources of co-financing can be multiple as indicated in Annex B of the application package “the Budget”, e.g.: contributions from other European Institutions or EU Member States, from other organisations such as foundations, UN bodies, USAID, local, regional or central governments, etc. or revenue from the action.

Q36: Applicants should provide information about their financial working in 2006, 2007 and 2008. But non-profit organizations’ balance sheet should be on 0 at the end of the year. How will we present our financial capability in this situation?

A36: Non-profit organizations should provide their balance sheets as they are. The financial capacity can be evaluated by the turnover, which can be observed through the balance sheets.

Q37: Can we ask the assistance of the JTS or Antenna for finding our cross border partners?

A37: The JTS has developed a database derived from the Partner search forums and other meetings organized within this Programme. This database is uploaded on the Programme website. You may also use the partner search tool developed by CBIB (www.cbib-eu.org).

Q38: Could the local self-government units like “mjesna zajednica” that exists in Montenegro apply for a grant within this Programme?

A38: You will find under section 2.2.4 of the GfA “Further Information for the applicant” the provision the provision by which “*in the interest of equal treatment of applicants, the Contracting Authorities cannot give a prior opinion on the eligibility of an applicant, a partner, an action or specific activities*”. Please refer to section 2.1.1 of the GfA for the rules on the eligibility of applicants.

Q39: What will happen with the project and with the grant if one cross border partner’s financial report is not approved, i.e. if he doesn’t implement its activities as required by the Programme?

A39: Please see the answer number seven above.

Q40: There is a provision that alcoholic beverages cannot be promoted or be a subject of projects within this Programme. But in Montenegro wine is registered as food stuff, not as alcohol. Could in these conditions a project be related to wine?

A40: According to the section 2.1.3 of the GfA “Eligibility of the actions”, actions related to the economic activity under CAEN code 1591 are not eligible. The code 1591 refers to the manufacture of distilled potable alcoholic beverages. By contrast, please note that the CAEN code number for the manufacture of wines is 1593.

Q41: If the applicant has limited experience in project implementation / management, how that will affect the evaluation of his application?

A41: One of the selection criteria in the evaluation grid is the capacity of applicants, including operational and financial capacity. Organizations which deem their experience and capacity as insufficient might consider taking part in the project as partners, and not as applicants. The reason for such decision should not be only securing enough points during the evaluation, but also securing capacity to manage the project.

Q42: Who should carry out the audit and the independent evaluation of the projects?

A42: An audit or expenditure verification is compulsory in line with the provisions of article 15.6 of the General Conditions applicable to European Community-finance grant contracts for external action whenever the EC grant is over € 100,000. There are certified auditing companies in every country which can perform the expenditure verification.

As for the evaluation, please read article 8.2 of the aforementioned General Conditions. The European Commission encourages applicants whose grant amount exceeds € 100,000 to include the costs of an independent evaluation at either mid-term or end of implementation, or at both stages.

Q43: Is it acceptable if the project generates employment and profit?

A43: Yes, it is acceptable that a project can generate employment and eventually profit after its implementation and this can be used during the evaluation for the assessment of its sustainability.

But as a matter of principle, grants may not in any case have the purpose or effect of producing a profit for the beneficiary during the project implementation.

A profit means a surplus of actual receipts over the actual costs of the Action in question when the request is made for payment of the balance, as stipulated in the Article 17.3 of the General Conditions to the Standard Grant Contract (enclosed in the annex F of the Documents for Information).

To ensure that this rule has been observed, when examining the request for final payment, the Contracting Authorities will require a summary statement of all the actual costs and receipts (both eligible and non-eligible) with regards to the implemented Action.

Furthermore the Contracting Authorities will take account of all revenues which, on the date when the request for payment of the balance is submitted, are established (i.e. have been collected and entered in the accounts), generated or confirmed (i.e. have not yet been collected but which have been generated or for which the beneficiary has a commitment or written confirmation).

