



# Il Trenino



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**Guidelines for the management  
of EuropeAid-funded projects**

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## Introduction

punto.sud is a non-profit foundation and a project-support research group offering services worldwide in the field of humanitarian aid and development cooperation.

In 2004, punto.sud produced its first manual to provide humanitarian organisations working with DG ECHO<sup>1</sup> with clear procedural and operative information for the management of humanitarian operations. The manual, which is still well-known, was called *The Trenino - Guidelines for the management of a DG ECHO-funded operation. Narrative Report, Financial Annexes and Budget Reporting*. The first edition of the manual, in print and electronic versions, was widely distributed in the humanitarian community, including the HQ and field staff of DG ECHO and DG ECHO partners. The manual has been highly appreciated particularly by field staff, as it constitutes a comprehensive but simple-to-use guide for day-to-day work with DG ECHO.

After the success of the first Trenino and its revised version (2006), the punto.sud team began working in support of development organisations to draft a set of guidelines for the preparation and management of EuropeAid-funded actions.

Hence, *The Trenino - Guidelines for the management of EuropeAid-funded projects*, was created to facilitate the work of non-state actors and local authorities for EC project planning and grant contractual obligations in the ambit of the project “Helpdesk platform and support to New Member States (NMS) Non State Actors/Local Authorities in the Development sector”. We maintained the name *Trenino* in the light of the great success and wide acknowledgement of the first Guidelines for DG ECHO-funded actions among the aid community.

This project began on January 1<sup>st</sup> 2009 and will last two years. It is implemented by [punto.sud](#) (Italy) as the leading organization, [People in Peril Association](#) (Slovakia), [Hungarian Baptist Aid](#) (Hungary), [APEL Service](#) (Romania), [FoRS - Czech Forum for Development Co-operation](#) (Czech Republic) as implementing partners and [Support to Life](#) (Turkey) as Associate. The project's purpose is to improve access to information, methods and best practices on EuropeAid-grant contractual obligations of Non-State Actors and Local Authorities. Similarly, project activities (mainly trainings, website, helpdesk and the Trenino itself) aim at increasing NSA/LA accountability in the management of EU budget resources devoted to finance external aid programmes by ensuring effectiveness and efficiency of co-implemented projects.

The Trenino for EuropeAid-funded projects extensively covers all regulations and best practices ruling the so-called “[project approach](#)” of the European Commission, whereby non-state actors and local authorities participate in the system of calls for proposals, adopting the project cycle management (PCM) logic for project planning and formulation. Users will find explanations and interpretations of rules, reference to legal texts, examples and additional information (e.g. boxes and tables).

The Trenino is structured in three main parts:

- [Part I](#) gives an account of EuropeAid's mission, funding and programming modalities and aid development priorities, and guides the reader – potential EC partner in development – through the EC project management cycle.
- [Part II](#) is a thorough guide to participation in a call for proposals system. It focuses specifically on the preparation of the application form and the EC selection and award procedures, and emphasises cost eligibility and other principles that must be respected in order to ensure good project management.
- [Part III](#) is dedicated to the implementation and closing of a EuropeAid-funded project. It covers all contractual obligations (e.g. reporting, visibility and communication, monitoring and evaluation, hand-over to final beneficiaries) and provides guidance for the correct choice and good implementation of contract-award procedures (i.e. procurement).

The Trenino is based on the 2008 version of the Practical Guide to Contract Procedures for External Actions (PRAG), applicable as of January 1, 2009 and revised after the Lisbon Treaty, on the current financial allocation (2007-2013) and the 10<sup>th</sup> European Development Fund, and addresses non-state actors and local authorities in development. The guidelines do not cover the contractual rules of previous years nor previous EDF<sup>2</sup>. These guidelines have not been reviewed to include the changes applied by the PRAG 2010 yet.

The Trenino, mainly in its electronic version, is a work in progress, and as such we would appreciate any suggestion, whether related to ease of reading or to interesting elements to be added. Such comments and feedback should be sent to [helpdesk-europeaid@puntosud.org](mailto:helpdesk-europeaid@puntosud.org).

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<sup>1</sup> Directorate General of the European Commission for Humanitarian aid and Civil Protection.

<sup>2</sup> To access reliable information/interpretation, see the [CONCORD Reader](#) on the 2007 version of the General Conditions on the Standard Grant Contract for External Actions.

# Part I. EUROPEAID AT WORK

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## 1.1 EuropeAid

### 1.1.1 Mission

EuropeAid is the Directorate General of the European Commission responsible for designing and implementing EC External Cooperation programmes with EC partners in development. The office was created after the reform of the EC system of External Relations<sup>3</sup> (hereafter “RELEX”) initiated in 2000. The reform sought to create an implementing body that would manage the project cycle from identification to implementation and assessment of development programmes and projects. This office became the EuropeAid Cooperation Office, which operates upon policy programming of the EC Directorates General External Relations and Development. EuropeAid’s mission is to deliver EU external aid in the most efficient and effective manner.

EuropeAid is responsible for translating development policies into practical actions and for developing new ways of delivering aid. EuropeAid also issues guidelines and makes evaluations of EC programme implementation. In addition, it is responsible for the proper management of funds and must use clear and transparent tendering and contracting procedures.

To achieve its mission and reach the development goals envisaged by the EU<sup>4</sup>, EuropeAid works closely with Member States’ development agencies, UN Agencies, and international financing institutions, such as the World Bank. EuropeAid also maintains a dialogue with NGOs, consultancies and other non-state actors both in the EU and in the beneficiary countries, and is committed to the principle of ownership of development strategies and programmes by partner countries. According to EuropeAid, partner countries have the primary responsibility for creating an enabling domestic environment for mobilising their own resources, including conducting coherent and effective public policies.

The results of EuropeAid’s work should allow the European Commission, and the EU as a whole, to formulate better policies and strategies, in line with the Millennium Development Goals (MDGs).

### 1.1.2 EuropeAid in the RELEX Family

The EC External Relations system, the so-called “RELEX Family”, is formed of 6 of the 46 Directorates General and Services that constitute the European Commission at large. These DGs are Development (DEV), Enlargement (ELARG), EuropeAid, External Relations (RELEX), Humanitarian Aid (ECHO), and Trade. These DGs coordinate EU relations with all non-EU countries and regions as well as with the enlargement candidates and accession countries. These relations take the form of North-North cooperation (this is the mission served by DG Trade and partially by DG RELEX) and North-South cooperation, coordinated by DG ECHO, RELEX, DEV and EuropeAid altogether. The DG ELARG works with other DGs and Services of the Commission to promote the *acquis communautaire* among would-be EU member states.

In the framework of EU external relations, the policy of development cooperation can be considered a prerogative of the European Commission. EU external assistance is guided by the principles which inspired its very creation: development and enlargement. The Commission has also identified a set of priority areas rationalized in the European Consensus on Development and presented in the section “[What we do](#)” on the EuropeAid website. Above all, the Consensus identifies objectives and measures the accountability of operations, aid effectiveness and policy coherence for development.

EC external aid is distributed through multi-annual programmes which are coordinated by the DG DEV (for African, Caribbean and Pacific countries) and the DG RELEX for the rest of the world, and implemented through the guidance of EuropeAid. EuropeAid is, in fact, responsible for all the steps of aid delivery (identification, feasibility, financial decisions and controls, tendering, contracting, monitoring and evaluation)

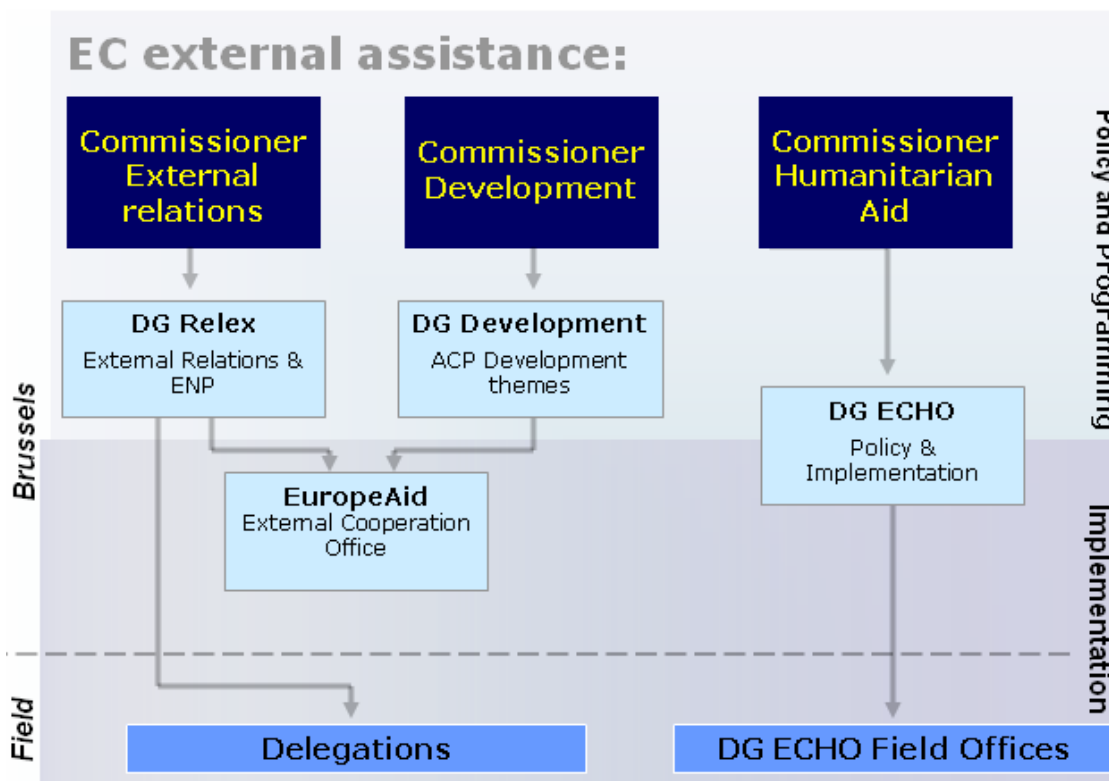
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<sup>3</sup> For detailed information on the Reform please visit the dedicated webpage in the Helpdesk website: [http://www.puntosud.org/helpdesk-europeaid/doku.php/europeaid\\_at\\_work/about\\_europeaid/start](http://www.puntosud.org/helpdesk-europeaid/doku.php/europeaid_at_work/about_europeaid/start)

<sup>4</sup> Basis of EU external assistance is the Treaty on the European Union itself (art. 177). Also, European Consensus on Development (2006/C 46/01), signed on 20<sup>th</sup> of December 2005.

and for the breakdown of general aid programming into specific sectoral interventions to be implemented with its partners in development<sup>5</sup>.

**Figure 1: EC external assistance**



The identified priorities are tackled by extensive research, chaired by the DG DEV and carried out with resources from the other RELEX Family DGs, which leads to the creation of key documents such as the Thematic and Country/Regional Strategy Papers<sup>6</sup> upon which policies are derived, development objectives designed, and EC funds allocated to serve the identified goals.

On 27 October 2010, the European Commission announced the establishment of the 'EuropeAid Development and Co-operation Directorate-General' (DG DevCo), which will unite the DG Development and the EuropeAid Co-operation Office. To date, the former has been responsible for setting development policy and programming, while the latter has, with the EU delegations abroad, implemented the programmes and managed the resources.

In preparation for the actual beginning of work in the European External Action Service (EEAS), scheduled for 1 January 2011, around 100 officials currently working at the country desks of the DG Development will be transferred to the EU's new diplomatic body. DG DevCo will include a staff of about 800 people, out of which 600 will be from the current EuropeAid Co-operation Office and around 200 from the DG development office<sup>7</sup>.

### 1.1.3 Structure: Headquarters and Delegations

EuropeAid is made up of seven directorates and four units directly attached to the Director General. Through its Directorates EuropeAid provides for the operative planning of projects and programmes by country and by region, and verifies the methodological coherence and quality assurance of actions (through the IQSG), in collaboration with the four transversal units.

The four geographical Directorates are responsible for managing the entire project cycle, from identification to final evaluation. Work is carried out by EuropeAid from its headquarters in Brussels or, for devolved actions, via the EU Delegations. Directorate E and G are the pillars, ensuring and overseeing the quality of cooperation programmes and providing for the human, financial and technical resources needed by the whole

<sup>5</sup> To have a clear idea of whom the EC works with in delivering aid and implementing development projects and programmes worldwide, visit the section "Our partners" on the EuropeAid website: [http://ec.europa.eu/europeaid/who/partners/index\\_en.htm](http://ec.europa.eu/europeaid/who/partners/index_en.htm)

<sup>6</sup> The website of the Interservice Quality Support Group (IQSG) contains all of these documents: [http://ec.europa.eu/development/how/iqsg/documents\\_library\\_en.cfm#them](http://ec.europa.eu/development/how/iqsg/documents_library_en.cfm#them)

<sup>7</sup> You can find the EUROPA press release at <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1398&format=HTML&aged=0&language=EN&guiLanguage=en>.

structure to perform its mission. Directorate F is responsible for thematic actions, overseeing all horizontal programmes that are not linked to a particular geographical area.

An organisation implementing an action funded by a geographic instrument or by the geographically-based component of a thematic instrument is likely to have its contact point (i.e. the Desk or Programme Officer) based in either a geographical Directorate or a Delegation; while an organization implementing an action dealing with a cross-cutting issue (for instance, migration), financed by a thematic instrument, is likely to have to deal with Directorate F, which oversees thematic actions.

EuropeAid is a highly decentralised organisation. Two out of three Commission staff members working on aid implementation are based in the field. EuropeAid's mission is thus partially accomplished at the Headquarters offices in Brussels and partially in the field in partner countries.

EuropeAid's headquarters in Brussels is responsible for ensuring the overall coherence of and quality support for actions funded in the ambit of EC external programmes. Brussels headquarters also coordinates with other Commission Directorates-General, with Member States and with other EU institutions, and is responsible for planning and reporting on the progress of development aid delivered annually.

Delegations serve the so-called external dimension of internal EU policies, by explaining and implementing EU policies worldwide, and analysing and reporting on the policies and developments in the countries to which they are accredited. Delegations act not only as the eyes and ears of the Commission in their host countries, but also as its mouthpiece vis-à-vis the national authorities and society as a whole. In fact, they also negotiate financing agreements with recipient countries on behalf of the EC and define the actions and financial proposals at country level. Delegations are mainly detachments of DG RELEX. However, concerning development aid and external assistance, delegations have their own technical units which are responsible for identifying projects, assessing feasibility, as well as implementing and evaluating results.

Devolution was a cornerstone of the EC reform of management of external assistance<sup>8</sup>. In order to make its actions more responsive to local needs, facilitate coordination between donors and speed up the implementation process of projects and programmes, the Commission decided to make its delegations – i.e. its representations in partner countries – responsible for the management of external aid.

Devolution is still under way. There are currently around 110 devolved Commission delegations in Africa, Asia, the Western Balkans, the Caribbean, Eastern Europe, Latin America, the Mediterranean, the Middle East and the Pacific, and in 2008 steps were taken to implement redeployment of 10% of officials sitting in EuropeAid Brussels in EU Delegations<sup>9</sup>.

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<sup>8</sup> See footnote 1.

<sup>9</sup> In line with political and economic priorities agreed at the meeting of the External Group of Commissioners held on January 23, 2008.

## 1.2 Funding modalities

Funds allocated to EC external assistance come from two main sources: the European Union general budget and the European Development Fund (EDF). Different administrative rules and decision-making structures apply to these two funding channels.

### Box 1: Funding modalities

#### EDF

Created by the Treaty of Rome in 1957 and funded by Member States, the European Development Fund (EDF) is the main instrument providing EU aid for development cooperation with the countries of Africa, the Caribbean and the Pacific (ACP countries) and with the Overseas Countries and Territories (OCTs).

Policy programming of the EDF is based on the Cotonou Agreement, the most comprehensive partnership agreement between the EU and ACP countries (African, Caribbean and Pacific countries) concluded for twenty years (2000-2020)<sup>10</sup>. Most of the project cycle following the multi-annual programming phase is handled by EuropeAid, though DG DEV retains some funds, acting as Contracting Authority<sup>11</sup> itself.

EDF funds national and regional indicative programmes and intra-ACP funding (through facilities and programmes) coordinated by the DG DEV. The EDF is funded by the Member States, is subject to its own financial rules and is managed by a specific committee<sup>12</sup>.

#### EU Budget

Generally speaking, the EU's financial perspective defines the framework for the EU's budget priorities over a period of seven years. In practice, the annual spending plans are negotiated between the European Parliament and the Council of Ministers on the basis of a proposal by the Commission. A European Union legal act – the Financial Regulation - agreed upon by the Member States sets out the rules for calling on, budgeting and using EU funding.

The budget covers expenses for all EU institutions. It fixes income and expenditure for the year, lists all the activities that are to be funded and sets out the total amount of money and staff available for each.

Commission staff are largely organised into Directorates-General (DGs) each of which is headed up by a Director-General. Staff of the DGs manage the EU programmes and activities in their particular policy area, in liaison with their counterparts in the Member States as necessary. The External Cooperation Office (EuropeAid) is responsible for all phases of the project cycle (identification and appraisal of projects and programmes, preparation of financing decisions, implementation and monitoring, evaluation of projects and programmes) and works with partners to ensure the achievement of the objectives of the programmes established by the Directorates-General for External Relations (DG RELEX) and Development (DG DEV) and approved by the Commission.

The 10<sup>th</sup> EDF covers the period from 2008 to 2013 and has been allocated € 22.7 billion. It was established between the EU Member States by internal agreement. In comparison to the 9th EDF, which covered the period 2000 to 2007, the initial amount available has increased by almost 65% (the 9th EDF was initially allocated € 13.8 billion).

The current financial framework, 2007-2013, was formally adopted in May 2006<sup>13</sup>, based on the working proposals of the European Directorates General and Services at large.

### 1.2.1 Financial instruments: geographic and thematic programmes

Implementing programmes have their legal basis on a EU law (called Regulation). This law is proposed by the Commission and then issued by a legislative authority composed of the European Parliament, the Council of Ministers and/or the European Commission. This section covers the legal bases defining EC financial allocations for the implementation of the external programmes which are directly managed by EuropeAid. The External Cooperation Office (EuropeAid) is responsible for all phases of the project cycle (identification and appraisal of projects and programmes, preparation of financing decisions, implementation and monitoring,

<sup>10</sup> To know more about the historical cooperation between the EU and ACP countries visit the dedicated section in the DG DEV website ([http://ec.europa.eu/development/geographical/cotonouintro\\_en.cfm](http://ec.europa.eu/development/geographical/cotonouintro_en.cfm)).

<sup>11</sup> By Contracting Authority it is meant the entity/office preparing, signing and managing Grant Contracts with successful applicants participating in calls for proposals. It may be an office of EuropeAid's Brussels or a Delegation.

<sup>12</sup> Annex IV of the Cotonou Agreement was amended with the start of the 10<sup>th</sup> EDF to apply full alignment of the latter's rules and procedures on procurement to those of the EC General Budget, save few exceptions (eligibility, preferences). This means that the same rules and templates will be applicable to these two sources of financing. These are summarised in the new [Practical Guide](#).

<sup>13</sup> For further information please visit the section of the EC Financial Programming and Budget website dedicated to "A financial framework for the enlarged Union" (2007-2013): [http://ec.europa.eu/budget/prior\\_future/fin\\_framework\\_en.htm](http://ec.europa.eu/budget/prior_future/fin_framework_en.htm)

evaluation of projects and programmes) and works with partners to ensure the achievement of the objectives of the programmes established by the Directorates-General for External Relations (DG RELEX) and Development (DG DEV) and approved by the Commission.

Within this normative framework the partner who chooses to apply for EuropeAid funding has different possibilities according to its mission, priorities and geographical presence. The EC has created a range of financial instruments to tackle its development priorities and reach its development goals. Partner organisations need to identify the financial instrument or programme that best suits their strategic planning and mission and then apply for EC co-funded implementation on that basis. In fact, the notion of partnership in this context is given by the fact that the EC works together with selected organisations to achieve common objectives. Thus, the project objectives identified by the organisation should be in line with those identified by EuropeAid in the programme/financial instrument to which the organisation wants to apply.

There are three geographic instruments and, if we include the EDF, they cover the whole world except for the industrialised countries (with whom cooperation is a prerogative of other segments of the EU):

**Table 1: Geographic instruments**

Name	Legal basis	Geographical coverage	Examples of measures financed	Annual funding <sup>14</sup>
<b>European Neighbourhood and Partnership Instrument (ENPI)</b>	Regulation (EC) No. 1638/2006, of 24 October 2006	Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Russia, Syria, Tunisia and Ukraine	Measures of poverty reduction; intended to promote social development and non-discrimination; aiming to promote health, education and training; intended to promote and protect human rights and fundamental freedoms; intended to foster the development of civil society and of non-governmental organizations.	1.6 billion
<b>European Development Fund (EDF)</b>	Regulation (EC) No. 215/2008, of 18 February 2008 on the Financial Regulation applicable to the 10th European Development Fund	African, Caribbean and Pacific (ACP) countries and the overseas territories of EU Member States (79 in total)	Measures aimed at achieving economic growth; human and social development; promoting the cultural values of communities; environmental sustainability; institutional reforms. Other Initiatives: the EU-ACP Water Facility, the EU-ACP Energy Facility, the EU-Africa Infrastructure Trust Fund and the Edulink intra-ACP Programme for higher education.	3.7 billion
<b>Development Cooperation Instrument (DCI) - geographical component</b>	Regulation (EC) No. 1905/2006, of 18 December 2006	Some countries in Latin America, Asia and Central Asia and the Middle East and South Africa, not covered by the other instruments (47 in total)	Measures aimed at poverty eradication and at the achievement of the MDGs; addressing primary education and health; promoting social cohesion and employment; promoting human rights and good governance; assisting partner countries and regions in the areas of trade and regional integration; promoting environmental protection and sustainable management of natural resources and integrated water resource management; providing assistance in post-crisis situations and fragile states.	1.4 billion

Thematic instruments for external actions are based on cross-cutting issues that are laid out in a number of international conventions, declarations and treaties on development and which are **binding for EU countries and most beneficiary countries**. These thematic programmes are the result of a consultation with State Actors (partner countries) and a variety of Non-State Actors (civil society in Europe and in partner countries) and are based on the Thematic Strategy Papers issued by the Interservice Quality Support Group (IQSG).

<sup>14</sup> For the budget financial framework 2007-2013 and 10<sup>th</sup> EDF.

**Table 2: Thematic Instruments**

<b>Name</b>	<b>Legal basis</b>	<b>Geographical coverage</b>	<b>Examples of measures financed</b>	<b>Annual funding<sup>15</sup></b>
<b>European Instrument for Democracy and Human Rights (EIDHR)</b>	Regulation (EC) No. 1889/2006, of 20 December 2006	All countries, except EU and industrialised countries	Measures aimed at promoting the respect for human rights and democracy, political participation and representation; actions supporting human rights dialogues on issues such as death penalty, torture, children and armed conflict.	160 million
<b>Development Cooperation Instrument (DCI) – Environment and Sustainable Management of Natural Resources</b>	Regulation (EC) No. 1905/2006, of 18 December 2006	All countries, except EU and industrialised countries	Measures assisting developing countries to make better progress on integrating environmental sustainability in decision-making by sustaining civil society; strengthening international governance on the environment and making EU actions a key part of the process.	120 million
<b>Development Cooperation Instrument (DCI) – Non-State Actors and Local Authorities in Development</b>	Regulation (EC) No. 1905/2006, of 18 December 2006	All countries, including the EU but excluding third industrialised countries	See Box 1.	230 million
<b>Development Cooperation Instrument (DCI) – Food security</b>	Regulation (EC) No. 1905/2006, of 18 December 2006	All countries, except EU and industrialised countries	Measures supporting research, innovation and information distribution in matters relating to food security; supporting regional initiatives in Asia and Latin America, and with the African Union; encouraging the advancement of the food security programme, and its harmonisation and alignment with development partners, civil society and donors.	240 million
<b>Development Cooperation Instrument (DCI) – Migration and Asylum</b>	Regulation (EC) No. 1905/2006, of 18 December 2006	All countries, except EU and industrialised countries	Measures fostering the links between migration and development; promoting well-managed labour migration; fighting illegal immigration and facilitating the readmission of illegal immigrants; protecting migrants against exploitation and exclusion and supporting the fight against trafficking in human beings.	60 million
<b>Development Cooperation Instrument (DCI) – Investing in People</b>	Regulation (EC) No. 1905/2006, of 18 December 2006	All countries, except EU and industrialised countries	Measures promoting good health for all, with a focus on health-care systems, poverty-related diseases, neglected or emerging diseases and the promotion of sexual and reproductive health and rights; promotion of universal access to quality primary education and access to vocational and skills training; gender equality and other aspects of human and social development, such as employment and social cohesion, children and youth and culture.	150 million
<b>Instrument for Stability (IfS)</b>	Regulation (EC) No. 1717/2006, of 15 November 2006	All countries, except EU and industrialised countries	Measures preventing conflict and ensuring early recovery after a natural disaster; fighting and protecting against the proliferation of weapons of mass destruction; strengthening response capacities of non-EU member countries to cross-border threats such as terrorism and organised crime, including the illicit trafficking of weapons, drugs and human beings; enhancing pre- and post-crisis preparedness capacity building.	290 million
<b>Nuclear Safety Cooperation Instrument (NSCI)</b>	Council Regulation (EURATOM) No. 300/2007 of 19 February 2007	All countries, except EU and industrialised countries	Measures promoting a nuclear safety culture; improvement of design, action and maintenance of nuclear installations; nuclear waste management, decommissioning and remediation of former nuclear sites; nuclear emergency preparedness.	75 million

<sup>15</sup> For the budget financial framework 2007-2013 and 10<sup>th</sup> EDF.

The biggest thematic instrument is the Development Cooperation Instrument (DCI), which replaces the array of geographical and thematic instruments created over time and was introduced in the latest financial framework. In addition to geographic and thematic programmes, and in order to provide a rapid EU response to volatile food prices in developing countries, an "EU Food Facility" was set up in December 2008. This new instrument provides for € 1 billion funding to be spent between 2008 and 2010, nearly half of which in 2009.

### **Box 2: The EC and civil society**

Civil society organisations and non-state actors at large have long been partners of the EC for the implementation of the EU development strategy, and a permanent consultation process is in place between civil society organisations and other stakeholders on a range of policy issues.

