



Contracting Authority: National Authorising Officer

Project Number 9.ACP.PNG.015

EC – PNG Rural Water Supply and Sanitation Programme

Phase II

Guidelines for Grant Applicants

for Rural Water Supply & Sanitation (RWSS) Projects

EuorpeAid/128580/C/ACT/PG

International Open Call for Proposals*

9th European Development Fund

***Local and International NSAs are encouraged to submit proposals**

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1. BACKGROUND

1.1 THE PROGRAMME

The Rural Water Supply and Sanitation Programme (RWSSP) funded by the Government of Papua New Guinea and the European Union commenced in February 2006 under the supervision of the Department of Health. It has been divided into two phases with Phase I of RWSSP finishing at the end of August 2008 and Phase II due to run until December 2011.

The RWSSP has been designed to optimise rapid implementation by channelling grants through non-state actors (NSA) with existing experience and capacity for implementing integrated, community demand driven, small-scale RWSS projects. NSA will be contracted for the implementation of RWSS projects based on the approval of proposals they submit to RWSSP.

A key area of concern for RWSSP will be the sustainability of the RWSS schemes constructed. This is expected to be addressed through an appropriate community participation strategy and procedures, including arrangements through which requests for RWSS schemes will be driven by community demand. This strategy is considered essential in order to avoid the mistakes of previous RWSS projects in PNG which failed to create sufficient sense of community ownership of RWSS schemes due to a top-down implementation approach of donors, government and implementing agencies. To promote community ownership and sustainability of RWSS schemes community contributions to each project, in cash and in kind, will be required.

1.2 OBJECTIVES AND PURPOSE OF THE PROGRAMME

The Overall Objective to which RWSSP will contribute is;

‘Improved health of rural communities through provision of increased access to safe water supply and sanitation facilities.’

This contribution will be realised through achieving the Programme Objective which is;

‘Sustainable enhanced access to safe water, improved sanitation use and hygiene behaviour for participating rural communities.’

1.3 FINANCIAL ALLOCATION PROVIDED BY THE RWSSP

The overall indicative amount made available under this call for proposals is EUR 12.1 million. The RWSSP reserves the right not to award all available funds.

Size of grants

Any grants awarded under this programme must fall between the following minimum and maximum amounts:

Minimum amount: EUR 25,000
Maximum amount EUR 800,000

For small grants where the PMU will be the contracting authority:

Minimum amount EUR 25,000
Maximum amount EUR 99,000

For Specific Commitments where the NAO will be the contracting authority

Minimum amount EUR 100,000
Maximum amount EUR 800,000.

No grant will be made available to fund 100% of the cost of the action. Target Groups¹ in the action are required to contribute 10% of the budgeted material costs and this must be reflected in the budget for the action. In addition target groups are required to provide unskilled labour in kind along with locally available materials where appropriate.

2. PROCEDURES TO BE FOLLOWED IN MAKING A PROPOSAL

These guidelines set out the rules for the submission, selection and implementation of applications for grant funding for RWSS projects.

They are in conformity with the provisions of the Practical Guide to contract procedures for EC external actions, which is applicable to the present call (available on the Internet at this address: http://ec.europa.eu/europeaid/work/procedures/implementation/index_en.htm).

2.1 ELIGIBILITY CRITERIA

There are three sets of eligibility criteria, relating to:

- organisations which may request a grant (2.1.1), and their associates (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).

<i>2.1.1 Eligibility of applicants: who may apply</i>

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

- be a legal entity (see Legal Entity Form) **and**
- be non profit making **and**
- be registered in a Member State of the European Union, PNG or other ACP country. Upon agreement of the NAO and the EC Delegation, International NGOs registered in other countries could be considered as eligible if they are established and registered as an NGO in PNG and can demonstrate continuous work in PNG **and**
- be directly responsible for the preparation and management of the action with their associates, not acting as an intermediary **and**
- having not yet got a grant from the current calls of proposal of RWSSP Phase II and having not got an operational grant funded by the EC or the EDF for the period of this award²

(2) Potential applicants may not participate in calls for proposals or be awarded grants if:

- (a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- (b) they have been found guilty of fraud, corruption, involvement in criminal or any other illegal activity detrimental to the interests of PNG or the EU;
- (c) they are guilty of grave professional misconduct proven by any means which the contracting authority can justify;

¹ "Target Groups" are the group/entities who will be directly positively affected by the project at the Project Purpose level

² An Operational grant is one which funds the recurrent costs of an organisation

- (d) they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or those of the country where the action is to take place;
- (e) they have been declared to be in serious breach of contract for failure to comply with their contractual obligations in connection with a procurement procedure or other grant award procedure financed by the EC budget.