On the basis of this, the Contracting Authorities will be in a position to identify any surplus or deficit of receipts, in relation to the actual costs of the action:

- where there is a deficit of receipts, the action has not generated a profit and the theoretical Community grant is maintained;**
 - where there is a surplus of receipts, by applying the no-profit rule the Community grant must be revised downwards in order to balance all revenue and expenditure of the action.**
-

Q44: Is the nomination of a functional lead partner subject of agreement between the two lead cross-border partners?

A44: Yes, the two lead partners (indeed, applicants) should agree which one of them will be the functional lead partner and perform the duties foreseen for this body as per section 2.1.2 in the GfA.

Q45: Since our project has to do with education and tourism we belong to measure 1.2. (1.1 is out of question). But our project is only partly connected with tourism since we plan to make only 4-5 programs that have something to do with tourism, other programs have a goal of improving craftsmanship in general. According to this fact we think we belong to measure 1.3., but we have not found our institutions on the list of eligible applicants for this measure (it says educational institutions – we are only partly an educational institution. We would rather apply for measure 1.2, but we are not sure are we eligible for this measure. Please help us with solve this problem as urgently as you can.

A45: Please note that section 2.1.1 of the GfA “*Eligibility of applicants: who may apply*” provides for the following:

“In order to be eligible for a grant, applicants must... belong to one of the following categories...” (listed therein per measure).

Please note that there is a clear difference in eligibility per measure and that applying to the measure where your organisation/institution is not eligible would imply the refusal of your application.

Furthermore, under section 2.1.3 “*Eligible actions: actions for which an application may be made*”, sub-section “*types of action/activity*”, in pages 15, 16 & 17 you will find a long list of activities which displays the following message:

“The following list of possible types of action is indicative only and not exhaustive. Appropriate innovative activities that are not mentioned below may also be considered for support...”

Eventually, your organisation or institution will have to carefully consider, in view of the eligibility criteria per measure and the major bulk of activities foreseen in the project, to which of the measures you are submitting an application. Please mind that it is possible that an application has aspects that would belong to different measures, but you have to make the choice and that choice has to be based on your assessment of to which measure of the programme the core of your activities belong.



EUROPEAN UNION

Delegation of the European Commission
to Montenegro

CONTRACTING AUTHORITY'S CLARIFICATIONS

Request for clarifications no 2

Open Call: **Cross-border Programme Croatia-Montenegro, 2007-2008**

Reference: **EuropeAid/128959/L/ACT/MULTI**

Q46: Is pre-financing of projects possible?

A46: Yes, pre-financing payments are foreseen in grant contracts. Please see the table at the bottom of the Section 1.3 of the Guidelines for Applicants (GfA). This table is no more than a simple representation of the more detailed explanations provided in article 15.1 of the General Conditions (GCs) applicable to European Community-financed grant contracts for external actions. The GCs are part of the documents published in the application package under the title “Documents for information”.

Q47: Could we engage state administration employees as independent experts in our project?

A47: Employees of the public administration can work and be paid for their work in those projects where the applicants and partners are the institutions for which they work following the principle stated in section 2.1.4 of the GfA “*Eligibility of costs: costs which may be taken in consideration for the grant*” which lays down the following provision: “*Civil servants or other public employees of central or local administrations which participate under this call for proposals may not receive fees for their contribution to the action other than their salaries in the respective institution.*”

However, when the applicants and partners have to procure the services such as those of an independent expert, they have to follow the provisions of “Procurement by grant beneficiaries in the context of European Community external actions”, which is annex IV of grant contracts and can also be found among the Documents for Information of the call. In the event that the beneficiary can prove in writing that the only option of technical services to be procured is offered by an individual who is a civil servant or an employee of the public administration, the Beneficiary will request in writing to the Contracting Authority the permission to hire the services of that civil servant or employee of the public administration. The Contracting Authority will carefully assess the request and issue an approval or refusal depending on the quality of the substantiation.

Q48: Are institutions such as Employment Agencies from Montenegro and Croatia eligible under the measure 3 of the Programme?