EuropeAid itself maintains colloquial relations with major stakeholders such as the European Confederation for Relief and Development (CONCORD) and national NGDO platforms. Recently, the EC launched a special initiative aimed at promoting the involvement of civil society organisations (CSOs) and local authorities (LAs) in EC development cooperation. Named "Structured Dialogue", it will consist of regular meetings, information-sharing via blog and helpdesk and other supporting initiatives. Partners who would like to know more about this process can consult the EuropeAid website at the following address: [http://ec.europa.eu/europeaid/who/partners/civil-society/structured-dialogue\\_en.htm](http://ec.europa.eu/europeaid/who/partners/civil-society/structured-dialogue_en.htm)

On the level of funding, CSOs are eligible partners for aid delivered through the project approach. CSOs can participate in Calls for Proposals and Calls for Tenders in the ambit of the major financial instruments, especially the ENPI, the EDF, the DCI and the EIDHR. The latter, together with the thematic programme "Non-State Actors and Local Authorities in Development" included in the DCI, are major financing prerogatives for CSOs at large. EuropeAid dedicates a large section of its website to civil society as a partner in development and has recently launched a civil society helpdesk (CISOCH) aimed at supporting and guiding CSOs in the wide and sometimes confusing realm of policy-making and implementation of the EC development cooperation<sup>16</sup>.

In particular, with the current financial allocation, the EC has created a financing channel dedicated to the civil society. The thematic programme "Non-State Actors and Local Authorities in Development", included within the Development Cooperation Instrument, replaces the previous budget lines "NGO co-financing" and "Decentralised Cooperation"<sup>17</sup>. This unique new financial budget line is solely dedicated to financing actions proposed by civil society at large and those state institutions recognised as being closest to the local populations (i.e. local authorities), provided that these proposals conform to the objectives envisaged by the EC in the relevant sectors.

The NSA/LA programme finances actions responding to three main objectives:

- **Objective 1:** Actions to promote an inclusive and empowered society in partner countries to facilitate the participation of non-state actors and local authorities in poverty reduction and sustainable development strategies;
- **Objective 2:** Actions in Europe to promote awareness raising and development education in the EU and acceding countries for development issues;
- **Objective 3:** Networking in Europe to facilitate coordination and communication of NSA and local authority networks in the EU and acceding countries.

For the financial perspective 2007-2013 the EC allocated € 903 million over the three priority areas afore mentioned. Activities carried out in specific countries are entirely managed by Delegations, from publication of the Call for Proposals to contract management. Activities of general aim and/or to be implemented in Europe are managed by EuropeAid headquarters in Brussels.

Actions eligible for financing vary from supporting participative development in specific regions to supporting initiatives of micro-credit among women<sup>18</sup>.

<sup>16</sup> For more information and to download key documentation please visit the section dedicated to Civil Society in the EuropeAid website ([http://ec.europa.eu/europeaid/who/partners/civil-society/index\\_en.htm](http://ec.europa.eu/europeaid/who/partners/civil-society/index_en.htm)) and the CISOCH ([https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/Main\\_Page](https://webgate.ec.europa.eu/fpfis/mwikis/aidco/index.php/Main_Page)).

<sup>17</sup> The new budget lines are "Non-State Actors in Development", 21.03.01, and "Local Authorities in Development", 21.03.02.

<sup>18</sup> Examples of actions financed in 2008 under the thematic programme "NSA/LA in Development" can be found at the following address: <http://ec.europa.eu/europeaid/work/funding/beneficiaries/index.cfm?lang=EN&mode=SM&type=grant&order=false&direc=false&paging.of.fset=1&paging.len=10> The reader can freely refine the research to look at specific countries or search among the database of financed projects for the years 2007, 2008 and 2009.

### 1.2.2. Programming aid delivery

EuropeAid is responsible for the operative allocation of funds based on the multiannual programming done by the Directorates General DEV and RELEX. These two DGs are responsible for the preparation of strategy papers – country, regional or thematic – and for multi-annual programming based on the EC allocation of funds on each financial instrument.

With respect to the financial instruments listed in the previous section, policy designing is divided as follows:

Financial Instrument		Directorate-General responsible
EIDHR	➔	DG RELEX
DCI – NSA/LA in Development	➔	DG DEV
DCI – Environment	➔	DG RELEX
DCI – Food security	➔	DG DEV
DCI – Investing in People	➔	DG DEV
DCI – Migration and Asylum	➔	DG DEV
DCI – Geographic component	➔	DG RELEX
NSCI	➔	DG RELEX
IfS	➔	DG RELEX
ENPI	➔	DG RELEX
EDF	➔	DG DEV

On the basis of this multiannual programming, EuropeAid draws up Annual Action and Annual Work Programmes, in cooperation with the same DG DEV and/or RELEX. Annual Action Programmes (AAPs) are financing decisions adopted by the European Commission to allocate funds for regional, country-based and cross-border cooperation programmes and for the implementation of thematic programmes. Detailed action fiches per regional, country and thematic programme are published by March 31<sup>st</sup> each year.

AAPs specify objectives, fields of intervention, expected results, management procedures and total amount of financing planned for a specific country or region, or, more generally, in the ambit of a thematic programme. AAPs are key documents that partners should read to gain insight into:

- the actions to be financed;
- amounts (ranges) allocated for each action;
- indicative implementation timetable.

Annual Work Programmes (AWPs) identify the grants that are planned to be awarded during the year, notably through Calls for Proposals. The AWP specifies the legislation, the specific objectives of the programme, the maximum rate of EC co-financing and the schedule of Calls for Proposals with an indicative amount and expected results. In case of substantial changes during the year, an update of the AWP is published in the dedicated section on the EuropeAid website. The AWP is only indicative, and partners should closely monitor the [Calls for Proposals & Procurement Notices](#) where the individual calls are published with detailed guidelines.

The AAP and AWP of a geographic/thematic programme are important documents to be read carefully, as they allow partners to plan in advance with regard to yearly funding and eventual participation in EC Calls for Proposals. Moreover, by consulting the AAP and AWP, partners can identify the eligibility criteria for each call for proposal, as some programmes require the formation of partnerships and/or have other specific requirements. Such information is summarised in a few pages and should be considered by the potential applicant as key information when beginning the compilation of a project proposal.

**Box 3: The thematic programme “Investing in People” in practice for the year 2009**

The thematic programme “Investing in People” is a component of the larger Development Cooperation Instrument (DCI). The Annual Action Programme consists of the Commission Decision C(2009)3438-PE/2009/3247 and the operative documents “Action Fiches”.

The Decision endorses the Action Fiches on the basis of the provisions set out in the DCI Regulation (EC) No. 1905/2006. The Action Fiches make reference to the homonymous Thematic Strategy Paper and specify which budget headings are included and the overall financial allocation. After a brief thematic introduction, the document addresses each theme, identifying objectives and related actions:

AAPs specify the type of aid delivery approach identified for each action (e.g. Calls for Proposals vs. joint management, see section 1.3) and the financial allocation for each global action proposed. The Annexes gather information for each sub-theme, giving identification details, rationale and description of the financing modality based on the type of management mode, as in the case of Theme 1.1 *Good Health for All*:

**THEMATIC PROGRAMME INVESTING IN PEOPLE**

**THEME 1.1: GOOD HEALTH FOR ALL**

*STRENGTHENING HEALTH SYSTEMS AND IMPROVING HEALTH SERVICES: EU RESPONSE TO THE HUMAN RESOURCES CRISIS AND EMERGING HEALTH PROBLEMS*

**CALL FOR PROPOSALS**

**1. IDENTIFICATION**

Title	Engaging civil society organisations to support national health workforce policies, strategies, capacity building and skills transfer		
Total cost	EUR 14 500 000: EUR 6 500 000 under 2009 appropriation + EUR 8 000 000 (provisional <sup>1</sup> ) under 2010 appropriation		
Method/ Management mode	Project approach — Call for proposals — <i>Centralised management (direct)</i>		
DAC code	12281	Sector	Health personnel development
	12110		Health policy and administrative management

The 2009 Annual Work Programme (AWP) of the same financial instrument provides the following information for the 4 budget lines 21.05.01-01 to 04 (respectively Health, Education, Other Aspects of Social and Human Development, and Gender):

- the basic act (regulation) and the financing source (the EU Budget);
- objectives of the programme, priorities for the year and expected results;
- selection of applicants and award criteria;
- maximum rate of EC co-financing;
- schedule of Calls for Proposals;
- indicative amount per call for proposal (7 in total).

The [AWP for the year 2010](#) has been newly published in the EuropeAid website and foresees the publication of five new calls for proposals.

### 1.3 The Grant Beneficiary in the EC PCM

The aim of this section is to acquaint EuropeAid partners in development with their position in the project cycle of the EC.

EuropeAid follows three approaches for delivering aid: the project approach, the sector approach and the macro/global approach. These operative approaches are complemented by three financing modalities: the use of EC procurement and grant award procedures, the use of a common pool of funding (also called multi-donor arrangement or joint management), and the use of budget support.

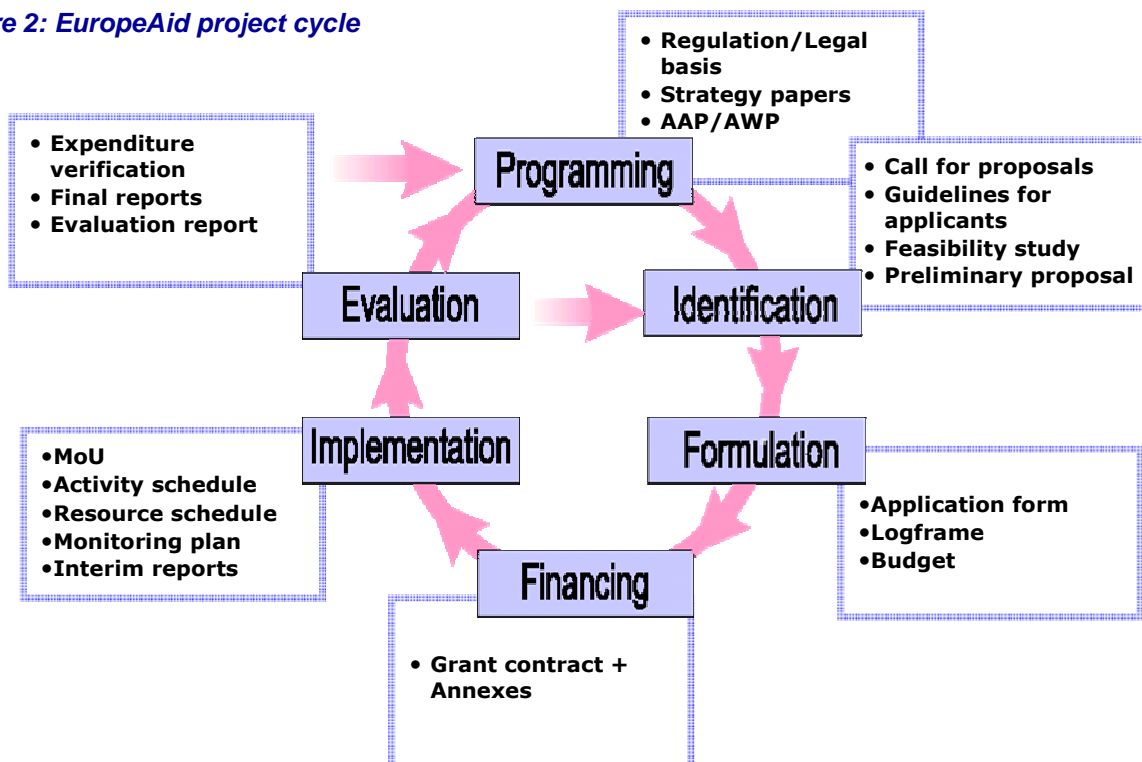
The Commission promotes the sector approach to work with state institutions in partner countries, other donors and stakeholders. This method of aid delivery has become increasingly important in recent years. Budget support involves the direct transfer of funds to a partner country's budget where they can be managed using national systems. Those receiving aid in this way must display sound macro-economic policies, and take steps to improve public financial management.

The project approach is used to support initiatives outside the public sector, such as through civil society and the private sectors. Projects are also implemented where conditions do not permit the adoption of a sector approach or a budget support. EuropeAid manages projects in a way that guarantees convergence with EU and partner country policy objectives. In line with aid effectiveness principles, projects must support country-owned policies, must be sustainable and have realistic objectives.

The aid delivery method is established during the programming phase of the cycle of actions and rationalised in the Strategy Papers. The choice is based on an assessment of the social, economic and political development in different countries. This manual focuses on the project approach, which is mainly based on grants award procedures (i.e. calls for proposals) and is used by the EC to work in partnership with civil society organisations.

Partners enter at the programming stage by aligning their objectives with those of the programme for which they are applying. The collaboration in a single implementation ends with the evaluation of the impact achieved by the action implemented by the partner with EC co-financing. In the figure below are reported all documents to be endorsed, consulted or produced during the implementation of a project co-financed by EuropeAid. This manual will cover the procedural obligations of a EuropeAid partner in each phase of the project cycle.

**Figure 2: EuropeAid project cycle**



**Programming:** during this phase the main objectives and sector priorities for intervention are identified, and indicative programming and strategy documents drafted. The situation analysis with verification of ideas takes also place at this stage of the project cycle.

**Identification:** during this phase a pre-feasibility study is carried out and a preliminary project proposal is drafted and the consistency and relevance of the action proposed is assessed against the policy and strategy frameworks programmed.

**Formulation:** in light of the results of the feasibility study to be carried out at this stage, the project proposal is finalised and equipped with a sound activity and financial plan.

**Financing:** during this phase the applicant signs the contract and receives/allocates the financial resources to start up the project activities.

**Implementation:** during this phase the project activities are implemented, the results obtained and the project purpose achieved. Process monitoring and evaluation are planned and executed throughout the project life and/or during specific phases, and reporting to the Contracting Authority is duly ensured.

**Evaluation/audit:** Final reports and the expenditure verification are prepared as end-of-project obligations. The final evaluation also takes place in order to assess the efficiency, effectiveness, impact, sustainability and relevance of a project in the context of stated objectives. It is usually undertaken as an independent examination with a view to drawing lessons that may guide future decision-making.

EC partners must first assess how their mission and intervention strategy align with the policy priorities and objectives of the EC, and check whether they respond to EC general eligibility criteria. Potential applicants should thoroughly consult the key programming documents described in [section 1.2](#). The table below represents a simple checklist of what should be considered during the programming and implementation phase. The first phase in particular is crucial for the EC partner to identify the relevant EC funding opportunity and align with the development priorities for a given country/region/sector.

**Table 3 : Check list of the EuropeAid project cycle**

Reference	Legal EC documents	Other EC relevant documents	To be checked by the EC partner
<b>Overall framework</b>	<ul style="list-style-type: none"> <li>• <a href="#">EC Budget and EDF Regulations</a></li> <li>• <a href="#">EC Financial Regulation/Implementing rules</a></li> </ul>		The EC partner has clear knowledge of main rules and procedures established by the Commission
<b>Policy level</b>	<ul style="list-style-type: none"> <li>• <a href="#">Financial Instruments Regulations (Legal Bases)</a></li> <li>• <a href="#">Annual Action Programmes of the Financial Instruments</a></li> </ul>	<ul style="list-style-type: none"> <li>• Official Communications</li> <li>• <a href="#">Strategy Papers</a> (Country or Thematic)</li> </ul>	<p>The EC partner knows the regulations, main objectives and funding modalities</p> <p>The EC partner knows the strategy envisaged by the Commission in a given country/sector</p>
<b>Policy Implementation level</b>	<ul style="list-style-type: none"> <li>• <a href="#">Calls for Proposals</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Annual Work Programmes of the Financial Instruments</a></li> <li>• Guidelines for Applicants</li> </ul>	The EC partner knows the specifications given by EuropeAid:
<b>Administrative-management level</b>	<ul style="list-style-type: none"> <li>• Grant Contract (Special Conditions)</li> <li>• General Conditions</li> <li>• Grant Annexes</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Guidelines/FAQ published by EuropeAid</a></li> <li>• <a href="#">Practical Guide (PRAG)</a></li> </ul>	<ul style="list-style-type: none"> <li>• Specific objective to be followed</li> <li>• Eligibility criteria foreseen</li> <li>• Special rules for procurement</li> </ul>



# PART II HOW TO APPLY FOR A GRANT

## 2.1 Calls for Proposals

European Commission grants are awarded following an application procedure in order to implement projects or activities in relation to European Union policies (see [section 1.2.1](#)).

To this end, EuropeAid publishes Calls for Proposals on its website. The Calls for Proposals page can be reached from the EuropeAid homepage, by clicking on “Funding”.



Under the Call for Proposals approach, the EC establishes:

- the broad objectives it seeks to achieve
- the scope of the projects it is willing to fund
- the application and assessment procedures
- a set of eligibility criteria for applicants

The responsibility for identifying, formulating and implementing projects is thus passed on to the organisations applying for co-financing.

A Call for Proposals invites candidates to present, within a given deadline, a proposal for action that corresponds to the objectives pursued by the EU within a given thematic or geographic programme and fulfils the required conditions. These Calls for Proposals will also be published in the Official Journal of the European Union.


Grant beneficiaries are mainly private or public organisations, and exceptionally individuals, chosen by the European Commission for their capacity to implement the actions envisaged. Before applying for a grant through a Call for Proposals, applicants must carefully read the section on eligibility criteria in the Guidelines for Applicants to check if they and their implementing partners meet the eligibility criteria.

**Figure 3: how to identify the eligibility criteria in a call for proposal**

**2.1 ELIGIBILITY CRITERIA**

There are three sets of eligibility criteria, relating to:

- applicants which may request a grant (2.1.1), and their partners (2.1.2),
- actions for which a grant may be awarded (2.1.3),
- types of cost which may be taken into account in setting the amount of the grant (2.1.4).

 **2.1.1 Eligibility of applicants: who may apply?**

In order to be eligible for a grant, applicants **must**:

When the application procedure is concluded, all applications are examined and evaluated on the basis of the criteria laid out in the Calls for Proposals, to ensure equal treatment; candidates are individually informed of the final decision concerning their proposal. Only exceptionally are [grants awarded directly to certain beneficiaries without a Call for Proposals](#).

**2.1.1 Open and restricted Calls for Proposals**

Calls for Proposals can be open or restricted. EuropeAid chooses between the two procedures according to the technical nature of the field, the budget available, and/or the expected number of proposals.


The type of Call for Proposals is stated on the first page (Notice) of the Guidelines for Applicants of each call.

**Figure 4: Example of an open call for proposal**

**Notice**

**Prior registration** by applicants and partners in EuropeAid's on-line database, PADOR, available at [http://ec.europa.eu/europeaid/work/onlineservices/pador/index\\_en.htm](http://ec.europa.eu/europeaid/work/onlineservices/pador/index_en.htm), is obligatory under the present call for proposals (see section 2.2 below for details).

**Only submission by email is permitted** under this call for proposal.

 This is an **open Call for Proposals**. Applications must include both a Concept Note and a Full Application Form. In the first instance, only the Concept Notes will be evaluated. Thereafter the Full Application Forms corresponding to the pre-selected Concept Notes will undergo evaluation.

**However the European Commission reserves the right not to undertake the evaluation of the Concept Notes whenever considered justified (for example when the quantity of proposals received is limited) and to proceed directly to the evaluation of the corresponding Full Applications.**

In the case of participation in an open Call for Proposals, all application documents must be submitted together (Concept Note and Full Application Form). Concept Notes will be evaluated first and following their appraisal, the EC will send a letter to the applicants whose Concept Notes have been evaluated, indicating whether their full application will be evaluated or not.

In the case of participation in a restricted Call for Proposals, only Concept Notes need to be submitted initially. Subsequently, applicants whose Concept Notes are pre-selected will be invited in writing to submit a Full Application Form. Should the requested contribution from the EC vary from the initial estimation, the percentage difference between the EC contribution and the total cost of the action must nevertheless remain within the limits imposed by the Guidelines of the Call for Proposals.

For more details on the evaluation of Concept Notes and full application forms, see [section 2.4](#).

## 2.1.2 Basic rules of Grants

A grant is a direct financial contribution, by way of donation, from the EU Budget or the EDF in order to finance:

- **action grants** - intended to finance actions proposed by EC's partners in development to contribute achieving an objective that is included in a EuropeAid geographic or thematic programme (see [section 1.2](#)). Action grants are normally awarded through the "Call for Proposals system", upon presentation by the Applicant of a project proposal duly prepared (see [section 2.3](#))
- **operating grants** – cover the functioning of an entity pursuing an aim of general European interest or with an objective in common with a European Union policy. Usually these entities are identified and selected outside the Call for Proposals system. Operating grants are in fact directly awarded<sup>19</sup>.

**Table 4: basic Grant rules**

Basic Grant rules	Comment	Tips
Grants are a form of complementary financing	The EC only exceptionally finances projects up to 100% <sup>20</sup> . The maximum contribution varies according to the Call for Proposals and the nationality of the applicant (e.g. for New Member States, the co-financing threshold is usually 90%). Most often, the applicant must contribute to the action with its own funds or by finding another donor. The sources of co-financing must be declared at the moment of submission of the proposal.	The maximum percentage of EC co-financing is mentioned in the Guidelines for Applicants of each Call for Proposals. The applicant must be sure it is able to co-finance the action before submitting its application. In-kind contributions cannot be considered co-financing. (see sections <a href="#">2.1.4</a> and <a href="#">2.3.2</a> )
Grants cannot lead to a profit for their beneficiaries	The funds received through a grant must be fully used for the achievement of the objectives of the action and the implementation of the relevant activities	In case the proposed action foresees the purchase of goods or durable equipment, these must be donated to the beneficiaries of the project and can never be sold. (see <a href="#">section 3.6.1</a> )
Grants are based on the reimbursement of eligible costs	Grants cover costs effectively incurred by the beneficiaries that are deemed necessary for carrying out the project activities. The EC financial contribution, as specified in the Grant Contract, can never be augmented.	(see <a href="#">section 2.2</a> )
Grants cannot be awarded retroactively for actions that are already completed	Grants only cover costs incurred after the date on which the Grant Contract is signed.	The applicant should not start project activities before the date of signature of the Grant Contract. In case the action must begin before that date, it must be justified. In any case, the expenditure incurred before signature of the Contract can never be considered eligible for EC financing.
Only one grant may be awarded for the same action	No single Beneficiary may receive more than one grant from the EC Budget or EDF to finance a given action. A Beneficiary may be awarded only one operating grant financed by the EC Budget or EDF per financial year.	The co-financing required for the action cannot come from another DG of the European Commission: co-financing cannot be derived from other EC grants.

<sup>19</sup> In 2009 the EC directly awarded an operating grant of 720.000 € to CONCORD (the European Confederation of Relief and Development Non-Governmental Organisations), corresponding to the 60% of the total cost of their action plan for 2009.

<sup>20</sup> Exceptions to this rule are allowed in the following cases:

- . humanitarian aid, including assistance for refugees, uprooted persons, rehabilitation and mine clearance;
- . aid in crisis situations within the meaning of article 168 paragraph 2 of the Implementing Rules of the Financial Regulation;
- . actions to protect health or the fundamental rights of peoples;
- . actions resulting from the implementation of financing agreements or actions with international organisations;
- . where it is in the interests of the EC to be the sole donor to an action, and in particular to ensure visibility of an EC action.

### 2.1.3 PADOR and Calls for Proposals

PADOR (Potential Applicants Data Online Registration) is an applicant processing system recently introduced by the EC through EuropeAid to store extensive information about applicants working with EuropeAid. Potential applicant organisations may register in PADOR at any time, fill in their general data (i.e. not specifically related to a given Call for Proposals) and upload their supporting documents (e.g. statute or equivalent document) written in one of the EU official languages: English, French, Spanish and Portuguese.

PADOR makes it possible for organisations to participate in various Calls for Proposals and/or Tenders, submitting their credentials and supporting documents online only once. Prior to the existence of this system, applicant organisations had to provide hard copies of their profile and other details with each proposal submitted. Given that EuropeAid announces hundreds of Calls for Proposals each year, a single and permanent database of applicants from around the world was created in order to allow each organisation to submit their profile only once.

Therefore, whether there is a current opportunity to submit a proposal to the EC or not, all interested organisations should consider registering in PADOR. It is highly recommended not to wait until the deadline of the Call to register and/or update the PADOR information, to avoid last minute technical bugs<sup>21</sup>.

Once registered in PADOR, the leading applicant or partners in a Call for Proposals do not need to fill in the sections concerning “Non-action specific information of the Application form” (see [general template](#)), nor do they need to submit administrative supporting documents, since the evaluation will be based on the information provided in PADOR. It is the obligation of the applicant to ensure that the information is updated. Also, the applicant should be reminded that in participation to a Call for Proposals EuropeAid may require the upload of supporting documents in the same language of the call the applicant is participating in<sup>22</sup>.

The applicant can submit a request for derogation concerning its registration in PADOR. The justification for derogation must be based on the objective impossibility of the applicant or its partners to access the technology required to register in PADOR. This objective impossibility should be beyond the control of the applicant and, in principle, be of a general nature (i.e. not attributable to the specific circumstances of the applicant itself). The applicant should provide, where possible, supporting documents substantiating its request. The derogation applies to the applicant requesting the derogation and only in the context of a specific Call for Proposals, unless the EC sees grounds for a general derogation for that Call for Proposals.

#### Figure 5: Main steps for registering in PADOR

**PADOR is accessible from the EuropeAid website by clicking on “PADOR”:**



One of the main steps for registration in PADOR is the compilation of the *Legal Entity File* form, a set of information that an organisation must provide to the DG Budget in order to be identified.

In case the partner organisation is the main applicant in a Call for Proposals, it must send a paper or electronic version (depending on the requirements of the Call for Proposals) of the *Legal Entity File* form together with the project proposal. This is not necessary if the organisation has previously signed a contract with the European Commission (unless some data have changed). In this case, the applicants must include

<sup>21</sup> The applicant can refer to the [PADOR Helpdesk](#) for technical support during the registration/updating phase.

<sup>22</sup> In participation to a Call for Proposals, the original documents must be uploaded together with a short translation in one of the aforementioned languages if written in a different language, and/or in participation to a specific Call for Proposals (i.e. supporting documents in this case should be of the same language of the Call).

its *Legal Entity File* code in the application form (PART A- Concept Note, section II Checklist for Concept Note).

Registration in PADOR has three main phases:

1. **Introduction of identification data** of the organisation and confirmation of registration.
2. **Obtaining the ECAS<sup>23</sup> username and password** by receiving an email with the subject "Availability of your account in the European Commission Authentication Service".
3. **Filling in the obligatory fields (written in orange) of all PADOR screens.**

The registration process consists of encoding, saving and submitting consistent information on all the PADOR screens (such as Sectorial and Geographical experience, Financial data, etc.).

After registration, PADOR will assign a EuropeAid ID, which is a unique and permanent Identification number for each organisation registered in PADOR. Organisations obtain their EuropeAid ID after having completed the registration process and received the first ECAS email confirmation.

A quick guide, a user guide and other supporting tools on PADOR (e.g. e-learning tools) are available on the EuropeAid website:

**Figure 6: user's guide**

The screenshot shows the PADOR website interface. The main content area features a 'Quick GUIDE' icon with a red arrow pointing to it. Below the icon, the text reads: 'Please consult the Quick GUIDE (Version II of June 17th 2009)'. A red arrow also points to the 'User's guide' link in the 'Help' sidebar on the right. The sidebar also includes links for 'Did you know ...?', 'Help', and 'Dispensation'.

<sup>23</sup> European Commission Authentication Service.