Applicants are also excluded from participation in calls for proposals or the award of grants if, at the time of the call for proposals, they:

- (f) are subject to a conflict of interests;
- (g) are guilty of misrepresentation in supplying the information required by the RWSSP as a condition of participation in the call for proposals or fail to supply this information;
- (h) have attempted to obtain confidential information or influence the evaluation committee or the RWSSP during the evaluation process of current or previous calls for proposals.

In part VIII of the grant application form (“Declaration by the applicant”), applicants must declare that they do not fall into any of the above categories (a) to (e).

2.1.2 Partnerships and eligibility of partners

Applicants may act individually or with partner organisations

Partners

Applicants’ partners participate in 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 applicants. All partners have to be mentioned in part V – “Partners of the Applicant Participating in the Project” and have signed the Partnership Statement.

The following are not partners and do not have to sign the “partnership statement”:

Associates

Other organisations may be involved in the action . Such associates play a real role in the action but may not receive funding from the grant with the exception of per diem or travel costs. Associates do not have to meet the eligibility criteria referred to in section 2.1.1. The associates have to be mentioned in part VI – “Associates of the Application participating in the Action” of the Grant Application Form.

Subcontractors

The applicant has the possibility to award sub-contracts for certain aspects/components of the project. Subcontractors are neither partners or associates, and are subject to the procurement rules set out in Annex IV to the standard grant contract. The applicant will act as the lead organisation in any dealings with the subcontractors and will be held responsible for the quality of their work.

2.1.3 Eligible actions: actions for which an application may be made

Definition: An action (or project) is composed of a set of activities.

Duration

The planned duration of an action will depend on the size of the grant awarded:

For a Specific Commitments (grants awards of over EUR100,000)

The project duration may not exceed 31st August 2011. However all project implementation must stop on the 30th June 2011, with the final two months being used only to finalise and acquit project accounts. This should be reflected in your staffing budget

For small grants (grant awards under EUR100,000)

The project duration may not exceed 12 months from the date of signing of the contract

The contracting authority will not provide for any project extensions beyond these dates

Sector or theme

Rural water supply and sanitation.

Location

Actions may take place in any province of Papua New Guinea.

Types of action

The types of **action** which may be financed under this call for proposals are community demand driven, integrated rural water supply and sanitation projects incorporating health/hygiene education, HIV/AIDS and gender awareness.

Types of activities:

- community action planning for rural water supply and sanitation activities
- design of water and sanitation supplies
- supply of the equipment of the water and sanitation supplies
- facilitation and implementation of community water supply and sanitation initiatives
- monitoring and evaluation of project activities
- capacity building of community based institutions and organisations
- promoting local partnerships and networking
- training in improved hygiene and sanitation/gender/HIV/AIDS/Environment
- technical training to construct and sustain water and sanitation structures
- grant acquittal

The following types of action are ineligible:

- actions concerned only or mainly with individual sponsorships for participation in workshops, seminars, conferences, congresses;
- actions concerned only or mainly with individual scholarships for studies or training courses;

Number of proposals and grants per applicant

Each applicant may only complete one application for funding for each call for proposals, and cannot have more than one project underway at any one time

2.1.4 Eligibility of costs: costs which may be taken into consideration for the grant
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Only “eligible costs” can be taken into account for a grant. These are detailed below. The budget is therefore both a cost estimate and a ceiling for "eligible costs". Note that the eligible costs must be based on real costs based on supporting documents , not lump sums.

Recommendations to award a grant are always subject to the condition that the checking process which precedes the signing of the contract does not reveal problems requiring changes to the budget (for instance arithmetical errors, inaccuracies or unrealistic costs and other ineligible costs). The checks may give rise to requests for clarification and may lead the Contracting Authority to impose reductions³

It is therefore in the applicant's interest to provide a **realistic and cost-effective budget**.