A48: Please read carefully section 2.1.1 of the GfA “Eligibility of applicants: who may apply?” Please note that under the category “social service providers”, the text displays an “etc”.

Q49: Our institution has its main office in Zagreb and, for instance, a branch office in Dubrovnik. Which project management experience should we present in the application, i.e. the one belonging to the Head office in Zagreb, or that of its branch in Dubrovnik?

A49: It will depend on who is the legal person applying. The project management experience of the organisation which is the applicant (either the Central Office’s or the Branch’s, if the latter exists as a separate legal person) should be the one presented in the Application Form (AF).

Q50: Where can we obtain the power point presentations of the information sessions?

A50: All power point presentations from the Information Sessions are uploaded at the Programme web site: <http://www.cbccro-mne.org>.

Q51: Can an applicant come from European countries other than the two countries participating in this cross-border programme?

A51: Please see the answer of the question 10 in the first set or lot of questions and answers published in this page as well.

Q52: How many applications containing good logical framework matrixes have you awarded a grant?

Q52: Applications awarded grants always contain logical framework matrixes of sufficient quality. The logical framework matrix is a tool for understanding the intervention logic of the project that is assessed by evaluators during the formal examination of the technical quality of an application.

Q53: Which are the criteria to assess the Financial and Operational Capacity of the Applicants?

Q53: Please refer to section 2.3 of the GfA “Evaluation and Selection of Applications”, specifically to the evaluation grid. Evaluators/assessors will assign a score for experience of project management in accordance to what the applicants have declared in section 4 of the Part B I of the AF as project experience and the value of those projects in the relevant thematic sector (section 2.2 of the application form) within the last five years.

Evaluators/assessors will assign a good score in technical expertise if, in section 2.2 of the Part B II of the AF, each applicant has marked those thematic sectors that are related to the thematic areas of this call for proposals (education, water supply and sanitation, government and civil society, conflict prevention and resolution, peace and security, other social infrastructure and services, trade and tourism, general environment protection, and other multi-sector).

Evaluators/assessors will assign a score in management capacity when each applicant has a sufficient number of paid staff (section 3.3.3 of part B II of the AF) in their headquarters during the last calendar year (i.e. 2008).

Finally, evaluators/assessors will assign a score in stable and sufficient sources of finance in view of the financial data provided by the applicants in the Part B II of the AF in terms of their turnover, revenue, capital, variety of previous and current sources of funding, etc., and against the amount of expected EC co-financing for the application in question.

Q54: How can we define our target groups?

A54: Target groups are the groups or entities who will be directly and positively affected by the project at the project purpose level.

For more information please consult the Project Cycle Management Guidelines that can be found at the following webpage:

http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101_en.htm

Q55: Can we engage consultants to write our proposal and pay them from the project?

A55: Please see the answer to the Question 1 in the first set or lot of questions and answers published under the call.

Q56: Is it acceptable if our target group, defined in the project, is the same as the national-level target group with which our organization is working?

A56: Please see the answer to the question 54 above.

Please note also that the action “*must take place in the programme area of Croatia and/or Montenegro*” (see section 2.1.3 *Eligible actions: actions for which an application may be made*) and have, as the target group, groups or entities who live and operate in the programme area.

Q57: Can we include office equipment in the budget costs?

A57: Please see section 2.1.4 of the GfA “*Eligibility of costs: costs which may be taken in consideration for the grant*”, specifically the sub-section “*eligible direct costs*”.

Q58: Our experience in project management is modest. If we are applicant, can we present in the project the experience of our partner in Croatia?

A58: Please see the answer to the Question 49 above. The relevant project management experience that will be taken into account to assign a score under the question 1.1. of the evaluation grid (section 2.3 of the GfA) is exclusively that of the applicants. Partners

present their experience in management separately under the Part B III of the AF, but this is not taken into account to assess the quality of the partnership under sections 2 & 3 of the evaluation grid, more concretely question 3.3.