## 2.1.4 Guidelines for Applicants

Guidelines for Applicants are published on the [EuropeAid funding webpage](#) whenever a Call for Proposals is launched, together with the Application Form and relevant annexes to be used for the submission of the project proposal:

**Figure 7: How to find the documents to be used for the submission of the project proposal**

The screenshot shows the European Commission's 'External cooperation programmes' website. The main heading is 'Call for proposals & Procurement notices'. Below this, the specific call is titled 'Non-State Actors and Local Authorities in Development - Coordination, cooperation and networking activities among European organisations'. Key details include: Reference: EuropeAid/129494/C/ACT/Multi; Published: 15/03/2010; Status: Open > 14/06/2010; Programme: Non-State Actors and Local Authorities; Budget: 3,026,000 (EUR); Updated Type: Action Grants; Geographical Zone: EU Europe. A red arrow points to the 'Documents' section, which lists: English: Guidelines for grant applicants (15/03/2010), Annex A - Grant application form (15/03/2010), Annex B - Budget (15/03/2010), and Annex C - Logical framework (15/03/2010). A 'Back to list' link is also visible.

Guidelines are also available in hard copy from the European Commission, and in the appropriate languages for each Call for Proposals.

Guidelines make specific reference to a particular [funding programme](#), its objectives and priorities for action. The applicant must carefully read through the guidelines and formulate a proposal that satisfies the objectives and priorities of the programme in question.

Moreover, the guidelines include important instructions for the preparation of the project proposal:

**Table 5: guidelines instructions**

Main information	Instructions
Purpose of the Call	Objectives and priorities of the Call for Proposals, which the applicant must refer to in drafting its project objectives
Size of grants	Minimum and maximum amount of the grants and maximum financing percentage
Eligibility of applicants and implementing partners	Eligibility criteria for the applicant and its implementing partners and other rules. For instance, sometimes it is mandatory to have a local implementing partner (see <a href="#">section 2.1.5</a> )
Eligibility of the action	Types of eligible/non-eligible actions, duration, location, rules for re-granting, etc.
Eligibility of costs	Direct and indirect costs which may be taken into consideration for the grant (see <a href="#">section 2.2</a> )
Application procedure	Where and how to send the Application Form, Annexes to be included, deadlines (depending on whether the call is open or restricted)
Evaluation and selection of applications	Evaluation (selection and award) criteria applied by the Contracting Authority, evaluation grids used for assessment
Notification procedure of the European Commission's decision	Information for unsuccessful applicants
Contractual conditions which will apply to successful applicants	Information about the Grant Contract, in case of successful application

The Guidelines for Applicants are specific to each Call for Proposals. Nonetheless, they are based and sometimes build on the provisions set out in the legal basis of the financial instrument through which the call is financed.

Additions to the standard format of the Guidelines for Applicants generally consist of special criteria for eligibility of applicants, conditions for implementation etc. Applicants are strongly advised to carefully read the legal basis (i.e. basic act, Regulation) of the financial instrument for the programme before beginning the application process.

### **2.1.5 How to find a partner for the implementation of your action**

The applicant may act individually or with partner organisations. Sometimes the partnership is mandatory (as established in the Guidelines for Applicants (see [section 2.1.4](#))).

Applicants' partners participate in designing and implementing the action, and the costs they incur are eligible in the same way as those incurred by the Grant Beneficiary. They must therefore satisfy the same eligibility criteria as the Grant Beneficiary (see [section 2.2](#)).

A partnership is a relationship between two or more organisations involving shared responsibilities in undertaking the action. To ensure that the action runs smoothly, the Grant Applicant must require all partners to acknowledge this shared responsibility by agreeing on the principles of good partnership practice set out in the partnership statement (Part III, section 2 of the Grant Application Form). These principles must be read and signed by each partner. Moreover, detailed information of each partner, including the EuropeAid ID (they must also be registered in PADOR) must be provided in this part of the application form.

Finding an adequate and eligible partner is crucial to the success of the project proposal and eventual implementation. Local partners should in principle be chosen for their expertise in the sector of intervention and their good knowledge of the area(s) and local population(s). The table below may be of guidance for the evaluation of a good implementing partner (IP):

**Table 6: evaluation grid**

<b>IP evaluation grid</b>					
	Yes	No	Somehow	N/A	Notes and comments
<b>The strategy</b>					
Coherence and affinity with your organisation's mission					
Coherence and affinity with your organisation's sector(s) and area(s) of intervention					
Coherence and affinity with your organisation's priority target groups					
Shared values					
<b>The structure</b>					
The organisation is registered in the country of operation and complies with regular legal requirements.					
The organisational structure is articulated to cover all managerial and leadership figures and employs high quality task managers					
<b>Managerial capacity</b>					
The organisation has previous experience in terms of project and grants management					
Relations with national and local authorities are good					
Actions implemented with other actors are well coordinated					
Beneficiaries are satisfied with the actions implemented and with the capabilities shown by the organisation					
Beneficiaries are involved in the actions implemented by the organisation					
Monitoring activities are constant and effectively aimed at improving the decision-making process					
<b>Financial capacity</b>					
The organisation is capable of managing private and public funds according to donors' or internal rules					
Management of funds and administrative procedures are transparent					
Accounts are annually verified by external auditors					
<b>Cross-cutting issues</b>					
<i>if any</i>					
<b>Strengths/weaknesses/recommendations</b>					

A key factor in a successful partnership consists in the initial agreement on each one's contributions and commitments from the initial phase of project design. In terms of ownership, it is important to conclude the choice of implementing partners in phase of identification, so they can be fully involved in the preparation of the project proposal. Moreover, knowing the structure of the partnership in advance helps in planning a more feasible and cost-effective action.

In order to find a partner, it is helpful to refer to TRIALOG (<http://www.trialog.or.at/start.asp?ID=96>).

TRIALOG is a project aimed at strengthening civil society and raising awareness of development issues in the enlarged EU. It assists NGOs across the EU in getting in contact with each other to create partnerships.

The TRIALOG website includes a free service of "partner search for joint projects".

Figure 8: Searching a partner on the Trialog website



Additional organisations may be involved in the action as Associates. Associates play an effective role in the action but may not receive funding from the grant with the exception of per diem and travel costs. Associates do not have to meet the eligibility criteria nor sign the partnership statement. They must only be mentioned in Part B, section IV of the Grant Application Form.

**To sum up:**

If an organisation would like to apply for a EuropeAid grant, it must regularly check the funding page on the EuropeAid website ([http://ec.europa.eu/europeaid/work/funding/index\\_en.htm](http://ec.europa.eu/europeaid/work/funding/index_en.htm)), in order to stay up-to-date on the latest funding opportunities. It is important to check, in particular:

- the Annual Action Programmes (AAP) and Annual Work Programmes (AWP)

Figure 9: Annual action programme

The screenshot shows the European Commission website for 'External cooperation programmes'. The page title is 'Annual Programmes' and it includes a sub-header: 'Through Annual Programmes, EuropeAid informs about forthcoming activities which will receive financial support.' The main content is divided into two sections: 'Annual Action Programmes' and 'Annual Work Programmes for Grants'. The 'Annual Action Programmes' section explains that these are financing decisions adopted by the European Commission to reserve funds for regional and country-based external cooperation programmes. It details that AAPs specify objectives, intervention fields, expected results, management procedures, and total financing amounts. A link is provided for 'Annual Action Programmes 2010 - 2009 - 2008 - 2007'. The 'Annual Work Programmes for Grants' section explains that these identify grants planned for award during the year, notably through Calls for proposals. It notes that AWP specify legislation, objectives, and schedules, and that updates will be published. A link is provided for 'Annual Work Programmes for Grants 2010 - 2009 - 2008 - 2007 - 2006 - 2005'. On the right side, there is a sidebar titled 'Annual Programmes' with a list of links for AAP and AWP from 2005 to 2010. The left sidebar contains a navigation menu with categories like 'Homepage', 'Who we are', 'What we do', 'Where we work', 'How we work', and 'Work with us', with 'Annual Programmes' highlighted under 'Work with us'.

- Calls for Proposals that can be searched by geographical zone, type of programme, date of publication of the Call, etc.

If an organisation is interested in a specific Call for Proposals, the relevant documents (Guidelines for Applicant, Application Form and Annexes) must be downloaded from the dedicated webpage and read carefully.

**Table 7: Relevant documents of a call for proposal**

Phase	Open Call for Proposals	Restricted Call for Proposals	Tips/Comments
Checking the Call for Proposals page on the EuropeAid website	See EuropeAid funding page ( <a href="http://ec.europa.eu/europeaid/work/funding/index_en.htm">http://ec.europa.eu/europeaid/work/funding/index_en.htm</a> )		Check the Annual Work Programmes (AWP) for the deadline of the Call for Proposals
Download the Call for Proposals documents	Guidelines for Applicants (link a section), Application Form, Annexes		After download, check regularly the Call for Proposals webpage to see if other information or Questions & Answers links for the Call have been published (see section 2.2.4 of the Guidelines)
Checking the type of Call for Proposals (open/restricted)	Stated in the initial "Notice" of the Guidelines for Applicants		Look up the deadlines and submission modalities in section 2.2. of the Guidelines
Preparation of project proposal	Drawing up of Concept Note (PART A) and Full Application (PART B)	Drawing up of Concept Note (PART A)	Read carefully the Guidelines for Applicants and the Annual Action Programme (on the <a href="#">EuropeAid website</a> ) and possibly the Country strategy paper (see, for instance, <a href="#">ACP countries</a> ) before drafting the proposal
Submission of documents	Concept Note + Full Application	Concept Note	Respect all the requirements established in the Guidelines for Applicants (Checklists and section "How to apply and the procedure to follow")
First step Evaluation from EuropeAid	Concept Note		See <a href="#">section 2.4.1</a>
Receiving the notification from EuropeAid	<a href="#">"Letter to applicants after opening session"</a>	<a href="#">Accept/Reject letter to applicants after Concept Note evaluation</a>	Check carefully the new deadline for submission of full application for Restricted procedures
Submission of documents	-	Preparation and submission of Full Application (PART B of the Application Form)	The elements assessed on the basis of the Concept Note may not be modified by the applicant in the Full Application Form. The EC contribution requested for the Action may not depart from the initial estimation (stated in the Concept Note) more than 20%.
Waiting for Evaluation from EuropeAid	Full Application		See <a href="#">section 2.4.1</a>
Receiving notification from EuropeAid	Grant Contract/Rejection letter		Check carefully the Grant Contract before signing it, to be sure there are no inconsistencies with respect to the submitted proposal

## 2.2 Eligibility of costs

Potential applicants should think well in advance about norms and procedures before considering submitting a proposal. This is because most problems occur when grant beneficiaries figure out only during the implementation phase (when sometimes it is too late) how to correctly proceed in various cases. This is particularly important concerning the eligibility of the “inputs” of an action, i.e. the costs that will be and are charged to the action, regardless of the type of financing.

This section intends to clarify the issue of eligibility, providing helpful hints for the preparation, implementation and conclusion of a EuropeAid co-financed action.

### 2.2.1 Normative framework

The general principles of cost eligibility are thoroughly covered in the General Conditions, Article 14, as follows:

- Article 14.1 establishes that if costs respect all the criteria of eligibility established by this article, they can be considered eligible;
- Article 14.2 lists the direct eligible costs;
- Article 14.3 establishes the possibility to include a “contingency reserve”, (i.e. 5% of the total direct eligible costs);
- Article 14.4 defines the concept of “Indirect costs” (i.e. the fixed percentage not exceeding 7% of the total amount of direct eligible costs which may be claimed to cover the administrative overheads incurred by the Grant Beneficiary);
- Article 14.5 clarifies the concept of “contribution in kind”;
- Article 14.6 identifies the costs that, even if satisfying the abovementioned criteria, cannot be considered eligible.

It is worth mentioning that an overview of the contents of the articles and further specifications relating to a given action are always included in point 2.1.4 of the Guidelines for Applicants that accompany each Call for Proposals.

### How to recognise the eligibility of a cost

To be considered eligible as direct costs of the action, costs must be in line with the specifications included in the Call for Proposals, which often provides specific instructions and/or limitations to the general rules presented here.

In order to avoid unnecessary financial losses, it is extremely important for partners to carefully analyse the Call for Proposals (identified as a possible funding opportunity) and to check at a very early stage if the concept of eligibility is clear and reflected in the preparation of the activity plan and budget.

One way to proceed is to ensure that all identified costs satisfy the criteria (or principles) listed below. If a cost satisfies all of these criteria (and does not fall in the category of non-eligible costs), the cost itself is, in principle, eligible.

*Criterion n. 1: the cost is incurred within the eligibility period (with 1 exception)*

This means that all expenses charged to the project (regardless of the source of financing) must be incurred<sup>24</sup> and should refer to an activity implemented *within* the eligibility period of the project (the period between the start date and the end date established in the Grant Contract, Article 2 of the Specific Conditions).

There is only one exception to this rule and this refers to costs relating to final reports, expenditure verification and final (external) evaluation which shall be committed during the eligibility period, but might take place after the end date (but, before the presentation of the final report).

*Criterion n. 2: the cost is indicated in the estimated overall budget*

In principle, in order to be eligible, any expenditure shall be foreseen in advance, analysed in terms of economy and efficiency and shall be included in the budget. Any expenditure that falls outside this preliminary analysis (and hence is not included in the approved budget) requires a clear explanation justifying its inclusion.

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<sup>24</sup> The term incurred used by EuropeAid combine the concept of “when the cost is borne” and “when the related activity is implemented”. See the second session of this section for further details. On the concept of committed

In addition to respecting the limits imposed by EuropeAid (the Grant Beneficiary is allowed to reallocate up to 15% per each budget heading during implementation), Grant Beneficiaries should also use common sense to determine whether a *change* may require a formal communication with the Commission or not. Caution should always be used in making any modification to the human resources allocated in the project. In this case, any change (even minimal) should be discussed and (if possible) formally agreed upon with the Contracting Authority.

In practice, this implies that a partner at proposal stage must pay special attention in the identification of costs and in the presentation of the resources identified both in the narrative section and the budget.

*Criterion n. 3: costs shall be necessary to carry out the project*

This criterion is particularly sensitive since it entails a difficult (objective) analysis. Any funding request, in fact, should ensure the Commission that each expenditure (i.e. any resources) has been identified as "necessary to carry out the activity". This means that the activity itself is necessary to achieve the desirable outcomes and that no better options exist.

In practice, this means that partners shall clearly identify and justify in the Full Application Form as well as in the budget at least all resources that 1) require the allocation of a significant amount of funds and/or 2) may appear unusual or very particular, and/or 3) are expensive in relation to other similar items.

In all these cases, care should be given in explaining clearly the identified resource, the reason why it is included in the budget and, if it is the case, why the proposed option is believed to be necessary (explaining, for instance, why other options have been rejected).

*Criterion n. 4: identifiable and verifiable (national standard, own procedures, reconciliation)*

This criterion refers to two interlinked aspects that are fundamental in terms of EC partners' accountability. The Commission must make sure that all the project costs (no matter the co-financing rate) are clearly defined (i.e. identifiable and verifiable). This implies that all project costs must correspond to real and actual costs sustained by the Grant Beneficiary (or its implementing partner). For this reason, *lump sum* costs are not accepted (except in the case of subsistence costs and indirect costs where flat-rate funding applies).

The Commission also assumes (and requires) that all Grant Beneficiaries have minimal accounting capacity and respect the norms and procedures in place in the country where they are legally established (EU or partner country). In this regard, it is worth mentioning that Article 16 of the General Conditions states that Grant Beneficiaries shall keep "accurate and regular accounts of the implementation of the action using an appropriate accounting and double-entry book-keeping system". This system may either be an integrated part of the Beneficiary's regular system or an adjunct to that system. In any case this system shall be run in accordance with the accounting and bookkeeping policies and rules that apply in the country concerned. Accounts and expenditure relating to the project must be easily identifiable and verifiable<sup>25</sup>.

*Criterion n. 5: costs shall be "actual costs", reasonable and compliant with sound financial management – value for money*

This criterion establishes that in order to be considered eligible, costs must be based on real (actual) expenses sustained by the organisations.

Each cost, in addition to its *necessity* (see above, criterion "3"), must also be *reasonable* and satisfy the so-called principle of the *value for money*. This principle establishes that when analysing a specific cost, both the *quality required* (e.g. time, technical specifications, expertise required) and the *cost* of the item should be considered. This means that all items proposed (identified) at the proposal stage and later purchased (as well as all staff recruited) must satisfy the best price-quality ratio. This is particularly important for the items that do not represent the cheapest available options, in which case the applicant is expected to provide the Commission with justification (see below for example) for its choice.

*Criterion n. 6: compliant with internal rules (cf. HR), good procurement principles and EuropeAid procurement rules (supply, works and services)*

This criterion refers to the Grant Beneficiary's obligation to respect internal written codified procedures for the implementation of any EuropeAid co-financed project.

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<sup>25</sup> There has been a debate on whether a partner should have a specific bank account for each EuropeAid financed project. In terms of rules, a partner may use a separate account for the action concerned or ensure that expenditure for the action concerned can be easily identified and traced to and within the Beneficiary's accounting and bookkeeping systems. It must be ensured that these accounts provide details of interest accrued on funds paid by the partner. However, a recent FAQ published in April 2010 on the EuropeAid website clearly encourages partners to open separate bank accounts for actions unless there is a good reason not to (this reason shall be duly justified in case of verification and/or audit).

There are two distinct situations: the recruitment of human resources and the award of contracts (supply, service, works and property). In the first case, the Grant Beneficiary must respect its own procedures and, in no case, may the Commission accept staff contracts exceeding the cost normally borne in the organisation without an operative and well-justified reason. In the second case, the partner must follow and apply the procedures established by EuropeAid (see [section 3.2](#)).

## 2.2.2 Eligible costs in practice

Calls for Proposals always identify a list of eligible costs. Applicants should carefully read the guidelines for each Call for Proposals since there may be differences from one call to another, due to the specificity of the Programme's legal basis (i.e. Regulation) which governs the call.

### Direct eligible costs and indirect costs

The Commission usually identifies two categories of costs in a project budget: eligible direct costs and indirect costs. In addition, a "contingency reserve" (see below) is usually an available option to allow partners to allocate some funds for covering exceptional additional costs, resulting from unforeseen circumstances.

#### *Eligible direct costs*

Subject to the criteria outlined in [section 2.1.2](#), the following direct costs incurred by the Grant Beneficiary and its implementing partners are, in principle, eligible<sup>26</sup>:

- The **cost of staff assigned to the action**, corresponding to actual gross salaries including social security charges and other remuneration-related costs. Salaries and other-related costs must not exceed those normally borne by the Grant Beneficiary or its partners, unless justified by demonstrating it is essential to carry out the action.
- **Travel and subsistence costs for staff** and other persons taking part in the action. Any flat-rate reimbursement of the subsistence costs must not exceed the rates set out and published by the European Commission (see [current per diem rate](#)) at the time of the Contract's signature.
- **Purchase or rental costs for equipment and supplies** (new or used) incurred specifically for the action, and costs of services, provided they correspond to market prices.
- **Costs of consumables as goods to be delivered to beneficiaries and consumables to run the activities.**
- **Subcontracting expenditure for works and services.**
- **Costs deriving directly from the requirements of the Contract** (dissemination of information, evaluation specific to the action, audits, translation, reproduction, insurance, etc.) including financial service costs (in particular the cost of transfers and financial guarantees).
- **Property contracts, but only for renting premises (purchase of land and buildings is generally not accepted).**

#### *Eligible indirect costs (overheads)*

A fixed percentage not exceeding 7% of the total amount of direct eligible costs of the action may be claimed as indirect costs to cover the administrative costs incurred by the Grant Beneficiaries and its implementing partners for the project.

Flat-rate funding for indirect costs does not need to be supported by accounting documents. Indirect costs are eligible provided they do not include costs that can be covered by other budget headings.

Indirect costs may not be claimed within the proposed budget for the action if the applicant receives an operating grant financed from the EU Budget or if the EC partner receives funds (even indirectly) from the EC budget (or EDF budget) to cover the general management of the organisation.

The Grant Beneficiary is not required to provide documentation to prove indirect costs have actually been sustained by the organisation. The Grant Beneficiary should nonetheless be able to demonstrate, in case of verification, that the indirect costs constitute a real cost or, in other words, that indirect costs do not constitute "revenue" for the organisation<sup>27</sup>.

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<sup>26</sup> In any case the Grant Beneficiary should check the specific provisions included in the guidelines which may bound the eligibility of some items (e.g. expatriate staff).

<sup>27</sup> Operating grants cannot foresee indirect costs.

### *Contingency reserve*

A contingency reserve not exceeding 5% of the direct eligible costs may be included in the budget of the action. The contingency reserve is a special amount included in the project budget to cover direct costs not identified at the moment of the presentation of the project. It can be used only with prior written authorisation from the Contracting Authority and solely for unforeseen events.

### **Practical tips**

The tips contained in this section can act as a checklist for project designers and task managers to ensure that all necessary information is available and clear before and during project implementation.

A mistake in understanding or even interpreting an eligibility rule may easily lead to a decreased level of financing at liquidation stage – payment of the balance (or as a consequence of a, expenditure verification or audit (see [section 3.6.2](#)).

The table in the following page summarises the eligibility criteria and provides practical recommendations and tips for applicants of EuropeAid funds:

**Table 8: Eligibility criteria**

Criteria	Focus on	Tips
<p>Incurring during the eligibility period (1 exception)</p>	<p>Plan realistically for all the expenditures and verify that everything needed for the project is available according to plan (e.g. personnel can be recruited, contracts may be awarded)<sup>28</sup>.</p>	<p><u>In general</u></p> <p>In practice, this criteria implies that:</p> <ul style="list-style-type: none"> <li>• all purchases must be concluded during the eligibility period (see below)</li> <li>• staff contracts should enter into force and be concluded during the eligibility period (in case of employed staff before the beginning of the action, an amendment of the contract/job description should make reference to the eligibility period of the project)</li> <li>• all activities should be completed during the eligibility period (with the exception of external evaluation, verification and final reporting)</li> </ul> <p>It is important to note that the term “incurred” refers to the implementation of the activity, and should not be confused with the “moment” in which the order is committed and/or the payment is made.</p> <p>There are two possible specific situations:</p> <ul style="list-style-type: none"> <li>• <i>Starting up phase:</i> <ul style="list-style-type: none"> <li>○ Orders can be placed before the start of the action (in compliance with Annex IV)</li> <li>○ Invoices and payments cannot be made before the start of the action, and goods/services/works must be used/provided/delivered only during the implementation period of the action</li> </ul> </li> <li>• <i>Closing phase:</i> <ul style="list-style-type: none"> <li>○ Orders must be placed (committed) before the end of the implementation period</li> <li>○ Goods ordered must be delivered before the end of the implementation period</li> </ul> </li> </ul> <p>Payments may be made after the end of the implementation period to a certain extent (but in principle not after the final report is submitted)<sup>29</sup></p>
<p>Indicated in the estimated budget</p>	<p>The Application Form and budget shall be prepared in an accurate and clear way (to the extent possible) to avoid any misunderstanding with the Commission (and possible re-planning of activities before they begin).</p>	<p><u>At planning phase</u></p> <p>Ensure that all (direct) costs are included in the project budget (the Commission will not grant extra funds, nor agree on the use of the contingency reserve for the inclusion of new costs not foreseen in the original plan as a consequence of poor planning/budgeting);</p> <p>Costs of considerable amounts and/or particular or uncommon and/or expensive should be explained and justified:</p> <ul style="list-style-type: none"> <li>• All the significant items (and costs) in the narrative part (e.g. a table specifying the item and the costs, with notes explaining the relevance)</li> </ul>

<sup>28</sup> For organisations working with DG ECHO, it should be noted that EuropeAid has different procedures for eligibility period criteria than DG ECHO. The concept of “committed”, valid for DG ECHO, does not apply for EuropeAid. Incurred, in fact, means that the activity concerned is implemented “during” the eligibility period with the exception of the evaluation, verification and preparation of final report, which cannot be implemented during the eligibility period.

<sup>29</sup> Article 14.1. of the General Conditions state that a cost, to be eligible, must satisfy a number of conditions such as being “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”. Although not specified in EC legal documents, we highly suggest to Grant Beneficiaries to conclude all payments before the submission of the final reports, to avoid any possible problem at audit stage.

		<ul style="list-style-type: none"> <li>Name the items in the budget in the same way they are named in the narrative part</li> <li>Specify in the budget the description of the item, the number of units and unit costs</li> </ul> <p><u>Implementation phase/closing phase</u></p> <p>In case of variation (both in terms of increasing costs and/or change of items) within the 15% threshold, it is always advisable to inform the Commission and in any case specify these variations at the first report.</p>
<b>Criteria</b>	<b>Focus on</b>	<b>Tips</b>
Necessary	Be ready to provide a clear justification for each item, taking into consideration the item costs (with reference to market price), the linkage with the proposed result (performance of the project) and the possible rejected alternative options.	<p><u>In general</u></p> <p>Particular care should be taken in clarifying and explaining costs, particularly those that are not easily justifiable because uncommon, expensive (compared to other similar items) and/or in high quantity.</p> <p><u>At proposal and implementation stage</u></p> <p>There are many arguments to justify that a single item is necessary to carry out (and achieve the objectives of) the project. The following criteria may be useful during the design phase in justifying items:</p> <ul style="list-style-type: none"> <li>Necessity for achieving desired indicator(s)</li> <li>Timing</li> <li>Sustainability of measures undertaken</li> <li>Flexibility/mitigation of risks</li> <li>Internal standards and procedures</li> <li>Clear and proven methodology, best practices/lesson learnt</li> <li>Country specific issues</li> <li>Security</li> <li>Logistics/co-ordination</li> </ul>
Identifiable and verifiable	Be sure that your organisation carries out ex-ante and ongoing checks to ensure that supporting documents will be recorded and filed in the correct way.	<p><u>Before the start up</u></p> <p>Basic recommendations (see also <a href="#">Section 3.1.2.</a>):</p> <ul style="list-style-type: none"> <li>Make sure that your staff (and the implementing partners staff) have all the required competence and are familiar with EuropeAid procedures</li> <li>Organise a feasible but effective administrative monitoring plan that includes regular checks (involving the implementing partners)</li> <li>If not feasible, provide a written justification as to why there is no project-specific bank account (see art. GC 15.8 and 16.1)</li> </ul>

		<p><u>Implementation and closing stage</u></p> <p>Basic recommendations (see also <a href="#">Section 3.1.2.</a>):</p> <ul style="list-style-type: none"> <li>• Plan in a way that the Financial Reports (both interim and final) can be properly and easily reconciled to the internal accounting and bookkeeping system</li> <li>• Ensure that funds are easily traced within the internal accounting systems and interests produced can be calculated and possibly returned to the EC</li> <li>• File all documentation (and copies of all implementing partner documentation) in a proper way</li> </ul>
<b>Criteria</b>	<b>Focus on</b>	<b>Tips</b>
actual	Unless otherwise specified in the Special Conditions, any contributions in kind are not to be included in the costs of the project.	<p>Items may not be charged without a real expenditure sustained by the partner in line with the other eligibility criteria.</p> <p><u>In general</u></p> <ul style="list-style-type: none"> <li>• In order to be actual, a cost must have proof of payment (and all possible supporting documents related to the order/recruitment etc.)</li> <li>• File all supporting documents deemed significant to prove the regularity of expenditure, keep track of anything not easily comprehensible with notes and comments (time passes quickly: it is better to have an extra explanation than a missing one)</li> </ul> <p><u>Specific cases</u></p> <ul style="list-style-type: none"> <li>• The cost of staff assigned to the action is not an in kind contribution, but may be considered as co-financing in the budget of the action when paid by the Beneficiary or its partners (provided that the other criteria are respected)</li> <li>• If the description of the action foresees contributions in kind, such contributions must be provided.</li> <li>• Donated cars (and own equipment) cannot be charged to the action, but costs generated by the use of in kind equipment and goods identified in the project as “in kind”, are eligible (See also <a href="#">Section 3.6.2</a>)</li> </ul>
Compliant with internal/EuropeAid rules	Ensure that all the staff is aware of and familiar with internal staff rules (also at the local level) and procurement rules.	<p>Overview (see also <a href="#">Section 3.1.2.</a>):</p> <ul style="list-style-type: none"> <li>• Develop and apply clear procedures (salary grid, benefits and standard contract) for staff</li> <li>• Always establish a procurement plan when preparing the project: make sure that all procurement is classified by type and procedures are planned for detecting possible difficulties and delays and finding possible solutions</li> </ul>

It is worth mentioning that all criteria must be respected and that non-compliance with even one may result in the non-eligibility of the item in question.