Eligible direct costs

To be eligible under the Call for Proposals, costs must comply with the provisions of article 14 of the General Conditions to the Standard Grant Contract (see Annex F of the Guidelines), most points are summarised hereunder:

- be necessary for carrying out the action and comply with the principles of sound financial management, in particular value for money and cost-effectiveness;
- have actually been incurred by the implementing agency or their partners during the implementing period for the action; The costs incurred by the implementing agencies associates are not eligible.
- be recorded in the implementing agency's or the implementing agency's partners' accounts or tax documents, be identifiable and verifiable, and be backed up by originals of supporting documents.

Subject to those conditions, eligible direct costs borne by the implementing agency and its partners include:

- the cost of the time of staff assigned to the action, corresponding to actual salary costs and other remuneration-related costs; salaries and costs must not exceed those normally borne by the implementing agency or its partners
- travel and subsistence costs for staff and other persons taking part in the action, provided they do not exceed those normally borne by the implementing agency or its partners.
- purchase or rental costs for equipment and supplies (new or used) specifically for the purposes of the Action, and costs of services, provided they correspond to market rates;
- the cost of consumables;
- subcontracting expenditure;
- costs arising directly from the requirements of the contract (dissemination of information, evaluation specific to the action, audit, printing, etc.) including financial service costs if any.

Contingency reserve

A contingency reserve not exceeding 5% of the direct eligible costs may be included in the Budget of the Action. It can only be used with the **prior written authorisation** of the contracting authority.

Eligible indirect costs (overheads)

A lump sum not exceeding 7% of the total amount of eligible costs of the Action may be claimed as indirect costs to cover the administrative overheads incurred by the implementing agency for the Action.

³ Please note that possible modifications of the budget may not lead to an increase of the amount of the grant requested from the European Commission.

Indirect costs are ineligible if the implementing agency receives in other respects an operating grant from the European Commission.

Contributions in kind

Any contributions in kind made by the implementing agency or their partners or any other source, which are listed in section II 7.7.2 of the application form, do not represent actual expenditure and are not eligible costs. They may not be treated as co financing by the implementing agency. The cost of staff assigned to the Action is not a contribution in kind and may be considered as co-financing in the Budget for the Action when paid by the implementing agency or its partners.

However the implementing agency must undertake to make such contributions as stated on the application form if the grant is awarded.

Ineligible costs

The following costs are not eligible:

- debts and provisions for losses or debts;
- interest owed;
- items already financed in another framework;
- purchases of land or buildings;
- construction/extension of office buildings;
- taxes, including GST;
- credits to third parties.

2.2 HOW TO APPLY AND THE PROCEDURES TO FOLLOW

2.2.1 *Application form*

Applications must be submitted using the specified application form annexed to these guidelines (annex A) and available from the EU web-site <http://ec.europa.eu/europeaid/work/procedures> or from the RWSSP Programme Management Unit. Applicants should keep strictly to the format of the application and fill in the paragraphs and the pages in order.

Applicants must apply in English.

Please complete the application form carefully and as clearly as possible so that it can be assessed properly. The applicant should be precise and provide enough detail to ensure the application is clear, particularly as to how the objectives and results of the action will be achieved, the benefits that will flow from it and how relevant the action is to the RWSSP objectives.

Any errors in the proposal or any major inconsistency in the application form or budget may lead to the rejection of the proposal.

Clarifications will only be requested when information provided is unclear, thus preventing the RWSSP from conducting an objective assessment.

Hand-written applications will not be accepted.

Please note that only the application form and the specified annexes will be evaluated. It is therefore of utmost importance that these documents contain ALL relevant information concerning the action.

2.2.2 *Where and how to send the applications*

Applications must be received in a sealed envelope by registered mail, private courier service or by hand-delivery at the address below:

Postal address:

RWSSP PMU, PO Box 85, Waigani, NCD

Address for hand delivery or by private courier service:

Rural Water Supply and Sanitation Programme
Ruta Place, Gordons. NCD.