Q59: In the Application Form there is a table where we should note our past activities. Do we have to open a separate table for each project?

A59: In section 4 of Part B I of the AF, separate tables are required for each individual project entry.

Q60: Some individuals in our organizations have their personal past experience, gained out of our organization. Can we present those pieces of experience as experience of the organisation?

A60: Every reference to experience in the AF must be linked to the applicant organizations/institutions, and not to individuals who currently may work as part of their staff.

Q61: Should we present the experience of our central office in Zagreb, or the experience of the local office in Dubrovnik?

Q62: Please see the answer to the Question 49 above.

Q62: Should we write the whole names of the applicants in the Budget document, or just note them as Applicant 1 and Applicant 2?

A62: There is no special requirement related to this point, provided that the budget entry or line make a clear reference to the entity incurring the costs .

Q63: Are the employees in the Scientific and Research institutes also considered as part of the state administration?

A63: You should consult the relevant provisions in the national legislation about the status of civil servants and other employees of the central or local administrations. Please note that section 2.1.4 of the GfA dealing with the eligibility of costs stipulates:

Civil servants or other public employees of central or local administrations which participate under this call for proposals may not receive fees for their contribution to the action other than their salaries in the respective institution. The salaries of the civil servants or other public employees of the central and local administrations may be presented as co-financing contribution of the applicant.

Q64: Should we ask the proof of origin for all items, or just for those that cost over a certain amount?

A64: As stipulated in section 2.2 of annex IV of the standard grant contracts dealing with procurement by grant beneficiaries (see answer 47 above), the beneficiaries purchasing

equipments and vehicles of a unit cost on purchase of more than € 5,000 must present proof of origin in their narrative reports.

Q65: Where should we include the costs for the participants in seminars - in budget heading „Human resources“, or in the budget heading „other costs/services“?

A65: Every per diem incurred by both the staff of the project and the external participants in a seminar organised by the project should be computed in the budget heading „Human resources“, specifically under the budget line 1.3.3. However, every sub-contracted service associated to the organisation of seminar such as rent of the premises and equipment, beverages, meals, accommodation, etc must be computed under the budget heading „Other costs/services“, specifically under the budget line 5.7.

Q66: Which costs should be included in the per diems for foreign experts?

A66: A per diem is a subsistence allowance used in the framework of EC-funded external aid contracts and in case of missions. Individuals are entitled to per diems when they spend more than 6 hours away from their base of operations and would be entitled to a full per diem when their mission requires an overnight stay from that same base of operations. Per diems cover accommodation, meals, local travel within the place of mission and sundry expenses. The applicable rates to the per diems must not exceed the latest scales detailed per country in:

http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm

Q67: How should we present in the Budget the usage of private car?

A67: The EC is accepting the provision of payment of up to € 0.25 per kilometer for usage of a private car in the project activities. This should be explained in the budget justification and a record of detailed car use must be kept. This expenditure would be presented under budget line 2.2 of the budget of the action.

Q68: Do we have to keep and present in the reports bills and invoices connected to the Administration costs?

A68: No. In line with the provisions of the article 14.4 of the GCs (annex II of the grant contracts, see documents for information), the allocation for administrative costs is considered a flat-rate and does not need to be supported by accounting documents. The costs covered by this budget line are eligible provided that they do not include costs assigned to another heading of the budget of the application.

However, it is good practice that grantees keep supporting accounting documents for these costs in their financial records.

Q69: Is the volunteering labour eligible for cofinancing?

A69: No, as specified in section 2.1.4 of the GfA, in kind contributions are not eligible costs and therefore they cannot serve as cofinancing.

Q70: Is the the lead partner based in Zagreb eligible?

A70: Please see the answer of the question 10 of the first set or lot of questions and answers under this call.

Q71: Do you know potential applicants interested in launching a project in the field of education?

Q71: There has been word about several project ideas related to education during the Partner search forums organised within the Programme. The list of potential applicants' contacts and project ideas could be found on the Programme web site (<http://www.cbccro-mne.org>) and the Electronic Forum established by the Government of Montenegro.