In practice, this implies that for each budget item, applicants should check whether all criteria have been respected and, if needed, provide all possible corrective measures in advance.

This exercise should be done at the planning stage (when drafting the budget), but should also be repeated regularly throughout the implementation phase when it may be possible to prevent potential errors.

The following table provides an example of how the different criteria may affect a single item (e.g. a vehicle):

**Table 9: Example on “how to use the eligibility criteria”**

Criteria Item	<i>Incurred during the eligibility period</i>	<i>Indicated in the estimated budget</i>	<i>Necessary</i>	<i>Identifiable and verifiable</i>	<i>Actual</i>	<i>Compliant with internal/ EuropeAid rules</i>	<i>Eligible in principle ?</i>
<b>Case 1 (vehicle)</b>	Purchased one month after project start	Indicated in the budget and in the resources session as a car	Clear explanations given as to why the project needs a car Indication is also given on the final destination	Supporting documents are recorded and archived	Car registered in partner project account	A negotiated procedure was launched to award the contract	<b>Yes!</b>
<b>Case 2 (vehicle)</b>	Purchased one month before the project start	Only general “transportation expenses are included in the budget”	Projects of this type do not generally use vehicles for transportation	Invoice has been lost, expense not registered	The car was paid for by another donor not included in the project	The other donor does not require procurement procedures, so no tender was launched	<b>No!</b>
<b>Case 3 (vehicle)</b>	Purchased one month after project start	Indicated in the budget and in the resources session as a car	Clear explanations given as to why the project needs a car Indication is also given on the final destination	Supporting documents are recorded and archived	Car registered in partner project account	Due to a mistake, tender procedures have not been respected	<b>No!</b>

As illustrated, non-compliance with even one criterion (case 3) is enough to turn an eligible item into a non-eligible item.

### 2.2.3 Special cases: non-eligible costs

In addition to the eligibility criteria explained in the previous sections, Article 14.6 of the General Conditions also defines certain cost categories which are not eligible.

Costs that are ineligible may not be charged in a EuropeAid co-financed project. Within this framework, the applicant should ensure that all the costs included in the budget do not fall within this group.

The non-eligible costs are classified as follows:

- *Debts and provisions for losses or debts:*

All forms of debt are not eligible. This provision is particularly important, for instance, in cases where the applicant intends to use the contractual form of leasing (e.g. for a vehicle). In consideration of its contractual form, financial leasing (which is a form of debt) is not eligible. On the contrary, operational leasing (which is a form of rent) is acceptable.

- *Interests owed:*

Interests owed to third parties cannot be included in the budget of a EuropeAid project.

- *Items already financed in another framework:*

As already mentioned, costs must be real and actual. If an item is financed (paid for) before the project starts, it cannot be included in the budget as an eligible cost (in line with the non-profit principle, no double funding or other forms of gain are acceptable. This is also the reason why in-kind contributions are accepted only exceptionally).

- *Purchases of land or buildings:*

The Commission will very rarely accept the purchase of lands and/or buildings in the project budget, even if it may be considered a good option in terms of economy and efficiency of the project. In fact, there may be exceptions to this rule if the purchase is necessary for the direct implementation of the action, in which case ownership must be transferred to the final beneficiaries and/or local partners by the end of the action. In case the purchasing option is considered optimal, the applicant should scrupulously check the Guidelines for Applicants to determine whether this option is possible or not. In case it is acceptable, particular care must be given to justifying this request.

- *Currency exchange losses:*

This is a definitive and untouchable rule, with no exceptions. Partners using currencies other than the EURO in their internal accounting (having the headquarters in a country outside the EURO zone) must pay particular attention to this matter and try to find feasible solutions to mitigate the risk of exchange rate losses (e.g. having a basket of currency in place to face fluctuations).

Just as currency exchange losses are not eligible, any currency exchange gains are not reimbursed to the Commission (this should not be confused with bank interests, which follow different rules).

- *Taxes, including VAT, unless the Beneficiary (or, where applicable, its implementing partners) can prove that it cannot reclaim taxes and the applicable regulations authorise it):*

In principle VAT, as any other taxes, is not eligible since it is expected that the Grant Beneficiary can be exempt (or may claim the payment back). Consequently, these costs are not “necessary” and, as such, the Commission does not recognise their eligibility. In general (but this is not always the case, e.g. for the DCI Regulation), when a Grant Beneficiary can demonstrate the inapplicability of the “exemption rule” (and consequently taxes become a necessary cost), then it can charge VAT in the project budget as a real cost.

- *Credits to third parties:*

The Commission does not accept any liability to third parties.

## 2.3 Drafting the project proposal

The “Application Form” (Annex A of the Call for Proposals) together with the other compulsory Annexes (i.e. the budget and logframe) must be used by the applicant to submit a project proposal for funding. If the proposal is accepted by EuropeAid, both parties will conclude a Grant Contract. The Application Form constitutes an integral part of this Agreement (i.e. Annex I to the Grant Contract).

This section will aid in completing the Application Form, the logframe and budget. Each section provides practical and normative indications on what information EuropeAid expects on the proposed project in order to decide whether or not to fund it.

### 2.3.1 The standard application form

#### The Concept Note

The Concept Note is a sort of summary (4-page long) which includes all the basic information to prove that the proposed project satisfies the criteria included in the Call for Proposals and that the project is well designed. In other words, the Concept Note seeks to prove and clarify the project’s *relevance, feasibility, cost-effectiveness, sustainability* and *positive impact*.

The Concept Note obviously cannot contain all the information provided in the full application. In terms of budget, for instance, the Concept Note only includes a non-detailed estimate of the total cost of the project together with the specification of the amount of EC contribution requested and percentage relative to the overall cost of the action. A detailed budget is required only with the Full Application Form.

In case of restricted Calls for Proposals (when the Concept Note is submitted separately), the estimated budget must be planned carefully, considering that in the second phase, when a detailed budget is requested, it may not vary from the initial estimate by more than 20%.

The Concept Note is divided into three main parts, again divided into sub-points (listed below) and which should be separated into paragraphs and sub-paragraphs to facilitate reading:

#### *Relevance of the Action*

In this section the applicant explains why the proposed project is “important” for the beneficiaries and society as a whole. It is requested to:

- Give a general presentation and analysis of the problems and their interrelation at all levels, and clearly identify specific problems to be addressed by the action.
- Include a brief description of the target groups and final beneficiaries and demonstrate the relevance of the proposal to the needs and constraints of the target country and the target groups/final beneficiary groups.
- Demonstrate the relevance of the proposal to the objectives, priorities and requirements of the Call for Proposals (point 1.2 of the Guidelines for grant applicants).

#### *Description of the action and its effectiveness*

In this section the applicant is expected to provide a description of the proposed action including, where relevant, background information that led to the presentation of the proposal. It should:

- Give a description of the overall objective of the action, expected results and proposed activities and their effectiveness (i.e. illustrate the project’s intervention strategy).
- Explain the involvement of any implementing partners, their role and relationship to the applicant, if applicable.
- Clarify the role and attitude of other possible stakeholders (national, local government, private sector, etc.) in relation to project actions.

#### *Sustainability of the action*

This brief “sustainability” section should provide an initial risk analysis and possible contingency plans. This should include:

- The list of risks associated with each main activity proposed, accompanied by relevant corrective measures to mitigate such risks.<sup>30</sup>

<sup>30</sup> A good risk analysis would include a range of risk types including physical, environmental, political, economic and social risks, and the measures identified to mitigate them.

- The identification of the main preconditions and assumptions during and after the implementation phase.
- A brief explanation on how sustainability will be secured after completion of the action, i.e. the applicant must present an exit strategy. This can include aspects of necessary measures and strategies built into the action (e.g. capacity-building activities), follow-up activities, ownership by target groups etc.

The applicant should respect the length limitation (4 pages max) and be concise and precise but at the same time exhaustive. The use of bulleted points helps organise the information in a clear and readable manner.

## The Full Application Form

The tips and recommendations provided in the Concept Note sections also apply to the Full Application Form. In addition, this section offers further recommendations of particular importance for the preparation of the Full Application Form.

- Applications must be submitted in accordance with the *Guidelines* and using the standard Application Form format only.
- Easy reading facilitates a positive assessment. Applicants should respect the Application Form format and fill in the paragraphs and the pages without changing order. No creativity is appreciated here.
- In order to avoid unnecessary workload, EuropeAid will evaluate only the compulsory documents (the Application Form and the Annexes - the budget and the logical framework). It is therefore of utmost importance that these documents contain all relevant information concerning the action and it is useless (and counterproductive) to send additional documents.
- In order to ensure equal treatment of the organisations submitting project proposals, the Full Application Form cannot be modified after submission to EuropeAid. Clarifications will only be requested when information provided is unclear (thus preventing the Contracting Authority from conducting an objective assessment). Consequently, it is fundamental that the application contains complete and clear information.
- Any error related to the points listed in the Checklist (Part B, Section V of the Grant Application form) may lead to the rejection of the application.
- In the case of a restricted Call for Proposals, the overall budget estimate may not vary more than 20% from the one presented in the Concept Note. The applicant is free to adapt the percentage of co-financing required within the minimum and maximum thresholds of co-financing laid out in the Guidelines for Applicants of the Call for Proposals.
- Deadlines for submission are very strict. There are no exceptions to this rule. It is very important to check the deadline for submission, the submission procedures and plan all activities in advance.
- An application contains various elements that must be in line with the EuropeAid approach, rules and regulations. It is always recommended to perform a final check after finalisation of the project documents and before submission to EuropeAid.

### 2.3.2 The Budget

#### General information

EuropeAid expects applicants to accurately draft the budget, ensuring the maximum level of transparency and clarity. The budget must report all eligible costs of the proposed project, including both those covered by the EC's contribution and those covered by the applicant and/or other donor(s).

The following recommendations are based on some of the weakest points often present in EuropeAid Grant Beneficiaries' budgets. It is highly recommended to use these points to check the budget before submission to EuropeAid.

#### General rules

- As a rule, EuropeAid does not finance a project 100%. The maximum contribution varies from call to call and may also depend on the applicant's nationality (e.g. selected project proposals from EU 12 are generally co-financed up to 90%). In general, co-financing ranges from 75% to 90%. It is essential to check this information in the guidelines. The EuropeAid budget format is compulsory and

provides for the definition of each item, number of units and unit rate estimated to implement the project activities. All cells must be completed.

- The budget refers to the whole project. No earmarking (i.e. no distinction) should be made between EC funded items and other donors-funded items.
- The description of items must be sufficiently detailed and all items broken down into their main components. At the same time, applicants should avoid presenting overly detailed budgets that may be difficult to read or confusing and too restrictive during implementation.
- As previously mentioned, in the case of restricted Calls for Proposals, the detailed budget presented in the second phase (full application) may not vary from the initial estimate by more than 20%, while the applicant is free to adapt the percentage of co-financing required as far as the minimum and maximum amount of co-financing, as laid out in the Application Form, is respected.
- If the action is to be implemented over a period of more than 12 months, the budget (same columns and rows) must be completed for “all years” and for “year 1”.
- It is very cost-effective to be realistic and keep the budget to a manageable size according to the applicant’s capacity and experience in similar actions.

### *Compilation rules*

- All budgeted items (with the exception of subsistence costs and indirect costs where flat-rate funding applies) should correspond to estimated real costs and refer to costs to be sustained by the main applicant or its implementing partners.
- The proposal evaluation considers the relationship between costs for each group of activities and the related benefits - it compares the means with the expected results. A clear definition of items is consequently very important to clarify “what” inputs are necessary and their relative costs.
- Once again, it is crucial to prove necessity of expenses (i.e. luxury items or items that could be perceived as such should be avoided unless duly justified).
- The main applicant is responsible for the correctness of the financial information provided in the budget and must also guarantee for its implementing partner(s).
- Donor contributions are based on maximum total budgets. The overall portfolio of projects should consequently be defined to cover all project inputs as well as the costs of services associated with the delivery of those inputs.
- Unspent balances should be returned to EuropeAid. When this occurs, it is perceived as a sign of bad planning and lack of management capabilities. With proper budgeting, the applicant should identify the assistance required without risking unspent balances.
- Identify clearly the contracts that are needed for implementation of the action and define, in advance, the type of contracts (supply/work/services), foreseen procedures and timing (procurement plan). Where there are doubts, it is always better to ask for advice at an early stage rather than act when is too late.
- Indirect costs may not exceed the ceiling rate of 7% (which constitutes a “maximum amount”).
- It is important to recall that once the project is financed, the Grant Beneficiary, if duly justified, may reallocate unilaterally funds between items within a budget heading, or transfer between budget headings as long as the total amount of the heading does not deviate more than 15% from the original amount. This provision requires precise and sound preparation of the budget at the initial stage.

### **Preparation**

The budget consists of two excel sheets:

- Budget (XLS. sheet 1)
- Sources of Funding (XLS. sheet 2)

The first sheet presents the budget breakdown of the project, while the second provides an overview of who is financing the project (EC and co-donors identified by the applicant, or the applicant itself).

## The Budget

Applicants must strictly respect the EuropeAid budget format and may never change the budget headings. To properly complete the budget, applicants should add extra rows for all items identified. Items can be named freely and sub-headings and item descriptions can be added. Applicants are requested to be as clear as possible.

There are three types of costs: personnel costs, contracts and running costs. Taking into consideration these three macro-typologies and the budget headings, we may summarise the following:

**Table 10: How to draft a budget**

Personnel	➔	Heading n. 1
Supplies	➔	Heading n. 3 (with the exception of consumables for office running costs) Heading n. 5 (supplies referring to visibility)
Works	➔	Heading n. 6
Services	➔	Heading n. 2 (travel) Heading n. 4 (services for running costs) Heading n. 5 (services listed in sub-headings only) Heading n. 6 (all other remaining services)
Property	➔	Heading n. 4 (office running) Heading n. 6 (land rental)
Running cost	➔	Heading n. 4

The table below shows the 6 main headings and a brief explanation of what should and should not be included in each:

**Table 11: example of eligibility costs**

Budget heading	To be included	Not to be included	Tips/Comments
1. Human Resources	Staff assigned to the Project - by the applicant or implementing partner(s) - and whose remuneration is directly linked to the implementation of the project  Staff recruited ad hoc by the applicant or implementing partners for execution of the project	Consultants  In kind personnel: Personnel which does not constitute a real cost to the applicant and/or implementing partners (unless allowed)	If staff are not working full time on the action, the percentage of time should be indicated alongside the description of the item and reflected in the number of months (not in the unit rate)  Cross-references with the narrative part may be helpful to specify staff assignments
2. Travel	Start – end and destination of journey  Country(ies) where per diem is incurred	Transportation of supplies when subcontracted	In case of many travels/per diems, try to regroup to avoid too many rows  Keep a detailed list for a possible request for supplementary information
3. Equipment and supplies	All supplies (equipment and goods), with the exception of visibility goods  Goods (to be specified) should be included in 3.5. (others)	Consumables for office running	Special attention to clearly describe the items  Cross-references with the narrative part may be helpful

Budget heading	To be included	Not to be included	Tips/Comments
4. Local office	All operating/running costs	Office assets (e.g. computers, furniture)	Break down vehicle-related costs (e.g. insurance, maintenance)
5. Other costs, services	All services listed in this section Visibility costs	Services not to be included in this heading	Always clarify visibility costs Check carefully obligations concerning expenditure verification and budgeting
6. Other	Work contracts Other services not listed in heading 5 (e.g. consultants) Loans (for micro-credit scheme)	Items that can clearly be included in other headings	Avoid including costs that can be budgeted elsewhere

When drafting each sub-heading, partners should:

- Use the same terminology applied in the narrative part (e.g. do not write *agronomist* in the budget and *agroforestral expert* in the narrative part)
- Clear definition of the items (e.g. do not use *vehicle*, but rather *4-wheel-drive, motorbike* etc.) in both the cost description and unit description columns
- Add, if necessary, information that may clarify the use of the item (e.g. 50% time for part-time staff)
- Include cross-reference with the narrative part (e.g. refer to activity A.1)
- If the item refers to a grouped number of small items (e.g. agriculture inputs), never use the term *lump sum* or *forfeit* for the “unit”, but rather always include a clear definition of the item unit (e.g. “set”, “kit”)

These suggestions are briefly presented in the following table, which is not exhaustive nor constitutes a fixed rule, but aims to illustrate what has been described above.

**Table 12: Example of budget**

<b>1. Human Resources</b>				
1.1 Salaries (gross salaries including social security charges and other related costs, local staff) <sup>4</sup>				
1.1.1 Technical		Per month		
Social workers (share with C.1) (2)	x C.2.1. & C.2.2.	Per month	72	120
				<b>8.640</b>
<b>3. Equipment and supplies<sup>7</sup></b>				
3.1 Purchase or rent of vehicles				
1 car (second hands)	All activity	Per Unit	1	6.000
1 four/W vehicle (share with C.2)	x C.2.1.	Per Unit	0,5	22.000
	[...]			
3.5 Other (please specify)				
Supply contract for the purchase of agriculture activity start up kits (5.000 = 1000*2000*2000)	x C.2.1.	Kit	5000	7
				<b>35.000</b>
<b>6. Other</b>				
Design of 500 booklets and toolkits (1 designer)	x C.2.2.	service	1	1.500
				<b>1.500</b>

### *The Sources of Funding*

In the second sheet of the budget format the applicant should include the different sources of funding (as EuropeAid contributes within a maximum % of funding), dividing the amount in:

- Applicant’s contribution (if any)
- EC Contribution requested (the % of this contribution must be in line with the rules of the Guidelines for Applicants of the Call for Proposals)

- Other Contribution from EU Institutions. For example: Financial bodies, like the European Investment Bank (financing for EU investment projects) or the European Investment Fund (aid to small businesses)
- Other sources (e.g. local private company).

The applicant must indicate the expected sources of funding in the budget of the action submitted together with the application form, and should update this information in reporting periods if there are variances during project execution.

### 2.3.3 The logframe

#### Normative framework

This section provides a general overview of the logical framework approach and the use of the logical framework matrix (the logframe). The logframe is a compulsory document to be annexed to the Full Application Form (Annex C).

To better understand the logframe, it is important to distinguish between the *Logical Framework Approach* (LFA) and the *Logical Framework Matrix*. The approach refers to the overall management philosophy adopted by many aid donors and agencies and involves a whole preliminary situation analysis, i.e. problem analysis, stakeholder analysis, identification of a hierarchy of objectives and selection of an implementation strategy. The logframe matrix, on the other hand, is the *product* of this analytical approach. It is intended as a planning tool that summarises what the project plans to accomplish and how, the key assumptions and how outputs and outcomes will be monitored and evaluated.

Working with EuropeAid implies adherence to the logframe approach and requires the correct use of the logframe matrix<sup>31</sup>.

The logframe plays an important role in the planning/implementation/evaluation of a EuropeAid project for the following reasons:

- Aid to thinking: The logframe should be considered the “entry” point for any analysis aimed at the design of a project. It ensures consistency in the planning process, a sound basis for the identification of objectives, activities, action plan, critical path, budget and procurement.
- Participation: The logframe facilitates a participatory approach in project design, helping key actors to communicate concepts, strategies and priorities.
- Time saving: Even though the drafting of the logframe takes time (and effort), a sound logframe actually facilitates the preparation of a clear and coherent project proposal, thereby diminishing the risk of leaving out key elements (such as, items to be purchased).
- Standards: Since EuropeAid receives numerous demands for funding, the preparation of clear proposals helps the Commission in the evaluation process, ensuring more transparency in the decision to fund a project and not another. The logframe constitutes a practical and standard way to systematise information and clarify the benefits and potential of individual projects.
- Transparency: EuropeAid is accountable for the money it spends. Therefore, it must have a good idea of a project’s intended results and possible impact, foreseen and unforeseen. The logframe provides clarification and allows for the sound identification of what is intended to be accomplished.
- Communication: Many donor agencies call for uniformity and transparency in project implementation. The logframe is a widely accepted tool that guarantees communication at all levels (headquarters and field, Contracting Authority and Grant Beneficiary).
- Monitoring & Evaluation (M&E): Monitoring is considered a key activity in the project life cycle. The logframe is essential for developing a feasible monitoring plan and constitutes an important tool for the evaluation of the project’s effectiveness and impact at the end of implementation.

#### The logframe approach

It is strongly recommended to follow the logframe approach during all PCM phases as it facilitates the disciplined production of *key document(s)*. More precisely, the logframe approach implies the use of the

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<sup>31</sup> For a more detailed explanation of how to design a logframe, consult the Project Cycle Management Manual published by EuropeAid and available in the punto.sud website under the section dedicated to the logframe approach ([http://www.puntosud.org/helpdesk-europeaid/doku.php/preparing\\_a\\_project/how\\_to\\_apply\\_for\\_a\\_grant/how\\_to\\_prepare\\_a\\_project\\_proposal/logframe](http://www.puntosud.org/helpdesk-europeaid/doku.php/preparing_a_project/how_to_apply_for_a_grant/how_to_prepare_a_project_proposal/logframe)).

logframe “rationale” from the early stages of project design in parallel with other important methods/tools. It is also useful to use the logframe in combination with other analytical methods, as illustrated in the following table:

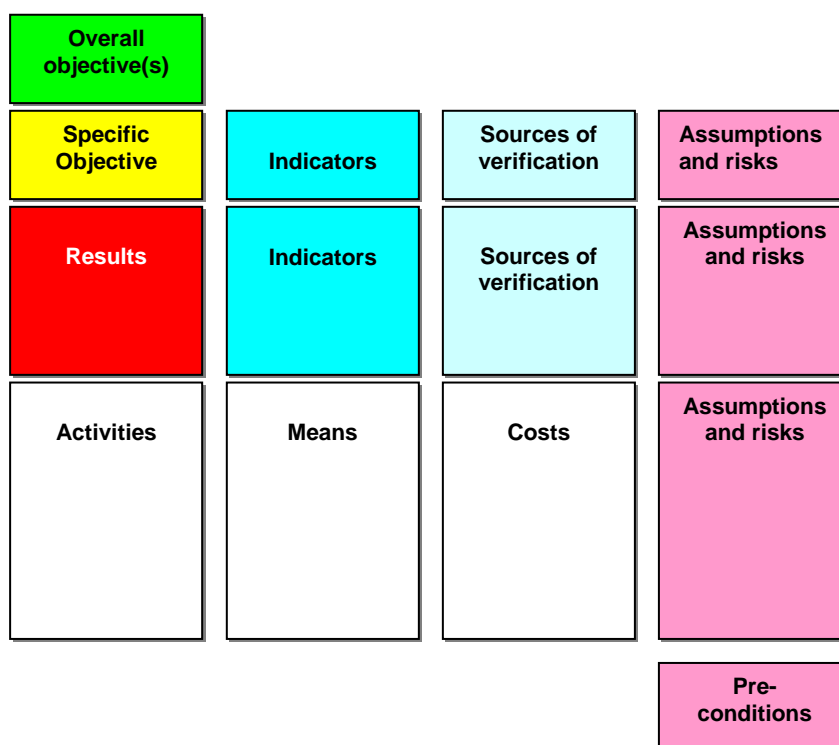
**Table 13: logframe approach steps**

<b>What</b>		<b>Why</b>
1. Problem tree	→	Problem analysis and identification of main topics
2. Stakeholders matrix	→	Stakeholders analysis and identification of recipients, potentialities, pre-conditions, assumptions and risks
3. Objective tree	→	Identification of alternatives and of project’s potential objectives/results and main actions (activities)
4. Project strategy design	→	Systematisation of project logic, indicators, monitoring and planning of main actions (activities)
5. Preparation of workplan and resource plan	→	Verification of coherence and final identification of achievements (indicators/outcomes)
6. Preparation of the project proposal (application form)	→	Identification of key document for monitoring and re-planning

**The logframe matrix**

Different donors and agencies use different formats and rules for completing the logframe matrix. EuropeAid adopts a standard logframe quite common among European organisations. The following chart summarise the EuropeAid logframe and the terminology adopted:

**Figure 10: The logframe matrix**



Since the logframe is a key document for defining and explaining a project, it is important to balance clarity and completeness. To simplify the analysis of a single project (both for the benefit of EuropeAid and partner staff), the following recommendations should be considered:

*Overall Objective(s)*

- Identify the objective(s) of the Call for Proposals and adapt it to the context of the action.
- The applicant may formulate a second overall objective based on the organisation's mission.

### *Specific Objective (or Project Purpose)*

Check if all elements of the project match the characteristics of the specific objective(s) of the Call for Proposals. It is important to determine whether the specific objective limits the project to a particular group of beneficiaries, a particular region and/or sector of intervention. If the action is not in line with these limits, the action strategy needs to be revised.

- Include only one specific objective.
- Formulate the project purpose in a way to clearly declare the real planned achievements (and not the possible contribution to these achievements). These achievements should be indicated as "positive and realistic changes" in or for the identified final beneficiaries group. For more precise details the specific objective refers to the related indicators.
- Formulate the project purpose using the past participle form<sup>32</sup>
- Avoid inserting elements that might change during the implementation period since it is not possible to change the specific objective at any time (e.g. name of villages where the action will take place).