Telephone

3235970

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

Applications must be submitted in one original and one copy. The complete application form and budget must also be supplied in electronic format (floppy disk or CD-Rom). The electronic format must contain **exactly the same** proposal as the paper version enclosed. Each component of the application must be submitted in a separate and unique electronic file (the application form must not be split into several different files). So as to facilitate the processing of applications, please present the original dossier bound and one copy unbound. Each should be in A4 size.

The outer envelope must bear the reference number and the title of the call for proposals, together with the full name and address of the applicant, and the words “Not to be opened before the opening session”

Applicants must verify that their application is complete using the checklist (section IX) of the grant application form) **Incomplete applications will be rejected.**

2.2.3 *Deadline for receipt of applications*

The deadline for the receipt of applications for this round of proposals is at **1600 hrs local time on 31st August 2009.**

Any application received after the deadline will be returned and can be re-submitted during the next call for proposals.

2.2.4 *Further information on the Full Application form*

Questions may be sent by e-mail or by fax no later than 21 days before the deadline for the submission of applications to the addresses listed below, indicating clearly the reference of the call for proposals:

E-mail address: rgillett@rwssp.org.pg

Fax: 323 5972

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

In the interest of equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of an applicant, a partner or an action.

Questions that may be relevant to other applicants, together with the answers, will be forwarded to all interested applicants

3. EVALUATION AND SELECTION OF APPLICATIONS

Applications will be examined and evaluated by an Evaluation Committee including staff from the National Department of Health, National Department of Planning and Monitoring and the Office for Rural Development. In addition a Financial expert will sit on the Evaluation Committee in order to ensure that grants are awarded in proportion to the financial capacity and experience of the applicant. All actions submitted by applicants will be assessed according to the following steps and criteria:

If the examination of the application reveals that the proposed action does not meet the eligibility criteria stated in paragraph 2.1.3, the application shall be rejected on this sole basis.

STEP 1: OPENING SESSION AND ADMINISTRATIVE CHECK

The following will be assessed:

- The deadline has been respected. If the deadline has not been respected the proposal will be returned and can be resubmitted during the next call for proposals.
- The application form satisfies all the criteria mentioned in the checklist (section IX of the grant application form). If any of the requested information is missing or is incorrect, the proposal may be rejected on that sole basis and the proposal will not be evaluated further.

Following the opening session and the administrative check, the Contracting Authority will send a letter to all applicants, indicating whether their application was received prior to the deadline, informing them of the reference number they have been allocated and whether their application has satisfied all the criteria mentioned in the checklist.

A list of all proposals received will be included with this letter

STEP 2: EVALUATION OF THE APPLICATION FORM

An evaluation of the quality of the proposals, including the proposed budget, and of the capacity of the applicant and his partners, will be carried out in accordance with the evaluation criteria set out in the Evaluation Grid included below. There are two types of evaluation criteria: selection and award criteria.

The selection criteria are intended to help evaluate the applicants' financial and operational capacity to ensure that they:

- have stable and sufficient sources of finance to maintain their activity throughout the period during which the action is being carried out and, where appropriate, to participate in its funding;
- have the management capacity, professional competencies and qualifications required to successfully complete the proposed action.

The basis for this evaluation will be the information included in the Capacity Profile provided by the application. The above considerations will also apply to any partners of the applicant.

The award criteria allow the quality of the proposals submitted to be evaluated in relation to the objectives and priorities set, and the grants to be awarded to actions which maximise the overall effectiveness of the call for proposals. They enable the selection of proposals which the Contracting Authority can be confident will comply with its objectives and priorities and guarantee the visibility of the EDF financing. They cover such aspects as the relevance of the action, its consistency with the objectives of the call for proposals, quality, expected impact, sustainability and cost-effectiveness.

EVALUATION SCORING

Scoring

The evaluation criteria are divided into sections and subsections. Each subsection will be given a score between 1 and 5 in accordance with the following guidelines:

1 = very poor; 2 = poor; 3 = adequate; 4 = good; 5 = very good.

This process is partially but not wholly informed by the Capacity profile completed in Section III of the Grant application, as well as success in implementing projects and acquitting funds under RWSSP Phase I (if applicable)

Note on Section 1 Financial Capacity

- Section 1. If the total average score is less than 13 points for section 1, the Evaluation Committee will reject the proposal.

Note on Section 2

If the total average score is less than 13 points for section 2 the application will be rejected.