Q72: May private households, locally called "Gazdinstva" apply for a grant?

Q72: Please see the answer to the question 38 of the first set or lot of questions and answers under this call.

Q73: What kind of experience in project management should we present in the Application Form? Should they be solely from EU programmes?

Q73: Please see the answer to the question 24 of the first set or lot of questions and answers under this call. Please see also questions 53 and 59 above.

Q74: Should a local branch of an NGO which apply for a grant present their own experience or those gained by the wider organization they belong to?

A74: Please see the answer to the Question 49 above.

Q75: Are the Administrative costs actually Overhead costs?

A75: Administrative costs are sometimes called overhead costs or indirect costs.

Q76: What will happen if we present in the Budget the estimate for the purchase of a piece of equipment at a certain price (after a tender procedure), and this price varies by the time the project can be implemented?

A76: Any notable variation in the expenditure of the project with respect to the original budget of the grant contract must be notified to the Contracting Authority. As regulated in article 9 of the GCs (see documents for information), depending on the budget impact of the variation, an addendum of the contract may even be necessary. Applicants must be reminded that the total amount of a grant is fixed and no financial resources can be added to the amount originally sought.

Q77: Should we give a detailed description of the equipment (furniture: number of chairs etc.) in the Budget?

A77: Budgets can be as detailed as necessary to offer a clear idea of the expenditure at stake and prove the quality of the financial planning done by the applicant. Please note that the budget template also contains instructions on particular budget lines.

Q78: Is there minimum and maximum limit for the salaries of the project staff compared to the entire cost of the Budget?

A78: There is no limitation regarding the share of the salary costs in relation to the entire budget costs. The share of human resource expenditure in a budget will depend to a large extent on the activity structure and its intensity in workforce use. Salaries should nevertheless be shown at the usual market prices. Moreover, the relation of activities and costs should be well explained in the description of the action as it is the subject of scoring under the Evaluation Grid.



EUROPEAN UNION

Delegation of the European Commission
to Montenegro

CONTRACTING AUTHORITY'S CLARIFICATIONS

Request for clarifications no 3

Open Call: **Cross-border Programme Croatia-Montenegro, 2007-2008**

Reference: **EuropeAid/128959/L/ACT/MULTI**

Q79: In relation to the section 2.1.4 of the GfA "Eligibility of costs", the following is stated:

...the cost of staff assigned to the Action, corresponding to actual gross salaries including social security charges and other remuneration costs...

Could you please explain what is exactly meant by "staff"? Only the employees, for which the employer covers social security charges and other remuneration costs according to the Croatian Labour Act, or also the so-called "external collaborators" (free lancers or persons employed elsewhere), to whom the employer pays a fee according to the legal institution of "Ugovor o djelu" or "Ugovor o autorskom djelu"?

A79: By the term "staff", the Contracting Authorities understand all those hired for or engaged on the project's implementation, irrespective of the fact that they may be permanent or temporary staff members of the applicants and their partners, in the latter case recruited under "Ugovor o djelu" or "Ugovor o radu" (i.e. modalities of contracts of employment on a fixed term basis under Croatian or Montenegrin legislation). All applicants are urged to calculate the salaries or fees paid to these temporary employees (fixed term basis) including all contributions and charges legally required by the national legislation of the applicants' country of origin.

Q80: With reference to the Guidelines for Applicants, specifically the adjacent areas, the wording is:

"Under this Call for Proposals, an indicative amount of €144,000 for Croatia and €180,000 in Montenegro may be assigned to finance applications with activities totally or partially taking place in adjacent areas".

Does this in fact mean that the whole budget of a project with some activities taking place in the adjacent area is falling under the 20% limit? If so, what will happen if a project is requesting a grant of maximum of € 300,000 on both sides and it ranks high on the quality list, but it implies activities in the adjacent areas? Would then the project have to be rejected

because it is asking for a grant of more than € 144,000 in Croatia and € 180,000 in Montenegro?