### *Results*

- It is highly advisable to limit the number of results (e.g. three to five) so as to simplify general comprehension of the project.
- A result may indicate the services/goods/deliverables guaranteed by the project to a specific group(s) or (in the case of a complex project) the necessary outcomes for achieving the project purpose. In order to avoid overly complex descriptions, these outputs/outcomes should be indicated in a synthetic way. If there are two or more distinct but similar services/goods/deliverables that the project will deliver, these should be "clustered" in the same sentence to describe one single broad result. The corresponding indicator defines further the expected results stated in the logframe.
- Since results are unlikely to be changed (changes at this level would require an amendment, see [section 3.3](#)), it is recommended to include only realistic and feasible result(s).
- Formulate the results using the past participle form.

### *Activities*

- It is strongly advised to limit the number of activities (e.g. three per result) so as to simplify general comprehension of the project and facilitate identification of related costs. Each activity, consequently, may correspond to other similar (or consequential) activities that may be described in more detail in the project work plan and section 1.7 of the Full Application Form ("Description of the action").
- Each activity must be clearly linked to a single result. The use of codes may simplify the general logic structure (e.g. result A.1. and activity A.1.1.).

### *Risk/assumptions*

- It is strongly advisable to include all assumption and risks that may have an impact on the project. The acceptance of the project logic by EuropeAid, in fact, implies the Commission's willingness to share the risk of the entire project.

### *Indicators*

- It is often challenging to identify accurate and feasible indicators. Applicants should nonetheless make their best effort to identify a proper set of indicators for every action. Modification (or cancellation) of an indicator should be formally communicated to EuropeAid.
- Indicators should always be "SMART": Specific, Measurable, Attainable, Relevant, Timebound. SMART indicators are only those truly useful for the project.
- Indicators do not only represent a key component of the monitoring plan but also indicate the applicant's commitment to EuropeAid. The indicators related to the specific objective (and the single results), consequently, are key for monitoring and evaluation.

<sup>32</sup> Example: Increased expertise and effectiveness for 50 local NGOs promoting gender equity in the Okavango region.

- Avoid including indicators that might not be monitored within the timeframe of the project, those that require complex (not feasible) verification and/or that fall outside the applicant's control (and consequently are at risk).

#### *Sources of verification*

- The sources of verification indicate the monitoring plan envisaged for the action, and should therefore be accurately designed in order to guarantee feasibility and completeness of the monitoring plan.
- It may be useful to double check, on the basis of the identified sources, the feasibility of the indicators which the sources refer to. In case of any doubt, revision is highly recommended.

#### *Means*

- Though this column is often not completed, it is important to point out that for each activity, an estimation of the (main) resources foreseen (e.g. staff, experts, equipment/goods, works, services) should be indicated;
- Sentences such as “see Application Form” or “see budget” should be avoided, unless the information is clearly presented in these parts of the project document. A summary of this information should, in all cases, be included here.

#### *Costs*

- Although this column is often not completed by partners, it is compulsory and very relevant for project assessment. It is requested here to estimate the cost of each activity (or at least each result). This information is relevant for appraising the cost-effectiveness of the project.
- It is also recommended to provide details on main costs fully consistent with the figures presented in the budget form.

#### **Practical tips**

The logframe should be completed before preparing the Application Form and budget. Before presenting the project proposal to EuropeAid, it is important to ensure full coherence between the logframe and the other parts of the Application Form as well as consistency with the overall logframe approach.

The table on the following page summarises the main points to be checked.

**Table 14. Logframe overview**

<b>What → to find?</b> ↓	<b>Intervention logic</b> ↓ <ul style="list-style-type: none"> <li>• Simple (but not too simple)</li> <li>• Readable (not only by super expert)</li> <li>• Logical</li> </ul>	<b>Objectively verifiable indicators</b> ↓ <ul style="list-style-type: none"> <li>• Are they SMART?</li> <li>• Not too many</li> <li>• Quantity, quality, time</li> </ul>	<b>Sources of verification</b> ↓ <ul style="list-style-type: none"> <li>• How? When? By whom?</li> <li>• Sources of information on action progress → M&amp;E</li> </ul>	<b>Assumptions and risks</b> ↓ <ul style="list-style-type: none"> <li>• External factors</li> <li>• Must be monitored</li> <li>• “Will it hold true?”</li> <li>• Can be mitigated</li> </ul>
<b>Development objectives (development impact) →</b>	<b>Overall objectives</b> <ul style="list-style-type: none"> <li>• In line with call for proposal objective(s)</li> <li>• Cannot be modified</li> <li>• Long-term benefits → Application Form 1.5</li> </ul>	<i>contribute to development:</i> <ul style="list-style-type: none"> <li>• Will anything change due to this intervention?</li> <li>• Are these (positive) effects somehow measurable?</li> </ul>	<i>At EC / National levels</i> <ul style="list-style-type: none"> <li>• Be realistic</li> </ul>	
<b>Project purpose (effectiveness) →</b>	<b>Specific objective</b> <ul style="list-style-type: none"> <li>• Only one! (focus your intervention to achieve one clearly measurable objective)</li> <li>• Cannot be modified</li> <li>• Direct benefits (changes) for target group → Application Form 1.5</li> </ul>	<i>Outcome:</i> <ul style="list-style-type: none"> <li>• Will the target group be better off?</li> <li>• How will we know if the purpose has been achieved?</li> <li>• What can we observe to assess whether changes have occurred?</li> </ul>	<i>At Regional / Local levels</i> <ul style="list-style-type: none"> <li>• Can we get the information on target group before and after project for final evaluation?</li> </ul>	<i>Sustainability</i> <ul style="list-style-type: none"> <li>• Factors outside project management's control that may negatively impact the general objective → Application Form 1.10</li> </ul>
<b>Project strategy (efficiency) →</b>	<b>Results</b> <ul style="list-style-type: none"> <li>• Outputs/outcomes envisaged to achieve project purpose</li> <li>• Tangible products and/or services delivered (or) changes in recipient groups</li> <li>• Cannot be modified without authorisation → Application Form 1.7</li> </ul>	<i>Outcomes/Outputs:</i> <ul style="list-style-type: none"> <li>• To what extent will the different groups/organisations benefit from the project intervention?</li> <li>• How will we know if the results have been achieved?</li> </ul> What can we observe to assess that changes occurred?	<i>At Regional / Local levels</i> <ul style="list-style-type: none"> <li>• Can we get information on beneficiary response?</li> <li>• Have sources for quarterly monitoring and annual or mid-term review been identified?</li> </ul>	<i>Sustainability / Feasibility</i> <ul style="list-style-type: none"> <li>• Factors outside project management's control that may negatively impact the project purpose → Application Form 1.10</li> </ul>
<b>Project methodology (work programme) →</b>	<b>Activities</b> <ul style="list-style-type: none"> <li>• Grouped by result</li> <li>• 3 to 5 per result</li> <li>• To be described in a straightforward manner</li> <li>• Include figures (if possible) → Application Form 1.7 → Application Form 1.9 (workplan)</li> </ul> <p><i>N.B. Do not replicate the activity plan!</i></p>	<b>Means:</b> <i>Input:</i> Brief overview of inputs (e.g. personnel, operating costs etc.) → <a href="#">Application Form 1.8</a> → <a href="#">Application Form 1.7 (activity description)</a> → <a href="#">Budget (excel sheet n.1)</a>	<b>Costs</b> <i>Budget:</i> Main headings grouped by activity <ul style="list-style-type: none"> <li>• Sources for regular monitoring and milestone review</li> <li>• Source for cost-effectiveness analysis → Budget (excel sheet n.1) → Application Form 1.8 (description and justification of items identified)</li> </ul> <p><i>N.B. Do not replicate Annex III “budget for the Action”!</i>  <i>N.B. Do not simply write “see budget”</i></p>	<i>Feasibility</i> <ul style="list-style-type: none"> <li>• Factors outside project management's control that may negatively impact the project results → Application Form 1.10</li> </ul> <p><i>NB: Do not miss critical steps (i.e. the critical path of the action plan)</i></p>
				<b>Pre-Conditions</b> <i>(Pre-feasibility)</i> <ul style="list-style-type: none"> <li>• Could stop the project</li> <li>• To be met for implementation</li> <li>• External factors → Application Form 1.10</li> </ul>

## 2.4 Assessing the project proposal

The evaluation process of the proposal by the European Commission begins with receipt of the Concept Note and Full Application and ends with the decision to award grants to the selected applicants.

Initially, the following will be assessed:

- that the submission deadline has been respected. If the deadline has not been respected, the application will automatically be rejected. Therefore, the applicant must carefully check the deadline for submission established in section 2.2. *How to apply and the procedures to follow* in the Guidelines for Applicants.
- that the Concept Note (for restricted procedures) and/or the Full Application Form (for open procedures) satisfies all the criteria specified in points 1-5 of the checklist for the Concept Note or the checklist for the Full Application, included in the grant application form (Part A, Section II and Part B, Section V). If any of the requested information is missing or incorrect, the application may be rejected on that sole basis and will not be evaluated further.

It is extremely important for the applicant to check the following elements before submitting the proposal to the EC:

**Table 15: Tips to properly draft concept notes and full application forms**

<b>Concept Note and Full Application Form</b>	
Declaration by the applicant	Properly completed and signed
Language	Proposal typed in the allowed language
No. of hard copies and electronic version of the proposal	Following the requirements established by the Call for Proposals
Country	The action is implemented in an eligible country
Duration of the action	In line with the minimum and maximum period allowed by the call
Requested contribution	In line with the minimum and maximum % allowed by the call
<b>Full Application Form</b>	
Partnership statements	Each implementing partner has completed and signed a partnership statement and they are included
Budget	Presented in the format requested and expressed in Euros
Logical framework	Completed and included as an Annex

Following this first step, the evaluation will continue on the basis of the selection and award criteria, all of which are defined in the evaluation grids<sup>33</sup> (see the templates for [Concept Note evaluation grid](#) and [evaluation grid of Full Application Form](#). See also the [section 2.3.1](#) for details on how to properly draft a project proposal).

There is no predefined time for the assessment procedure, nor for the notifications to applicants. Each call for proposal has its own calendar and the applicant may find this information in the Guidelines for Applicants, though it is not always specified.

<sup>33</sup> The duration of the evaluation of the Concept note

### 2.4.1 Evaluation of the Concept Note

The Concept Note, if submitted within the deadline and satisfying the administrative criteria in the table above, will undergo an evaluation based on the relevance, effectiveness, feasibility and sustainability of the action. The table below summarises the key information that should be included in each section:

**Table 16: Evaluation of a concept note:**

Evaluation criteria	Elements assessed in the Concept Note	Relevant section in the Concept Note
Relevance	Needs and constraints of <ul style="list-style-type: none"><li>the country/region to be addressed</li><li>the target groups and final beneficiaries</li></ul>	Section 1
Effectiveness/Feasibility	Problems with identification and analysis Consistency of the proposed activities in relation to the project objectives, purpose and expected results Role and involvement of all stakeholders and proposed partners	Section 2
Sustainability	Identification of the main assumptions and risks Identification of long-term sustainable impact on the target group and final beneficiaries	Section 3

In an open Call for Proposals, the EC will send a letter to those applicants whose Concept Notes have been evaluated, indicating whether their Full Application will be evaluated or not (see the template of the ["Letter to applicants after opening session"](#)). In a restricted Call for Proposals, the shortlisted applicants are invited in writing to submit a Full Application Form.

### 2.4.2 Evaluation of the Full Application Form

The quality of the Application Forms will be assessed on the basis of the evaluation grid containing the selection and award criteria:

The **selection criteria** are used to assess the applicant's financial and managerial capacity to complete the proposed action. The applicant must have:

- stable and sufficient sources of funding to maintain its activity throughout the period in which the action is being carried out and to participate, when appropriate, in its funding
- the necessary professional competencies and qualifications to complete the proposed action.

The **award criteria** are used to assess the quality of proposals, such that:

- Grants are awarded to the actions which maximise the overall effectiveness of the Call for Proposals (relevance of the action).
- Proposals are selected if in compliance with the EC objectives and priorities (as defined in the Guidelines for Applicants) and guarantee visibility of EC financing. To this end, the action must be compatible with the objectives of the Annual Action Programme under which the Call for Proposals is being financed and must ensure cost-effectiveness.

The overall assessment is based on the scores obtained under each subheading, totalled by heading. In the evaluation grid included in the guidelines there is an explanation of how the score is calculated and what parts of the application form are more important than others, as they can obtain a higher score.

The following table summarizes the evaluation process of the full application form:

**Table 17: evaluation of a full application form**

<b>Evaluation criteria</b>	<b>Project elements to be assessed</b>	<b>Relevant sections in the application form</b>
<b>Financial and managerial capacity</b>	<ul style="list-style-type: none"> <li>Applicant and implementing partners experience and financial capacity</li> </ul>	<p><b>Application form:</b></p> <p>Section 4 – Experience in similar actions</p> <p>Part II – The Applicant</p> <p>Part III – Partners of the applicant participating in the action (or information from PADOR)</p>
<b>Relevance</b>	<ul style="list-style-type: none"> <li>Overall objective</li> <li>Specific objective</li> <li>Identified needs and constraints</li> <li>Involvement of target group</li> </ul>	<p><b>Application form:</b></p> <p>Section 1.5 – Objectives</p> <p>Section 1.6 – Relevance of the action</p> <p>Section 1.11 – Logical framework</p>
<b>Methodology</b>	<ul style="list-style-type: none"> <li>Practical/appropriate activities</li> <li>Overall project</li> <li>Action plan</li> <li>Involvement of stakeholders</li> <li>Indicators</li> </ul>	<p><b>Application form:</b></p> <p>Section 1.7 – Description of the action and its effectiveness</p> <p>Section 1.8 – Methodology</p> <p>Section 1.9 – Duration and indicative action plan</p> <p>Section 1.11 – Logical framework</p>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Tangible impact</li> <li>Multiple effect</li> <li>Financial/institutional sustainability</li> </ul>	<p><b>Application form:</b></p> <p>Section 1.10 – Sustainability</p> <p>Section 1.11 – Logical framework</p>
<b>Cost effectiveness</b>	<ul style="list-style-type: none"> <li>Ratio estimated costs/expected results</li> <li>Necessity of expenditure</li> </ul>	<p><b>Application form:</b></p> <p>Section 1.8 – Methodology</p> <p>Section 2 – Budget for the action</p>

After evaluating the full application form, the European Commission will send a standard letter to the applicants, stating whether their proposal has been provisionally selected based on their score and inviting successful applicants to supply the required supporting documents.

### 2.4.3 Verification of eligibility of the applicants and implementing partners

The verification of eligibility is usually carried out only for the provisionally selected applicants at the end of the selection procedure, but the Contracting Authority Evaluation Committee may decide to verify eligibility at any time during the procedure.

This assessment will be carried out using the Declaration by the applicant (part 2, section VI of the grant application form) and the criteria set out in the Guidelines for Applicants:

- Is the Declaration by the applicant in conformity with the supporting documents requested? Any missing supporting documents or any incoherence between the Declaration and the supporting documents will lead to the rejection of the proposal solely on that basis.
- Eligibility: are the applicant, partners and action eligible? This is assessed according to the criteria set out in the Guidelines for Applicants.

Applicants who have been provisionally selected will be requested to supply the supporting documents listed in section 2.4. *Submission of supporting documents for provisionally selected applications* of the Guidelines for Applicants in order to allow the Contracting Authority to verify their eligibility and that of their partners. Therefore, the applicant must be sure that all information regarding the organisation in PADOR is up-to-date before submission of the application (see [section 2.1.3](#)).

Requested supporting documents that are not uploaded in PADOR must be supplied as originals, photocopies or scanned versions (e.g. with legible signatures, stamps and dates). The Legal Entity Form (LEF) and the financial identification form must always be submitted in original.

If the abovementioned supporting documents are not provided before the deadline indicated in the request for supporting documents sent to the applicant by the Contracting Authority, the application may be rejected.

Based on the verification of the supporting documents, the Evaluation Committee will make a final recommendation to the Contracting Authority, which will then decide on the award of grants.

## PART III. CONTRACT MANAGEMENT

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### 3.1 Preliminary steps

One key factor for successful project management of a EuropeAid co-financed action is keeping in mind from the beginning all the main contractual obligations and the correct way to develop internal project monitoring and supervision. Many problems, in fact, derive from a lack of consideration by task managers of contractual aspects during the project design phase. These limitations do not only put the organisation at risk, but may create unnecessary delays and extra work for both the Grant Beneficiary and the Contracting Authority<sup>34</sup>.

This section summarises the main contractual obligations deriving from the signature of the Grant Contract and some hints for ensuring coherent monitoring functions for proper project management.

#### 3.1.1 Grant Contract signature and entry into force

After EuropeAid selects successful applicants for grant award on the basis of their project proposals, it follows the following steps:

- prepares three copies of the standard Grant Contract and Annexes and drafts the Special Conditions applying to the selected action;
- signs and dates all originals of the contract and initials all pages of the Special Conditions;
- sends the three signed originals to the selected applicant who must countersign them within 30 days of receipt and return two originals to the Contracting Authority together with the financial guarantee (when requested).

The standard Grant Contract recognises the Beneficiary's independence of action and lays out simplified management rules accordingly.

The contract takes effect on the date of the last signature and cannot cover previous activities or enter into force before this date, unless in duly substantiated exceptional cases ([see section 2.1.2](#)).

The first pre-financing payment, which covers either 80% of the amount of the contract or 80% of the first annual budget, is paid after both parties have signed the contract.

#### The Grant Contract and Annexes

The standard Grant Contract takes the following form:

- *Endorsement letter* signed by the Contracting Authority and addressed to the successful applicant (the leading organisation in case of a consortium/partnership): the letter specifies the number of the awarded contract and the address to which the organisation should return the two originals countersigned.
- *Contract*, with a first part stating the interested parties, followed by the Special Conditions applying to the contract.
- *Special Conditions* with which the Grant Beneficiary must comply, including:

the implementation period of the action (Article 2);

the overall value of the action and the amount financed by the Contracting Authority (Article 3);

the amount of the first instalment and the following instalments (payment arrangements) and the reporting rules (Article 4);

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<sup>34</sup> In the Grant Contract and its annexes the organisation awarded with the grant is named "Grant Beneficiary", while the EuropeAid office in Brussels or EU Delegation in the field having concluded the agreement are referred to as "Contracting Authority". We will use this wording whenever referring to the two parties.

the contact addresses of the Contracting Authority and the Grant Beneficiary (Article 5).

Together with the Grant Contract and the ruling Special Conditions, the successful applicant will receive a series of Annexes stating the rules and conditions for the implementation of the action.

The following table describes the Annexes to the standard Grant Contract:

**Table 18: Annexes of the Grant Contract**

<b>Annex number</b>	<b>Name</b>	<b>Content</b>	<b>Additional comments</b>
<b>Annex I</b>	Description of the Action	This is a summary of the project proposal, cost of the action and applicant data (if applicable) and is included in the Grant Contract together with the Special Conditions	Any modification to this Annex during the implementation of the Action needs to be officially requested and approved by EuropeAid (see <a href="#">section 3.3</a> ).
<b>Annex II</b>	General Conditions	Applicable to EC-financed Grant Contracts for external actions	These rules have to be carefully read and all staff involved in the project should be familiar with them, as they refer to practical aspects of the action implementation (e.g. reporting, visibility, ownership of equipment, evaluation, amendments, eligibility of costs, financial check).
<b>Annex III</b>	Budget of the action	This is the budget presented by the applicant and corrected for any errors or non-eligible costs by the Contracting Authority	In case of calculation errors or non-eligible costs, the description of the action may also be corrected accordingly.  It is very important for the applicant to carefully check the eligibility of the costs included in the budget (see <a href="#">section 2.2</a> ) and that the calculation of subtotals and totals is correct, in order to avoid reduction of budget in the approval stage.
<b>Annex IV</b>	Contract-award procedures	These guidelines rule the procurement procedures to be followed by grant beneficiaries in the framework of EC-financed external actions	Annex IV must be consulted prior to submission of the proposal, in order to prepare a procurement plan and, if possible, include the costs related to the organisation of the procurement procedures in the initial budget.
<b>Annex V</b>	Standard request for payment	Form to be used when requesting further pre-financing or the balance. The request must be accompanied by the financial identification form, which should be the same as the one submitted with the application form.	The rules of payment for pre-financing are stated in Article 4 of the Special Conditions.
<b>Annex VI</b>	Models of interim and final narrative and financial reports	The interim and final narrative reports have different structures, while the format of the financial report is the same both for the interim and final reports.	The format of the interim and final reports cannot be modified.
<b>Annex VII</b>	Terms of Reference for expenditure verification of a Grant Contract	When applicable (see Article 15 of the General Conditions)	If an expenditure verification is required, the audit firm has to be identified before submission of the application form and its name will be cited in Article 5.2. of the Special Conditions (see <a href="#">section 3.6.2</a> )
<b>Annex VIII</b>	Pre-financing guarantee form	When applicable (see Article 15 of the General Conditions)	The financial guarantee must be in Euros or local currency and provided by an approved bank or financial institution established in one of the Member States of the European Union.

These Annexes are sent to the Grant Beneficiary in paper copy. It is highly recommended to download the electronic version of these documents from the EuropeAid website ([http://ec.europa.eu/europeaid/work/procedures/implementation/grants/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/grants/index_en.htm)) at the moment of contract signature to be sure to have the appropriate version to be used during implementation of the action. This is important because although EuropeAid publishes newly updated versions, the Beneficiary must always refer to the one in force at the moment of contract signature.

### **The leading agency and the implementing partner(s)**

The applicant is the leading agency and submits a project proposal for an action that will be carried out with the collaboration and active participation of all implementing partners. The European Commission signs the Grant Contract with the applicant, which bears responsibility to the EC during the implementation process. The applicant also receives the funds, to be distributed among the other partners, and is responsible for guaranteeing that the project fulfils the co-financing requirements.

Once the project has been approved and the Grant Contract signed, the leading organisation is strongly advised to prepare and sign a Memorandum of Understanding (MoU) with each implementing partner. This is particularly important when implementing partners are directly responsible for managing a part of the action funds.

All implementing partners must be informed of procedures, contractual obligations and applicable deadlines to the project. Moreover, it is useful to define the responsibilities of each implementing partner, prepare a shared operative plan and create a strong monitoring system (see the [Project monitoring plan](#) below).

### **3.1.2 Preventive approach**

Project planning and implementation is based on various variables which should be managed and monitored at all times. A “preventive approach” is an *integrated way* to plan and develop a project, establishing three correlated “monitoring plans”:

*Results-based monitoring plan:* aimed at investigating the degree to which indicators perform as planned so as to ensure proper feedback to the task manager and provide sufficient information for the preparation of interim and final reports.

*Project administration follow-up plan:* aimed at ensuring smooth and step-by-step guidance to project and financial managers of both the leading agency and its implementing partner(s). This approach is also to assure the Commission (and the stakeholders) that funds are used in compliance with EuropeAid norms and national laws. This monitoring activity is particularly important for diminishing risks of financial losses.

*Procurement plan (local context friendly):* to be monitored by competent person(s) within the organisation. Due to the relevance the EC gives to this issue, partners shall ensure that procurement is correctly planned and implemented according to the rules and provisions established by EuropeAid. Again, monitoring of this aspect of the project aims at ensuring project transparency, while diminishing the risk for financial losses.

### **Project monitoring plan**

Monitoring, review and reporting are core management responsibilities which involve the collection, analysis, communication and use of information on the actual and financial progress of the project and the achievement of results. Monitoring systems and procedures should provide the mechanisms through which relevant information is provided to the right people at the right time in order to help them make informed decisions.

There are many practical reasons for planning proper monitoring mechanisms in advance:

Within a EuropeAid-financed project, internal monitoring is compulsory in order to optimise the implementation of the activities and achieve the planned results and objective.

Proper monitoring ensures reliable data and information, allowing for the sound and realistic preparation of reports.

Monitoring highlights the strengths and weaknesses in project implementation and enables responsible personnel to deal with problems, improve performance, build on successes and adapt to changing circumstances.

A monitoring system allows for a sound communication system, in which information flows in different directions between all actors involved.

Internal monitoring may be provided by personnel already employed within the project. In many cases, however, the monitoring of specific activities requires time and ad hoc competence. It is therefore crucial to foresee all necessary human and material resources (and the correlated costs) at the time of project design.

The preparation of a situation analysis is very important to ensure a “preventive approach” and to identify at a very early stage all possible problems that could hamper and/or create difficulties during the implementation of the project.

The preparation of a clear monitoring plan is essential and constitutes a process which should start during preparation of the project.

Project monitoring may be organised in different ways, following both the internal mechanisms in place in the implementing organisations and/or specific requirements related to the individual action.

In line with the EuropeAid approach, it is possible to summarise a few points which should be considered (and further developed) when designing the action and at the project start-up. These points are presented in the following table, a sort of check list for task managers.