Note on Section 3

If the total average score is less than 13 points for section 3 the application will be rejected.

Note on Sections 4-6.

- If the total average score is less than 40 points overall for these sections the Evaluation Committee will reject the proposal.

3.1 EVALUATION GRID

	Maximum Score
1 Financial Capacity	20
1.1 Does the applicant have experience of managing projects of a similar financial commitment?	5
1.2 How adequate are the applicants internal financial controls	5
1.3 How appropriate is the system used for financial management, including auditing	5
1.4 Does the applicant have stable and sufficient sources of finance outside of this grant application	5
2. Operational capacity	20
2.1 How adequate is the applicant's experience of managing projects of a similar size (including geographical coverage, number in target group) ?	5
2.2 How adequate is the applicant's technical expertise? (including methodology/ approach/techniques to be used and experienced staff for the issues to be addressed)	5
2.3 How adequate is the applicants current and proposed resources to implement the project (including vehicles, office resources)	5
2.4 How adequate is the applicant's management capacity? (including experienced staff, ability to manage the budget for the action, systems and procedures, assets and resources)?	5
3. Relevance and justification	20
3.1 Relevance to RWSSP objectives and priorities?	5
3.2 How clearly defined and strategically chosen are the target groups and final beneficiaries? (including location, enumeration, selection rationale)	5
3.3 How clearly defined are the problems and needs of the target groups and final beneficiary?	5
3.4 How well does the proposal address these problems and needs?	5
4. Methodology and implementation process	25
4.1 How appropriate and coherent are the technical features and overall	5

methodology of the proposed project? (including the extent it reflects analysis of the needs, consideration of the problems involved, takes into account external factors)	
4.2 How satisfactory is the communities' level of involvement and participation in the action? (including the approach to community participation at the different project stages and community contributions)	5
4.3 Are the activities proposed appropriate, practical, and consistent with the objectives and expected results?	5
4.4 Is the project action plan clear and feasible? (including likelihood of leading to the expected results)	5
4.5 Does the proposal adequately address monitoring and evaluation of outputs and impact? (including monitoring of progress, achievement of results, objectively verifiable indicators for the outputs and impact of the action)	5
5. Sustainability	20
5.1 Are the expected results of the proposed action sustainable financially (<i>including the issue of community cash contributions and how the operation & maintenance activities will be financed by the beneficiaries after the project ends?</i>)	5
5.2 Are the expected results of the proposed action sustainable institutionally (<i>including will community structures and mechanisms allowing the benefits of the action to continue be in place at the end of the action? Will there be local ownership of the results of the action?</i>)	5
5.3 Are the expected results of the proposed action sustainable technically (<i>including are the technical solutions at an appropriate technical level? Are technical operation and maintenance issues adequately considered? Is sustained adoption of the promoted hygiene practices and behaviours viable</i>)	5
5.4 Is the proposal linked into the overall development plans for the concerned district and has the proposal been endorsed by the relevant district authorities.	5
6. Budget and cost-effectiveness	15
6.1 How transparent and necessary for the implementation of the action is the budget?	5
6.2 How satisfactory is the ratio between the estimated costs and the expected results?	5
6.3 Is the issue of community cash contribution adequately addressed in the overall budget?	5
Maximum total score	120

Following the evaluation, a table listing the applications ranked according to their score and within the available financial envelope will be established and made available upon request.

STEP 3: VERIFICATION OF ELIGIBILITY OF THE APPLICANT AND PARTNERS

The eligibility verification, based on the supporting documents requested by the Contracting Authority (see section 2.4) will only be performed for the applications that have been provisionally selected according to their score and within the available financial envelope.

- The Declaration by the applicant (Section VII of the grant application form) will be cross-checked with the supporting documents provided by the applicant. Any missing supporting document or any incoherence between the Declaration by the applicant and the supporting documents may lead to the rejection of the application on that sole basis.
- The eligibility of the applicant, the partners, and the action will be verified according to the criteria set out in sections 2.1.1, 2.1.2 and 2.1.3.

SUBMISSION OF SUPPORTING DOCUMENTS FOR PROVISIONALLY SELECTED APPLICATIONS

The Contracting Authority could request additional information from the authors of the provisionally selected applications.

4. NOTIFICATION OF THE CONTRACTING AUTHORITY’S DECISION

4.1 CONTENT OF THE DECISION

Applicants will be informed in writing of the contracting authority’s decision concerning their application.

The Contracting Authority decisions will be one of the following:

1. Recommended for approval and contracting without amendments to the proposal.
2. Recommended for approval and contracting subject to agreement to some amendments to the proposal.
3. Proposal declined

A decision to decline an application and not to recommend awarding a grant will be based on the following grounds:

- the application was incomplete or otherwise non-compliant with the administrative conditions;
- the applicant or one or more of its partners was not eligible;
- the action was ineligible (e.g. the action proposed is not covered by the programme, the proposal exceeds the maximum duration allowed, the requested RWSSP contribution is 100% of the costs);
- the proposal was not relevant enough and/or the applicant's financial and operational capacity was not sufficient;
- the proposal was considered technically and financially deficient.
- The applicant did not fulfil the financial or operational capacity requirements

The decision to decline an application or not to award a grant is final.

4.2 INDICATIVE TIMETABLE

The RWSSP plans to inform the applicants about the outcome of the evaluation of their application within 30 days of the closing date of the Call for Proposals. This timeframe is indicative only.

	DATE
Date for call for proposals	<Date TBC>
Regional Information workshops	< Date TBC >
Deadline for request for any clarifications from the Contracting Authority	21 days before the submission deadline
Last date on which clarifications are issued by the Contracting Authority	11 days before the submission deadline
Deadline for submission of project Application Forms	< Date >
Information to applicants on the opening & administrative check (step 1)	< Date >*
Information to applicants on the evaluation of the Application Form (step 3)	< Date >*
Notification of award (after the eligibility check) (step 4)	< Date >*

4.3 CONDITIONS APPLICABLE TO IMPLEMENTATION OF THE ACTION FOLLOWING THE CONTRACTING AUTHORITY'S DECISION TO AWARD A GRANT

Following the decision to award a grant, the implementing agency will be offered a contract based on the Contracting Authority's standard contract (see Annex F of these guidelines).

The date planned for the start of actions will be the day after the signing of the contract by the implementing agency.

The contract will, in particular, establish the following rights and obligations:

Audit firm

The implementing agency should provide the RWSSP Programme Management Unit the name and address of the audit firm which will carry out the expenditure verification(s) referred to in article 15.6 of annex II to the standard grant contract, if such verifications are required, will have to be included in Article 5.2 of the contract.

Final amount of the grant

The maximum amount of the grant will be stipulated in the contract. As explained in point 2.1.4, this amount is based on the budget, which is itself only an estimate. As a result, it will be final only once the action has ended and the final accounts have been presented (see Articles 17.1 and 17.2 of the General Conditions).

Failure to meet the objectives

If the Beneficiary fails to implement the action as undertaken and agreed in the contract, the contracting authority reserves the right to suspend payments, and/or to terminate the contract (see Article 11 of the General Conditions). The Contracting Authority's contribution may be reduced, and/or the contracting authority may demand full or partial repayment of the sums already paid, if the Beneficiary does not fulfil the terms of the contract (see Articles 12.2 and 17.4 of the General Conditions).

Amendments to the contract and variations within the budget

Any amendment to the contract must be set out in a written addendum to the original contract (Article 9.1 of the General Conditions). However, some amendments (addresses, bank account, etc.) may simply be notified to the Contracting Authority (see Article 9.2 of the General Conditions).

The description of the Action (Annex 1 to the contract) and budget items may vary from the original figures provided that the following conditions are met:

- (1) they do not affect the basic purpose of the action; and
- (2) the financial impact is limited to a transfer between items within a single main budget heading or to a transfer between the main budget headings involving a variation of less than 15% of the original amount (as the case may be modified by addendum) of each relevant main budget heading.

In such instances, the Beneficiary may make alterations to the budget, and inform the Contracting Authority.

This method may not be used to amend the heading for overhead costs and contingency reserve (see Article 9.2 of the General Conditions).

In all other cases, a written request must be made in advance to the Contracting Authority and an addendum is required.

Reports

Reports must be drafted in the language provided for in the contract. Narrative and financial reports conforming to the models attached to the contract are to be supplied together with payment requests (other than the first instalment of pre-financing).

Additional information

In accordance with Article 2.2 of the General Conditions, the Contracting Authority may request additional information.

Payments

The Beneficiary will receive pre-financing. If the overall duration of the action does not exceed 12 months or if the grant does not exceed EURO 100 000, the pre-financing will be 45% of the grant. Subsequent pre-financing may be made upon submission and approval of an interim report which will include financial acquittals. If the overall duration of the action exceeds 12 months and if the grant exceeds EUR 100 000, the first pre-financing instalment will be 80% of the part of the estimated budget for the first 12 months of the action financed by the Contracting Authority (see Article 15.1 option 2 of the General Conditions). In that case, subsequent pre-financing payments may be made upon submission by the implementing agency and approval by the Contracting Authority, of an interim report.

In each case, the final balance will be paid upon submission by the Implementing Agency Beneficiary and approval by the Contracting Authority of the final report (see Article 15.1 of the General Conditions).

Payments will be made to a bank account or sub-account which identifies the funds paid by the Contracting Authority and allows calculating the interests produced by these funds.

Accounts of the action

The Beneficiary must keep accurate and regular records and dedicated, transparent accounts of the implementation of the action (see Article 16.1 of the General Conditions). It must keep these records for seven years after payment of the balance.

Expenditure verification

A report on the verification of the Action's expenditures, produced by an approved auditor who is a member of an internationally recognised supervisory body for statutory auditing, must be attached to:

- any request for a further pre-financing payment if the sum total of the earlier and the new pre-financing payments exceeds EUR 750 000;
- any request for payment of the balance in the case of a grant of more than EUR 100 000

In an expenditure verification report conforming to the model attached at Annex VII to the contract, the auditor will certify that the costs declared by the Beneficiary are real, exact and eligible in accordance with the Contract (see Article 15.6 of the General Conditions).

The contract will permit the Commission, the European Anti-Fraud Office, the European Court of Auditors and the external auditor to carry out both record-based and on-the spot inspections of the action (see Article 16.2 of the General Conditions).

Publicity

Appropriate visibility and credit must be given to the grant made by the European Union, for example, in reports and publications stemming from the action or during public events associated with the action, etc. (see Article 6 of the General Conditions).

Implementation contracts

Where implementation of the action requires the Beneficiary to award procurement contracts, it must award the contract to the tenderer offering the best value for money, that is to say, the best price-quality ratio, in compliance with the principles of transparency and equal treatment for potential contractors, care being taken to avoid any conflict of interests. To this end, the Beneficiary must follow the procedures set out in Annex IV to the contract.

ANNEXES

DOCUMENTS TO BE FILLED IN AND SENT WITH THE APPLICATION:

- ANNEX A GRANT APPLICATION FORM (WORD FORMAT)
- ANNEX B BUDGET FORM (EXCEL FORMAT)
- ANNEX C LOGICAL FRAMEWORK (ONLY OBLATORY FOR GRANTS EXCEEDING 100 000 EUROS)
- ANNEX D LEGAL ENTITY FORM (EXCEL FORMAT)⁴
- ANNEX E FINANCIAL IDENTIFICATION FORM (EXCEL FORMAT)

DOCUMENTS FOR INFORMATION

ANNEX F: STANDARD CONTRACT

- ANNEX I THE ACTION
- ANNEX II: GENERAL CONDITIONS APPLICABLE TO EUROPEAN COMMUNITY-FINANCED GRANT CONTRACTS FOR EXTERNAL ACTIONS
- ANNEX III BUDGET FOR THE ACTION
- ANNEX IV: CONTRACT AWARD PROCEDURES
- ANNEX V: STANDARD REQUEST FOR PAYMENT
- ANNEX VI: MODEL NARRATIVE AND FINANCIAL REPORT
- ANNEX VII: MODEL REPORT OF FACTUAL FINDINGS AND TERMS OF REFERENCE FOR AN EXPENDITURE VERIFICATION OF AN EC FINANCED GRANT CONTRACT FOR EXTERNAL ACTIONS]

PROJECT CYCLE MANAGEMENT GUIDELINES

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

⁴ If not already submitted.