To rephrase the question, I am asking whether a project with some activities in adjacent areas de facto has a limit of maximum grant of € 144,000 in Croatia and € 180,000 in Montenegro?

And if the project has activities in adjacent areas in Croatia, but not in Montenegro, does the limit of € 180,000 then apply to Montenegro.

A80: Please see for reference section 2.1.3. of the GfA “*Eligible actions: actions for which an application may be made*”, “Actions in “Adjacent Areas” in Croatia and Montenegro”, where the first two paragraphs read:

“It has been decided that the Split-Dalmatia County in Croatia and the municipalities of Nikšić, Podgorica and Danilovgrad in Montenegro, though not in the designated Cross-border areas, will qualify as “adjacent areas” for the purpose of the Cross Border Cooperation Programme Croatia/Montenegro and up to 20% of the financial allocation to Croatia (€144,000) and to Montenegro (€180,000) can be spent in these adjacent areas.

The actions or part of actions taking place in the adjacent areas must meet all the eligibility qualifications (Applicants, Actions and Costs) that apply in the cross-border areas. The accumulated value of all the activities in the adjacent areas cannot exceed 20% of the total Croatian grant allocation, i.e. it cannot exceed € 144,000, and of the Montenegrin grant allocation, i.e. it cannot exceed €180,000.

Also, please see for reference section 1.3 of the GfA “*Financial Allocation provided by the Contracting Authority*”, where the third paragraph reads:

“Applications that have project activities in the Croatian and/or the Montenegrin adjacent areas will be treated as “adjacent areas projects”. Applications with activities in adjacent areas must meet all the eligibility criteria set up at these Guidelines for Applicants (GfA). All applications (irrespective of whether they have as beneficiaries the population of the adjacent and/or the eligible areas) will be evaluated according to the evaluation grid as per section 2.3 below. The projects with highest scores will be recommended for financing. The best actions with activities in adjacent areas will be funded until exhaustion of funds available for these areas under this Call for Proposals.”

In conclusion, the following principles apply:

- **The Contracting Authorities, in line with the IPA Implementing Regulation, look into applications fully or partially covering activities in the adjacent areas as exceptional and their justification (or in other words their quality) has to be very strong;**
- **Applications only covering activities in the adjacent areas can receive a maximum grant of € 144,000 if applying to the budget allocated to Croatia and/or € 180,000 if doing so for the budget allocated to Montenegro. If such an application targets these limits and ranks high in the applications’ assessments, it will take by itself the totality of the allocation and will consequently exclude the possibility of funding other applications with full or partial coverage of activities in the adjacent areas.**
- **Applications partially covering activities in the adjacent areas can receive a maximum grant of € 144,000 for the activities specifically targeting the adjacent areas under the allocation for Croatia and/or € 180,000 if doing so for the**

budget allocated to Montenegro. As for the previous scenario, if that application targets these limits and ranks high in the applications' assessments, it will take by itself the totality of the allocation and will consequently exclude the possibility of funding other applications with full or partial coverage of activities in the adjacent areas.

- If an application may have full or partial coverage of activities in the adjacent area of one of the two participating countries (in the sense of territory), the only limit being applied for the activities taking place in the eligible area of the other participating country are those set out in section 1.3 "*Size of grants*" of the GfA.

Q81: *Can you confirm that the location of the applicant's organization is not a criterion for defining the location of the project? This would imply that as long as the project activities are happening in the programme area, the project is not falling under the 20% rule, even if the applicant organization is located in the adjacent area? "*

A81: The origin or location of the main office of an applicant is only relevant to determine the eligibility of the applicant in line with the requirements of section 2.1.1 of the GfA, but it is not a criterion to define the eligibility of the action.

Please note that programme areas are both eligible areas and adjacent areas (see section 2.1.3, "Location", page 15 of GfA). Please see for reference too section 1.3. of the GfA "*Financial Allocation provided by the Contracting Authority*", where the third paragraph reads:

"Applications that have project activities in the Croatian and/or the Montenegrin adjacent areas will be treated as "adjacent areas projects".