**Table 19: Key points for action design**

Issue	Focus on	To be checked (Application form and sources of verification)
<b>Policy and programmes context</b>	<ul style="list-style-type: none"> <li>• EuropeAid envisaged framework programme plan (EC priorities and main variables to be considered)</li> <li>• Best Practices and priorities identified by the EC</li> <li>• National-regional-local authorities' priorities and structure (official documents).</li> <li>• Other organisations' programmes (or co-ordination fora)</li> </ul>	<ul style="list-style-type: none"> <li>• Check schedule and overall coherence with project plan and effective implementation</li> <li>• Key point in the proposal:</li> <li>• Section 1.6 of the Full Application Form (“Relevance of the action”)</li> <li>• Part II of the Full Application Form, “The applicant” (3. “Capacity to manage and implement actions”)</li> </ul>
<b>Stakeholders</b>	<ul style="list-style-type: none"> <li>• Identification (and variation) of beneficiaries - numbers, needs, skills and capacities)</li> <li>• Selecting criteria</li> <li>• Other stakeholders: institutional analysis: policy, capacity, trends, needs of the active actors relevant to the future operative context;</li> </ul>	<ul style="list-style-type: none"> <li>• Identification of beneficiaries: and continuous updating of the following:</li> <li>• Needs: what needs do the beneficiaries perceive as priorities (better if disaggregated)?</li> <li>• Skills: what are the technical competencies that are used (or to be fostered)?</li> <li>• Other stakeholders: updating, negative impact, supportive measure to be undertaken?</li> <li>• Key parts of the proposal:</li> <li>• Section 1.6 of the Full Application Form (“Relevance of the action”)</li> <li>• Section 1.7 of the Full Application Form (“Description of the action”)</li> <li>• Part III of the Full Application Form (“Partners of the applicant”)</li> </ul>
<b>Problems and needs</b>	<ul style="list-style-type: none"> <li>• Vision of the context: cause – effect relationship between the main problems identified in the target area/among the target group(s)</li> <li>• Baseline data</li> </ul>	<ul style="list-style-type: none"> <li>• Identification and updating of main problems and causes</li> <li>• Updating (for relevant sectors) of the most significant deficiencies (showing the impact on the population)</li> <li>• Key parts of the proposal:</li> <li>• Section 1.6 of the Full Application Form, “Relevance of the action” (problem statements and findings)</li> <li>• Section 1.7 of the Full Application Form, “Description of the action” (results and activities)</li> </ul>

Issue	Focus on	To be checked (Application form and sources of verification)
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Logframe analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Identification and up dating of risks;</li> <li>• Mitigation measure (or plan “B”)</li> <li>• Key parts of the proposal:</li> <li>• Logframe (external factors)</li> <li>• Section 1.10 of the Full Application Form (“Sustainability”)</li> </ul>
<b>Achievement (Indicators)</b>	<ul style="list-style-type: none"> <li>• Source of verification identified</li> <li>• Analysis of data</li> <li>• Decision taken by task managers</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback on findings</li> <li>• Possible (feasible) project changes</li> <li>• Sustainability of the identified/achieved benefits</li> <li>• Key parts of the proposal:</li> <li>• Logframe</li> <li>• Section 1.5 of the Full Application Form (“Objectives”)</li> <li>• Section 1.7 of the Full Application Form (“Description of the Action”)</li> <li>• Section 1.10 of the Full Application Form (“Sustainability”)</li> </ul>

## Administrative and procedural monitoring

It is essential for organisations cooperating with EuropeAid to set up proper procedures to ensure appropriate and sound monitoring. The monitoring system should provide continuous and reliable information on the correct application of EC norms/procedures to the project financial manager and key staff

For the preparation of these monitoring procedures, the applicant should consider the following:

**Table 20: key points for the procedural monitoring**

Topics	Checks
<b>Budget monitoring</b>	<p>Ensure key management staff have clear information on eligible costs, in conformity with Article 14 of the General Conditions.</p> <p>Ensure that proper support/monitoring is in place to ensure that expenses made by implementing partners are eligible, in conformity with Article 14 of the General Conditions.</p> <p>Ensure that the grant is spent according to the budgeted plan (no overspending and no underspending); in case of major deviations from the initial forecast inform the Commission and try to find alternatives.</p> <p>Ensure that for each budget heading there are no changes exceeding 15% (always inform the Commission of any variation to the budget heading "personnel").</p>
<b>Accounting records</b>	<p>Ensure that a proper accounting system is in place and applied by the project staff.</p> <p>Ensure that the EuropeAid system for exchange rates is applied to all accounting records.</p> <p>Ensure the project has a separate bank account (if feasible) and there is clear bank and cash reconciliation.</p> <p>Ensure that the accounting records descriptions line up with the corresponding supporting documents.</p>
<b>Supporting documents</b>	<p>Ensure a proper mechanism is in place to verify that each expenditure is backed up by supporting documents (e.g. contracts, invoices, etc.) and that this corresponds to accounting records.</p> <p>The system shall also ensure that for each expense, the supporting documents are in line with the applicant's internal procedures (purchases procedures, staff), including the use of standard contracts.</p> <p>Ensure, if accepted by the regulations governing the Call for Proposals, the existence of all documentation proving the VAT exemption request has been made in the proper office of the country of intervention.</p>
<b>Expatriate and national staff</b>	<p>Ensure that the recruiting of staff is feasible in terms of timing and capabilities to run the project.</p> <p>Ensure that each staff member has a contract with a clear a job description, reference to start date, probationary period, working hours, basic salary, overtime, tax and social security, applicable allowances, termination, insurance, benefits etc.</p> <p>If part-time staff are employed for project activities, ensure there is a prospectus certifying the calculation of the labour cost charged to the project.</p>
<b>Equipment and supplies</b>	<p>Prepare an internal inventory and plan, at the beginning of the project, the final destination of the equipment purchased with project money.</p> <p>Ensure that the procurement plan is clear, feasible and well-managed (see next section for details).</p>

## Procurement plan and monitoring of contracts

Organisations working with EuropeAid must guarantee compliance with certain fundamental principles and best practices in procurement when awarding contracts in the framework of EuropeAid funded project. To this end, partners must have clear written rules (procedures and standard contracts) and follow the principles and rules indicated in Annex IV to the Grant Contract (see [section 3.2](#)).

As established in Article 14.2. of the General Conditions, the provisions in Annex IV are mandatory and in the event of failure to comply with these provisions, costs related to procurement shall not be eligible for EC funding.

Procurement refers to all acquisition of supplies, works and services by the project. The financial commitment is based on contracts. A "contract" is the legal document on the basis of which the Grant Beneficiary assumes an obligation of payment.

To avoid the risk of financial loss, the Grant Beneficiary should clearly define in advance and assess scrupulously the procurement plan and define the best contractual arrangements for the project.

The following steps should be followed in preparing a procurement plan:

- All supplies, services and works necessary for achieving the project results/objectives should be identified at the planning stage. It is very important to ensure that each purchase is correctly identified in one of the three contract categories (supplies, services and works), particularly in the case of “hybrid contracts”<sup>35</sup>.
- In case of complex procedures (e.g. international tender and/or purchase of medical products), it should be ensured in advance that the organisation has the necessary competencies to manage these particular procedures.
- An analysis of the market potentiality and constraints should be made in order to determine the characteristics of the potential contractors/suppliers/service providers before the project is presented and to check if there are any possible problems (e.g. delays and/or unavailability of items) so as to formulate alternative options if necessary.
- It should be ensured that all items requested will be obtained at the best cost-benefit ratio (e.g. renting a vehicle instead of purchasing a new one).
- A verification of possible problems with the *nationality and origin rule* should be done in due time (and it should be ensured that these rules are clear to the project management). If needed, a request of waivers should be forwarded to the Commission.
- It should be kept in mind that, for EuropeAid, it is not possible to “depreciate” own equipment. Own equipment may be used and the related operating costs are eligible (e.g. fuel and insurance for a car), but the cost (or value) of the item cannot be part of the eligible direct costs of the project.
- It should also be verified whether there are contracts that could potentially be signed by one single contractor/supplier/service provider. This helps to establish the correct procurement procedure. In all cases, it should be ensured that there is no “artificial splitting” in place. Artificial splitting refers to when the estimated value of a contract is determined so as to evade the requirements laid out in Annex IV (e.g. two contracts awarded in *single quote* instead of one awarded through *negotiated* procedures).
- Check if it may be economically convenient to separate one single potential contract in different lots. In all cases, plan the organisation of the tender in consideration of the procedures foreseen in Annex IV, such that the value of each lot is taken into account for the overall evaluation of the applicable threshold.
- Though not compulsory, it is good practice to prepare your procurement plan (using tables) and explain your planned procurement procedure in section 1.8 of the Full Application Form (“Methodology”).
- Do not purchase anything if unsure of the procedure. It is better to seek advice before acting<sup>36</sup>.

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<sup>35</sup> Hybrid contracts include two or more types of purchases (e.g. a software and the service of an IT expert). The type of contract is established by considering the cost of each component. The component with the highest cost determines the type of contract (e.g. if the cost of the software is higher than cost of the service, then the main contract will be a supply contract).

<sup>36</sup> Trenino’s users can contact the [punto.sud Helpdesk](#) for this and any other query concerning the EuropeAid application process and contract management.

### 3.2. Contract-award within a EuropeAid Grant: Annex IV

By signing the Grant Contract, the Grant Beneficiary accepts to respect the contract-award procedures and rules of nationality and origin set out in Annex IV ("Procurement by grant Beneficiaries in the context of European Union external actions") of the Grant Contract.

Annex IV establishes the rules and procedures that EuropeAid partners are required to observe when awarding contracts during the implementation of a project.

#### 3.2.1 Principles and best practices

When awarded contracts, organisations must guarantee compliance with certain fundamental principles and best practices. Contracts will be awarded to the most economically advantageous tender (e.g. the tender with the best price-quality ratio), in accordance with the principles of transparency and fair competition for potential contractors and taking precautions to avoid conflicts of interest.

The basic principle governing the award of contracts is competitive tendering. The purpose is twofold:

- to ensure transparency of actions, genuine competition and impartiality in the procurement procedure. This can be done by publishing contract notices when appropriate, for instance, on specialised websites, on the Grant Beneficiary's website and in technical magazines and trade publications.
- to obtain the desired quality of services, supplies or works at the best possible price.

To this end, the Grant Beneficiary and its implementing partners:

must comply with the rules set out in Annex IV for the procurement of services, supplies and works

should establish standard procedures on procurement and internal guidelines for tender documents

Tender documents should be drafted in accordance with the best international practice. If the participating organisations do not have their own documents, they may use the models published on the European Commission's web site relating to external actions (see tender documents for: [services](#), [supplies](#), [works](#)).

An example of a standard procedure may be summarised as follows:

**Table 21: example of an internal standard procedure**

Standard procedure	Suggestions
Internal control and supervision of the tendering process	Identify an internal auditor to supervise the transparency of the tendering process and the people responsible for approval of tender procedures and documents inside the organisation (at HQ and field level)
Preparation and publication of the tender	Have a standard procedure for publication of all tenders launched by the organisation
Preparation of the tender dossier and other standard bidding documents	Prepare standard documents (templates, standard forms) for any type of procedures (the standard documents proposed on the EuropeAid website may be useful)
Verification procedure of the tenderers (eligibility criteria) and award procedure	Establish clear <a href="#">selection and award criteria</a> . If an evaluation grid is established, it should be included in the tender dossier. (See <a href="#">evaluation grid</a> ).  Establish standard rules for the composition of the evaluation committee, with an odd number of members (at least three) with all technical and administrative capacities necessary to fulfill the task
Standard purchase contract to be used for supplies/works/services	The standard contract must be included in the tender dossier
Payment procedures	Define standard procedures for paying contractors (e.g. schedule of pre-financing and balance), also establishing precise rules for avoiding losses due to currency exchange fluctuations

The Commission may carry out ex post checks on compliance with these rules (see [section 3.6.2](#)). In the event of failure to comply with the rules referred to above, expenditure on the actions in question will not be eligible for EC financing.

### 3.2.2 The rules of nationality and origin

The rules of nationality refer to the nationality of the firm signing a contract (contractor, supplier or service provider), while the rules of origin refer only to the supplies purchased and delivered in the framework of a EuropeAid project.

These provisions are specified in Annex IV (sections 2.1 and 2.2).

#### Rule of nationality

The rule of nationality sets out the eligibility criteria for participants in tender procedures administered by the Grant Beneficiary during the implementation of an action.

If the grant is financed from the EU Budget, without prejudice to the specificity of each financial instrument as stated in its Regulation, which contains any existing specific eligibility provisions applying to it<sup>37</sup>, the participation in the procurement procedures is normally open on equal terms to all natural and legal persons from:

- a Member State of the European Union;
- a Member State of the European Economic Area;
- an official candidate country or country that is a beneficiary of the Instrument for Pre-Accession assistance;
- a country that is a direct beneficiary of the funding programme in question;
- in the case of procurement and grants financed under a thematic programme, any developing country as specified by the OECD Development Assistance Committee's list annexed to the instrument (see [EC external aid programmes from EuropeAid website](#));
- those countries that are beneficiaries of a decision establishing reciprocal access to external aid.

For actions financed by the European Development Fund (EDF), participation in procedures for the awarding of procurement contracts are open to all natural and legal persons from African, Caribbean and Pacific (ACP) States and all Member States of the European Union (see also [EC external aid programmes from EuropeAid website](#), part III).

For the purposes of verifying compliance with the nationality rule, the tender dossier must require tenderers to declare their country of nationality with legal documents.

#### Rule of origin

Where the basic act or other instruments applicable to the programme under which the grant is financed contain rules of origin for supplies acquired by the Grant Beneficiary in the context of the grant, the tenderer must state the origin of the supplies.

All supplies and materials purchased under a contract financed under an EU instrument must originate from the EU or from an eligible country (see above 'rule of nationality').

Supplies and materials purchased under a procurement contract financed by the European Development Fund (EDF) must originate in a Member State or in an ACP State.

The supplier must certify that the goods tendered comply with the origin requirement specifying the country or countries of origin (the country in which the goods have undergone their last, economically justified, substantial transformation). When tendering for systems comprising more than one item, the origin of each item in the system must be specified. If requested to do so, suppliers must present proof of origin (certificate of origin) to the Contracting Authority no later than when the first invoice is presented, for equipment and vehicles with a unit cost of more than € 5,000. If provision of a certificate of origin is not possible (in many countries, they are only issued after presentation of commercial invoices to the Chamber of Commerce), the tenderer can submit its own declaration.

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<sup>37</sup> For a summary of all financial instruments see [Eligibility programme 2007-2013](#) from the EuropeAid website.

## Exceptions to the rules of nationality and origin

In duly substantiated exceptional cases, the Commission may allow nationals of countries other than those referred to above to tender for contracts (or supplies of goods originating in such countries) on the basis of the specific conditions laid out in the basic act or other instrument governing the programme under which the grant is financed<sup>38</sup>.

### 3.2.3 Type of contracts and procedures

There are several different procurement procedures, each allowing for a different degree of competition, according to:

- Type of contract (property, service, supply, work);
- The value of the procurement contracts within each category (service, supply, work).

The following table illustrates the different arrangements for competitive tendering and publicising contracts to be adopted according to the two criteria.

**Table 22: type of contracts**

Type of contract	Value of the contract	Procedure to be followed (see details by clicking on the link)
<a href="#">Service contracts</a> cover studies for the identification and preparation of projects, feasibility studies, economic and market studies, technical studies, evaluations and audits	≥ € 200,000	<a href="#">International restricted tender procedure</a>
	< € 200,000 but > € 10,000	<a href="#">Negotiated procedure</a>
	≤ € 10,000	<a href="#">Single tender</a>
<a href="#">Supplies contracts</a> cover the purchase, leasing, rental or hire, with or without the option to buy, of products. A contract for the supply of products and, incidentally, for installation is considered a supply contract	≥ € 150,000	<a href="#">International open tender procedure</a>
	< € 150,000 but ≥ € 60,000	<a href="#">Local open tender procedure</a>
	< € 60,000 but > € 10,000	<a href="#">Negotiated procedure</a>
	≤ € 10,000	<a href="#">Single tender</a>
<a href="#">Works contracts</a> cover either the execution, or both the execution and design, of works or the realisation, by any means, of a work. A 'work' is the outcome of building or civil engineering works which fulfils an economic or technical function	≥ € 5,000,000	<a href="#">International open tender procedure</a>
	< € 5,000,000 but ≥ € 300,000	<a href="#">Local open tender procedure</a>
	< € 300,000 but > € 10,000	<a href="#">Negotiated procedure</a>
	≤ € 10,000	<a href="#">Single tender</a>
Property contracts cover the purchase and rental of land and buildings		<a href="#">Single tender</a>

<sup>38</sup> Article 168 of the Financial regulation

## Possible problematic scenarios

### *Splitting a contract*

The thresholds given in the above table are based on the maximum budget for the contract in question (including any co-financing). The contract may not be split up with the purpose of evading the requirements provided for in these rules. A contract is considered to be artificially split up when the same item is purchased from different suppliers, through different contracts, without a valid reason accepted by EuropeAid. Splitting of contracts into smaller purchases may be accepted for justified reasons: for instance, for security reasons, optimization of the economic impact of the purchases on the population, local market constraints, purchase of fresh food, high transport costs, etc.

Where the subject of a contract is subdivided into several lots, even if each one will be subject of an individual contract, the value of all lots together must be taken into account for the overall evaluation of the applicable threshold.

If there are any doubts on how to estimate the value of a contract, the Grant Beneficiary should consult the Contracting Authority on the matter before embarking on the procurement procedure.

### *Mixed (hybrid) contracts*

In the case of mixed contracts covering a combination of works, supplies or services, the Contracting Authority determines the procurement procedure to be used (with the agreement of the European Commission). This will depend on which of the components (works, supplies or services) prevails. This will be determined on the basis of the value and strategic importance of each component in relation to the contract as a whole.

## 3.2.4 Types of procurement procedures

Whatever the procedure used, the Contracting Authority must ensure that conditions allow fair competition. To this end, two important tasks should be performed:

Care should be taken in ensuring tenders are published sufficiently in advance and leaving a reasonable amount of time for the presentation of tenders, taking into account the complexity of the contract. Article 3 of Annex IV states that *“the time-limits for receipt of tenders and requests to participate must be long enough to allow interested parties a reasonable and appropriate period to prepare and submit their tenders”*.

All requests to participate in tenders that satisfy the requirements must be evaluated and ranked by an evaluation committee on the basis of the exclusion, selection and award criteria announced in advance and included in the tender dossier (see details [here](#)).

The following section presents the different procurement procedures. By clicking on the title of each procedure, further details can be found on the punto.sud helpdesk website.

### Open Tender

Tender procedures are considered open when all interested economic operators may submit a tender after publication of a tender notice.

There are two types of open tender procedures, according to the scope of the publication of the tender notice:

- **International:** the tender notice must be published internationally *“in all appropriate media, in particular on the Grant Beneficiary’s website, in the international press and the national press of the country in which the action is being carried out, or in other specialist periodicals”*<sup>39</sup>. The tender notice must also appear on specialised websites.
- **Local:** the tender notice is published in all appropriate media, but only in the country where the action is being carried out.

Under the open procedure, any natural or legal person wishing to tender receives, upon request, the tender dossier, in accordance with the procedures laid down in the procurement notice.

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<sup>39</sup> Rule applicable to all international open tender procedure, as per Annex IV

Some examples of open tenders:

**Table 23: example of procurement procedures**

Description of the contract	Type of contract	Type of procedure
Purchase of medical equipment for €200,000	Supply	International open tender procedure
Rehabilitation of electricity network in the xxx Region for €400,000	Work	Local open tender procedure
Purchase and assembly of furniture for 20 schools for €100,000	Supply	Local open tender procedure

### Restricted procedure

Tender procedures are restricted when, after publication of a contract notice, all economic operators may ask to participate in an invitation to tender, but only those candidates satisfying the selection criteria and invited simultaneously by the Contracting Authority may submit a tender.

Before launching a tender procedure, the Contracting Authority will draw up a shortlist of candidates selected based on their qualifications. The selection procedure, by which the long list (all candidates responding to the published notice) is narrowed down to a shortlist, involves examining responses to a procurement notice.

In the second stage of the procedure, the Contracting Authority invites the shortlisted candidates and sends them the tender dossier.

There are two types of restricted procedures according to the scope of the publication of the tender notice:

- **International:** the tender notice must be published internationally “in all appropriate media, in particular on the Grant Beneficiary’s website, in the international press and the national press of the country in which the action is being carried out, or in other specialist periodicals”<sup>40</sup>. The tender notice must also appear on specialised websites.
- **Local:** the tender notice is published in all appropriate media, but only in the country where the action is being carried out.

An example of international restricted tender procedure:

**Table 24: example of international restricted procedures**

Description of the contract	Type of contract
International air transport for medical equipment (4 flights from Italy to Harare at € 220,000)	Service

### Negotiated procedure without publication

The Contracting Authority invites simultaneously and in writing at least three tenderers of their choice to negotiate the terms of the contract. The Contracting Authority communicates the intention to launch procurement procedures in writing and include a tender dossier. Publication is not required.

The tenders are opened and evaluated by an Evaluation Committee with the necessary technical and administrative expertise, appointed by the Contracting Authority. The procedure for evaluating the tenders and awarding the contract is the same as under the restricted procedure.

Some examples of negotiated procedure:

**Table 25: example of negotiated procedures**

Description of the contract	Type of contract
Final evaluation of the project € 15,000	Service
Rehabilitation of a regional hospital € 20,000	Work
Purchase of 100 kg of vegetable seeds for € 15,000	Supply

<sup>40</sup> Annex IV to the Grant Contract, section 4.

### Negotiated procedure with a single tender

The Grant Beneficiary may use the negotiated procedure on the basis of a single tender for all services, supplies and works contracts with a value up to € 10,000.

This procedure can also be used in other exceptional situations, as listed in section 7 of Annex IV.

### **Special cases**

#### *Co-financing* (section 8.1 of Annex IV)

For actions co-financed by several donors in which the contribution to the total cost of the action from a donor other than the EC exceeds that from the EC, the Beneficiary may apply the procurement rules imposed by the other donor as opposed to those of the EC. In all cases, however, the general principles and rules on nationality and origin still apply.

#### *Central buying offices* (section 8.4 of Annex IV)

Where the Beneficiary uses a central buying office as a service provider, it must be selected in conformity with the procedures set out above for service contracts.

The Humanitarian Procurement Centres is a special type of central buying office that is a non-profit making, autonomous and professional structure specialised in the technical and commercial management of supplies. These centres provide technical assistance in procurement to applying organisations, putting at their disposal pre-established stocks, purchasing and logistics capacity. They are recognised as such by the relevant service of the European Commission, and listed on the DG ECHO website (see [http://ec.europa.eu/echo/about/actors/procurement\\_en.htm](http://ec.europa.eu/echo/about/actors/procurement_en.htm)). Where the orders are placed with a Humanitarian Procurement Centre the Grant Beneficiary may follow the negotiated procedure with a single tender.

### 3.3 Dealing with changes and ongoing adjustments

One of the most important rules for EuropeAid financed actions is to plan in advance and include all known circumstances in the project when it is drafted.

However, during the implementation phase, unexpected circumstances may arise which make it necessary to modify the initial conditions under which the contract was signed and the project proposal validated.

Contracts may need to be modified during implementation if the circumstances affecting the project have changed since the initial contract was signed.

Substantial modifications to the contract must be made by means of an addendum signed by the contracting parties. Some smaller changes, such as change of address, bank account or auditor may be done by simply notifying in writing the Contracting Authority. The Contracting Authority, however, retains the right to oppose the Beneficiary's choice of bank account or auditor (Article 9.2 of the General Conditions).

EuropeAid has established general rules for modifications (as per Article 9 of the General Conditions):

**Table 26: general rules for project modifications**

General rule/condition	Implications/Suggestions for the Grant Beneficiary
Modifications may not call into question the grant award decision or alter the award conditions prevailing at the time the contract was awarded.	Such modifications would change the key elements used for the assessment of the project and would fundamentally change the identification of the project subject to the contract. It is important for the grant applicant to carefully elaborate the objectives of the action and the needed resources for the implementation of activities.
Any modification of the proposal must always be communicated in writing.	This can be done by e-mail, (in case of signed documents, pdf-files may be annexed), fax or post, depending on the type of modification requested (see below "Unilateral modifications and amendment to the Grant Contract").
The maximum amount of the grant may not be increased.	The budget must be as realistic as possible and made up of costs per activity. The Grant applicant must be sure to have the necessary funds to co-finance the action as per the percentage established in the Guidelines for Applicants and stated in the Grant Contract.
A request for contract modifications should not automatically be accepted by the EC. There must be justified reasons for modifying a contract. The EC must examine the reasons given and reject requests that have little or no substantiation.	Amendment requests must always be duly justified, clear and unequivocal.
Contracts can only be modified within the execution period of the contract.	The Grant Beneficiary must make in place a proper monitoring system in order to be able to request modifications to the initial contractual conditions at the latest one month before the end of the project period.
Requests for contract modifications must be made well in advance to allow for the Addendum to be signed by both parties before the expiry of the execution period of the contract.	The Grant Beneficiary must submit the request to the EC at least one month before the date on which the modification should enter into force.

#### 3.3.1 Unilateral modifications

A unilateral modification consists of a written communication from the Grant Beneficiary informing the Contracting Authority of changes that have been made to the project. The communication must be sent by the Grant Beneficiary "without delay", but the modification can be applied without the previous authorisation of the Contracting Authority.

In practice, the Grant Beneficiary must send an email to the Desk Officer assigned by EuropeAid to the project to inform her/him of the modification made to the project. The Desk officer is not obliged to answer in writing to the Grant Beneficiary, as formal acceptance is not requested in this case.

It is important to archive the correspondence and justify the changes made. Further explanation should be also provided in the interim and final reports.

Unilateral modifications are possible in the following cases (Article 9.2 of the General Conditions):

- if the amendment to the budget or to the description of the action (Annex I of the Grant Contract) does not affect the basic purpose of the action (objectives, results, indicators, area of intervention, sustainability) and
- if the financial impact is limited to a transfer between items within the same main budget heading, including cancellation or introduction of a new item, or a transfer between main budget headings involving a variation of 15% or less of the original amount (or as modified by Addendum) in relation to each concerned main heading for eligible costs.

**Table 27: Some examples of unilateral modifications**

Modification				Procedure to be applied
Substitution of an Associate in the project				Write an email to the Desk officer to inform him/her of the change, including detailed information on the new Associate and the reasons why the previous one was substituted Archive a copy of the email with the project documents
Modification of an activity (e.g. organisation of 10 training sessions instead of 8)				Write an email to the Desk officer about the modification, including detailed justification and possible adjustments to the budget Archive a copy of the email with the project documents Include the modification in the next interim report
Modification of budget headings < 15%:				Write an email to the Desk officer about the modification, including detailed justification and attach the modified budget in the case of a complex modification Archive a copy of the email with the project documents Report the modification in the next interim financial report, in the column "allowed reallocation".
	<b>Initial</b>	<b>Modified</b>	<b>%</b>	
<b>3. Equipment and supplies</b>	<b>15,000</b>	<b>14,200</b>	<b>- 9%</b>	
3.1 Purchase or rent of vehicles	10,000	10,200		
3.2 Furniture, computer equipment	5,000	4,000		
<b>5. Other costs, services</b>	<b>6,000</b>	<b>6,800</b>	<b>+11%</b>	
5.1 Publications	2,000	3,500		
5.2 Studies, research	4,000	3,300		

If the unilateral modifications are compliant with Article 9.2. of the General Conditions, but affect staff-related costs (unit rates, number of units, total cost) under the Human Resources heading, they must be treated with particular care. In these cases, it is recommended to ask the Desk officer if a formal amendment is needed, as modifications to human resources may alter the award conditions prevailing at the time the Grant Contract was awarded.

Unilateral modifications may not be used to amend the budget headings for administrative costs or the contingency reserve or for changes between budget headings exceeding the 15% threshold.

### 3.3.2 Amendments to the Grant Contract

Article 9.1 of the General Conditions states that *"any amendment to the Contract, including the annexes thereto, must be set out in writing in an addendum. This Contract can be modified only during its execution period"*.

An addendum is a contractual document modifying the Grant Contract. It is prepared by the European Commission (see [template](#)), following a duly justified request for modification by the Grant Beneficiary. All references in the proposed addendum to article numbers and/or annexes to be modified must correspond to those in the initial contract.

In practice, the Grant Beneficiary must send a formal and duly justified request for amendment to the contact addresses included in Article 5 of the Special Conditions. This request must be submitted at least one month before the date on which the amendment should enter into force, unless there are special circumstances that must be duly demonstrated by the Beneficiary and accepted by the EC.

If the EC accepts the request for modification, it will send three signed originals of the Addendum to the Grant Beneficiary, which must countersign them within 30 days of receipt and return two originals, together with the eventual financial guarantee required in the Addendum.

The Addendum takes effect on the date of the last signature.

Grant Beneficiary should ask for an addendum to the Contract in the following cases:

- *extension of the contract period* (with no possibility of increasing the maximum grant referred to in Article 3.2 of the Special Conditions): the Grant Beneficiary must inform EuropeAid without delay of any circumstances likely to hamper or delay the implementation of the action and may request an extension of the action's implementation period no later than one month before it ends. The request must be accompanied by all supporting evidence necessary for its appraisal;
- *modification of some of the basic elements of the action included* in Annex I to the Grant Contract (Description of the Action);
- *budget modification* between budget headings that exceeds the 15% threshold.

**Table 28: some examples of modifications to the project that require an Addendum to the Contract:**

Modification	Procedure to be applied																												
Two-month extension of the implementation period of the Action (e.g. from 24 to 26 months)	The Grant Beneficiary must prepare a duly justified written request and send it to the contact addresses included in the contract (art. 5) and in copy to the Desk officer. In case of acceptance, EuropeAid will send three copies of an Addendum with the modified article of the contract. The Grant Beneficiary must sign and send back two copies of the Addendum to EuropeAid, before applying the modification.																												
Modification of a result of the Action: Initial result: <i>25 nurses trained on child nursing</i> Modified result: <i>15 nurses trained on adult care</i>	The Grant Beneficiary must prepare a duly justified written request and send it to the contact addresses included in the contract (art.5) and in copy to the Desk officer. EuropeAid evaluates the request and, in case of acceptance, may respond with a formal approval. The Grant Beneficiary is responsible for obtaining feedback on the request from the relevant EuropeAid offices.																												
Modification of budget headings > 15%:	As above.																												
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Initial</th> <th style="text-align: center;">Modified</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td><b>3. Equipment and supplies</b></td> <td style="text-align: center;"><b>15,000</b></td> <td style="text-align: center;"><b>18,000</b></td> <td style="text-align: center;"><b>+20%</b></td> </tr> <tr> <td>3.1 Purchase or rent of vehicles</td> <td style="text-align: center;">10,000</td> <td style="text-align: center;">12,000</td> <td></td> </tr> <tr> <td>3.2 Furniture, computer equipment</td> <td style="text-align: center;">5,000</td> <td style="text-align: center;">6,000</td> <td></td> </tr> <tr> <td><b>5. Other costs, services</b></td> <td style="text-align: center;"><b>6,000</b></td> <td style="text-align: center;"><b>3,000</b></td> <td style="text-align: center;"><b>-50%</b></td> </tr> <tr> <td>5.1 Publications</td> <td style="text-align: center;">2,000</td> <td style="text-align: center;">2,000</td> <td></td> </tr> <tr> <td>5.2 Studies, research</td> <td style="text-align: center;">4,000</td> <td style="text-align: center;">1,000</td> <td></td> </tr> </tbody> </table>		Initial	Modified	%	<b>3. Equipment and supplies</b>	<b>15,000</b>	<b>18,000</b>	<b>+20%</b>	3.1 Purchase or rent of vehicles	10,000	12,000		3.2 Furniture, computer equipment	5,000	6,000		<b>5. Other costs, services</b>	<b>6,000</b>	<b>3,000</b>	<b>-50%</b>	5.1 Publications	2,000	2,000		5.2 Studies, research	4,000	1,000		
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Any amendment modifying the budget must include a replacement budget showing how the full budget breakdown of the initial contract has been modified. In this case the Grant Beneficiary must include the modified budget in its request for modification.

### 3.3.3 Suspension of the Action

Certain circumstances may render further implementation of the full Action or a *significant part* of the Action impossible. The implementation of the project, in this case, must be suspended. A suspension of the implementation of the project represents a temporary halting of project activities due to circumstances which make it impossible or excessively difficult to continue.

Examples of such circumstances include:

- "*Force majeure*": circumstances which occur regardless of any human will or intervention (e.g. natural disasters, fires, earthquakes, floods, etc.)
- "*Fait du Prince*": decisions taken by national, regional or local authorities which affect the implementation of the project (e.g. prohibition to import goods, refusal of access to the region affected by the crisis etc.)

- Actions taken by third parties and for which the Grant Beneficiary holds no responsibility (e.g. riots, rebels attacks etc.)
- Serious threats to the safety of the staff in the field (e.g. security concerns)

As per Article 11 of the General Conditions, the Grant Beneficiary may suspend the implementation of all or part of the Action if circumstances (particularly force majeure) make it too difficult or dangerous to continue. Article 11.2 of the General Conditions defines force majeure as *“any unforeseeable exceptional situation or event beyond the parties’ control which prevents either of them from fulfilling any of their contractual obligations, is not attributable to error or negligence on their part (or the part of their subcontractors, agents or employees), and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as force majeure.”*

Thus, the risk assessment of the project is very important in order to prove that the circumstances are not caused by or cannot be attributed to the Grant Beneficiary.

The Grant Beneficiary must inform the EC without delay and provide all necessary details. It shall seek to minimize the time of the project’s suspension and shall resume implementation once circumstances allow, informing the EC accordingly.

The implementation period of the Action shall be extended by a period equivalent to the length of suspension, without prejudice for any amendment to the Contract that may be necessary to adapt the Action to the new implementing conditions. For instance, if a 24 month project is suspended for a 2-month period, the new Action implementation period will cover 26 months (e.g. 24+2 months).

### 3.4 EuropeAid's visibility requirements

When implementing a EuropeAid-funded project, the Grant Beneficiary should ensure that the action's beneficiaries, the general public, European citizens and any other stakeholders involved in the Action, are aware of the European Commission's role as main donor. As a general rule, the main aspects to be highlighted in the selected format should reflect the partnership with the EC and the impact/achievements of the Action, rather than the way it is implemented. The basic visibility rule is straightforward: partners must include the visual identity of the European Commission wherever their own logo is being displayed, in the field or elsewhere (Grant Beneficiary's website, publications about the project etc.).

**Figure 11 : example of Banner**



In all Actions, communication and visibility activities should be properly planned. These are key aspects which should be thoroughly considered at proposal stage and quantified in terms of budget allocation and activity planning. The organisation shall identify a priori the resources that it will need to carry out activities aimed at promoting the visibility of the EC and the results achieved. When the project is small and outreach information is minimal, the Grant Beneficiary should nonetheless allocate a minimum budget to ensuring basic visibility. The visibility strategy of the Action must be described in the project proposal.

In this section, we will underline the main EuropeAid contractual obligations for communication and visibility as laid out in contractual documents and the best practices for complying with these obligations in the best way possible.

#### 3.4.1. Obligations on visibility

In addition to each Action's individual communication plan, EuropeAid has basic and mandatory requirements to ensure recognition of the EC as the major (co-)donor to the Action. When implementing the Action, the Grant Beneficiary should refer to Article 6 of the General Conditions<sup>41</sup>, summarised as follows:

- the Grant Beneficiary shall take all necessary steps to publicise the fact that the European Union has financed or co-financed the Action;
- final beneficiaries and the media should be aware of the EC contribution and the latter's logo should be posted wherever necessary in the same size and positioning of the Grant Beneficiary's logo;
- any notice or publication stemming from the project should include the following statement/disclaimer: *"This publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of <name of the author/contractor/implementing partner> and can in no way be taken to reflect the views of the European Union"*;
- the Grant Beneficiary authorises the EC to publish information about the project as well as about itself. The Grant Beneficiary can request a derogation from publication of this information if this could endanger its safety or harm its interests.

Where the communication and visibility activities are small in size and do not require the drafting of a budgeted plan, the Grant Beneficiary must still ensure that the requirements for visibility set out in the General Conditions (art. 6) are met and should identify a minimum of 1,000 Euros for basic visibility items (e.g. stickers and other visual identity material) and include this cost in the budget at the proposal stage.

Basic visibility in the field involves the display of the Commission's logo on signboards, display panels, banners and commemorative plaques; clothing items, such as t-shirts and caps; supplies and equipment (vehicles, water tanks and other supplies); publications and materials, such as newsletters, leaflets, training manuals, notebooks, posters, and websites.

<sup>41</sup> General Conditions applicable to EC-financed grant contracts for external actions (Annex II to the 2008 Grant Contract).

**Figure 12: example of: Commemorative plaque**



The Grant Beneficiary, in complying with the reporting obligations made when signing the Grant Contract (see [section 3.5](#)), is responsible for reporting to the EC at the intermediate and final stage on the measures taken to ensure the visibility of the EC contribution to the Action's results.

### **3.4.2 Communication and Visibility Manual**

The Grant Beneficiary must be aware of the obligations in terms of visibility and communication that come with signing a Grant Contract with EuropeAid. These obligations are covered extensively in the Communication and Visibility Manual (hereafter “the Manual”) found on the EuropeAid website, in the section “Work with us”, which includes a description of the main actions to be undertaken and tips on the correct usage of EU visibility items (downloadable from the EuropeAid website [http://ec.europa.eu/europeaid/work/visibility/index\\_en.htm](http://ec.europa.eu/europeaid/work/visibility/index_en.htm)).

Compliance with the requirements and modalities reported in the Manual is endorsed by the Grant Beneficiary when signing the Grant Contract. The General Conditions, in fact, clearly state that measures taken by the Grant Beneficiary to promote the visibility of and communicate the results achieved by the Action, should “comply with the Communication and Visibility Manual for EU External Actions laid out and published by the Commission”<sup>42</sup>.

The Grant Beneficiary can download the templates for a series of visual elements that can be used for promoting awareness of the results achieved with the (co-)funding of the EC from the EuropeAid website.

The same manual provides the grant beneficiary with a step-by-step guide to the creation of a communication and visibility budgeted plan appropriate for its Action. Depending on the level of financing, the plan should include the following information:

- General communication strategy:
  - o overall communication objectives
  - o target groups
  - o specific objectives for each target group
- Communication activities:
  - o activities covered by the plan, including type of activity and who will carry it out
  - o communication tools chosen and motivation
- Indicators of achievement:
  - o assign an indicator of achievement to each communication tool chosen
- Resources:
  - o Human resources: description of the personnel dedicated to communication activities and timeframe
  - o budget required to implement the communication activities (in absolute figures and in percentage of the overall budget).

The Manual also includes a matrix outlining the types of communication activities appropriate during the various stages of an Action. The Grant Beneficiary can adapt the communication and visibility requirements provided in the Manual to its own needs and should always keep in mind that the key message – achievement and impact – is communicated in the right manner.

All indications and provisions of the Manual shall be endorsed and applied by the Grant Beneficiary's implementing partners and contractors as well.

<sup>42</sup> General Conditions (2008), article 6, p. 4.

### 3.5 Reporting on a EuropeAid-funded project

By signing a Grant Contract, an organisation is obliged to comply with the reporting rules and modalities laid out in Article 2 of the General Conditions (Annex II of the Grant Contract).

The Grant Beneficiary must provide the European Commission with all required information on the implementation of the Action, by drawing up interim reports and a final report. These reports include a narrative section and a financial section. The narrative section should be drafted using the Interim Narrative Report model and the financial section using the Interim financial report model (both in Annex VI of the Grant Contract).

It is important to download these two models (Ref. E3h\_6 and E3h\_7) from the EuropeAid website ([http://ec.europa.eu/europeaid/work/procedures/implementation/grants/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/grants/index_en.htm)) at the moment of the signature of the Grant Contract. They could be updated at anytime by EuropeAid, however the Grant Beneficiary must use the ones in force at the moment of the signature of the contract.

Both the narrative and the financial report shall cover the Action as a whole, regardless of which part of it is financed by EuropeAid and by other sources. Each report must provide a full account of all aspects of the Action's implementation for the period covered and must be drafted in the language of the Contract. Moreover, the information provided in the narrative report must correspond to the information that appears in the financial report.

#### 3.5.1 Reporting formats: the narrative and financial report

Reports must be sent in different copies to each address mentioned in the Special Conditions of the Grant Contract (Article 5).

If the Action is multi-annual and the grant exceeds 100,000 Euros, the Beneficiary must provide the EC with an interim report for every year of the project (to be submitted in the one to three months following the end of the relevant year) and a final report no later than three months after the implementation period of the Action. The deadline for submission of the final report will be extended to six months if the Beneficiary does not have its headquarters in the country where the Action is implemented.

If an organisation signs a Grant Contract for a period of less than 12 months and an amount not exceeding 100,000 Euro, it only needs to draft a final report.

Any additional reporting requirements may be set out in the Special Conditions of the Grant Contract.

The Contracting Authority may reject any incomplete or poorly completed reports or request additional information at any time. The requested information must be supplied by the Grant Beneficiary within 30 days of the request.

By using Annex VI of the Grant Contract, the Grant Beneficiary is requested to report on the implementation of the Action during the period covered by the report.

Annex VI includes different formats:

- One for the interim narrative report
- One for the final narrative report
- One for the financial reports (interim and final)

#### The narrative report

The following table summarises the main information required in each narrative report:

**Table 29: narrative report**

Section of the narrative report	Information required in the Interim report	Additional information required in the Final report	Tips
<b>Description</b>	<ul style="list-style-type: none"> <li>• General information on:               <ul style="list-style-type: none"> <li>○ the project (title, country, beneficiaries)</li> <li>○ the leading applicant and implementing partners</li> <li>○ reporting period</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Same information as in the Interim report</li> </ul>	<ul style="list-style-type: none"> <li>• Report the same information stated in Annex I of the Grant Contract (Description of the Action)</li> </ul>
<b>Assessment of implementation of Action activities</b>	<ul style="list-style-type: none"> <li>• Global overview of the Action's implementation for the reporting period</li> <li>• activities implemented and assessment of the results</li> <li>• justification for possible delays</li> <li>• list of contracts exceeding € 10,000 awarded during the reporting period</li> <li>• updated action plan for the next period</li> </ul>	<ul style="list-style-type: none"> <li>• Global overview of the Action's implementation for the whole duration of the project</li> <li>• activities implemented since the last interim report (if any)</li> <li>• activities that have not taken place</li> <li>• list of all materials (and no. of copies) produced during the Action in any format</li> <li>• list of contracts (works, supplies, services) exceeding € 10,000 awarded since the last interim report</li> <li>• how the Action will continue after the end of the project and how to ensure its sustainability</li> <li>• how the action has mainstreamed cross-cutting issues</li> <li>• monitoring and evaluation of the activities (summary of feedback received)</li> <li>• Lessons learned</li> </ul>	<ul style="list-style-type: none"> <li>• Refer to the logframe results, indicators, risks and assumptions, copy and paste foreseen results and comment on them</li> <li>• Include remarks on the performance and the achievement of outputs, outcomes and impact in relation to specific and overall objectives</li> <li>• Include detailed justification in case there have been any unforeseen positive or negative results or delays in the implementation of some activities</li> <li>• Use a table to present a list of contracts, providing details on the type of contracts, value of contracts and procurement procedures applied</li> <li>• Enclose a copy of each item produced during the Action (e.g. publications, leaflets, manuals)</li> <li>• Consult section 3.1.2</li> </ul>
<b>Partners and other Co-action</b>	<ul style="list-style-type: none"> <li>• Assessment of the collaboration between the formal partners, between the organization and the local authorities in the country and with other organizations involved in the implementation of the Action (associates, sub-contractors, final beneficiaries, other stakeholders)</li> <li>• list of all previous relevant EU grants targeting the same beneficiaries</li> </ul>	<ul style="list-style-type: none"> <li>• Will the partnership continue?</li> <li>• Links and synergies developed with other Actions</li> <li>• Evaluation of the co-action with the services of the Contracting Authority</li> </ul>	<ul style="list-style-type: none"> <li>• Provide specific information on the performance and the relationship with each partner and whether the partnership will continue in a future action</li> <li>• Explain clearly possible delays or problems during the implementation of the Action linked to the relationship with local authorities</li> <li>• Use a table to summarise previous EU grants received for similar interventions with the same target group and explain how the present Action complements the previous ones</li> </ul>
<b>Visibility</b>	<ul style="list-style-type: none"> <li>• How is the visibility of the EU contribution being ensured in the Action?</li> </ul>	<ul style="list-style-type: none"> <li>• Same information as in the Interim report</li> </ul>	<ul style="list-style-type: none"> <li>• Refer to Article 6 of the General Conditions and to the Communication and visibility manual to check if the Action is in line with the relevant obligations</li> </ul>

Additional information and documents produced during the Action (e.g. evaluation reports, baseline surveys, visibility material) must be sent in annex to the Final report.

## The Financial report

The financial report should be drafted on Annex VI, using the “interim report” or “final report” sheet from the excel file provided.

The files include a set of columns for providing different information.

- First, the “Budget as per contract/rider” should be copied from the original approved budget:

**Table 30: example of financial report**

Interim/Final financial report: period (dd/mm/yyyy-dd/mm/yyyy)	Budget as per contract/rider			
Expenditures	Unit	# Units	Unit cost (in EUR)	Costs (in EUR)
		(a)	(b)	(a)*(b)

- For each currency in which the budget has been implemented during the specific reporting period, a set of 4 columns must be completed:

**Table 31: exchange rates (example 1)**

Per currency			
Name of currency n°1			
Exchange rate of the period (dd/mm/yyyy-dd/mm/yyyy):			Fx-rate <sub>1</sub>
# Units	Unit cost (in currency n°1)	Total cost (in currency n°1)	Total cost (in EUR)
(d <sub>1</sub> )	(e <sub>1</sub> )	(f <sub>1</sub> )=(d <sub>1</sub> )*(e <sub>1</sub> )	(g <sub>1</sub> )= (f <sub>1</sub> )*(Fx-rate <sub>1</sub> )

The expenditures incurred must be calculated (by specifying number of units, unit costs and total costs) in each currency used during the reporting period (or from the last report to the end of the project for the final report). The exchange rates used for each currency must be calculated as the average of the InforEuro exchange rate for the reporting period (InforEuro rates are available at this website <http://ec.europa.eu/budget/inforeuro/index.cfm?Language=en>): take the sum of the exchange rates for each month of the reporting period and divide it by the number of months. This average should be used as the exchange rate to calculate the corresponding amount in Euros.

- Another set of columns refer to the sum of the total costs in Euros converted from each currency of the current report (“Total for the period”), the sum of the total expenditure of previous financial report(s) (“Cumulated costs”) and the sum of expenditure of this report and the previous one(s):

**Table 32: exchange rates (example 2)**

Total for the period in EUR		Cumulated costs (before current report) (in EUR)	Cumulated costs (from start of implementation to present report included) (in EUR)
Units total # for all currencies	Total cost of the period (in EUR)		
Sum (d <sub>1</sub> □d <sub>n</sub> )	(h)= Sum (g <sub>1</sub> □g <sub>n</sub> )	(i)	(h)+(i)

Figures must be rounded to the nearest Euro cent.

- Article 9.2 of the General Conditions states that the Grant Beneficiary may amend the budget without previous authorisation (but informing in writing without delay the Contracting Authority) if “the financial impact is limited to a transfer between items within the same main budget heading including cancellation or introduction of an item, or a transfer between main budget headings involving a variation of 15% or less of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs” (see also [section 3.3.1](#)).

In this case, the Grant Beneficiary is required to report the allowed reallocation of max 15% between budget headings in the relative column of the financial report, together with the use of contingencies where applicable:

**Table 33: use of contingency**

Reallocation and use of contingencies	
allowed reallocation	use of contingencies

In order to use the contingencies included in the initial budget, the Grant Beneficiary must send a formal request to EuropeAid and wait for approval before reallocating these funds under the relevant budget heading.

- Only in the final report should variations in final figures be declared - in comparison with the initial budget, for each budget line and main heading, in absolute values (difference between “Cumulated costs, from start of implementation to present report included, and Initial budget) and in percentages. The Grant Beneficiary must provide a justification for each variation.

**Table 34: justification of a budget variation**

Variations in comparison with initial budget/rider		
In absolute value in EUR	In %	Explanation for all variations

- Any interest or equivalent benefits accruing from pre-financing paid by the Contracting Authority to the Beneficiary shall be mentioned, by providing the figure in each currency used in the Action and recording the total amount in Euros in the last row of the financial report:

**Table 35: bank interest**

Bank interests yielded during the period:	Per currency	
	Amount in currency n°1	Amount in EUR

Article 15.9 of the General Conditions states that “any interest accruing from pre-financing equal or below EUR 250 000 paid by the Contracting Authority shall not be due to the Contracting Authority and may be used by the Beneficiary for the Action. Any interest accruing from pre financing of more than EUR 250 000 paid by the Contracting authority shall be assigned to the Action and deducted from the payment of the balance of the amounts due to the Beneficiary, unless the Contracting Authority requests the Beneficiary to reimburse the interest generated by pre-financing payments before the payment of the balance”.

In the second case (pre-financing >250,000 €) the amount corresponding to the accrued interests from pre-financing must be reported in the relevant column of the sheet “Sources of funding” in the financial report.

On the “Sources of funding” sheet, the Grant Beneficiary must also report the amount and relevant percentage of each financial contribution to the Action:

- Own contribution
- EU contribution
- Contributions from other European Institutions or EU Member States (e.g. Ministries of Foreign Affairs)

If these figures change, it may require an amendment to the contract and must be authorized by the Contracting Authority (i.e. change of % EU contribution).

### 3.5.2 Request for further pre-financing

The European Commission provides an initial pre-financing of 80% of the total EC contribution or 80% of the first year budget after signature of the Grant Contract (as per Article 15 of the General Conditions).

In order to cover the financing needs for each 12-month period of implementation of the Action, the Grant Beneficiary may ask, at the intermediate report stage, for a further pre-financing, following the provisions specified in Article 4 of the Special Conditions.

This can be done using template “Request for payment for Grant Contract European Union external actions” (Annex V to the Grant Contract), a formal letter used to:

- accompany the technical and financial interim report and, if requested, the expenditure verification (see [section 3.6.2](#)) and the financial guarantee (see Article 15.6 and 15.7 of the General Conditions);
- request that pre-financing be transferred to the bank account on the financial identification form annexed to the Contract (to be reported in this request)

Further pre-financing may only be given if the part of the expenditure actually incurred and which is financed by the EC represents at least 70 % of the previous payment, as supported by the corresponding interim report and, where applicable, by an expenditure verification report as specified in Article 15.6 of the General Conditions. Where less than 70% of the previous pre-financing has been spent, the subsequent pre-financing payment will be reduced by an amount equal to the unused funds of the previous pre-financing payment.

The following table summarises the rules for payments established by EuropeAid:

**Table 36: payments modality**

Payments		Timetable
Initial pre-financing (80% of the amount of the contract or 80% of the first annual budget), after signature of the Grant Contract	→	After receiving the Grant Contract signed by the Beneficiary
Further pre-financing (as per Article 4.2 of the Special Conditions and according to the different options stated in Article 15.1 of the General Conditions) The total sum of pre-financing under the Contract may not exceed 90% of the total EC contribution	→	The Grant Beneficiary shall request the 2 <sup>nd</sup> and further pre-financing (using the appropriate template to be presented with the Interim report), providing that at least 70% of the previous payment (and at least 100% of any payments before that) have been spent.
Forecast final payment	→	Within 45 days of the Contracting Authority approving the final report (in accordance with Article 15.2 of the General Conditions), accompanied by a request for payment of the balance (Annex V of the Grant Contract) and the expenditure verification report (if required under Article 15.6 of the General Conditions)

As the final payment is paid after approval of the final report, the Grant Beneficiary must be able to advance a part of the funds needed for completion of the Action (at least 10%).

### 3.6 Closing a project

At the end of the Action, the Grant Beneficiary needs to manage winding up activities, including hand-over of remaining supplies and equipment to eligible recipients, and must also fulfil certain obligations, as established in the General Conditions. For instance, the organisation must prepare the supporting documents for the expenditure verification (if requested). It must also draft and send the final reports (see [section 3.5](#)), following the rules established in the General Conditions and using the formats annexed to the Grant Contract, accompanied by a request for payment of the balance.

#### 3.6.1 Hand-over

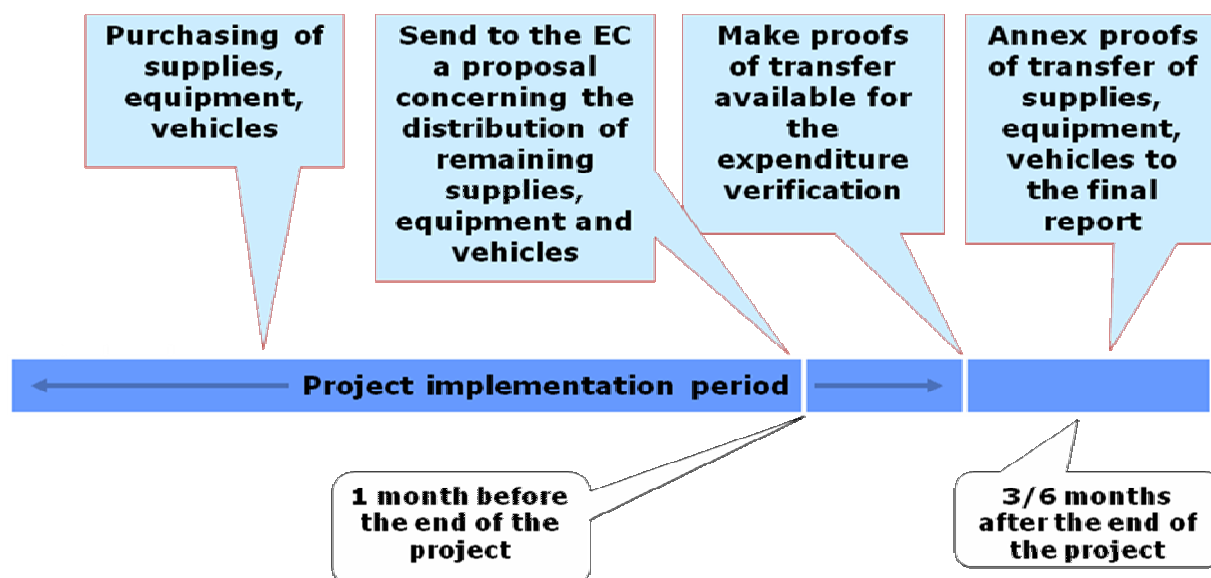
Article 7.3 of the General Conditions states that “Where the Beneficiary does not have its headquarters in the country where the Action is implemented and unless otherwise specified in the Special Conditions, the equipment, vehicles and supplies paid for by the Budget for the Action must be transferred to any 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”.

Therefore, if the Grant Beneficiary does not have its headquarters in the country where the Action is implemented, it should submit, at the latest one month before the end of the implementation period, an inventory of the remaining supplies, equipment and vehicles purchased during a EuropeAid co-funded Action along with a proposal concerning their use.

Starting at the proposal stage, the organisation should provide clear evidence of the necessity to purchase the equipment and specify the intended use in the Action framework (e.g. donation to beneficiaries, logistic use, other possible destinations). If at the end of the Action the Grant Beneficiary still has goods and equipment acquired within the framework of a project (co-)financed by the EC which have not yet been distributed to beneficiaries or used up before the expiry of the implementation period, the rule is that such stocks should be donated to the beneficiaries of the project.

The following scheme shows the procedure that should be used for the hand-over of supplies, equipment and vehicles:

**Figure 13: hand-over scheme**



Beneficiaries may fall into the following categories:

**Table 37: hand-over beneficiaries**

Possible beneficiaries	Non admitted beneficiaries
The final recipients of the project (direct beneficiaries)	Subcontractors or commercial organisations
The local partners identified as implementing partners of the Action	Individuals who are not final recipients of the Action, including EC staff or other individuals with a contractual relation with the EC (delegation, local staff, etc.) Expatriate or local staff employed by the Grant Beneficiary

Article 7.3. of the General Conditions states that “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”.