Therefore, if activities are taking place only in eligible areas of the programme, the project will not be treated as "adjacent areas projects", even if the applicant organisation is located in adjacent areas.

Q82: We noted that where the proposed Functional Lead Applicant on the Croatian financial allocation is from an EU Member State, this must, in order to comply with the rules of the Programme, have a Croatian Partner. However, may that entity also be a Partner of the Montenegrin Applicant on the Montenegrin side of the Proposal or vice versa?

A82: The case you present to our consideration is not falling under any of the scenarios the GfA refer to in section 2.1.3. "*Eligible actions: actions for which an application can be made*":

"Number of applications and grants per applicant

An applicant may submit more than 1 application under this call for proposals.

An applicant may not be awarded more than two grants under this call for proposals, limited to a maximum of one grant per measure.

An applicant may at the same time be a partner in one or more other applications.

Partners may take part in more than one application."

Nevertheless, it is obvious that an operator cannot be in the same application, the applicant (or functional lead applicant) under one country allocation and a partner of the applicant under the second country allocation. This would imply that such an operator may receive EU funding twice under the same project, once as applicant and again as partner. Irrespective of his role as applicant or partner in individual applications, an operator can appear as a member of the application's partnership exclusively in one role.

Q83: In relation to the previous question, if in addition to being the Functional Lead Partner, an organization may also be a Partner of the other Applicant (on the other side of the Proposal), must she complete 2 original copies of the Partnership Statement, one for each side of the proposal?

A83: Please see the answer 82 above. No operator can participate in an application under different partnership roles. An operator can play one exclusive role within a single application.

Q84: In our project, we have foreseen a public competition for designing landscape project documentation. In common practice, the expert selected is awarded a certain amount. However the overall tender amount is greater since the second and third award are also acknowledged from the tender. This is because the experts that wish to submit their proposal have to work on project design at least for one month.

Is it possible to ensure the total amount for the 3 awarded experts, although only the first awarded expert will execute the activity?"

A84: Please see the instructions on procurement stipulated in Annex IV of the Standard Grant Contract (Annex F of the GfA) "Procurement by grant Beneficiaries in the context of European Community external actions", especially section 1. "General principles" where you can read:

"If the implementation of an Action requires procurement by the Beneficiary, the contract must be awarded to the most economically advantageous tender (ie, the tender offering the best price-quality ratio), in accordance with the principles of transparency and fair competition for potential contractors and taking care to avoid any conflicts of interest."

In addition, later on the text reads:

"In the event of failure to comply with the rules referred to above, expenditure on the operations in question is not eligible for Community financing."

You may also want to carefully read section 4 of annex F, entitled "Rules applicable to service contracts", where the procedure for the service procurement is explained.

In conclusion, a contract must be awarded to only the most economically advantageous tender (i.e. the tender offering the best price-quality ratio for the service described in the Terms of References). The Contracting Authorities will not accept that a financial compensation is included in the amount foreseen in the tender for bidders classified as second and third best. Every bidder must be aware that the costs of preparing a bid are

his entire responsibility and that in the event of not being the most economically advantageous tenderer, he cannot expect any financial reward.

Q85: Is this activity (indicated in Q84) eligible under Measure 1.1. *“Joint actions for environment, nature and cultural heritage protection?”*

A85: Please note that in section 2.1.3 of the GfA *“Eligible actions”*, in the sub-section *“Types of actions/activities”* the list of possible activities under each measure is indicative and not exhaustive. Even more, appropriate innovative activities that are not mentioned in the lists of possible activities per measure may also be considered for support.

Additionally, please bear in mind that, as per provisions laid down at the end of the section, the following type of action is ineligible: *“preparatory studies or preparation of preliminary design for works to be carried out within the project”*, or in other words, an application cannot contain as eligible activities the preparation of preliminary designs and the execution of the works related to these designs.