Accordingly, in case of donation to local beneficiaries, the Grant Beneficiary must prepare a donation letter or certificate. A donation certificate is a document signed by the Grant Beneficiary and the recipient of the donation (or equipment or stocks), the purpose of which is to lay down the terms and conditions of the donation. In particular:

- the intended use of the donated equipment (e.g. it has to be used to support the local population and not to make profit);
- the inclusion of the donated equipment in the Beneficiary's inventory and/or the possibility of future verifications;
- the guarantee that the Beneficiary may not request the EC or other donors to pay the value of the donated equipment (running costs could be charged);
- the possibility for the Grant Beneficiary to request the donated equipment back in case the Beneficiary does not comply with these conditions.

A donation certificate or letter regarding donation of equipment should be submitted to the EC with the final report for equipment or vehicles with a purchase cost > 5,000 Euros.

**Table 38: Some scenarios of donation obligations**

<b>Equipment purchased within EuropeAid funded Action</b>	<b>Value in Euros</b>	<b>Rule of donation</b>	<b>Procedure to be followed</b>
Laptop purchased by a Czech organisation within a project implemented in Czech Republic	€ 1,000	No obligation of donation	At the proposal stage, include the laptop in the list of the main means proposed for the implementation of the Action (“Methodology”, Section 1.8 of the Full Application Form).
Desktop computer purchased by a Slovak organisation within a project implemented in Bangladesh	€ 600	Donation to an eligible recipient	Include the computer in the list of main means for the implementation of the Action (as above). Include the computer in the final inventory with the proposed destination. Prepare a certificate of donation to be signed by the Grant Beneficiary and the recipient and keep it for possible controls by EuropeAid.
4x4 vehicle purchased by a Hungarian organisation within a project implemented in Ethiopia	€ 15,000	Donation to an eligible recipient	In addition to the steps described above, the Grant Beneficiary should annex a copy of the donation certificate to the Final report.

### 3.6.2 Audit vs. Expenditure Verification

#### Expenditure verification

The Grant Beneficiary is responsible for providing a Financial Report for the action which complies with the terms and conditions of the Grant Contract and can be reconciled with its accounting and bookkeeping system and the underlying accounts and records.

To this end, Article 15.6 of the General Conditions states that the Grant Beneficiary shall attach a report on the verification of the Action’s expenditure, produced by an approved auditor to:

- any request for pre-financing payments per financial year in case of grants of 750,000 Euros or more;
- any final report in the case of a grant of more than 100,000 Euros;
- any request for payment of over 100,000 Euros for the financial year, in the case of an operating grant.

If the Grant falls into one of these categories, the Grant Beneficiary should identify an auditor at the proposal stage. The auditor's name will appear in section 5.2 of the Special Conditions of the Grant Contract. The Beneficiary grants the auditor all rights mentioned in Article 16.2.

The expenditure verification should be done by the auditor, following the Terms of Reference included in Annex VII to the Grant Contract. In particular, this verification aims at analysing the following elements:

**Table 39: expenditure verification**

Subject of the analysis	Detailed checks
<b>General procedures</b>	
<b>Conformity of the Financial Report</b> See Article 2 of the General Conditions	The financial report must: <ul style="list-style-type: none"> <li>• be in conformity with the model in Annex VI of the Grant Contract;</li> <li>• cover the Action as a whole, regardless of which part of it is financed by the EC;</li> <li>• be drawn up in the language of the Grant Contract</li> <li>• include proof of transfers of ownership of equipment, vehicles and supplies (donation certificates)</li> </ul>
<b>Rules for Accounting and Record keeping</b> See Article 16 of the General Conditions	The Grant Beneficiary must: <ul style="list-style-type: none"> <li>• keep accurate and up-to-date accounts for the implementation of the Action;</li> <li>• use a double-entry book-keeping system;</li> <li>• make the accounts and expenditure relating to the Action easily identifiable and verifiable;</li> <li>• ensure that the details of interest accrued on funds paid by the Contracting Authority are clearly identified.</li> </ul>
<b>Reconciling the Financial Report to the Beneficiary's Accounting System and Records</b> See Article 16.1 of the General Conditions	To do so, the auditor will produce: <ul style="list-style-type: none"> <li>• Trial balance,</li> <li>• general ledger accounts,</li> <li>• sub ledgers etc.</li> </ul>
<b>Exchange Rates</b> See Article 15.9 of the General Conditions	The auditor will check that: <ul style="list-style-type: none"> <li>• Amounts of expenditure incurred in a currency other than Euros must have been converted using the exchange rate calculated as the average of the rates published in InforEuro (<a href="http://ec.europa.eu/budget/infoureuro/index.cfm?Language=en">http://ec.europa.eu/budget/infoureuro/index.cfm?Language=en</a>) for the months covered by the Financial Report, unless otherwise provided in the Special Conditions of the Grant Contract (see also <a href="#">Section 3.5.1.</a>)</li> </ul>
<b>Conformity of Expenditure with the Budget</b>	
<b>Budget</b> See Annex 3 of the Grant Contract	The auditor will check that: <ul style="list-style-type: none"> <li>• the budget in the Financial Report corresponds with the budget of the Grant Contract and the expenditures incurred were indicated in the budget of the Grant Contract.</li> </ul>
<b>Amendments to the Budget</b> See Article 9 of the General Conditions	The auditor will check that: <ul style="list-style-type: none"> <li>• if an amendment to the budget was requested, an Addendum to the Grant Contract was obtained by EuropeAid (Article 9.1 of the General Conditions) or</li> <li>• if the amendment was limited (Article 9.2 of the General Conditions), the Desk officer assigned by the EC to the Action, was informed via email by the Grant Beneficiary.</li> </ul>

The auditor also examines whether the costs declared by the Beneficiary are real, accurately recorded and eligible in accordance with the General Conditions:

**Table 40: Audit checks**

Subject of the analysis	Detailed checks
<b>Eligibility of Costs</b>	
<b>Eligibility of Direct Costs</b> See Article 14.2 of the General Conditions	The Auditor verifies that the expenditure for a selected item: <ul style="list-style-type: none"> <li>• was actually incurred by and pertains to the Beneficiary (by examining supporting documents e.g. invoices, contracts, proof of payment, proof of work done, goods received or services rendered);</li> <li>• was incurred during the implementation period of the Action;</li> <li>• was indicated in the Action budget;</li> <li>• was necessary for the implementation of the Action and was incurred for the contracted activities of the Action;</li> <li>• is recorded in the Beneficiary's accounting system in accordance with the applicable accounting standards of the country where the Beneficiary is established and the Beneficiary's usual cost accounting practices;</li> <li>• is substantiated by evidence and notably by the supporting documents as specified in Article 16.2 and 16.3 of the General Conditions;</li> <li>• has a monetary value that matches underlying documents (e.g. invoices, salary statements) and correct exchange rates are used where applicable;</li> <li>• has been classified under the correct (sub)heading of the Financial Report.</li> </ul>
<b>Compliance with Procurement, Nationality and Origin Rules</b>	
<b>Procurement rules</b> See Annex IV to the Grant Contract	Where applicable, the Auditor examines: <ul style="list-style-type: none"> <li>• which procurement, nationality and origin rules apply for a certain expenditure (sub)heading, a class of expenditure items or an expenditure item;</li> <li>• whether the expenditure was incurred in accordance with such rules by examining the underlying documents of the procurement and purchase process.</li> </ul>
<b>Other specific issues</b>	
<b>Use of Contingency reserve</b> See Article 14.3 of the General Conditions	The Auditor verifies that: <ul style="list-style-type: none"> <li>• the provision for contingency reserve (heading 8, Financial Report) does not exceed 5% of the direct eligible costs of the Action</li> <li>• the Beneficiary has obtained prior written authorisation of the Contracting Authority for the use of this contingency reserve.</li> </ul>
<b>Administrative costs</b> See Article 14.4 of the General Conditions	The Auditor verifies that: <ul style="list-style-type: none"> <li>• the indirect costs to cover the administrative overheads (heading 10, Financial Report) do not exceed 7% of the total amount of eligible direct costs of the Action.</li> </ul>
<b>Contributions in kind</b> See Article 14.5 of the General Conditions	The Auditor verifies that <ul style="list-style-type: none"> <li>• costs in the Financial Report do not include contributions in kind, as they are not eligible costs.</li> </ul>
<b>Non-eligible costs</b> See Article 14.6 of the General Conditions	The Auditor verifies: <ul style="list-style-type: none"> <li>• that the expenditure for a selected item does not concern a non-eligible cost</li> <li>• whether expenditure includes certain taxes, including VAT and, if so, whether the Beneficiary (or the partners) cannot reclaim these taxes and whether the applicable regulations, rules and practices in the country concerned allow the coverage of these taxes in the expenditure.</li> </ul>

The Auditor also examines whether revenues which should be attributed to the Action (including grants, funding received from other donors and other revenue generated by the Beneficiary in the context of the Action e.g. interest earned) have been allocated to the Action and disclosed in the Financial Report (on the "Sources of funding" sheet under the line "Direct revenue of the Action").

Based on the expenditure verification report prepared by the auditor, the Contracting Authority determines the total amount of eligible expenditure which may be deducted from the total sum of pre-financing established in the Grant Contract.

Where, in accordance with Article 15.6 of the General Conditions, no expenditure verification report is required, the Beneficiary must provide a list detailing each item of expenditure incurred in the period covered by the report, and indicating for each: its title, amount, relevant heading in the Budget of the Action and reference to the justifying document (as per Article 2.1 of the General Conditions).

## The Audit

Article 16.2 of the General conditions states that *“the Beneficiary will allow the European Commission, the European Anti-Fraud Office, the European Court of Auditors and any external auditor authorised by the Contracting authority carrying out verifications to verify, by examining the documents or by means of on-the-spot checks, the implementation of the Action and conduct a full audit, if necessary, on the basis of supporting documents for the accounts, accounting documents and any other document relevant to the financing of the Action. These inspections may take place up to 7 years after the payment of the balance”*.

This differs from the expenditure verification. An audit is usually done directly by the European Commission (through internal staff or an external auditor selected by the EC) to carry out checks and verifications on the spot in accordance with the procedures set out in the European Union legislation for the protection of the financial interests of the European Communities against fraud and other irregularities. As declared in Article 16.2, it may also requested by the European Anti-Fraud Office and the European Court of Auditors.

To this end, the Beneficiary undertakes to give appropriate access to staff or agents of the European Commission, the European Anti-Fraud Office and the European Court of Auditors as well as to any external auditor authorised by the Contracting Authority carrying out verifications on the sites and locations where the Action is implemented, including its information systems and all documents and databases concerning the technical and financial management of the Action.

The European Commission will usually inform the Grant Beneficiary if an audit is needed. The Beneficiary must take all steps to facilitate the auditor’s work. This means that all documents pertaining to the Action must be easily accessible and filed so as to facilitate their examination and the Beneficiary must inform the Contracting Authority of their precise location.

The same verification can also be done to the Beneficiary's partners and subcontractors. Therefore, the Grant Beneficiary must include a provision in contracts and internal agreements (or Memorandums of Understanding) with implementing partners to allow access by European bodies to their offices and documents for any possible audit during or after the implementation of the Action.

### Pre-audit checks

In order to prepare for an expenditure verification or an audit, the Grant Beneficiary must prepare and organise all documents so to ease the work of the auditor.

The following table summarises the main documents that must be available during an audit or an expenditure verification (see also “needed supporting documents for each budget heading” on the [punto.sud helpdesk website](#)):

**Table 41: pre-audit checks**

Topic	Requirements (Article 16 of the General Conditions)	Tips
<b>Accounting records (computerised or manual) from the Beneficiary's accounting system</b>	<ul style="list-style-type: none"> <li>• Information regarding accounting and bookkeeping policies and rules that apply in the country concerned</li> <li>• General ledger and subledgers</li> <li>• Bank statements</li> <li>• Payroll accounts</li> <li>• Fixed assets registers</li> <li>• Reconciliation between expenditure for the action concerned and the Beneficiary's general accounting</li> </ul>	<ul style="list-style-type: none"> <li>• Use an appropriate accounting and double-entry book-keeping system (in case you do not yet have a booking system, consult the <a href="#">NGO-in-a-box website</a>).</li> <li>• If possible, keep separate bank accounts (or subaccounts for each Action financed by EuropeAid). If not, be sure that expenditures and accrued bank interests for a specific action are traceable within the general account.</li> </ul>
<b>Supporting documents to proof purchasing and delivering of supplies, services and works</b>	<ul style="list-style-type: none"> <li>• Proof of commitments e.g. contracts and order forms</li> <li>• Proof of purchase e.g. invoices and receipts</li> <li>• Proof of payment e.g. bank statements, debit notices, proof of settlement by the subcontractor</li> <li>• Proof of delivery of services e.g. approved reports, time sheets, transport tickets (including boarding passes)</li> <li>• Proof of attending seminars, conferences and training courses (including relevant documentation, materials obtained, certificates)</li> <li>• Proof of receipt of goods e.g. delivery slips from suppliers</li> <li>• Proof of completion of works, e.g. acceptance certificates</li> </ul>	<ul style="list-style-type: none"> <li>• Stamp all receipts with the Project No. (or internal code).</li> <li>• Include on all documents: number, date, place, quantity, sales price per quantity, total price, charges, total invoice, VAT status.</li> <li>• Each project expense must correspond to a voucher containing details on the payment, debit/credit account, amount, etc.</li> </ul>
<b>Procurement procedures</b>	<ul style="list-style-type: none"> <li>• Tender notice (if applicable)</li> <li>• Tender dossier (if applicable)</li> <li>• Ex ante publicity (if applicable)</li> <li>• Offers received and/or proof of correct market research</li> <li>• Evaluation committee report (if applicable)</li> <li>• Award of contract</li> </ul>	<ul style="list-style-type: none"> <li>• Keep <b>documentation in logical order for any checks.</b></li> </ul>

Topic	Requirements (Article 16 of the General Conditions)	Tips
<b>Staff</b>	<ul style="list-style-type: none"> <li>• Staff and payroll records e.g. contracts, salary statements, time sheets</li> <li>• For local staff recruited on fixed-term contracts, details of remuneration paid, duly substantiated by the person in charge locally, broken down into gross salary, social security charges, insurance and net salary</li> <li>• For expatriate and/or European-based staff (if the action is implemented in Europe), analyses and breakdowns of expenditure per month of actual work, assessed on the basis of unit prices per verifiable block of time worked and broken down into gross salary, social security charges, insurance and net salary</li> <li>• Internal procedures attesting shares, salary grid and benefits</li> </ul>	<ul style="list-style-type: none"> <li>• The contracts must clearly indicate the job description relating to the Action (time span/functions).</li> <li>• All documents related to staff must be issued by the Grant Beneficiary or official implementing partner(s).</li> </ul>
<b>Per diem</b> according to EuropeAid per diem rates ( <a href="http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm">http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm</a> ) into force at the date of the signature of the Grant Contract	<ul style="list-style-type: none"> <li>• Request forms</li> <li>• Proof of payment</li> <li>• Copy of flight (with boarding pass/train/bus ticket)</li> <li>• In case of per diem for seminars or conferences, list of participants with their signatures and minutes</li> </ul>	
<b>Fuel and oil expenses</b>	<ul style="list-style-type: none"> <li>• Summary list of the distance covered, the average consumption of the vehicles used, fuel costs and maintenance costs</li> </ul>	

### 3.6.3 Final financial report and payment of the balance

The checks undertaken by the Grant Beneficiary for the preparation of the expenditure verifications represent the preliminary steps to preparing a correct financial report, drafted using Annex VI of the Grant Contract (see [section 3.5](#)).

#### Final financial report

The expenditure reported must be compliant with the records registered in the Grant Beneficiary's book-keeping system and the values of each item must correspond to the supporting documents. Furthermore, the Beneficiary must be sure that the costs included in the financial report are eligible, according to Article 14 of the General Conditions and that the rule on the exchange rate (Article 15.9 of the General Conditions) has been correctly applied.

Any direct revenue from the Action and the bank interests accrued on the pre-financing must be included on the "Sources of funding" sheet of Annex VI (according to Article 15.9 of the General Conditions).

Once it is ready, the Grant Beneficiary may send the final report (narrative and financial) together with all the other requested documents (e.g. expenditure verification report, evaluation report) to the contact addresses included in Article 5 of the Special Conditions of the Grant Contract.

#### Final payment

The final report must be accompanied by the request for final payment conforming to the model in Annex V of the Grant Contract.

The remaining amount shall be paid to the Grant Beneficiary by the Contracting Authority in one payment within 45 days after approving the final report. Any report shall be considered approved if there is no written reply from the EC within 45 days of its receipt (see Article 15.2 of the General Conditions)<sup>43</sup>.

The Contracting Authority may suspend the time-limit for approval of a report by notifying the Grant Beneficiary that it is necessary to carry out additional checks. In such cases, the EC may request clarification, alterations or additional information, which must be produced within 30 days of the request. The time-limit starts over on the date the required information is received by the EC.

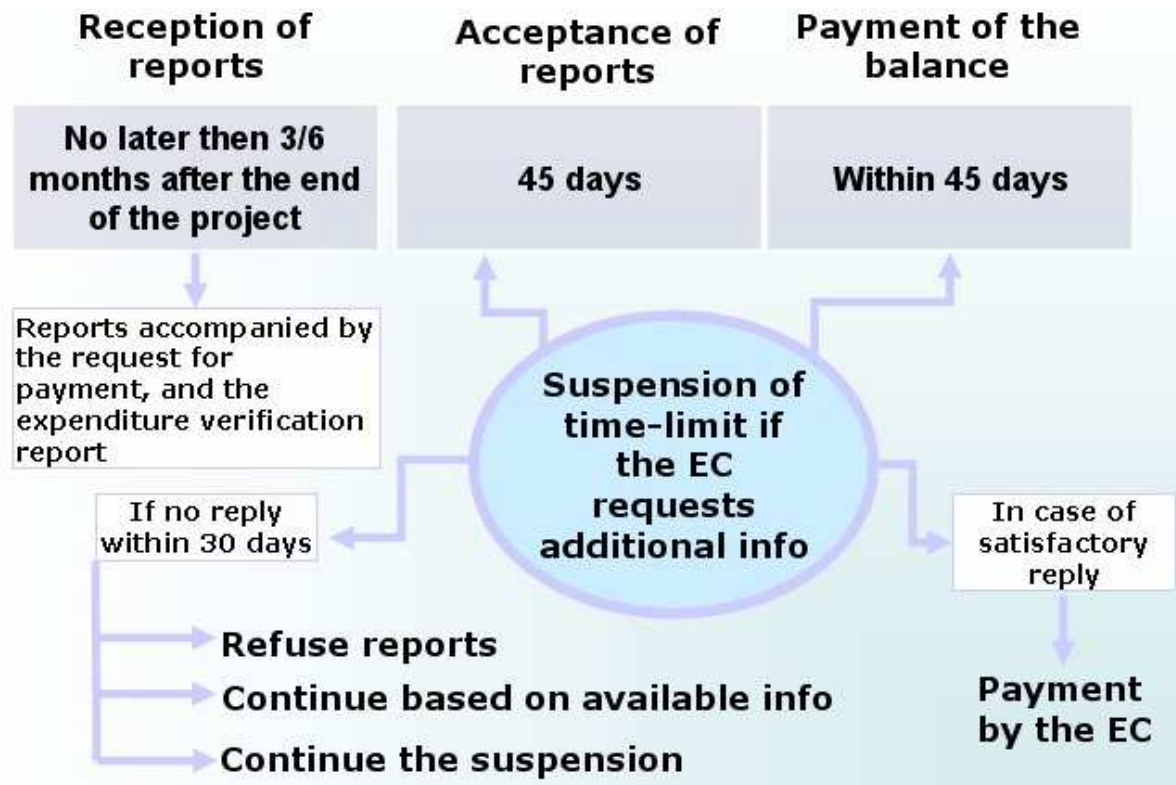
The EC may suspend the time-limit of 45 days for payment by notifying the Grant Beneficiary that the request for payment is inadmissible, either because the amount in question is not due, because proper supporting documents have not been supplied or it is necessary to conduct further checks, including on-the-spot checks, to verify eligibility of expenditures. The time-limit for payment shall start over on the date on which a correctly formulated request for payment is recorded (Article 15.3 of the General Conditions).

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<sup>43</sup> The possible delay in payment and the need to strengthen the organisation's preparedness for such a situation. NGOs should also be aware of the 20% holdback which they should be able to cover with their own funds from the beginning of the implementation period to the end.

The following scheme summarises this process:

**Figure 14: liquidation process**



Article 17.1 of the General Conditions establishes that “the total amount to be paid by the Contracting Authority to the Beneficiary may not exceed the maximum grant laid down in Article 3.2 of the Special Conditions neither in terms of absolute amount nor in percentage of the total estimated costs of the action”. Thus, in case of overspending, the Grant Beneficiary and its implementing partners must cover the extra costs with its own funds and not reclaim them from the EC.

Moreover, Article 17.2. states “If the total costs of the Action at the end of the Action are less than the estimated total costs as referred to in Article 3.1 of the Special Conditions, the Contracting Authority's contribution shall be limited to the amount obtained by applying the percentage laid down in Article 3.2 of the Special Conditions to the total costs of the Action approved by the Contracting Authority”. This means that in case of underspending, the EC will finance only the agreed percentage of the actual (and approved) expenditure.

In addition, as per Article 17.4 of the General Conditions, “the Contracting Authority may, by a duly reasoned decision, if the Action is not implemented or is implemented poorly, partially or late, reduce the grant initially provided for in line with the actual implementation of the Action”. To avoid this kind of payment cutback, the Grant Beneficiary must carefully monitor the achievements of the foreseen results during implementation of the action (see [section 3.1.2](#)).

In all cases, approval of the reports shall not imply recognition of their regularity nor of the authenticity, completeness and correctness of the declarations and information they contain. Ex-post audits may review the appropriateness and eligibility of expenditure and review the balance. For this reason, the Beneficiary must keep all supporting documents for at least seven years after the date of approval of the final reports.

# KEY REFERENCES

## EuropeAid website

[http://ec.europa.eu/europeaid/index\\_en.htm](http://ec.europa.eu/europeaid/index_en.htm)

## PRAG – Practical guide

[http://ec.europa.eu/europeaid/work/procedures/implementation/practical\\_guide/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm)

## Grant annexes to the PRAG

[http://ec.europa.eu/europeaid/work/procedures/implementation/grants/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/grants/index_en.htm)

## EC Project Cycle Management Guidelines

[http://ec.europa.eu/europeaid/multimedia/publications/documents/tools/europeaid\\_adm\\_pcm\\_guidelines\\_2004\\_en.pdf](http://ec.europa.eu/europeaid/multimedia/publications/documents/tools/europeaid_adm_pcm_guidelines_2004_en.pdf)

## TOOLKITS

Some toolkits and suggested formats have been developed during the project to support NSA/LA in specific aspects of the preparation and implementation of EuropeAid-funded projects.

The following toolkits and suggested formats are available in the section [Toolkits](#) of the helpdesk website:

Type	Description
<b>Toolkits</b>	
<a href="#">Administrative reminder</a>	Toolkit with useful indications for the preparation of the final financial report to be used as a final checklist in order to assess the eligibility of costs
<a href="#">Internal monitoring</a>	A toolkit suggesting how to put in place an effective monitoring system and conduct a proper risk analysis
<a href="#">Ten tips for drafting a logframe</a>	In this toolkit we suggest you some best practices to draft a correct logframe matrix and advise you on how to use it!
<b>Suggested formats</b>	
<a href="#">Matrix stakeholder analysis</a>	This matrix could help in the identification of the various stakeholders involved in the operation, with their interests and possible resistances to the project
<a href="#">Memorandum of Understanding</a>	Example of the document to be used as agreements with implementing partners
<a href="#">Perdiem request form</a>	Example of supporting document for perdiem request
<a href="#">Time sheet general</a>	Template to justify the percentage of staff costs charged to a project
<a href="#">Contract local staff</a>	Model of contract for national staff. NOTA BENE: This is just an example. The contract must be drawn up in accordance with the national legislation of the country in which it is concluded (i.e. the country in which the project is implemented)
<a href="#">Vehicle log sheet</a>	Template of log sheet (or log book) to monitor the use of vehicles and charge running costs to related project
<a href="#">Contract for rental of building</a>	Model of contract to rent a office, a warehouse, etc.
<a href="#">Contract for rental of vehicles</a>	Model of contract to rent a vehicle
<a href="#">Declaration theft-out of order equipment</a>	Model for declaration in case of theft or out of order of the equipment purchased during a project
<a href="#">Procurement plan</a>	Table summarizing the procurement procedure of each project. It could be an internal tool to establish the procedures to be followed at the beginning of the project and to monitor their correct application
<a href="#">Expenses/cash advance claim form</a>	Model for cash advance to staff working in the project to carry out expenses linked to the project activities
<a href="#">Payment voucher</a>	Each project expense has to be filed with a corresponding voucher with details about the payment, debit/credit account, amount, etc. This is an example of voucher
<a href="#">Inventory form</a>	Suggested template to submit to the EC an inventory of the remaining supplies, equipment and vehicles purchased during an operation with a proposal concerning the use of these stocks and equipment
<a href="#">Donation certificate</a>	Model of certificate for the donation of supplies or equipment to final beneficiaries of the action

To access this section of the website, you are requested to register. To do that you must fill in the form you're your credentials and submit the request. Shortly after you will receive a password via e-mail that will allow you to enter the section "Toolkits".

## THE PARTNERSHIP



[punto.sud](#) is a foundation and project-support research group offering services worldwide in the field of humanitarian aid and development cooperation. Formed in 1999 in Milan, Italy, by a group of professional consultants with broad experience in project cycle management and training in project preparation, management and evaluation, punto.sud's main goal is to support and optimise the activities of organisations working in the field of international development cooperation and humanitarian aid.

punto.sud is the leading agency within the Partnership.



[FoRS](#) - Czech Forum for Development Co-operation - is a platform of Czech non-governmental organisations (NGOs) involved in development co-operation, development education and humanitarian assistance.



[Hungarian Baptist Aid](#) is one of the biggest NGOs in Hungary, implementing humanitarian assistance and development projects in a number of developing countries as well as development education projects within Europe.



[Apel Service](#) is a non-profit civil society association established in Romania in 2001. The goal of the association is to contribute to the achievement of social inclusion and economic well-being of isolated groups living in risky situations.



[People In Peril Association](#) (PiPA) is a non-profit civil society association, established in Slovakia in 1999. Its mission is to provide effective support to those who suffer the consequences of natural catastrophes, conflicts and authoritarian regimes.

## PROJECT'S ASSOCIATES



[Support To Life](#) (STL) is active in the capacity building of NGOs in Turkey.

The project has been co-financed by:



