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Project Implementation Manual

Bulgaria – Turkey IPA Cross-border Programme

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LIST OF ACRONYMS

AA	<i>Audit Authority</i>
AF	<i>Application Form</i>
CA	<i>Certifying Authority</i>
CBC	<i>Cross-border cooperation</i>
EC	<i>European Commission</i>
EU	<i>European Union</i>
EUSG	<i>Secretariat General for EU Affairs</i>
Final PPR	<i>Final Project Progress Report</i>
FLC	<i>First Level of Control</i>
IPA	<i>Instruments for Pre-Accession Assistance</i>
JMC	<i>Joint Monitoring Committee</i>
JTS	<i>Joint Technical Secretariat</i>
LP	<i>Lead Partner</i>
MA	<i>Managing Authority</i>
MERM	<i>“Monitoring, evaluation and risk management” department</i>
NA	<i>National Authority</i>
NIPAC	<i>National IPA Coordinator</i>
PA	<i>Partnership Agreement</i>
PIM	<i>Project Implementation Manual</i>
PP(s)	<i>Project partner(s)</i>
PPP	<i>Project Procurement Plan</i>
PPR(s)	<i>Project Progress Report(s)</i>
PRAG	<i>Practical Guide to Contract Procedures for EU External Actions</i>
RFLC	<i>Request for First Level of Control</i>
RP	<i>Request for payment</i>
VAT	<i>Value Added Tax</i>

1 Purpose and content of the Project Implementation Manual

The purpose of the Project Implementation Manual (PIM) is to provide detailed guidance for Lead Partners (and project partners) of the approved projects in the implementation phase from contracting to the project closure including reporting obligations, payment and other programme-related requirements set in the Subsidy Contract.

The project implementation, starting from the approval of the operation by the Joint Monitoring Committee, has to be executed according to the regulations and rules relevant for the financial instruments of the programme. This PIM describes the implementation rules and joint requirements for all project partners.

In case of specific problems related to particular operations, the Joint Technical Secretariat and the Managing Authority should be contacted for advice.

2. Institutional framework

Directorate General Territorial Cooperation Management appointed as **Managing Authority (MA)** for Bulgaria – Turkey IPA Cross Border Programme is a part of the specialized administration at the Ministry of Regional Development and Public Works in Bulgaria.

The General Secretary of the EU Affairs, Republic of Turkey is designated as the National IPA Coordinator (NIPAC). The NIPAC is in charge of European affairs, bears the overall responsibility for the coordination of the participation of the beneficiary country in the relevant cross-border programmes, both with Member States and with other beneficiary countries. The Ministry for EU Affairs of Turkey has been assigned as the **National Authority (NA)** to cooperate in joint programming, management and implementation of the programme and will take all necessary measures to provide assistance to the MA, Certifying Authority (CA) and Audit Authority (AA) in their respective duties.

The Joint Technical Secretariat (JTS) for Bulgaria – Turkey IPA Cross border Programme is located in Haskovo, Bulgaria. JTS has a branch office placed in Edrine, Turkey. The JTS assists the MA and the Joint Monitoring Committee (JMC) of the Programme and assists where appropriate the Certifying Authority (CA) and Audit Authority (AA) in carrying out their respective duties. The JTS also is in particular responsible for:

- Supporting projects generation and development;
- Advising beneficiaries on the implementation of operations;
- Monitoring of project implementation and collecting of information from the lead beneficiaries;
- Collecting, reviewing and approval of the project progress reports, received by the lead partners;
- Receiving requests from the lead beneficiaries on any modifications as well as preparation of addendums to projects and submitting them to MA or JMC respectively for approval;
- Collaboration with central, regional and local stakeholders involved in the IPA Cross-border Programme.

The **Joint Monitoring Committee (JMC)** consists of representatives appointed by the respective two participating countries according to the partnership principle. The JMC meets minimum twice a year at the initiative of the participating countries or of the Commission and it is co-chaired by the MA and the NA. Representative/s of the European Commission, CA and AA or other relevant bodies participates in the work of the JMC in an advisory capacity.

The **Certifying Authority** (CA) of the programme is the “National Fund” Directorate at the Ministry of Finance of Republic of Bulgaria.

The **Audit Authority** (AA) for the programme is the “Audit of European Union Funds” Executive Agency at the Ministry of Finance of the Republic of Bulgaria, and it is assisted by a Group of Auditors. The Audit Authority is functionally independent of the Managing Authority and the Certifying Authority.

The Group of auditors is chaired by the AA and comprises equal number representatives of each country participating in the Programme. The Group of auditors’ representatives are independent of the Joint Monitoring Committee members and the controllers designated.

3. Modification of Subsidy contract

The Subsidy Contract determines the rights and obligations of the LP and the MA/JTS. The approved Application Form and the Partnership Agreement signed between the Project Partners (PPs) are integral part of the Subsidy Contract. The Subsidy Contract explicitly provides information concerning project implementation period, defined by its starting and end date. During the project lifecycle, due to the certain reasons, some modifications/changes might be necessary concerning the project implementation bases and conditions, defined in the Subsidy Contract, as well as in the approved Application Form and the Partnership Agreement.

According to the clauses of the Subsidy Contract any modification to the contract must be duly justified and shall be subject to the Joint Monitoring Committee’s approval (changes of partners etc.) and will be operated by an addendum to the contract. Addenda become effective in the next day after their signing by the last party, except the case the addendum confirms modifications in the national/European applicable legislation with impact on the implementation of the contract - when the modifications become effective from the date the respective legal acts become effective.

In some cases described in the text below, the Lead Partner may make the changes, with the notification of the Managing Authority and without signature of addendum.

Please be informed that the last request for modification of the Subsidy Contract can be submitted to the MA two months before the end date of the project at the latest.

3.1. Modifications concerning the partnership

Modifications requested notification to the MA

All modifications concerning the partnership **always need the approval of the JMC, as well as Addendum to the Subsidy Contract.**

Modifications requested approval by the JMC and addendum to the subsidy contract

In case a partner intends to leave the project, or the partnership decides to debar/replace one of the partners, the LP is obliged to inform immediately the JTS with copy to MA in written form before the change is implemented in order to clarify the situation and make sure that the right procedure is followed. Changes in the partnership **always need the approval of the JMC, as well as the modification of the Subsidy Contract.**

The LP has to assure that following the change(s) in the partnership the project still fulfils the requirement for partnership of the Programme and does not alter the general character (objectives, outputs and results) of the original project. The partner leaving a project will remain fully responsible and liable for all activities carried out and outputs delivered by them until the date of withdrawal/replacement.

In case a partner leaves the project without replacement by another, then the withdrawn partner's activities (including the remaining budget) shall be distributed between the rests of the partners.

In case of replacement of a partner, the new partner shall take all (or part) the responsibilities of the withdrawn partner (including activities and remaining budget). When the new partner takes part of the responsibilities under the project, the rest of the activities and the respective budget shall be distributed between the rests of the partners.

Changing the Lead Partner, being a contracting party and main responsible for the whole project and partnership towards the IPA Cross-border programme Bulgaria-Turkey, is such a serious and substantial change that **always needs the approval of the JMC**. The replaced Lead Partner is fully responsible and liable for the whole project activities and deliverables until the date of withdrawal from which date the new Lead Partner takes over the full responsibility and liability for the project.

Once the MA confirms the procedure the LP has to submit the following documents to the MA:

- *"Request for Project Modification"*, clearly describing and well justifying the reasons for such a modification (1 original version signed by the LP)- *Annex 2*;
- *"Declaration of Withdrawal"* of the partner leaving the project (1 original version signed by the affected PP) – *Annex 2.1*, or the *"Written Decision of the Partnership"* debarring a partner, including the exact date of withdrawal (until which date the expenditures of the leaving partner will be eligible for co-financing) (1 original version signed by all PPs);
- *"Revised Application Form"*, defining the new division of work by the modification of the work plan and the budget accordingly (1 original version signed by the LP);
- *"Addendum to the Partnership Agreement"* of the modified partnership (1 original version signed by the LP and all other project partners);
- *New "Co-financing Statement(s)"* of the affected partner(s) (1 original version per each affected PP signed by the PP).

In case of approval, in accordance with the JMC decision, an **Addendum to the Subsidy Contract** will be signed by the contracting parties.

The modification requested by a project can be implemented only after it is approved by the JMC. Although the expenditures related to the activities and outputs of the modified partner are eligible already from the date of the JMC decision those costs can be validated only after the Addendum of the Subsidy Contract is signed by both contracting parties.

The MA is entitled to withdraw from the Subsidy Contract and reclaim the contribution already transferred in case the project would not fulfill the requirement for the partnership of the Programme due to the change in the partnership.

3.2 Modifications concerning the project's content (Application form)

In case a modification of project's content is required, the partners have to assure that all the objectives, outputs and results defined in the Application form will be achieved and delivered by the project. The procedure to be followed in case of content change depends on the significance of the modification.

Modifications requested notification to the MA

In case of modifications of the approved Application form which will not affect the project's objectives, outputs and results and will not jeopardize the successful completion of the project by the end date of the Subsidy Contract previous notification to the MA is required.

Although, these types of changes do not lead to contract's modification, the LP is advised to contact the JTS with copy to MA in written before the change is implemented in order to clarify the situation.

The LP is obliged to clearly describe and justify each of such changes that have been implemented in the progress report and they are considered as accepted in case the related Progress Report is accepted by the MA. The costs related to those changes can be validated only after approval of the related Progress report.

Modifications requested approval by JMC and signature of addendum

In case of modifications in the project **altering the approved objectives, outputs, or results always need the approval of the JMC, as well as the modification of the Subsidy Contract.** Such modifications/changes are possible only in "force majeure" circumstances (written in the Subsidy Contract).

The LP should immediately contact the JTS with copy to MA in case of problems, which would affect the project's objectives, outputs, or results in order to clarify the situation and procedure to be followed. The LP is obliged to inform the MA in written form about planned significant changes with clear justifications of the reasons for such changes before their implementation.

Once the MA confirms the procedure the LP has to submit the following documents to the MA:

- *"Request for Project Modification"*, clearly describing and well justifying the reasons for such a modification (1 original version signed by the LP);
- *"Revised Application Form"* (1 original version signed by the LP);
- *"Revised Partnership Agreement"* (1 original version signed by the LP and all other project partners).

The submitted "Request for Project Modification" will be evaluated by the MA and will be put forward for decision to the JMC. In case of approval, in accordance with the JMC decision, an **Addendum to the Subsidy Contract** will be signed by the contracting parties. Although the expenditures related to the modified activities, outputs and results are eligible already from the date of the JMC decision, those costs can be validated only after the Addendum of the Subsidy Contract is signed by both contracting parties.

The MA is entitled to withdraw from the Subsidy Contract and reclaim the contribution already transferred in case the project cannot be fully implemented by carrying out the planned activities, the planned outputs and results.

3.3. Budget changes

Changes involving budget modifications with more than 20% are not allowed.

Modifications requested notification to the MA

- **Budget reallocation between project partners**

Changes between partner's budget lines are allowed within the limit of 10% of the total budget, with the agreement of all other partners and of the Lead Partner, with the previous notification of the Managing Authority, before the submittal of the respective reimbursement claim and as long as the maximum amount of funding awarded remains unchanged and the major issues of the operation are not affected. The notification together with the revised budget and budget modification table (*Annex 2.2*) shall be submitted to the Managing Authority by the Lead Partner. **No addendum to the Subsidy Contract is needed.**

The modification will become effective **ONLY AFTER WRITTEN APPROVAL** by MA.

The budget relocation between budgets of the project partners shall be up to 10% of the total project amount. The 10% limits shall not be considered separately for each single budget change. That means that the amount of each new reallocation between project partners' budgets is cumulated to the total amounts of previous reallocations until the cumulated amounts of such reallocations reach 10%.

- **Budget reallocation between budget lines /sub-lines**

Changes between budget lines/sub-lines are allowed, in limit of 10% of the smaller budget line, with the previous notification of the Managing Authority before the submittal of the respective reimbursement claim and as long as the maximum amount of funding awarded remains unchanged and the major issues of the operation are not affected. The notification together with the revised budget and budget modification table (*Annex 2.2*) shall be submitted to the Managing Authority by the Lead Partner.

The modification will become effective **ONLY AFTER WRITTEN APPROVAL** by MA.

The budget relocation between budget lines/sub-lines shall be up to 10% of the total smaller budget line. The 10% limits shall not be considered separately for each single budget change. That means that the amount of each new reallocation between budget lines/sub-lines is cumulated to the total amounts of previous reallocations until the cumulated amounts of such reallocations reach 10 %.

As reference basis, the original division of expenditure between budget lines/sub-lines, defined in the approved original Application Form, remains for the whole implementation period of the project. The calculation is based on adding always the positive (+) value of the reallocated amount to the total sum of previous reallocations in comparison to the original budget plan.

Modifications requested approval by JMC and signature of addendum

- **Budget reallocation between project partners**

Budget reallocation above 10 % of the total project amount between project partners is possible only after approval by the JMC. The LP should immediately contact the JTS with copy to the MA in case such change is necessary. After confirmation of the procedure by MA, the LP has to submit the following documents to the MA:

- "Request for Project Modification", clearly describing and well justifying the reasons for such a modification (1 original version signed by the LP);
- "Budget modification table" (*Annex 2.2*)
- "Revised Application Form", with modified budget (1 original version signed by the LP);

- *“Revised Partnership Agreement”* (1 original version signed by the LP and all other project partners);
- New *“Co-financing Statement”* of the affected partner (1 original version per each affected PP signed by the PP).

In case of approval, in accordance with the decision, an **Addendum to the Subsidy Contract** will be signed by the contracting parties.

The modification requested by a project can be implemented only after it is approved by the JMC. Although the expenditures related to the modified partner budget are eligible already from the date of the JMC decision those costs can be validated only after the Addendum of the Subsidy Contract is signed by both contracting parties.

- ***Budget reallocation between budget lines/sub-lines***

Once the budget reallocation(s) between budget lines/sub-lines reach the 10% of the smaller budget line a modification of the Subsidy Contract should be requested. Such request is **always approved by the JMC**.

The reallocation requested by a project can be implemented only after it is approved by the JMC. Although the expenditures related to the modified budget lines are eligible already from the date of the JMC decision those costs can be validated only after the Addendum of the Subsidy Contract is signed by both contracting parties.

The LP has to submit the following documents to the MA:

- *“Request for Project Modification”*, clearly describing and well justifying the reasons for such a modification (1 original version signed by the LP);
- *“Budget modification table” (Annex 2.2)*
- *“Revised Application Form”*, with modified budget (1 original version signed by the LP);

The submitted *“Request for Project Modification”* will be evaluated by the MA and will be put forward for decision to the JMC. In case of approval, in accordance with the decision, an **Addendum to the Subsidy Contract** will be signed by the contracting parties.

3.4. Extension of implementation period

Modifications requested notification to the MA

All modifications concerning the extension of the implementation period **always need the approval of the JMC, as well as Addendum to the Subsidy Contract**.

Modifications requested approval by the JMC and addendum to the subsidy contract

Extension of the project implementation period can be requested **only once during the whole project implementation period**. The LP has to take into consideration that the requested extension **cannot exceed ¼ of the approved project duration**.

The LP should immediately contact the JTS with copy to the MA in case the project implementation is in such delay that the main project activities can not be accomplished during the implementation period of the Subsidy Contract and the achievement of the project objectives could be precarious. The LP has to submit the following documents to the MA:

- *“Request for Project Modification”*, clearly describing and well justifying the reasons for such a modification

(1 original version signed by the LP).

The submitted "Request for Project Modification" will be evaluated by the MA and will be submitted for decision by the JMC. The LP can request extension of a project implementation period **at least 60 days before expiration of the execution period of the contract.**

In case of approval an **Addendum to the Subsidy Contract** has to be signed by the contracting parties before the original end date of the project.

3.5. Administrative changes

Modifications requested notification to the MA

All modifications concerning the administrative part of the project (change of bank account, contact details, address for communication) require only notification to the MA with exception of the changes of the project team, where written approval by the MA is requested.

In case of changes in the project team the Lead partner should submit to the JTS, the following documents:

- "Request for Project Modification", clearly describing and well justifying the reasons for such a modification (1 original version signed by the LP);
- "Declaration(s) of Withdrawal" of the member(s) of the project team leaving the project (1 original version signed by the member), or the "Written Decision of the Partnership" debaring the member(s) of the project team, including the exact date of withdrawal (1 original version signed by all PPs);
- "CV(s)" of the proposed new member(s) of the project team (qualifications and competences have to be relevant to those of the already approved member(s), withdrawing from the project)

The modification will become effective **ONLY AFTER WRITTEN APPROVAL** by MA.

3.6. Summary table of types of project changes and related procedures

TYPE OF PROJECT CHANGE	PROCEDURE	
	Notification to the MA	Approval by JMC
Partnership changes		<ul style="list-style-type: none"> - JMC decision; - Addendum to Subsidy Contract.
Project content changes		
<i>Modifications of the approved Application form which will not affect the project's objectives, outputs and results and will not jeopardize the successful completion of the project by the end date of the Subsidy Contract.</i>	<i>Notification to the MA and information to be included in the Progress Report.</i>	
<i>In case of modifications in the project altering the approved objectives, outputs, or results always need the approval of the JMC, as well as the modification of the Subsidy Contract.</i>		<ul style="list-style-type: none"> - JMC decision. - Addendum to Subsidy Contract.
Budget changes		
<i>Budget reallocation between project partners up to 10 % of the total project amount</i>	<i>Notification to the MA and submission of revised budget of the project.</i>	-

Budget reallocation between project partners above 10 % of the total project amount (but up to 20 %)		- JMC decision; - Addendum to Subsidy Contract.
Budget reallocation between budget lines		
Reallocation up to 10% limit	Notification to the MA and submission of revised budget of the project.	
Reallocation above 10 % limit (but up to 20 %)		- JMC decision; - Addendum to Subsidy Contract.
Extension of implementation period		
Extension of the implementation period		- JMC decision; - Addendum to Subsidy Contract.
Administrative changes		
Administrative changes	Notification to the MA	
Changes in project team	Approval by the MA but no addendum to subsidy contract.	

4. Sub-tendering procedures/ Public procurement

There are strict rules governing the way in which sub-contracts are awarded. The rules help to ensure that suitably qualified sub-contractors are chosen without bias and that the best value for money is obtained, with the full transparency appropriate to the use of public funds.

The descriptions given below cover procedures for service, supply and works contracts in relation to procurement procedures as a part of project implementation activities of the Subsidy Contract. They are based on Art. 121 of the IPA IR and the suggested approach by this PIM is based as far as possible on the well-known and well-tested rules used already in the external aid. **Therefore this section of the PIM is based on existing procedures described in the "Practical Guide to Contract procedures for EU external actions" (PRAG), available at the web page: <http://ec.europa.eu/europeaid/eprag/document.do?locale=en>.**

The content of this chapter is adapted to concrete specific needs of the beneficiaries under Bulgaria – Turkey IPA Cross-Border Programme. **It does not aim at providing overall review as presented in the PRAG**, but is rather taking a practical approach, focusing on the issues which are applicable to the needs of the Programme.

Please, be informed that during the subsidy contract implementation phase, the respective version of PRAG may be changed/amended. In case of substantial changes in the rules and procedures of PRAG, the MA will reflect the relevant changes in the PIM. Nevertheless the beneficiaries have the obligation to keep a close watch on the latest version of PRAG and to apply the respective procedures and annexes. In case of modification of PRAG rules/annexes, the procedures launched before the new version becomes in force, shall be procured and contracted following the previous version of the Guide.

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

- to ensure the transparency of operations, proportionality, equal treatment and non-discrimination; and
- to obtain the desired quality of services, supplies or works at the best possible price.

There are several different procurement sub-tendering procedures, each allowing for a different degree of

competition. Detailed procedures for each type and size of contracts are provided in section [4.3 “Type of sub-contracts”](#) and [4.4 “Sub-tendering procedures”](#) of this chapter. The basic principles, sub-tendering procedures and rules apply to the procurements by the all project partners. **In the event of failure to comply with the procurement rules, the expenditure relating to the operations in question will be not eligible for EU financing.**

In order to fulfill efficient management and control of the procurement process carried-out by the beneficiaries under the Programme, the MA requires duly preparation of a procurement plan by beneficiaries after signature of the Subsidy Contracts (see section [4.2 “Project Procurement Plan”](#)).

In order to support the beneficiaries in preparation of tender documents, the MA elaborated example dossiers for single tender of service and supply contracts as well as competitive negotiated procedures for service, supply and works contracts. The editable versions of tender dossiers are available at the Programme web page.

It is important to note, that the beneficiaries are not obligated to use these tender dossiers, which aimed to present the main aspects in drafting the TD package. However, the MA requires the sub-tendering procedures, procured by the project partners to be in full compliance with the applicable PRAG rules.

4.1 Basic rules

Nationality

Without prejudice to the specificity of each basic act which contains the eligibility provisions applicable to each instrument, participation in the procurement and grant procedures is normally open on equal terms to all natural persons who are nationals of and legal persons specified in point 2.3.1 in PRAG.

Origin of goods

Goods are subject to the rule of origin to the extent that they are purchased. Consequently, the goods to be delivered under a supply contract, as a rule, fall under the rules of origin, as well as the materials, goods and components under a works contract to be incorporated or to form part of the permanent works. All supplies and materials purchased under a contract financed under an EU instrument must originate from the EU or from an eligible country. Tenderers must state the origin of the supplies in their tenders. For unit purchase price higher than **EUR 5000** the contractor must submit proof of origin for equipment and vehicles, through a certificate issued by the competent body (e.g. Chamber of Commerce) to the beneficiary no later than the first invoice is presented. If the unit purchase price is below EUR 5000 only declaration of origin by the tenderer is required.

For more details, please refer to point 2.3.1 in PRAG.

Derogation of rule of origin:

In accordance with point 2.3.2 “Exceptions to the rule of nationality and origin” of the PRAG and Commission Decision C (2011) 3740, exceptions to the rule of origin may be made in some cases. The award of such derogation is decided on a case-by-case basis by the MA before the respective procurement procedure is launched.

Derogations should be fully justified on the basis of the unavailability of products and services in the markets of the countries concerned, for reasons of extreme urgency, or if the eligibility rules would make the realization of a project impossible or exceedingly difficult. The argument that a product of ineligible origin is cheaper than the EU or local product would not alone constitute grounds for awarding of such derogation.

The Lead Partner should submit request for derogation accompanied with all supporting documents (if the derogation is asked by the Project partner the request should be submitted through the Lead partner) to the JTS, which is the responsible body for checking the submitted request in terms of availability of all supporting documents proving the necessity of derogation. In case of missing documents, the JTS shall send a notification to the Lead Partner to provide the documents within 5 days of receipt of the notification. After completion of the check, the JTS submit the whole documentation, to the MA for final decision for approval or rejection of the request of derogation to the rule of origin.

Prior the submission of a request for derogation, the beneficiaries should perform a large-scale inquiry of suppliers. As “supplier” is considered a trader-producer or official representative of the producer, or middleman of the relevant equipment. “Large-scale inquiry” should be considered an analysis, which is not focused only on local/regional suppliers. As a result of the inquiry, The Beneficiaries should submit the correspondence, containing official answers from at least three suppliers, one of which, operating at national level, together with the request for derogation. The formal inquiry and the lack of the relevant answer do not fulfill the above mentioned conditions for submission of the request for derogation to the rule of origin.

The procedure for derogation could be executed only in case of supply of specific professional equipment and if the above listed conditions are respected. In case of request for derogation for supply of daily used equipment as office, IT equipment, etc. it should be treated as exclusive, on the base of which the derogation will be requested (for example server, with specific characteristics, produced by limited number of suppliers and planned to be used for a specific project activity). It is important to note, that these suppliers should not possess a certificate of origin.

It should be taken into account, that the unavailability of equipment for daily use, such as printer, PC, fax, telephone, GPS device etc., which originate from the EU or from an eligible country could not be considered as a substantial obstacle for the project implementation, and thus derogation to the rule of origin for such kind of equipment should not be requested.

Additionally the excessive unit price should not be considered as a reason for request of derogation, having in mind that the beneficiaries should be familiar with the rules of PRAG, regarding the supply of equipment and related to budget planning at the stage of submission of the project proposals.

Given the above, please refer to Appendix 1 to the present PIM, where the requirements for applying of the procedure are described in details.

Grounds for exclusion

Candidates or tenderers have to be excluded from participation in procurement procedures if fail into one of the hypothesis described in p.2.3.3 in PRAG.

Ethics clauses

Any attempt by a candidate, applicant or tenderer to obtain confidential information, enter into unlawful agreements with competitors or influence the committee or the Contracting Authority during the process of examining, clarifying, evaluating and comparing tenders and applications will lead to the rejection of its candidacy, proposal or tender. For more details, please refer to point 2.4.14 in PRAG.

Administrative and financial penalties

Without prejudice to the application of penalties laid down in the contract, candidates, tenderers, applicants and contractors who have made false declarations, have made substantial errors or committed irregularities and fraud,

or have been found in serious breach of their contractual obligations may be excluded from all contracts and grants financed by the EU for a maximum of five years from the date on which the infringement is established, as confirmed following an adversarial procedure with the contractor. For more details, please refer to point 2.3.4 in PRAG.

Visibility

The contractors for services, supplies and works must take the necessary measures to ensure the visibility of the EU financing or co-financing. Such measures must be in accordance with the applicable rules on the visibility of external action laid down and published by the Commission. These rules are set out in the Communication and Visibility Manual for EU External Actions available from the EuropeAid website at: http://ec.europa.eu/europeaid/work/visibility/index_en.htm.

Conflict of interest

Conflict of interest occurs when the impartial and objective exercise of the functions of the Contracting Authority, or the respect to the principles of competition, non-discrimination or equality of treatment of candidates/tenderers/applicants/contractors with regards to the award procedure or contract, is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other shared interest with the beneficiary of EU funded programmes. For more details, please refer to point 2.3.6 in PRAG.

Other essential points

Awarding principles: All sub-contract awards must respect the principles of transparency, proportionality, equal treatment and non-discrimination.

Non-retroactivity after expiration of the sub-contract period: Sub-contracts are considered to take effect from the date of signature of the last signatory. Sub-contracts cannot be modified after their expiration.

Record keeping: Written records of the entire sub-tendering procedure must be kept by the partners in accordance with the policy on archiving.

Availability of funds: before initiating any sub-tendering procedure, the funds must be available. If there is a procedure for budget reallocation between budget lines subject to sub-tendering procedure (section Budget reallocation between budget lines) the respective sub-tendering procedure has to be initiated after approval of the reallocation and revised procurement plan. For more details, please refer to point 2.3.6 in PRAG.

4.2 Project Procurement Plan

The LP has the obligation up to 7 days after entering into force of the Subsidy Contract to collect the procurement plans (containing information about the sub-tendering procedures to be procured during the implementation of the contract) by all PPs and summarize the information in Project's procurement plan (*Annex 3*). During preparation of the Project's Procurement Plan (PPP), the LP should take carefully into consideration section [4.3 "Type of sub-contracts"](#) and [4.4 "Sub-tendering procedures"](#) of this chapter. **The LP has an obligation to prepare and submit to the JTS a PPP within 10 days after entering into force of the Subsidy contract.**

Up to 5 days after receiving of the PPP the JTS shall review and comment or approve the submitted plan. In case of comments by the JTS, the beneficiary has to provide revised PPP up to 3 days after receiving of the comments.

The deadline for approval of the respective PPP by JTS starts running again on the date the required information is received.

The LP will be notified for approval of the PPP up to 5 days after its receiving by JTS or within 2 days if additional recommendations and comments have been provided.

If there is necessity of amendments in the PPP the LP has to formally inform the JTS in 10 days before the respective changes become operational.

The Beneficiary could proceed to preparation and launching of the sub-tendering procedures, as part of the respective contract, only in case the respective PPP has been approved by JTS.

4.3 Type of sub-contracts

▪ Service contracts

IPA contracts in the context of EU External aid include specific support in form of studies or technical assistance. Technical and economic support in the course of cooperation policy involves recourse to outside know-how on the basis of service contracts, most of them for studies or technical assistance.

Study contracts include studies for identification and preparation of projects, feasibility studies, economic and market studies, technical studies, evaluations and audits.

Technical assistance contracts are used where a service provider is called on to play advisory role, to manage or supervise a project, or to provide the experts specified in the contract.

Generally a service contract may be purchased in two different ways:

- **Global price** - where specified outputs are defined. The service will be paid on the basis of the delivery of the specified outputs. Examples for the global price contracts are service contracts for studies, evaluations, audits, organisation of events such as conferences, trainings, etc. Studies include a variety of tasks like identification and preparation of projects, feasibility studies, economic and market studies, technical studies, drafting a legal document, evaluations and audits. Global price always specify the output, i.e. the consultant must provide a given product.
- **Fee-based** - where the output is unpredictable, or where the workload to achieve the specified output is impossible to quantify in advance. Therefore it is economically more advantageous to pay the services on the basis of time actually worked. The examples for fee-based contracts are the service contracts for Project supervision, Resident Technical assistance, Facilitation in a multi-stakeholder process (depending of the complexity of the environment), etc.

A possible example of service procedures may include the following:

Setting-up new tourist product in cross-border region

The objective of the project is to set-up a new tourist product, based on joint ethnology and cultural heritage of the region.

Project activities include review of tourism potentials of the region, networking of tourism providers, training activities, promotion and testing of the new tourist product through "diplomatic weekend".

Resources for implementation of the project include: project team, travel costs, purchase of limited amount of equipment and external services.

The external services that need to be procured for efficient implementation include:

- Marketing training of tourism providers. One part of the training of tourism providers will include marketing aspects of their work. Since the necessary qualifications are not available within the project team it was decided the service to be outsourced to marketing consultancy company.
- Design and printing of tourism brochures. The project partners do not possess necessary qualification or equipment for preparation and printing of tourism brochures. A qualified printing company and designer will be engaged on procurement contracting basis.
- Promotion of the tourist product in media. The new tourist product will be promoted in regional and national media. It was decided that a marketing agency ought to be contracted to arrange and implement a marketing campaign and engage media.
- Translation services. The project will be implemented in cross-border region. Partners from both sides of the border are having difficulties to communicate due to language barriers. Translators will be engaged to overcome this obstacle.
- Services of organizing and accommodation of "diplomatic weekend". The event will bring up to 50 representatives of diplomatic corps and other public figures to the region. Accommodation and catering will be organized on public procurement basis. A local agency will be engaged to organize the services.

Different nature of services requires publishing a **separate procedure** for each of these contracts.

The table below presenting some practical challenges in managing and monitoring the s contract procedures.

Practical challenges in procurement of services

CHALLENGES	RECOMMENDATIONS
DOCUMENTS	
Poor quality of Terms of Reference – risk of failure of delivery. The ToR document needs to specify all the details of services required. If this is not the case, disagreement between the Contracting Authority and the contractor might arise and the latter might refuse to deliver all services expected.	<ul style="list-style-type: none"> - The Contracting Authority should specify all details of the services expected. Particular attention should be put on the inputs required and results expected. - The ToR documents could be checked with independent expert to get second opinion on the matter.
Restrictive conditions. The ToR could contain restrictive conditions, formulations that could limit fair competition. Restrictive conditions are largely manifested through description of requirements for key experts. References to very narrow qualifications or specific skills are such examples.	- ToR document needs to be closely checked, particularly in the part of expert's requirements. The formulations should be specific enough to maximise the contract impact but should not be restrictive. Reference to very specific and narrow experiences or qualifications should be avoided.
Splitting of contracts. In order to avoid application of competitive negotiated or open procedure, the beneficiaries might decide to split contracts into several parts. Splitting of contracts containing the services of similar nature is not allowed.	- The beneficiary's procurement plan should be carefully prepared. Services of similar nature should be tendered under one procedure. A formulation of "similar nature" is normally services which can be provided by one contractor.
SELECTION PROCESS	
Lack of sufficient number of quality /compliant offers. The Contracting Authority might face challenges of not receiving sufficient number of quality or compliant offer. Such situation could be caused by one of the following reasons: lack of capacity of invited tenderers, too	- The Contracting Authority should organise support and advice to tenderers in the process. Clarification meetings are recommended in complex tenders. The Contracting Authority should establish list of frequently asked questions (FAQ) and submit it to all tenderers.

<p>restrictive provisions of the requested services, limited publication of tender.</p>	<ul style="list-style-type: none"> - The Contracting Authority should make sure that the tenders are not too restrictive (see above). - The Contracting Authority should ensure wide publication of the tender (in case of open procedures). In case of competitive negotiated procedure a larger number of potential tenderers than minimum requested (3) could be invited.
<p>IMPLEMENTING PROVISIONS</p>	
<p>Replacement of experts. The contractor might decide to propose replacement of experts (shortly) after the signature of the contract.</p>	<ul style="list-style-type: none"> - Replacement of experts should only be allowed in exceptional cases. Addendum to the contract needs to be prepared. - The replaced experts should be in line with the requirements from the ToR and should at least match if not exceed qualifications and skills of original experts.
<p>Financial guarantees. In case of larger and more complex service contracts certain financial risks exists for the Contracting Authority. In case of failure of delivery the Contracting Authority might face the challenge of retrieving pre-paid funds.</p>	<ul style="list-style-type: none"> - The Contracting Authority should adopt the payment schedule to the complexity and size of contract. - In case of significant pre-payments a financial guarantee could be requested from the contractor.

▪ Supply contracts

Supply contracts cover the purchase, leasing, rental or hire purchase, with or without option to buy, of products. A contract for the supply of products and, incidentally, for sitting and installation shall be considered a supply contract.

Specific provisions and challenges in purchasing supplies **depend on the type and scope of equipment**. Equipment could be divided into two general categories. First category includes less complex equipment which is frequently purchased within the EC co-financed contracts, for instance: computer equipment, vehicles, audio-visual equipment. The second category is a wide range of complex professional equipment, for instance: laboratory equipment, meteorological sensors, nuclear safety equipment or similar.

Possible practical examples of supply procedures in the context of IPA contract can include:

Information support and networking of local authorities

The objective of the project is to improve functioning of local authorities in neighboring countries through establishment and functioning of information system.

The project activities include: analysis of state-of-play, comparison and cross-border exchange of experience, purchase of equipment and setting-up joint information platform and training of participating civil servants.

The resources required within the project include project team, travel costs, purchase of equipment and external services.

The equipment purchased from the project includes:

- *Computer server. A computer server would need to be purchased to support functioning of the new information system. None of the existing servers within the project partners' facilities have sufficient capacity. Computer hardware suppliers will be invited to tender.*

- *Personal computers and printers. A number of personal computers and printers would need to be purchased for functioning*

of the information system. Computer hardware suppliers will be invited to tender.

- Computer software. Each of the personal computers purchased in the project would need to be equipped with adequate software package. On the level of information system a special software package will be purchased for management of the system.

Taking into account similar nature of supplies, **one tender** (possibly with 2 lots - one for computers, printers and software and the other one for server) should be published.

Setting up a mobile unit for emergency situation

The objective of the project is to establish mobile unit, which will provide first response and support in case of natural disasters and other emergency situations.

The project activities include: review of situation, preparation of operational plans in the cross-border region, purchase of mobile village for 2000 persons, training and exercise of emergency services.

The resources required within the project will include: project team, travel costs, external services for emergency training, equipment purchase. The latter will include:

- Tents for mobile village. The emergency village consists of mobile tents that can be quickly deployed when necessary. Specialist providers will be invited to the tender.
- Electricity generators. The generators are a separate purchase necessary for the mobile village. They will provide lighting, warming and enable functioning of mobile kitchen and field hospital. Specialist providers will be invited to the tender.
- Furniture for equipping mobile village. Furniture includes above all beds and basic furniture to be set in the tents. It also includes bathroom and toilets equipment and furniture. Specialist providers will be invited to the tender.
- Mobile kitchen. Mobile kitchen will be purchased as one whole unit. Kitchen equipment, furniture and dishes will be contained in the purchase. Specialist providers will be invited to the tender.
- Vehicles for transport of emergency equipment and staff. One van and one truck will be purchased to enable mobility of emergency equipment and staff. Representatives and dealers of car companies will be invited to the tender.

Different type of equipment requires **separate procedures** (or one procedure with several lots).

The table below presenting some practical challenges in managing and monitoring the supply contract procedures.

Practical challenges in procurement of supplies

CHALLENGES	RECOMMENDATIONS
DOCUMENTS Poor quality of technical specifications – risk of failure of delivery. If poorly prepared, the technical specifications could result in failure of delivery of planned supplies. In case of misunderstanding between the Contracting Authority and the contractor the latter might refuse delivery of expected quantities of qualities.	<ul style="list-style-type: none"> - The Contracting Authority should dedicate particular attention to preparation of technical specifications. They need to be detailed enough in describing quantities and exact specifications of goods required. - In order to avoid delivery of out-of-date goods the Contracting Authority needs to be particularly careful in formulation of specifications for computer and electronic goods. - An independent technical expert could be consulted in the process.

<p>Restrictive conditions. By introducing too restrictive conditions the Contracting Authority might limit the competition.</p>	<ul style="list-style-type: none"> - Specific attention needs to be dedicated to technical specifications to avoid restrictive conditions and limitation of competition. Any mentioning of specific brand or producer is strictly forbidden. - The managing bodies could consult an independent technical expert in the process.
<p>Splitting of contracts. In order to avoid application of competitive negotiated or open procedure, grant beneficiaries might decide to split contracts into several parts. Splitting of contracts containing the supplies of similar nature is not allowed and the respective project procurement plan will be subject of revision by the JTS.</p>	<ul style="list-style-type: none"> - The beneficiary's procurement plan should be carefully prepared. Supplies of similar nature should be tendered under one procedure. A formulation of "similar nature" is normally supplies which can be provided by one contractor (for instance computer equipment, furniture, laboratory equipment etc.).
<p>SELECTION PROCESS</p>	
<p>Lack of sufficient number of quality /compliant offers. The Contracting Authority might face challenges of not receiving sufficient number of quality or compliant offer. Such situation could be caused by one of the following reasons: lack of capacity of invited tenderers, to restrictive provisions of the requested supplies, limited publication of tender.</p>	<ul style="list-style-type: none"> - The Contracting Authority should organise support and advice to tenderers in the process. Clarification meetings are recommended in complex tenders. The Contracting Authority should establish list of frequently asked questions (FAQ) and submit it to all tenderers. - The Contracting Authority should make sure that the tenders are not too restrictive (see above). - The Contracting Authority should ensure wide publication of the tender (in case of open procedures). In case of competitive negotiated procedure a larger number of potential tenderers than minimum requested (3) could be invited.
<p>IMPLEMENTING PROVISIONS</p>	
<p>Quality of goods delivered. The contractor might fail to deliver goods in quality stipulated in by the technical specifications.</p>	<ul style="list-style-type: none"> - The Contracting Authority should carefully check the supplies upon delivery. The specifications of the supplies need to exactly match those from the technical specifications of the TD.
<p>Delivery deadlines. The contractor might fail to deliver goods in time proposed by their offer.</p>	<ul style="list-style-type: none"> - The Contracting Authority should plan penalties for late delivery in the tender documentations.
<p>Guarantees and post-sales services. The contractor might fail to deliver post sales service, any other services related to supply contract (for instance installation or training) or fail to realise guarantee in case of failures of goods.</p>	<ul style="list-style-type: none"> - The Contracting Authority should carefully plan not only the specifications of goods but also any services related to the goods. These include accompanying services such as installation or training and usual post-sales services. - Required guarantees, spare parts or similar should be precisely described in the tender documentation. - The Contracting Authority should plan penalties in case of failure of delivery of services or guarantees.
<p>Origin of supplies. The contractor might fail to deliver certificate of origin for supplied goods.</p>	<ul style="list-style-type: none"> - Failure to deliver certificate of origin will result in ineligible costs. The grant beneficiary should make sure that the certificate is supplied before the final acceptance of goods is made.
<p>Financial guarantees. In case of larger and more complex supply contracts certain financial risk exists for the Contracting Authority. In case</p>	<ul style="list-style-type: none"> - The Contracting Authority should adopt the payment schedule to the complexity and size of contract.

of failure of delivery the Contracting Authority might face the challenge of retrieving pre-paid funds.

- In case of significant pre-payments a financial guarantee should be requested from the contractor.

▪ Works Contracts

Works contracts cover either the execution, or both the execution and design, of works or a work related to one of the following activities:

- Building site preparation;
- Building of complete constructions or parts thereof; civil engineering;
- Building installation;
- Building completion;
- Renting of construction and demolition equipment.

A 'work' means the outcome of building or civil engineering works taken as a whole that is sufficient of itself to fulfill an economic or technical function.

Practical examples of works procedures

Setting up of business incubator

The objective of the project is refurbishment of an old metal working factory into business incubator.

Project activities include: review of entrepreneurial potentials of the region, definition of business sectors to be included in the incubator, reconstruction works, selection and training of incubator management staff.

Resources necessary for implementation of the project include: project team, travel costs, purchase of equipment and reconstruction services. The latter will be engaged in the form of works contract as follows:

- Works contract for refurbishment of premises. The works contract will cover the whole range of reconstruction works, from cleaning the existing premises, base construction works, replacement of roof, installation works to finalization works.

One contract will be awarded for the whole scope of refurbishing works.

Construction of cross-border bicycle path

The objective of the project is support to cross-border tourism by construction of cross-border bicycle path.

Project activities include: preparation of terrain, construction of bicycle path, supervision of works, promotion and opening of cycling path.

The resources required within the project include: project staff, travel costs, construction works, services of supervisory engineer and promotion services. The works sub-contracted from the project will include:

- Works contract for construction of the bicycle path. The contract will include: preparatory works of the terrain, construction of the bicycle path, pavement, finalization and signalization.

One contract will be awarded for the whole scope of construction works.

The table below presenting some practical challenges in managing and monitoring the works contract procedures.

Practical challenges in procurement of works

CHALLENGES	RECOMMENDATIONS
DOCUMENTS	
<p>Poor quality of tender dossier – risk of delivery. Poor descriptions in the bill of quantities and the remaining tender documents could result in failure of delivery. In case of misunderstanding between the Contracting Authority and the contractor the later might fail to deliver what was expected</p>	<ul style="list-style-type: none"> - The Contracting Authority should make sure that the tender documents are sufficiently precise to guarantee full and unconditional delivery of expected results.
<p>Availability of support documents – building permits. In case that the building permits and other accompanying documents are not available at the time of signature of contract, risk of failure of the contract exists.</p>	<ul style="list-style-type: none"> - In case of works planned under the contracts, building permit should be requested and presented at the time of signature of the contract.
SELECTION PROCESS	
<p>Lack of sufficient number of quality /compliant offers. The Contracting Authority might face challenges of not receiving sufficient number of quality or compliant offer. Such situation could be caused by one of the following reasons: lack of capacity of invited tenderers, to restrictive provisions of the requested works, limited publication of tender.</p>	<ul style="list-style-type: none"> - The Contracting Authority should organise support and advice to tenderers in the process. Clarification meetings are recommended in complex tenders. The Contracting Authority should establish list of frequently asked questions (FAQ) and submit it to all tenderers. - The Contracting Authority should make sure that the tenders are not too restrictive. - The Contracting Authority should ensure wide publication of the tender (in case of open procedures). In case of competitive negotiated procedure a larger number of potential tenderers than minimum requested (3) could be invited.
IMPLEMENTING PROVISIONS	
<p>Quality and supervision. The contractor might fail to deliver works in quality planned.</p>	<ul style="list-style-type: none"> - The Contracting Authority should appoint competent supervisory engineer to supervise implementation of the works contract. - From the perspective of the managing bodies an independent technical expert could be engaged to monitor the implementation of works contract.
<p>Deadlines for implementation. The contractor could fail to implement works in the planned time.</p>	<ul style="list-style-type: none"> - Timing of works contract should be carefully planned. Potential delays, for instance due to seasonal nature of works, should be taken into account. - Penalties for delays caused by the contractor should be planned in tender documentation.
<p>Additional works. The contractor could, due to unexpected situation, implement additional works from those planned in the tender documentation.</p>	<ul style="list-style-type: none"> - The Contracting Authority should stipulate planning of 10% contingency reserve in the preparation of financial offers.
<p>Financial guarantees. In case of larger and more complex supply contracts certain financial risk exists for the Contracting Authority. In case of failure of delivery the Contracting Authority might face the challenge of retrieving pre-paid funds.</p>	<ul style="list-style-type: none"> - The Contracting Authority should adopt the payment schedule to the complexity and size of contract. - In case of significant pre-payments a financial guarantee should be requested from the contractor. - Retention guarantee should be applied to avoid risks of poor quality construction.

4.4 Sub-tendering procedures

4.4.1 Which procurement procedure to apply?

In the definition of these, the following key elements are particularly important:

- **Financial thresholds** - the financial thresholds define which procedure needs to be applied. The thresholds define the limits between single offer procedures, competitive and open procedure, depending on the type of contract. Detailed provisions are described under each section, describing the types of contracts.
- **Procedure** - depending on the size of the contract different procedures are applied in publication and process. Some of the procedures can be concluded on the basis of single offer, while other stipulate open publication and consequentially comparison of several competitive offers.
- **Use of standard format documents** - in order to enable comparison and control the PRAG provides a number of standardized documents, covering every step in the procedure. Depending on the size and type of the contract specific provisions apply. They are described under each specific section.

NB!

*Templates and annexes mentioned in the description of procurement procedures are standard PRAG templates used for external aid programmes. They are **obligatory for use in order to simplify and unify tendering dossiers** in the programme and they provide sufficient basis for preparation of tender documentation.*

- **Evaluation procedure** - evaluation procedure largely depends on the type of contract. The differences are defined by selection criteria. In some cases the price is the exclusive selection criteria and in other cases the selection is based on the combination of price and technical quality of offers. Specific provisions are described under each section.

The rules for applying the standard procurement procedures explained later in this point are summarized in the table below. They are divided between those for services (e.g. trainings, studies, provision of know-how), supplies (i.e., equipment and materials) and works (i.e. infrastructure and other engineering works). Once approval for procurement plan has been granted by the MA, the beneficiaries can proceed with tendering and contracting following these standard procedures. The thresholds given in the table are based on the maximum budget for the contract in question.

Regardless of which procedure used, the beneficiaries y must ensure that all the basic principles are respected (including eligibility, exclusion and selection criteria). Selection criteria differ between different types of contract:

- **Service contracts.** The offer which provides the best value for money is awarded with the contract. Normally the ratio 20% price and 80% technical quality is used.
- **Supply contracts.** The contract shall be awarded to the cheapest technically compliant offer.
- **Works contracts.** The contract shall be awarded to the cheapest technically compliant offer.

Note that projects must not be split artificially to circumvent the procurement thresholds.

SERVICES	$\geq \text{€ } 200,000$	1. $< \text{€ } 200,000$ but $> \text{€ } 10,000$ Framework contracts	$\leq \text{€ } 10,000$
	International tender procedure restricted	2. Competitive negotiated procedure	Single tender

SUPPLIES	≥ € 150,000 <i>International open tender procedure</i>	< € 150,000 but ≥ € 60,000 <i>Local open tender procedure</i>	< € 60,000 but > € 10,000 <i>Competitive negotiated procedure</i>
	1. ≥ € 5,000,000 <i>International open tender procedure</i> 2. <i>International restricted tender procedure</i>	< € 5,000,000 but ≥ € 300,000 <i>Local open tender procedure</i>	< € 300,000 but > € 10,000 <i>Competitive negotiated procedure</i>

4.4.2. Open procedure

Calls for tender are open where all interested economic operators may submit a tender. The procedure follows one step process where open invitation for submission of tenders is issued either on national and international level. The contract is given maximum publicity through the publication of a notice. Depending on whether it is a local or international open procedure the procurement notice is to be published in all appropriate media:

- In case of **local open procedure** - on the beneficiary's website (in its role of Contracting Authority) and in the national press of the country in which the action is being carried out;
- In case of **international open procedure** - on the beneficiary's website (in its role of Contracting Authority); in the national press of the country in which the action is being carried out; in the in the international press and in the Official Journal (S-series) of the European Union.

The open procedure is applicable to supply and works contract.

Open procedures for supply contracts:

Tender documents:

The tender documents should describe in sufficient details procedures and expectations from the tenderer. In the case of open procedure a full tender dossier needs to be prepared, includes all the documents listed under annex **C4: Standard tender dossier (including draft contract)**. The format documents for the procedure are available on the web-page:

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

NB!

A simplified tender dossier can not be used.

The tender dossier for the contract in question is published on the website of the beneficiary in its role as Contracting Authority; it must also be sent to would-be suppliers upon request.

In case of **international open procedure** the tender dossier needs to be made available at EuropeAid website and it must be sent to would-be suppliers upon request. **English notices of Local Open and International tenders should be forwarded to the European Commission (EuropeAid)** to e-mail address: europeaid-ipapub@ec.europa.eu. The European Commission (EuropeAid) is responsible for the publication of the notices of international tenders in the Official Journal of the European Union.

Publication:

In the case of open procedure a [Procurement Notice](#) - public invitation to potential tenders to submit their offers, needs to be prepared and published. The procurement notice must provide would-be suppliers with the information they need to determine their capacity to fulfill the contract in question. The format of the procurement notice is available under annex **C2: Procurement Notice** on the web-page: http://ec.europa.eu/europeaid/work/procedures/implementation/supplies/index_en.htm

Additionally to the Procurement Notice, in case of *international open procedure*, the [contract forecast](#) needs to be prepared and published at least 30 days prior to publication of a procurement notice. The contract forecasts are published in the Official Journal of the European Union, on the EuropeAid website and in any other appropriate media. The contract forecasts must give a brief indication of the subject and content of the tenders concerned. The format of the contract forecast is available under annex **C1: Individual contract forecast** on the web-page:

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

In case of *local open procedures* the procurement notice is published on website of the Beneficiary's organization, in its role of a Contracting Authority, and in national media of the country in which the action is being carried out. It is also possible to publish the tender dossier and the procurement notice on the EuropeAid website and indicate this in the Summary Procurement Notice (Annex C3).

In case of *international open procedures*, the contract forecast and procurement notice are published on web page of the Beneficiary's organization, in its role of a Contracting Authority; in the national press of the country in which the action is being carried out; in the international press and in the Official Journal (S-series) of the European Union. For more information, please refer to p. 4.3.1 of PRAG.

Submission of tenders:

In the case of *local open procedure* the tenderers are given **minimum 30 days** from publication of procurement notice for submission of their offers.

In the case of *international open procedure* the tenderers are given **minimum 60 days** from publication of procurement notice for submission of their offers.

Open procedures for works contracts:Tender documents:

In the case of open procedure a full tender dossier needs to be prepared, including all the documents listed under annex **D4: Standard tender dossier (including draft contract)**. The format documents for the procedure are available on the web-page:

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

The Contracting Authority must send tender dossiers to would-be tenderers upon request. Because of their size and printing costs, tender dossiers for works contracts are usually sent out for a fixed fee. The tender dossier will also be available for inspection at the premises of the Contracting Authority.

Publication:

In the case of open procedure a [Procurement Notice](#) - public invitation to potential tenders to submit their offers, needs to be prepared and published. The procurement notice must provide potential tenderers with the information they need to determine their capacity to fulfill the contract in question. The format of the procurement notice is

available under annex **D2: Procurement Notice** on the web-page:

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

In case of **local open procedures** the Procurement Notice is published on website of the Beneficiary's organization, in its role of a Contracting Authority, and in national media of the country in which the action is being carried out. Reference is published on EuropeAid website (publication reference, country, Contracting Authority and type of contract), with the address where firms can obtain further information. For more information about international open procedure under works contracts, please refer to point 5.2.1 of the PRAG.

Submission of tenders:

In case of local open procedures, the tenderers are given **minimum 60 days** from publication of procurement notice for submission of their offers.

Selection process under Open procedure:

Tenders are opened and evaluated by an **Evaluation Committee** appointed timely and formally by the Contracting Authority comprising a non-voting Chairperson, a non-voting Secretary and an odd number of voting members (minimum of three). The Evaluation Committee members should be appointed by official nomination of the Beneficiary in its role of a Contracting Authority, **based on their qualifications and skills** (CVs should accompany the nomination). Each member must have a reasonable command of the language in which the applications are submitted. **All members of the Evaluation Committee are obliged to sign a [Declaration of Impartiality and Confidentiality](#)**. The format of the declaration is available under annex **A4: Declaration of Impartiality and Confidentiality** on the web-page:

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

NB!

In case of International/Local open procedure is carried-out, the observers from programme structures (JTS, JTS Antenna and MA) must be invited to observe the evaluation process. Invitations for the opening session of the tenders have to be sent within 15 days before the relevant date of opening. Up to 5 days after receiving of the invitation the members of the programme structure, with official letter to the beneficiary, may appoint its representative to observe all or part of the evaluation process.

The award criterion for selection of the sub-contractor is the lowest price of technically compliant offers.

The steps in the selection process are as follows:

I. RECEIPT AND REGISTRATION OF TENDERS.

On receiving tenders, the Beneficiary must register them marking the date and time of reception and providing a receipt for those delivered by hand. The envelopes containing the tenders must remain sealed and be kept in a safe place until they are opened. The outer envelopes of tenders must be numbered in order of receipt (whether or not they are received before the deadline for submission of tenders).

II. PREPARATORY MEETING.

First meeting of the Evaluation Committee has to be held before the tender opening session. The tender dossier should have been distributed in advance to the members of the Evaluation Committee. The Chairperson presents the purpose of the tender, the procedures to be followed by the Evaluation Committee including the evaluation grid and selection and award criteria specified in the tender dossier.

III. TENDER OPENING SESSION.

The purpose of the tender-opening session is to check that the tenders are complete, that the requisite tender guarantee has been provided and that the tenders are generally in order. The tender opening session is a formal, public process. The Evaluation Committee opens the tenders in public at the place and time fixed in the tender dossier. Although it is public, participation in the tender opening session is restricted to representatives of the companies which are tendering for the contract. Any tenderer representative must have letter signed by legal representative that the person is authorized to participate in tender opening session. Also all, representatives of the tenderers have to sign list of participants/representatives. During the tender opening session, the **tender opening checklist** has to be filled in by the Chairperson with the assistance of the Secretary of the Evaluation Committee.

▪ *In case of tender procedure for **supply contract***, the format of the tender opening checklist is available under annex **C5:Tender opening checklist** on the web-page:

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

▪ *In case of tender procedure for **works contract***, the format of the tender opening checklist is available under annex **D5:Tender opening checklist** on the web-page:

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

The Chairperson must check that no member of the Evaluation Committee has a potential conflict of interest with any of the tenderers (on the basis of the tenders received, consortium members and any identified subcontractor).

The Evaluation Committee must decide whether or not tenders comply with the formal requirements. The Summary of tenders received, which is attached to the **Tender Opening Report** must be used to record the compliance of each of the tenders with the formal submission requirements. The minutes of this meeting are included in the Tender Opening Report and it must be made available to the tenderers on request.

▪ *In case of tender procedure for **supply contract***, the format of the Tender Opening Report is available under annex **C6:Tender opening report** on the web-page:

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

▪ *In case of tender procedure for **works contract***, eventual tender guarantees must be returned to the tenderers. This implies that any tenders which arrive after the submission deadline must also be opened (after the opening session) so that the guarantees can be returned. The format of the Tender Opening Report is available under annex **D6:Tender opening report** on the web-page:

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

IV. EVALUATION OF TECHNICAL OFFERS

It is obligatory that the Evaluation Committee uses the **administrative compliance grid** and the **evaluation grid** published in the tender dossier. As part of the technical evaluation, the Evaluation Committee analyses the commercial aspects and, where applicable, the service component of the tenders to determine whether they satisfy the requirements set in the tender dossier. The results are recorded in a YES/NO grid for all elements specified in the tender dossier. No scoring method should be used. If the tender is divided into lots, the evaluation should be carried out lot-by-lot.

With the agreement of the other Evaluation Committee members, the Chairperson may communicate in writing with tenderers whose submissions require clarification, offering them the possibility to respond within a reasonable time

limit to be fixed by the Committee.

▪ *In case of tender procedure for **supply contract***, the format of the Administrative compliance grid and the Evaluation grid are available under annexes **C4**: [Administrative compliance grid](#) and [Evaluation grid](#) on the web-page:

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

▪ *In case of tender procedure for **works contract***, the format of the Administrative compliance grid and the Evaluation grid are available under annexes **D4**: [Administrative compliance grid](#) and [Evaluation grid](#) on the web-page:

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

Part 1: Administrative compliance

Before conducting a detailed evaluation of the tenders, the Evaluation Committee checks that they comply with the essential requirements of the tender dossier (i.e. the administrative compliance grid). A tender is deemed to comply if it satisfies all the conditions, procedures and specifications in the tender dossier without substantially discrepancies or attaching restrictions to them. Substantial discrepancies or restrictions are those which affect the scope, quality or performance of the contract, differ widely from the terms of the tender dossier, limit the rights of the Contracting Authority or the tenderer's obligations under the contract or distort competition for tenderers whose tenders do comply.

Each offer is examined for compliance with the tender dossier, in particular that:

- the documentation is complete
- the language required by the tender dossier has been used

The administrative compliance of each of the tenders must be recorded in the **Evaluation Report**.

Part 2: Technical compliance of tenders

The detailed technical evaluation of the tenders takes place after the administrative compliance check. The criteria to be applied are those published in the tender dossier and, accordingly, the evaluation grid included in the tender dossier must be used. **Under no circumstances may the Evaluation Committee or its members change the evaluation grid communicated to the tenderers in the tender dossier.**

The purpose of this evaluation is to assess whether or not the competing tenders meet the selection criteria and the minimum technical requirements.

Rule of origin: All tenders must satisfy the rule that the goods to be supplied and the materials to be used for the construction fulfil the requirements, set in the section [4.1."Basic rules"](#) of this chapter. In case of any doubt as to the origin of goods additional information must be requested. The tenderer will be required to provide, if possible prior to the signature of the contract, proof of origin in the form of a Certificate of Origin or other official documentation. To establish origin, one must determine where the product in question has been obtained or produced. Tenders which clearly fail to satisfy the rule of origin **must be rejected**. The rule of origin does not apply to the contractor's equipment which will be used during the construction.

Nationality of sub-contractors: The Evaluation Committee must check at this stage that the nationalities of any sub-contractors identified in the technical offers satisfy the nationality rule, also describe in the section [4.1."Basic rules"](#) of this chapter.

The Evaluation Committee rules on the technical compliance of each tender, classifying it as technically compliant or not technically compliant.

*In case of open procedure for **supply contract**, where contracts include after-sales service and/or training, the technical quality of such services is also assessed during the technical evaluation in accordance with the published criteria.*

V. EVALUATION OF FINANCIAL OFFERS.

Once the technical evaluation has been completed, the Evaluation Committee checks that the financial offers contain no arithmetical errors. Any arithmetical errors are corrected without penalty to the tenderer.

If the tender is in one lot, the contract is awarded to the cheapest technically compliant offer.

If the tender procedure contains several lots, financial offers are compared for each lot. The financial evaluation will have to identify the best financial offer for each lot, taking into consideration any eventual discounts granted by the tenderers. For more details, please refer to point 4.3.9.5 of the PRAG.

VI. CHOICE OF CONTRACTOR

The successful tenderer is the one submitting the least expensive tender classified as "technically compliant" during the technical evaluation. It must be declared the successful tender if it is equal to or lower than the maximum budget available for the contract. If the chosen tender exceeds the maximum budget available for the contract, the Contracting Authority might enter into negotiations with one or more tenderers. If agreement cannot be achieved the tender procedure will be cancelled.

In the case of abnormally low tenders, the Evaluation Committee must request any relevant information concerning the composition of the tender. If, for a given contract, tenders appear to be abnormally low, the Contracting Authority must, before rejecting such tenders on that ground alone, request in writing details of the constituent elements of the tender which it considers relevant and verify those constituent elements, after due hearing of the parties, taking account of the explanations received.

The justification for accepting or rejecting an abnormally low offer must be recorded in the Evaluation Report.

VII. CONCLUSIONS OF THE EVALUATION COMMITTEE.

As a result of its deliberations, the Evaluation Committee may make any of the following recommendations:

- Award the contract to the tenderer which has submitted a tender:
 - which complies with the formal requirements and the eligibility rules;
 - whose total budget is within the maximum budget available for the project;
 - which meets the minimum technical requirements specified in the tender dossier; and
 - which is the least expensive tender (satisfying all of the above conditions).
- Cancel the tender procedure, for example when:
 - none of the tenders satisfies the selection/award criteria of the tender procedure;
 - all tenders received exceed the maximum budget available for the contract.

For more information please refer to p.2.4.13 "Cancellation of procurement procedures" in PRAG.

The entire procedure (technical and financial evaluation) is recorded in the **Evaluation Report** to be signed by the Chairperson, the Secretary and all voting members of the Evaluation Committee.

▪ *In case of tender procedure for **supply contract***, the format of the Evaluation Report is available under annex [C7: Evaluation Report](#) on the web-page:

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

▪ *In case of tender procedure for **works contract***, the format of the Evaluation Report is available under annex [D7: Evaluation Report](#) on the web-page:

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

VIII. NOTIFICATIONS AND SIGNATURE OF THE CONTRACT.

The successful and unsuccessful tenderers are informed on the results of the evaluation (format available at the above web-page). The successful tenderer is invited to the signature of the contract. Format of the contract is provided in the tender documents.

▪ *In case of tender procedure for **supply contract***, the format of the Contract is available under annex [C4: Draft contract](#) on the web-page:

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

▪ *In case of tender procedure for **works contract***, the format of the Contract is available under annexes [D4: Draft contract](#) on the web-page:

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

4.4.3. Restricted procedure

Calls for tender are restricted where all economic operators may ask to take part but only candidates satisfying the selection criteria may submit a tender. Under the restricted procedure, the Contracting Authority invites a limited number of candidates to tender.

Restricted procedure applies **only in case of service contracts** and in exceptional cases restricted tender procedure may be used in works contracts. The procedure follows two steps: In the first step a public invitation for submission of expression of interest is issued. In the second step the initial offers are reviewed and a short-list of candidates is formed. The short-listed candidates are invited to submit full proposals.

For more information, please refer to points 3.3 (in case of service contracts) and 5.4 (in case of works contracts) in PRAG on the web-page:

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

4.4.4. Competitive negotiated procedure

Under the competitive negotiated procedure, the Beneficiary (in its role of Contracting Authority) invites candidates of its choice to submit tenders. Normally at least 3 candidates should be invited. At the end of the procedure the Contracting Authority selects:

- *In case of **service contract*** - the technically compliant tender which offers the best value for money;
- *In case of **supply and works contracts*** - the cheapest technically compliant offer.

Competitive negotiated procedure applies to **service, supply and works contracts**. The procedure could be implemented using simplified tender documents.

Competitive negotiated procedure for Service contracts

Tender documents:

The tender documents, which describe in sufficient details procedures and expectations from the tenderer are listed under annex **B8: Standard tender dossier (including standard contract)**. The format documents for the procedure are available on the web-page:

<http://ec.europa.eu/europeaid/epag/annexes.do?group=B>

Under competitive negotiated procedure for service contracts the specific annexes for simplified tenders **shall be used** (procurement notice, tender form, admin grid, contract form, list of invited tenderers and invitation letter). The format documents for simplified tender dossier are available under **Annex B8o “Simplified tender dossier”** on the web-page above mentioned. For all other documents of the tender dossier the regular service annexes shall be used namely:

- Instructions to tenderers
- Terms of Reference
- Organisation and Methodology
- Key experts
- Budget
- Forms and other relevant documents
- Evaluation grid
- Draft contract: Annex I - General conditions

Publication:

In case of competitive negotiated procedure no publication is required. **The Beneficiary in its role as Contracting Authority invites at least 3 tenderers to submit offers.**

Submission of tenders:

The invited tenderers are **normally** given minimum 30 days for submission of their offers.

Competitive negotiated procedure for Supply contracts

Tender documents:

The tender documents, which describe in sufficient details procedures and expectations from the tenderer are listed under annex **C4: Standard tender dossier (including standard contract)**.

The format documents for the procedure are available on the web-page:

<http://ec.europa.eu/europeaid/epag/annexes.do?group=C>

Under competitive negotiated procedure a **simplified tender dossier can be used**. The format documents for simplified tender dossier are available under **Annex C4p “Simplified tender dossier”** on the web-page above mentioned. For all other documents of the tender dossier the regular supply annexes shall be used namely:

- Annex I general conditions
- Annex Iv budget breakdown (model financial offer)
- Annex v forms
- Further information
- Administrative compliance grid

Publication:

In case of competitive negotiated procedure no publication is required. **The Beneficiary in its role as Contracting Authority invites at least 3 tenderers to submit offers.**

Submission of tenders:

The invited tenderers are **normally** given minimum 30 days for submission of their offers.

Competitive negotiated procedure for Works contracts

Tender documents:

The tender documents, which describe in sufficient details procedures and expectations from the tenderer are listed under annex **D4: Standard tender dossier (including standard contract)**. Please, be informed that the other documents, listed in Invitation letter, as part of Annex D4, are also part of the respective tender dossier. The format documents for the procedure are available on the web-page:

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

Publication:

In case of competitive negotiated procedure no publication is required. **The Beneficiary in its role as Contracting Authority invites at least 3 tenderers to submit offers.**

Submission of tenders:

The invited tenderers are **normally** given minimum 30 days for submission of their offers.

Selection process under Competitive negotiation procedure:

Tenders are opened and evaluated by an **Evaluation Committee** appointed timely and formally by the Contracting Authority comprising a non-voting Chairperson, a non-voting Secretary and an odd number of voting members (minimum of three). The Evaluation Committee members should be appointed by official nomination of the Beneficiary in its role of a Contracting Authority, **based on their qualifications and skills** (CVs should accompany the nomination). Each member must have a reasonable command of the language in which the applications are submitted. **All members of the Evaluation Committee are obliged to sign a [Declaration of Impartiality and Confidentiality](#)**. The format of the declaration is available under annex **A4: Declaration of Impartiality and Confidentiality** on the web-page:

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

NB!

In case of competitive negotiated procedure is carried-out, the observers from programme structures (JTS, JTS Antenna and MA) must be invited to observe the evaluation process. Invitations for the opening session of the tenders have to be sent within 15 days before the relevant date of opening. Up to 5 days after receiving of the invitation the members of the programme structure, with official letter to the beneficiary, may appoint its representative to observe all or part of the evaluation process.

The award criteria under Competitive negotiation procedure depend on the type of the sub-contract:

*In case of **service contract*** - the selection is based on comparison of the price and the technical quality of the received offers. The offer which provides the best value for money is awarded with the contract. Normally the ratio 20% price and 80% technical quality is used.

*In case of **supply and works contracts*** - The selection is based on cheapest technically compliant offer.

The selection steps under competitive negotiated procedure are similar with those described under open procedure. Despite that, here all selection steps will be described again with focus on the differences according to the type of the sub-contracting projects:

I. RECEIPT AND REGISTRATION OF TENDERS.

The Beneficiary must register the receiving tenders marking the date and time of reception and providing a receipt for those delivered by hand. The envelopes containing the tenders must remain sealed and be kept in a safe place until they are opened. The outer envelopes of tenders must be numbered in order of receipt (whether or not they are received before the deadline for submission of tenders).

II. PREPARATORY MEETING.

First meeting of the Evaluation Committee has to be held before the tender opening session. The tender dossier should have been distributed in advance to the members of the Evaluation Committee. The Chairperson presents the purpose of the tender, the procedures to be followed by the Evaluation Committee including the evaluation grid and selection and award criteria specified in the tender dossier.

III. TENDER OPENING SESSION.

The tender opening session is a formal, public process. Although it is public, participation in the tender opening session is restricted to representatives of the companies which are tendering for the contract. The Evaluation Committee opens the tenders in public at the place and time fixed in the tender dossier. During the tender opening session, the **tender opening checklist** has to be filled in by the Chairperson with the assistance of the Secretary of the Evaluation Committee.

▪ *In case of competitive negotiation procedure for **service contract***, the format of the Tender opening checklist is available under annex [B9:Tender opening checklist](#) on the web-page:

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

▪ *In case of competitive negotiation procedure for **supply contract***, the format of the tender opening checklist is available under annex [C5:Tender opening checklist](#) on the web-page:

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

▪ *In case of competitive negotiation procedure for **works contract***, the format of the tender opening checklist

is available under annex [D5:Tender opening checklist](#) on the web-page:

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

The Chairperson must check that no member of the Evaluation Committee has a potential conflict of interest with any of the tenderers (on the basis of the tenders received, consortium members and any identified subcontractor).

The Evaluation Committee must check that the tenders are complete and to decide whether or not tenders comply with the formal requirements of the tender dossier. The summary of tenders received, which is attached to the **Tender opening report** must be used to record the compliance of each of the tenders with the formal submission requirements. The minutes of this meeting are included in the Tender Opening Report and it must be made available to the tenderers on request.

- *In case of tender procedure for **service contract***, the format of the Tender opening report is available under annex [B10:Tender opening report](#).

- *In case of tender procedure for **supply contract***, the format of the Tender opening report is available under annex [C6:Tender opening report](#).

- *In case of competitive negotiation procedure for **works contract***, eventual tender guarantees must be returned to the tenderers. This implies that any tenders which arrive after the submission deadline must also be opened (after the opening session) so that the guarantees can be returned. The format of the Tender Opening Report is available under annex [D6:Tender opening report](#).

IV. EVALUATION OF OFFERS

As part of the technical evaluation, the Evaluation Committee analyses the commercial aspects and, where applicable, the service component of the tenders to determine whether they satisfy the requirements set in the tender dossier. The results are recorded in a YES/NO grid for all elements specified in the tender dossier. No scoring method should be used. If the tender is divided into lots, the evaluation should be carried out lot-by-lot.

With the agreement of the other Evaluation Committee members, the Chairperson may communicate in writing with tenderers whose submissions require clarification, offering them the possibility to respond within a reasonable time limit to be fixed by the Committee.

According to the type of subcontracting contracts, the step “Evaluation of the offers” becomes rather different:

IN CASE OF COMPETITIVE NEGOTIATION PROCEDURE FOR SERVICE CONTRACT:

Part 1: Checking of administrative compliance

The Evaluation Committee checks the compliance of tenders with the instructions given in the tender dossier and in particular the administrative compliance grid. Any major formal errors or restrictions affecting performance of the contract or distorting competition result in the rejection of the tender concerned.

Nationality of sub-contractors: the Evaluation Committee must check at this stage that the nationalities of any sub-contractors identified in the technical offers satisfy the IPA CBC programme nationality rule. If the service provider is required by the terms of reference to provide supplies in accordance with detailed technical specifications laid down in the terms of reference, the Evaluation Committee must verify that the proposed supplies satisfy the rule of origin.

For larger and complex tenders, the tenderers could be requested to provide proof documents for the key experts

proposed. This can include copies of the diplomas mentioned in the CV and employers' certificates or references proving the professional experience indicated in the CV. If missing proofs are requested it should only be for the relevant experience and diplomas which are among the requirements in the Terms of Reference.

The administrative compliance grid included in the Tender Dossier must be used to record the administrative compliance of each of the tenders. The format of the Administrative compliance grid is available under annex [B8: Administrative compliance grid](#) on the web-page:

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

Part 2: Technical evaluation

The Evaluation Committee then examines the technical offers; the financial offers must remain sealed at this stage. When evaluating technical offers, each member awards each offer a score out of a maximum 100 points in accordance with the technical evaluation grid laid down in the tender dossier. Under no circumstances may the evaluation grid be changed.

In practice, it is recommended that tenders be scored for a given criterion one after another, rather than scoring each tender for all criteria before moving on to the next. Where the content of a tender is incomplete or deviates substantially from one or more of the technical award criteria laid down in the tender dossier (e.g. the required profile of a certain expert), the tender should be automatically rejected, without being given a score, but this should be justified in the evaluation report.

For experts the scores should be given in comparison to the requirements stated in the Terms of Reference.

Each voting member of the Evaluation Committee completes an evaluation grid to record his/her assessment of each technical offer in order to establish a general appreciation of strengths and weaknesses of the individual technical offers. The format of the Evaluation grid is available under annex [B12: Evaluation grid](#) on the above-mentioned web-page.

On completion of the technical evaluation, the points awarded by each member are compared at the Committee's session. Besides the numerical score, a member must explain the reasons for his/her choice and defend his/her scores before the Committee.

The Evaluation Committee discusses each technical offer and each member awards it a final score. The Committee members may modify their individual evaluation grids as a result of the general discussion on the merits of each offer.

Once discussed, each Evaluation Committee member finalizes his/her evaluation grid on each of the technical offers and signs it before handing it over to the Secretary of the Evaluation Committee. The Secretary must then compile a summary of the comments of the Committee members as part of the Evaluation Report. The format of the Evaluation Report is available under annex [B11: Evaluation report](#) at the web page of the EC.

In the case of major discrepancies, a full justification has to be provided by dissenting members during a meeting of the Evaluation Committee.

The Secretary calculates the aggregate final score, which is the arithmetical average of the individual final scores.

The Evaluation Committee might decide to implement interviews with proposed key experts to assess their competences, either by telephone or personally. *Depending on the type of service and the size of the contract this can be strongly recommended.*

Once the Evaluation Committee has established each technical offer's average score (the mathematical average of the final scores awarded by each voting member), any tender falling short of the 80-point threshold is automatically rejected. If no tender achieves 80 points or more, the tender procedure will be cancelled.

Out of the tenders reaching the 80-point threshold, the best technical offer is awarded 100 points. The others receive points calculated using the following formula:

Technical score = (final score of the technical offer in question/final score of the best technical offer) x 100.

	<i>Maximum possible</i>	<i>Tenderer 1</i>	<i>Tenderer 2</i>	<i>Tenderer 3</i>
<i>Evaluator A</i>	100	55	88	84
<i>Evaluator B</i>	100	60	84	82
<i>Evaluator C</i>	100	59	82	90
<i>Total</i>	300	174	254	256
<i>Average score (mathematical average)</i>		174/3=58,00	254/3=84.67	256/3=85.33
<i>Technical score (actual final score/highest final score)</i>		Eliminated*	84.67/85.33x100 = 99.22	100.00

* Only tenderers with average score of at least 80 points qualify for the financial evaluation.

Part 3: Financial evaluation

Upon completion of the technical evaluation, the envelopes containing the financial offers for tenders who were not eliminated during the technical evaluation (i.e., those which have achieved an average score of 80 points or more) are opened and all originals of these financial offers are initialed by the Chairperson and the Secretary of the Evaluation Committee.

The Evaluation Committee has to ensure that the financial offer satisfies all formal requirements. A financial offer not meeting these requirements may be rejected. Any rejection on these grounds will have to be fully justified in the Evaluation Report.

The Evaluation Committee checks that the financial offers contain no arithmetical errors. Any arithmetical errors are corrected without penalty to the tenderer. The envelopes containing the financial offers of rejected tenders following the technical evaluation must remain unopened and retained. They must be archived by the Contracting Authority together with the other tender procedure documents.

In the case of fee-based contracts, the total contract value comprises the fees (including employment-related overheads), the incidental expenditure and the provision for expenditure verification, which are specified in the tender dossier. In the case of lump-sum contracts only total contract value is provided. The total contract value is compared with the maximum budget available for the contract. Tenders exceeding the maximum budget allocated for the contract are eliminated.

The Evaluation Committee then proceeds with the financial comparison of the fees between the different financial offers. The provision for incidental expenditure, as well as the provision for expenditure verification is excluded from the comparison of the financial offers as it was specified in the tender dossier. In case of lump-sum contract the total contract value is used as basis for financial evaluation.

The tender with the lowest total fees receives 100 points. The others are awarded points by means of the following formula:

Financial score = (lowest total fees / total fees of the tender being considered) x 100.

Specimen Tender Evaluation Summary: Financial Evaluation *

	Maximum possible	Tenderer 1	Tenderer 2	Tenderer 3
Total fees			€ 951.322	€ 1.060.452
Financial score (lowest total fees/actual total fees x 100)		Eliminated following technical evaluation	100	$951.322/1.060.452$ $\times 100 = 89.71$

* Only tenderers with average scores of at least 80 points in the technical evaluation qualify for the financial evaluation

Part 4: Choice of contractor

The best value for money is established by weighing technical quality against price on an 80/20 basis. This is done by multiplying:

- the scores awarded to the technical offers by 0,80,
- the scores awarded to the financial offers by 0,20.

Specimen Tender Evaluation Summary: Composite Evaluation

	Tenderer 1	Tenderer 2	Tenderer 3
Technical score x0.80	Eliminated following technical evaluation	$99,22 \times 0.80 = 79.38$	$100.00 \times 0.80 = 80.00$
Financial score x0.20		$100.00 \times 0.20 = 20.00$	$89.71 \times 0.20 = 17.94$
Overall score		$79.38 + 20.00 = 99.38$	$80.00 + 17.94 = 97.94$
Final ranking		1	2

The resulting, weighted technical and financial scores are then added together to find the tender with the highest score, i.e. the best value for money. It is essential to make the calculations strictly according to the above instructions. The Evaluation Committee's recommendation shall be to award the contract to the tender achieving the highest overall score on the condition that the documentary evidence submitted by the tenderer for the exclusion and selection criteria are verified and accepted.

IN CASE OF COMPETITIVE NEGOTIATION PROCEDURE FOR SUPPLY AND WORKS CONTRACTS:

Part 1: Administrative compliance

Before conducting a detailed evaluation of the tenders, the Evaluation Committee checks that they comply with the essential requirements of the tender dossier (i.e. the administrative compliance grid). A tender is deemed to comply if it satisfies all the conditions, procedures and specifications in the tender dossier without substantially departing from or attaching restrictions to them. Substantial departures or restrictions are those which affect the scope, quality or performance of the contract, differ widely from the terms of the tender dossier, limit the rights of the Contracting Authority or the tenderer's obligations under the contract or distort competition for tenderers whose tenders do comply.

▪ In case of tender procedure for **supply contract**, the format of the Administrative compliance grid and the Evaluation grid are available under annexes **C4: [Administrative compliance grid](#)** and **[Evaluation grid](#)** on the web-page:

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

▪ *In case of tender procedure for **works contract***, the format of the Administrative compliance grid and the Evaluation grid are available under annexes **D4: [Administrative compliance grid](#)** and **[Evaluation grid](#)** on the web-page:

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

Each offer is examined for compliance with the tender dossier, in particular that:

- the documentation is complete
- the language required by the tender dossier has been used

The administrative compliance of each of the tenders must be recorded in the **Evaluation Report**.

▪ *In case of tender procedure for **supply contract***, the format of the Evaluation Report is available under annex **[C7:Evaluation Report](#)** on the web-page:

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

▪ *In case of tender procedure for **works contract***, the format of the Evaluation Report is available under annex **[D7: Evaluation Report](#)** on the web-page:

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

Part 2: Technical compliance of tenders

The detailed technical evaluation of the tenders takes place after the administrative compliance check. The criteria to be applied are those published in the tender dossier and, accordingly, the evaluation grid included in the tender dossier must be used. **Under no circumstances may the Evaluation Committee or its members change the evaluation grid communicated to the tenderers in the tender dossier.**

The purpose of this evaluation is to assess whether or not the competing tenders meet the selection criteria and the minimum technical requirements.

Rule of origin: All tenders must satisfy the rule that the goods to be supplied and the materials to be used for the construction fulfil the requirements, set in the section [4.1."Basic rules"](#) of this chapter. In case of any doubt as to the origin of goods, additional information must be requested. The tenderer will be required to provide, if possible prior to the signature of the contract, proof of origin in the form of a Certificate of Origin or other official documentation. To establish origin, one must determine where the product in question has been obtained or produced. Tenders which clearly fail to satisfy the rule of origin **must be rejected**. The rule of origin does not apply to the contractor's equipment which will be used during the construction.

Nationality of sub-contractors: The Evaluation Committee must check at this stage that the nationalities of any sub-contractors identified in the technical offers satisfy the nationality rule, also describe in the section [4.1."Basic rules"](#) of this chapter.

The Evaluation Committee rules on the technical compliance of each tender, classifying it as technically compliant or not technically compliant.

*In case of open procedure for **supply contract***, where contracts include after-sales service and/or training, the technical quality of such services is also assessed during the technical evaluation in accordance with the published criteria.

Part 3: Evaluation of financial offers.

Once the technical evaluation has been completed, the Evaluation Committee checks that the financial offers contain no arithmetical errors. Any arithmetical errors are corrected without penalty to the tenderer.

If the tender is in one lot, the contract is awarded to the cheapest technically compliant offer.

If the tender procedure contains several lots, financial offers are compared for each lot. The financial evaluation will have to identify the best financial offer for each lot, taking into consideration any eventual discounts granted by the tenderers.

Specimen of application of discounts: Company A offers a discount of 20% if awarded Lots 1 and 3, Company B offers a discount of 10% if awarded all three Lots, Company C offers NO discount.

	<i>Company A</i>	<i>Company B</i>	<i>Company C</i>	<i>Ranking without discount</i>
LOT 1	90	80	70	Company C
LOT 2	Not bidding	40	50	Company B
LOT 3	60	70	55	Company C

After applying the discount:

	<i>Company A (20% discount)</i>	<i>Company B (10% discount)</i>	<i>Company C (no discount)</i>
LOT 1	72	72	70
LOT 2	Not bidding	36	50
LOT 3	48	63	55

The 3 combinations possible:

Combination 1: $72 + 40 + 48 = 160$

Combination 2: $72 + 36 + 63 = 171$

Combination 3: $70 + 50 + 55$, but since for Lot 2 there is a cheaper price offered, the sum becomes: $70 + 40 + 55 = 165$

The Contracting Authority must choose combination 1, awarding contracts for Lots 1 and 3 to company A and Lot 2 to company B for the initial price offered.

Part 4: Choice of contractor

The successful tenderer is the one submitting the least expensive tender classified as "technically compliant" during the technical evaluation. It must be declared the successful tender if it is equal to or lower than the maximum budget available for the contract. If the chosen tender exceeds the maximum budget available for the contract, the Contracting Authority might enter into negotiations with one or more tenderers. If agreement cannot be achieved the tender procedure will be cancelled.

In the case of abnormally low tenders, the Evaluation Committee must request any relevant information concerning the composition of the tender. If, for a given contract, tenders appear to be abnormally low, the Contracting Authority must, before rejecting such tenders on that ground alone, request in writing details of the constituent elements of the tender which it considers relevant and verify those constituent elements, after due hearing of the parties, taking account of the explanations received.

The justification for accepting or rejecting an abnormally low offer must be recorded in the Evaluation Report.

V. CONCLUSIONS OF THE EVALUATION COMMITTEE

As a result of its deliberations, the Evaluation Committee may make any of the following recommendations:

Tender procedure for:	Award the contract to the tenderer which has submitted a tender	Cancel the tender procedure in exceptional circumstances, such as:
Service contract	<ul style="list-style-type: none"> - which complies with the formal requirements and the eligibility rules; - whose total budget is within the maximum budget available for the project; - which meets the minimum technical requirements specified in the tender dossier; and - which is the best value for money (satisfying all of the above conditions). 	<ul style="list-style-type: none"> - none of the tenders satisfies the selection/award criteria of the tender procedure; - no tenders achieved the minimum threshold during the technical evaluation; - total price (comprising both the fees, the incidental expenditure and the provision for expenditure verification) of all tenders received exceed the maximum amount available for the contract.
Supply and Works contract	<ul style="list-style-type: none"> - which complies with the formal requirements and the eligibility rules; - whose total budget is within the maximum budget available for the project; - which meets the minimum technical requirements specified in the tender dossier; and - which is the least expensive tender (satisfying all of the above conditions). 	<ul style="list-style-type: none"> - none of the tenders satisfies the selection/award criteria of the tender procedure; - all tenders received exceed the maximum budget available for the contract.

The entire procedure (technical and financial evaluation) is recorded in an Evaluation Report. The report has to be signed by the Chairperson, the Secretary and all voting members of the Evaluation Committee.

VI. NOTIFICATIONS AND SIGNATURE OF THE CONTRACT

The successful and unsuccessful tenderers are informed on the results of the evaluation (format available at the above web-page). The successful tenderer is invited to the signature of the contract. Format of the contract is provided in the tender documents.

▪ In case of tender procedure for **service contract**, the format of the Contract is available under annex **B8: Draft contract** on the web-page:

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

▪ In case of tender procedure for **supply contract**, the format of the Contract is available under annex **C4: Draft contract** on the web-page:

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

▪ In case of tender procedure for **works contract**, the format of the Contract is available under annexes **D4: Draft contract** on the web-page:

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

4.4.5. Orders on the basis of single tender (up to 10.000€)

The description below covers the single tender procedures applicable to **service, supply and work contracts**:

Under the single tender procedure the Beneficiary (in its role of Contracting Authority) invites one candidate to submit an offer. Offers are normally submitted using simplified tender documents. At the end of the procedure the Contracting Authority checks whether the single offer corresponds to the requirements in case of services, or whether they are technically compliant in case of supply and works tenders.

Even though one offer is procedurally enough, it is **strongly recommended** that grant beneficiary, i.e. Contracting Authority to collect more than one offer, in order to be able to make a financially and technically sound, to get a clear information on real market prices and to ensure that principles of transparency are always observed. Moreover, the beneficiary **has the obligation to strictly observe the principle of best value for money** (especially applies in procurement of small value procedures) and to take all necessary measures (e.g. internet research, comparison with comparable contracts, etc.).

NB!

In case the service/supply amounts **up to Euro 500** and there is no possibility to consolidate this budget item due to its specificity (for example green cards, some types of insurance etc), it is not necessary conduction of tender procedure and collection of offers.

Single tender procedures for Service contracts

Tender documents:

The Beneficiary in its role of Contracting Authority **shall use** the specific annexes for **simplified tenders** (procurement notice, tender form, admin grid, contract form, list of invited tenderers and invitation letter), for this type of procedure. For all other documents of the tender dossier the regular service annexes shall be used, namely:

- Instructions to tenderers
- Terms of Reference
- Organisation and Methodology
- Key experts
- Budget
- Forms and other relevant documents
- Evaluation grid

The necessary tender documents are provided under **Annex B8o “Simplified tender dossier”** on following web-page: <http://ec.europa.eu/europeaid/epag/annexes.do?group=B>

NB!

Tip: In case of simple contracts like driving services, printing or similar, the requirement for submission of CVs of key experts could be replaced with the "references of the contractor in similar assignments". A format table should be provided in that case, and the tender documents should be amended accordingly.

- Terms of reference

The terms of reference (ToR) is the key document in the tender dossier for Service contracts. It describes all

details of the assignment under questions. Required inputs include type and number of experts requested and any other (material) contributions. The expected outputs describe the results and outcomes of the contract. Both aspects should be covered in sufficient details to avoid problems during the implementation (non-delivery of services or results).

Publication:

In case of single offer based tenders, no publication is required. The Contracting Authority invites one (it is strongly recommended more than one) tenderer to submission of an offer.

Even though one offer is procedurally enough, it is **strongly recommended** that grant beneficiary, i.e. Contracting Authority to collect more than one offer. (see paragraph 3 from "Orders on the basis of single tender" section).

Submission of tenders:

The single tenderer is normally given 15 days for submission of the offer.

However the Beneficiary may award service contracts with the amount not exceeding 10 000 EUR directly, based on **p.2.4.8 "Negotiated procedure/single tender procedure"** of PRAG.

In this case, the Contracting Authority must prepare a report (**annex a10b for single tender procedures**) explaining the manner in which the participant(s) in the negotiations were identified and the price was established, and the grounds for the award decision. The Contracting Authority must follow the negotiation steps shown in the negotiation report template (a10b for single tender procedures) and ensure that basic principles relating to procurement procedures such as checking compliance with eligibility rules (nationality rules), capacity to carry out the contract and exclusion criteria are duly applied.

In order to verify the circumstances described in the report the Beneficiary **shall request** additional documents by the tenderer (Terms of reference, the respective documents proving that the participant is not in a situation of exclusion, etc.) The additional documents should be requested the latest at the evaluation stage and before signature of the contract.

Single tender procedures for Supply contracts

Tender documents:

The Beneficiary, in its capacity of Contracting Authority may decide in accordance with the following options how to proceed with the procurement of the single tender procedure for supply contract:

1. The Beneficiary may award supply contracts with the amount not exceeding 10 000 EUR directly, based on **p.2.4.8 "Negotiated procedure/single tender procedure"** of PRAG.

In this case, the Contracting Authority must prepare a report (**annex a10_b for single tender procedures**) explaining the manner in which the participant(s) in the negotiations were identified and the price was established, and the grounds for the award decision. The Contracting Authority must follow the negotiation steps shown in the negotiation report template (a10_b for single tender procedures) and ensure that basic principles relating to procurement procedures such as checking compliance with eligibility rules (nationality rules), capacity to carry out the contract and exclusion criteria are duly applied.

In order to verify the circumstances described in the report the Beneficiary **shall request** additional documents by the tenderer (technical specification, certificate of origin, the respective documents proving that the participant is

not in a situation of exclusion, etc.)

2. The Beneficiary might decide to use simplified tender documents provided under **Annex C4p “Simplified tender dossier”** on the following web-page:

<http://ec.europa.eu/europeaid/eprag/annexes.do?group=C>

Specific attention should be put on keeping minimum information necessary to evaluate the received tenders.

In the case of single tender procedures at least the following documents should be requested from the tenderer:

- Technical offer,
- Financial offer,
- Tender submission form, including the tenderers statement,
- Copy of legal registration of the tenderer.

The **technical specification** is the key document in the supply tender dossier. It describes all details of the equipment to be supplied. The expected outputs should precisely describe the number and specifics of the equipment to avoid potential non-delivery. The technical specifications should be drafted on the basis of the standard document provided on the above web-page (see Annex C4).

Publication:

In case of single offer based tenders, no publication is required. The Beneficiary in its role as Contracting Authority invites one tenderer to submit an offer.

Even though one offer is procedurally enough, it is **strongly recommended** that grant beneficiary, i.e. Contracting Authority to collect more than one offer. (see paragraph 3 from “Single tender procedures” section).

Submission of tenders:

The single tenderer is normally given 15 days for submission of the offer.

Single tender procedures for Works contracts

Tender documents:

The Beneficiary, in its capacity of Contracting Authority may decide in accordance with the following options how to proceed with the procurement of the single tender procedure for works contract:

1. The Beneficiary may award works contracts with the amount not exceeding 10 000 EUR directly, based on **p.2.4.8 “Negotiated procedure/single tender procedure”** of PRAG.

In these cases, the Contracting Authority must prepare a report (**annex a10b for single tender procedures**) explaining the manner in which the participant(s) in the negotiations were identified and the price was established, and the grounds for the award decision. The Contracting Authority must follow the negotiation steps shown in the negotiation report template (a10_b for single tender procedures) and ensure that basic principles relating to procurement procedures such as checking compliance with eligibility rules (nationality rules), capacity to carry out the contract and exclusion criteria are duly applied.

In order to verify the circumstances described in the report the Beneficiary may request additional documents by

the tenderer (bill of quantities, the respective documents proving that the participant is not in a situation of exclusion, etc.)

2. The Contracting Authority, however, might decide to use tender documents, listed under Annex **D4: Standard tender dossier (including contract)**.

Specific attention should be given to keeping minimum information necessary for the evaluation of received tenders.

The Bill of quantities (for unit price contracts)/**Technical specifications** (for global price contracts), based on the standard format (see Annex D4: Financial offer) and available at the above mentioned web-page, is the key document in the tender dossier. It describes all details of the works to be implemented and supplies to be installed. The Contracting Authority needs to prepare detailed description prior to the tender procedure to avoid potential non-delivery in the implementation phase.

Design drawings (if applicable) are detailed graphic presentation of actual site situation and expected works. The design is provided in free format, in accordance with the usual practice.

Publication:

In case of single offer based tenders no publication is required. The Contracting Authority invites one (it is strongly recommended more than one) tenderer for submission of offer.

Submission of tenders:

The single tenderer is normally given 15 days for submission of the offer.

Selection process on the basis of single tender procedure:

The selection process for single tender contracts is by definition not about comparison of different tenders. Rather than that, the selection process estimates whether the received tender is **in line with basic technical requirements** as described in the tender dossier.

The Beneficiary has to choose one of the following options in compliance with the applied procedure:

1. In case of Negotiated procedure/single tender procedure applied in compliance with p.2.4.8 of PRAG, the Beneficiary shall describe the selection process in annex a10b for single tender procedures for supply and works contracts. All documents, proving the declared circumstances by the tenderer should be requested and attached to the annex a10b, in order to support the final decision of the beneficiary. The additional documents should be requested at latest at the evaluation stage and before signature of the contract.

2. If the Beneficiary decides to use simplified tender dossier the selection procedure has to be done by an **Evaluation Committee**, with an odd number of voting members (**minimum 3**). The members should be officially appointed by the responsible person from the Beneficiary in its role of Contracting Authority.

In this case the Beneficiary in its role of Contracting Authority should draft an **evaluation grid**, based on the standard format provided on the web page of the EC.

▪ *In case of tender procedure for **service contracts***, the format of the evaluation grid is available under annex **B12: Evaluation grid** on the web-page:

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

The evaluation grid should **list basic elements** of the tenderer's offer: Organisation and Methodology and proposed key experts (or list of references of the contractor in cases where CVs are replaced by references). However instead of quantified scoring of the individual elements only ACCEPTED or NOT ACCEPTED statement should be given. Only if the received tender is overall evaluated as "acceptable", the signing of the contract should be proposed.

▪ *In case of tender procedure for **supply contracts***, the format of the evaluation grid is available under annex [C4: Evaluation grid](#) on the web-page:

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

In case of tender procedure for supply and works contracts, the **evaluation grid** should list basic elements of the tenderer's offer: Technical offer. On the basis of individual elements ACCEPTED or NOT ACCEPTED statement should be given. Only if the received tender is evaluated as "acceptable", the contract signature should be proposed. The format of the Evaluation grid for works contracts are available under annexes [D4: Evaluation grid](#) on the web-page:

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

The selection procedure on the basis of single tender should be accompanied by an **evaluation report**, based on the standard format provided on the above given web pages.

▪ *In case of tender procedure for **service contracts***, the format of the Evaluation report is available under annex [B11: Evaluation report](#).

▪ *In case of tender procedure for **supply contracts***, the format of the Evaluation report is available under annex [C7: Evaluation report](#).

▪ *In case of tender procedure for **works contracts***, the format of the Evaluation report is available under annex [D7: Evaluation report](#).

The members of Evaluation Committee have to sign the evaluation report.

Contract with the successful tenderer could be drafted on the basis of the format provided in the tender documents. The format of the contract is available under following annexes: [B8: Draft contract](#) (for **service contracts**); [C4: Draft contract](#) (for **supply contracts**) and annex [D4: Draft contract](#) (for **works contracts**).

4.5 Modifying sub-contracts

The contracts, concluded in result of sub-tendering procedure, may need to be modified during their execution period. The procedure for modification has to be launched in exceptional cases. **Contract modifications must** be formalized through an **administrative order or an addendum** to the contract. Substantial modifications to the contract must be made by means of an addendum. Such an addendum must be signed by the contracting parties. The purpose of the addendum or administrative order must be closely connected with the nature of the project covered by the initial contract.

<i>Type of changes</i>		
<i>Changes with addendum</i>	<i>Changes with administrative order</i>	<i>Inadmissible changes</i>
<i>Changes of the contract duration</i>	<i>Changes of address</i>	<i>Changes post factum</i>
<i>Amendment in project team</i>	<i>Changes of bank account</i>	<i>Changes (extending) in the implementation</i>

(experts in service contracts)

period of the contract over the maximum period for completion of the project.

NB!

Modifications, which will lead to substantial changes of the scope of works (for works contracts), delivered supply/equipment (for supply contracts) and project scope and objectives (for service contracts) **are not allowed.**

Addenda with retroactive effect are not allowed.

A request for contract modifications should not automatically be accepted by the Contracting Authority (Beneficiary). There must be justified reasons for modifying a contract. The Contracting Authority (Beneficiary) must examine the reasons given and reject requests which have little or no substantiation. Contracts can only be modified within the execution period of the project.

5. Reporting

According to the Subsidy Contract concluded between the MA and the LP, one of the LP's obligations is regularly to report on the progress of the project. Project reports provide information for monitoring of project's activities, outputs and results, and the extent to which these are in line with objectives set out in the Application Form. During the contract duration period, the following types of reports have to be presented:

- **Project progress reports (PPRs)** – they provide a detailed description of the activities carried out and the outputs, results delivered during the reporting period of the project. The PPRs aim to ensure that project activities are processing according to the time schedule for implementation of the Subsidy contract and currently to identify areas where corrective measures can/should be taken.
- **Final progress report (final PPR)** – provides the overall information of the project implementation period and allows assessment of the project performance and achievement of the project objectives, as well as of the compliance with the rules for sound financial management and cost effectiveness of the project.

As a general rule, the LP has to prepare the PPRs **on a quarterly (three-month) basis**, with the exception of the last reporting period which may be less than 3 months depending on the time schedule of the project.

The final PPR has to be submitted within 1 month after the end date of the contract implementation period.

The **first reporting period** starts with the start date of the project. The **last reporting period** always ends by the end date of the contract implementation period.

NB!

The procedure of submission of PPR shall proceed in parallel with procedures for validation of expenditures and submission of Request for payment (RP). It is obligation by the LP and PPs to consider whether the PPR and RP will be submitted together or only PPR will be submitted quarterly.

5.1 Procedure for preparation and submission of PPR

The LP is collecting information from all PPs on the completed activities and prepares a general statement on the project progress towards objectives.

The project partners should help the LP in the preparation of the PPR by filling in and forwarding of their own reports to the LP (at least in electronic version) well on time. Each of PP provides the LP with adequate information about the activities of their project part covering a certain reporting period by filling Project's Progress Report

(Annex 4). The reports by the PPs has to be submitted to the LP within 10 days after the end of the respective reporting period (quarter)

The LP has to summarize the received information from the PPs and to prepare PPR in format given in Annex 4. The PPRs has to present progress of project implementation as a whole.

Before submission of the PPR the LP should give it back to all PPs for review. Each PP should have the chance to review the full report and to be assuring that the LP has not misinterpreted partner statement.

The PPR has to be submitted by the LP to the JTS within maximum **20 days after the end date of the respective reporting period (quarter)**. The deadline for submission of the PPR by the LP means the date of receiving of PPR at the JTS premises. In exception and well justified cases the PPRs could be submitted within 10 working days delay.

The LP will receive a confirmation for the transmission of the PPR within 2 working days from the reception of the hard copy version. In case of reporting delays, a reminder will be sent by the JTS to the LP. **In the absence of any response, Lead partners are reminded that the failure to submit the required reports qualifies as a basis for termination of the Subsidy Contract.**

The JTS shall review and approve the PPR within **30 days after receiving the PPR by the LP**. If there is a mistake and/or uncompleted information, JTS shall return the PPR for corrections to the LP. The deadline for approval of the PPR by JTS starts running again on the date the revised PPR is received.

The Final Progress Report (final PPR) is crucial for evaluating the overall project implementation and progress. The final PPR has to be submitted within **1 month after the end of the execution of the contract** and has to contain the information concerning the whole period of the implementation of the project. Together with final PPR the LP has to present short information the objectives, implemented activities, and results achieved in format of Annex 4.1.

Additionally to the final PPR, the LP has to present a Certificate or Reference from the bank regarding the interest accrued under the account for the contract implementation period.

The procedures of preparation, submission and approval are identical to those for the PPRs, but before approval by the JTS, obligatory on-the-spot monitoring visits to all projects will be performed.

The final PPR will be approved simultaneously with approval of the last request for payment.

The reports must be submitted in electronic and in hard copy version with identical content to the JTS:

Main office	<p>JTS – main office in Haskovo: Address: 2 "Patriarh Evtimiy" Str., 3rd floor, offices (88,89,90,91) Haskovo 6300, BULGARIA Tel: +359 38 66 38 88/Fax: +359 38 66 38 88 E-mail: i_n_delchev@yahoo.com</p>
Branch office	<p>JTS – branch office in Edirne: Address: Governorship of Edirne, EU Coordination Centre Hukümet Str. Pasakapisi, Güney Kosku, 2nd Floor, Edirne/ TURKEY Tel: +90 284 213 18 53/Fax:+90 284 214 22 13</p>

5.2. Content of the PPRs

The PPRs/final PPR has to present information of the project implementation as a whole, including the information provided by the PPs. The Progress/Final report in general consists of an **activity report** in accordance with the template provided (*Annex 4*). The language of reporting is **English**. When compose the PPR the LP must pay special attention to the clarity of the information given and the degree of detail, and the coherence between its different sections.

Main data (sheet 1)

The section contains administrative information for the project name, reference number, reporting period, LP, contact details, etc. In the main data, the LP declares that:

- The expenditure presented by this Report has been incurred only for the purpose of implementing the project and the activities presented correspond to the activities of the approved Application;
- The expenditure declared in the present Report has not been included in any other previous Report/s;
- The information and documentation in this progress report and its attachments give a correct description of the implementation and the present status of the project part.

Activity report (sheet 2)

This section provide an overview of the activities carried out and main problems faced during the reporting period; achievement of the project's objectives and results described and level of involvement of the PPs in the implementation process.

The activity report consists of the following sections:

<i>Section</i>	<i>Required information</i>
Summary of the project activities	<p>The information in this section has to be detailed in order the assessment of the PPR to be maximum comprehensive and prompt.</p> <p>The LP has to provide an overview of the activities carried out from the start of the project till the end of the respective reporting period, comparing them to the planed in the Application form. In case of deviations and/or differences, justifications for the reasons have to be provided.</p> <p>Additionally, information about the location of execution of the activities, respective responsible partners and outputs delivered in the current period has to be presented here.</p>
Public procurement procedures	<p>In this section, the executed sub-contracting procedures should be listed with their specific characteristics as type of the procedure; description; amount; name of the sub-contractor; date of contracting and date of completion/delivery. The list from the initial PPR should be complemented in each following PPR cumulatively, not only for the reporting period.</p>
Project Implementation timeframe	<p>In this section information about time schedule of the reported activities has to be presented. The LP has to explain the timing of the implemented according to the time schedule of implementation of the Subsidy contract. In case of deviations and/or differences, justification for the reasons and assessment about the possible impact upon the implementation of the other (following) activities in respect of the project's outputs and results have to be provided.</p> <p><i>For example: the procedure for supply of promotional materials is not successfully procured – how it</i></p>

	<i>will reflect on the forthcoming press-conference?</i>
Publicity activities carried out during the reporting period	<p>In this section the LP has to put information about implemented information and visibility activities concerns to type of the activity, brief description, target group and quantities of the communication tools.</p> <p>In case of trainings/press conferences held, the information about number of participants should be also presented.</p>
Project modifications	The LP has to list all changes during the reporting period, which did not require Subsidy Contract modification as describe in section 4 of the current Manual.
Other issues	In this section the LP may present any difficulties or problems encountered during the project implementation, solutions, partnership relations, etc. Based on this section, the MA will receive feedback from the partners, which will be useful for future optimization of implementation procedures

Indicators (sheet 3)

This section provides information about achievement of the project's outputs and results from the start till the end of the project.

- Output and Results indicators allow measuring the achievement of the quantitative targets presented in the Application Form, by the provision of indicators both for the reference period and, in aggregated form, since the beginning of the project. Please, note that the list from the initial PPR should be complemented in each following PPR, not only for the reporting period.
- Parts as Cross-border character, Project coherence with applicable national/regional/EU programmes, Project partnership cooperation, Horizontal themes, Cross-border impact and Sustainability are obligatory only for the final report. Nevertheless, LP may express its opinion during the project implementation, which will be useful practice in preparing for the final PPR.

5.3 Assessment of the PPR

JTS is responsible for checking and approval of the project reports. The main objectives of assessment of the PPR include verification of the progress of the project, timely implementation of the activities and extent of the achievement of project's output and their correspondence to the Application form.

The JTS perform documentary check of the PPR according to the information presented by the LP through the PPR.

The first step is to check the completeness of the Report by reviewing its major parts: compliance with the standard format for the PPR and fullness the PPR. The procedure can be suspended and the PPR shall be return for correction if the reporting standard is not respected; report is schematic or important information is missing, or some of the sections (sheets) are missing.

If the PPR pass the completeness check, the JTS proceed further with quality assessment of the presented information and verification of the reported activities and their time schedule with planed in the Application Form

and the time schedule for implementation of the Subsidy Contract. The aim is to verify that the project has been implemented without significant modifications and delays of the approved activities, outputs and objectives. The JTS shall consider:

- whether the planned activities have been implemented accordingly;
- whether planned activities related to publicity and visibility are implemented;
- whether modifications in the contract are stated correctly;
- whether envisaged outputs and results have been delivered;

If some information related to PPR is not correctly/clearly described, the JTS may return the PPR for correction/clarification.

In case of equipment delivered by the reporting period, the JTS officers may proceed with on-the-spot visit.

6. Financial management of the project

This chapter provides information and guidelines for the Beneficiaries about the requirements for financial management and control of project expenditures. The financial management of the project is based on the Lead partner principle.

”Lead partner” principle

The Lead partner (LP) is responsible for sharing out the tasks among partners and it is entirely their responsibility to ensure that these tasks are completed as stated in subsidy contract and the partnership agreement. Therefore:

NB!	<p><i>The financial control responsibility of the LP is restricted to:</i></p> <ul style="list-style-type: none"> - control that the implementation of the project and the expenditures made are in accordance with the activities in the Subsidy Contract and the Partnership Agreement; - control that the expenditures made by the PPs are verified by a FLC.
	<p><i>The EC and the Court of Auditors have the right to perform record-based and on-the-spot inspections to verify expenditure and the use made of the EU. Checks may be made at any time during the project’s implementation, or up to three years after the programme’s closure.</i></p>
	<p><i>The record keeping procedure is important for several reasons:</i></p> <ul style="list-style-type: none"> <i>Helps you keep track of the types of eligible expenses incurred by your project and their rate of occurrence. In addition, you will know how much money remains unspent within the budget categories;</i> <i>Serves as confirmation that the costs have occurred during the grant project implementation period;</i> <i>The records are the basis for the financial section of the project reports you have to complete;</i> <i>Expenditure incurred during the project is only eligible for EU financing if there are supporting documents that provide evidence of the expenses;</i> <i>The record of expenditure for the project will be checked during audits of the project.</i> <i>A lack of supporting evidence could result in the costs not being considered eligible.</i>
	<p><i>Project partners must be aware that in case of an appeal procedure, the reimbursement of funds for the total project is to stop for further clarifications and taking a final decision by the MA.</i></p>

6.1 Organization of Bank Account and Bank Statement

Each LP/PP must create a separate bank account, to be used only for the payments related to the project.

The details of the bank account and the obligatory requirements towards the bank accounts under the Programme are the following:

- Holder of the project account is the LP, who signed the respective Subsidy Contract;
- The account must be denominated in the currency, required by the MA in the Guidelines for Applicants, namely in EUR;
- The respective Bank Office should be mentioned;
- The IBAN;
- The Bank Identification Code (BIC/SWIFT).

The interest accrued under the account(s) of the project is reported in the financial report of the final PPR. Attached to the final PPR is a Certificate or Reference from the bank regarding the interest accrued under the account for the contract implementation period.

In case of change of the bank account under the project, the LP must inform immediately the MA/JTS and justify the need of this change as well as submit all the necessary account details for the new account (*Annex 1*)

In case that under a project more than one bank account has been used, the LP must report all the interest accrued under all the accounts by submitting the respective documents.

6.2 Validation of expenditure by first level controllers

The reported expenditures by the PPs will be checked and validated by the controllers designated by the MA. The controllers will carry out the first level control (FLC). The FLC covers 100% of all declared project expenses. The FLC entails the following checks:

- verification of the delivery of the products and services (as described in the approved Application Form which is the reference point for the approval decision regarding the activities and finance; and/or the project Subsidy contract – which sets the legal background for the implementation of the project.);
- verification of the soundness of the expenditure declared;
- verification of the compliance of such expenditure with the Programme, EC and national rules.

Expenditure will be validated by the controllers within a period maximum of **55 calendar days from the date of submission of the Request for First Level Control (RFLC)** (*Annex 5*) by the LP to the Managing Authority/National Authority (NA).

The LPs are, however, accountable to the Joint Technical Secretariat (JTS), the Managing Authority (MA) and the Certifying Authority (CA) for all costs incurred by them and the other PPs. Therefore, they are responsible for having administration, management and the internal or external control systems of the project in place. The LP must check all the documents of the project reimbursement request, ensure that the expenditure of each partner is directly linked to activities as agreed in the Application Form/Subsidy Contract and verify that the expenditure of each partner has been validated by the controller.

The process of first level control is as follows:

Step 1

The LP, after consultation and exchange of information between all PPs, prepares and submits to the MA/NA a "Request for First Level Control" (RFLC) within **maximum 5 days from the end date of each reporting period** (quarterly basis). The RFLC includes the information regarding sub-tender procedures carried out (per project partner) from the beginning of the project up to the date of RFLC. Information for all the participants in the respective sub-tender procedure as well as the chosen sub-contractors should be included in the RFLC.

Step 2

Based on the RFLC, the MA/NA starts their respective FLC assignment procedures. The procedure results in 'Designation Certificate' (DC) issued by MA/NA to the respective controller for the appointed project partner and the conclusion of assignment contract with him/her **within 20 days**.

Step 3

Within maximum of one month from his/her assignment FLC-er should complete the verification procedure of respective LP/PP as specified in the assignment contract. The controller verifies at 100 % the expenditure presented by the project partner on the basis of the invoices or accounting documents of equivalent probative value, verifies the delivery of the products and services, the soundness of the expenditures declared, and the compliance of such expenditures with Community rules and relevant national rules. After verification, the controller issues the 'Certificate for Validation of Expenditures' (CVE) to the project partner. In addition the controller completes the respective FLC section in the "Invoice Report with the attached financial report" ("IR"), *Annex 6* which is issued by the project partner. The "Financial report", which is integral part of the "Invoice report", must be verified, signed, dated and stamped by the FLC.

Step 4

In due time after the verification of the FLCer, each project partner has to submit the following documents ('verification package') to the Lead partner: verified by the controller 'Invoice Report with the attached financial report' (IR), 'Certificate for Validation of Expenditures' (CVE) and 'Designation Certificate' (DC) for the controller (issued by the MA/NA).

Step 5

The LP shall check whether the expenditures, presented by the partners, are verified by the controllers and whether the verification, received from them, gives the necessary confidence for it to verify before the MA that the expenditures, declared for reimbursement, are eligible and lawful. (The controller of the LP is responsible only for the validation of the LP's expenditure).

In **5 days after the verification of the FLCers** for all beneficiaries in the project the LP prepares aggregated 'verification package' (i.e. comprising the above mentioned documents for each of the PPs, incl. himself). Based on the verification, received from the controllers, and its own inspections (where applicable), the LP shall summarise the information received on an operation level and shall prepare an aggregated 'Request for Payment' (*Annex 7*) for the respective reporting period (one request for the entire project) to be sent to the MA.

Step 6

In case of disagreement with the findings of the FLC-ers during the verification process, the LP/PP may send to the MA an "Appeal Declaration" (*Annex 8*) together with Request for Payment (RP) (*Annex 7*).

Each "Appeal Declaration" must be accompanied by detailed justification and additional supporting documents (if needed).

Table 1 Summary table of FLC-documentary flow

<i>Document</i>	<i>Issued by</i>	<i>Signed by</i>	<i>No. of copies</i>	<i>Copies designed for</i>
Request for FLC	<i>LP</i>	<i>LP</i>	3	<i>MA</i> <i>NA</i> <i>LP</i>
Designation Certificate (DC)	<i>MA/NA</i>	<i>MA/NA</i> <i>FLC-er</i>	3	<i>MA/NA</i> <i>FLC-er</i> <i>LP/PP</i>
Certificate for Validation of Expenditures (CVE) and "Invoice Report with the attached financial report" (IR) – FLC version	<i>FLC-er</i>	<i>FLC-er</i>	3	<i>MA/NA</i> <i>FLC-er</i> <i>LP/PP</i>
(Aggregated) Request for Payment (RP) and Appeal Declaration (AD) (if any)	<i>LP</i>	<i>LP</i>	2	<i>MA</i> <i>LP</i>

6.3 Submission of Request for payment

Specific types and schedule of payments to LP are determined in terms of the Subsidy Contract. Three types of payments are foreseen:

- Advance payment;
- Interim payments;
- Final payment.

The amount of advance payment, which is provided by the MA to lead beneficiary is up to 20% of the EU, the Bulgarian national co-financing and co-financing of the partnering country as part of the Subsidy Contract. The advance payment is deducted from the expenses reported in the final payment. Interim and final payments are based on costs actually incurred by the beneficiaries.

The total amount of the advance and interim payments of an operation cannot exceed 80 % of the total eligible costs.

Unlike the advance payment, where validation of expenditure is not applicable for interim and balance payments, the LP can request the reimbursement of funds for the project expenditures validated for the given reporting period by submitting a Request for Payment to the MA supported by the original declarations on validation of expenditure of its PPs within a period of two months from the end of each reporting period.

In case the declarations on validation of expenditures are not received from each project partner for a given

reporting period, the LP shall submit the Request for Payment on the basis of the declarations on validation of expenditures available for the reporting deadline.

Before submitting the Request for Payment, in compliance with the Article 96(1) e) of the Regulation (EC) No. 718/2007 and in accordance with Guidelines regarding the certifying of expenditures issued by the Bulgarian Minister of Finance, the LP shall verify the followings:

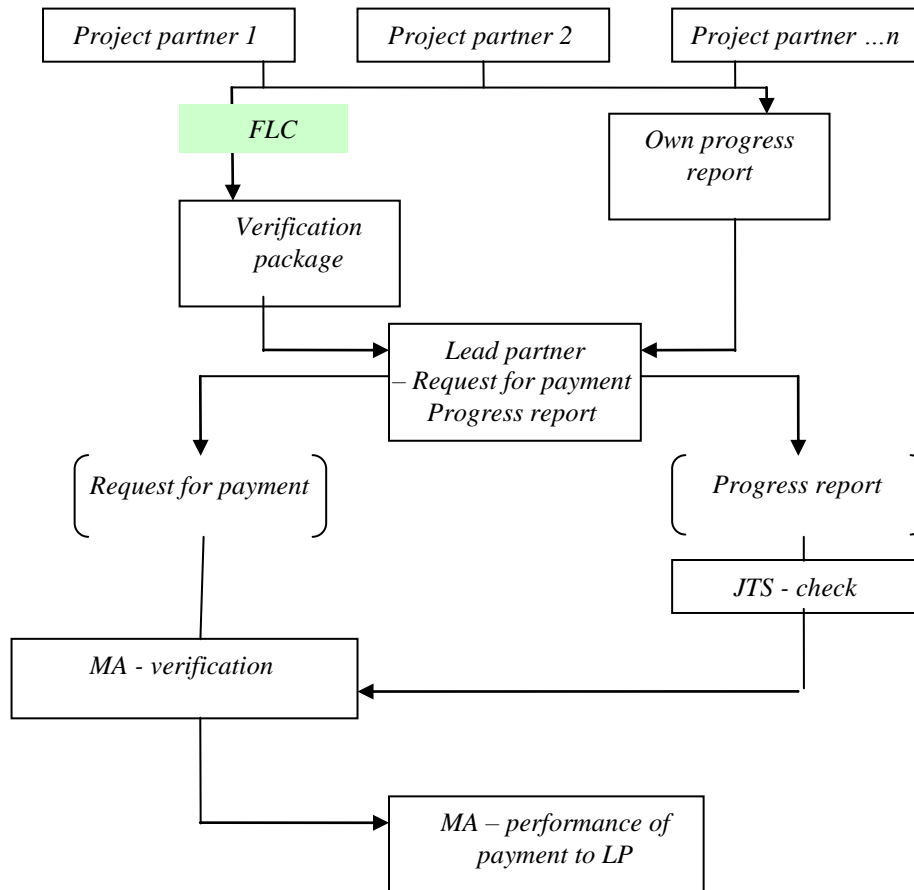
- the project activities are implemented in accordance with the principles of sound financial management;
- the payment request includes only expenditure, which is verified by the controllers, which is eligible and which is actually incurred by the partners for the implementation of the operation approved, in accordance with the contract, signed with the Managing Authority;
- the progress of the operation (financial and physical) complies with the provisions of the contract with the Managing Authority;
- the activities under the operation are duly documented. All accompanying documents, referring to the expenditure and the audits of the operation, shall be and will remain at the disposal of the European and the respective national controlling authorities, including the Audit and the Certifying Authority under the respective programme for a period of three years after the programme's closure;
- the audits and/or inspections performed do not establish any weaknesses or omissions in the management of the operation approved, or, if such are established, there is a commitment for their rectification, including an approved timeline of corrective measures;
- the expenditure declared in the present Request for payment is not subject to double funding from other funding sources and has not been included in any other previous requests;
- the sum total, accumulating the expenditure, declared for reimbursement, does not exceed the respective operation budget lines;
- all declarations on validation of expenditures presenting the expenditure of the Project Partners in this Request for payment are attached in original paper version officially signed by the designated controllers;
- the information included in the Request for payment and its Annexes are true and correct.

The Request for Payment has to be printed and submitted to the MA with its annexes in one original, signed and stamped by the legal representative of the LP. The LP has to submit to the MA an electronic version of Request for Payment with its annexes. The annexes of the Request for payment are:

- certificate(s) for Validation of the Expenditure by the FLCs;
- First Level Control Designation Certificate(s);
- Project partners' Invoice Reports with the attached financial report (Annex 6);
- Audit Report (if applicable);
- Financial Identification Form for the LP (bank account details, Annex 1);
- Appeal Declaration (against the FLC validation certificate, if applicable, Annex 8);
- Declaration VAT status (Annex 11) only for Bulgarian partners;
- Declaration for lack of double funding and revenue of the project (Annex 12).

In order to receive funds from MA the LP before preparation of the Request for payment should send a Progress report to JTS as described in chapter 5.

Flowchart - process of requesting of payment:



The LP should take into account that the Programme will reimburse requested funds for a LP only if its corresponding PPR is accepted and approved by the MA structures.

6.4 Reimbursement of Funds to the Lead Partners

When submitting the Request for Payment, the LP has to be aware of the steps and the estimated timeframe of the reimbursement of Funds. The following procedure applies for the reimbursement of funds to the LP:

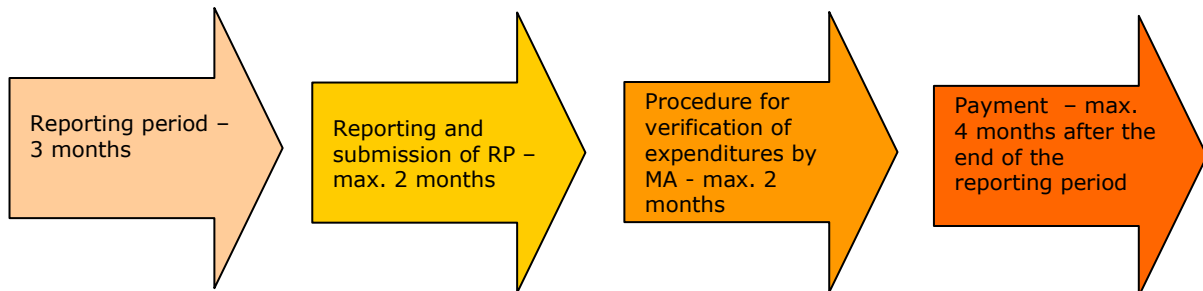
- The LP submits the Request for Payment to the MA for the deadlines given in the Subsidy Contract.
- The reimbursement of funds to the LP will be initiated by the MA within the deadlines given in the Subsidy Contract.
- The LP may be requested to clarify/revise Request for Payment during the verification process. After the second unsuccessful request for clarification/revision, the Request for Payment will be rejected. A rejected Request for Payment can be resubmitted only together with the Request for payment for the next reporting period.
- The reimbursement of funds will be performed by the MA after the verification process. In case the EU

balance of the programme single bank account handled by the Certifying Authority does not cover the amount to be reimbursed, the reimbursement process will be suspended till the transfer of the EU contribution from the EC is credited to the programme single bank account. In this case, the MA notifies the LPs of the projects concerned on the suspension and the estimated timeframe.

- Reimbursement will be executed only on the separate EUR bank account of the LP opened exclusively for the project. The LP is responsible to transfer the respective funds to each project partner according to the approved request for payment and within the deadline given in the Partnership Agreement.

6.5 Timeframe of reimbursement of Funds to LP

LP and the PPs have to consider the timeframe of the reimbursement of Funds when preparing the time plan of their project activities. The following flowchart presents the procedures described in the following chapter with the indicative timeframe:



Balance payment shall be made after the approval of final PPR.

6.6 Eligibility rules of the Programme

The Programme contains several important criteria for determination of the eligibility of the expenditures, for example according to the planned expenditures by priorities (onto which activities the Programme focuses and therefore which activities will be eligible) or depending on the potential beneficiaries (which beneficiaries will be eligible). More specifically, refer to the latest approved text of the IPA Cross-Border Programme (CCI Number 2007CB16IPO008) on the following web page: <http://www.ipacbc-bqtr.eu/>.

6.7 Eligibility of expenditure

VAT

The expenditures cover VAT being eligible or non-eligible. It is regulated in the EC Regulation 718/2007, Article 89 (3) (a) and Guidance Letter of the Ministry of Finance № 91-00-502/27.08.2007¹. This letter is to be published on the web page of the Programme.

In the Guidance letter there are instructions regarding the terms “eligible VAT” and “ineligible VAT” in relation to the implementation of the projects/contracts under EU-funded programmes. The basic principle is as follows – if a beneficiary has the right to reimburse the VAT by the state budget, then the amount of the VAT is ineligible

¹ <http://www.ipacbc-bqtr.eu/attachments/download/42>

expenditure for the Programme. If the beneficiary has no right to reimburse the VAT from the state budget then the amount of the VAT is eligible expenditure for the Programme, provided that it is included in the project budget.

Each beneficiary is responsible for the correct classification of the VAT expenditures as either eligible or ineligible expenditure based on the Instructions of the Letter 91-00-502.

With every Request for payment (Annex_7) the Bulgarian partners has to present correctly filled declaration concerning the VAT status (Annex_11). The declaration must be dated, signed and stamped by the partner and the first level controller.

The VAT issue for the Partnering country, being eligible or non-eligible expenditure, is regulated in the Financing Agreement between the Government of the Republic of Turkey and the European Commission concerning the "Bulgaria-Turkey IPA Cross-Border Programme" under the Instrument for Pre-Accession Assistance. In the Approval Law No.5824 on IPA Framework Agreement², VAT exemption is also mentioned. Regarding this law, VAT exemption and its application is explained in detail.³ Besides, the Law No.3065 on Value Added Tax Law is the general legislation on VAT issue in Turkey.⁴

On the other hand, there is a secondary legislation about accounting and spending process of the EU grants, the Bylaw on Accounting and Spending Grants Transferred from the EU and International Institutions to Public Administrations for Project⁵.

No double funding in the declared expenditures is allowed

With every Request for payment (Annex_7) it is necessary for all partners (beneficiaries) to ensure that the declared expenditure are not funded or has not been funded by other national or community source(Annex_12). The declaration for lack of double financing must be dated, signed and stamped by the partner and the first level controller.

NBI	<p><i>By executing its verification checks on primary and supporting documents, the controller should stamp and sign respective documents, checked and verified by her/him with a special stamp, supplied to her/him by the MA/JTS.</i></p> <table style="width: 100%; text-align: center;"> <tr> <td style="border: 1px solid black; padding: 10px; width: 50%;"> <p>VERIFIED</p> <p>..... (date and signature)</p> <p>Controller No Bulaaaria</p> </td> <td style="border: 1px solid black; padding: 10px; width: 50%;"> <p>VERIFIED</p> <p>..... (date and signature)</p> <p>Controller No Republic of Turkey</p> </td> </tr> </table>	<p>VERIFIED</p> <p>..... (date and signature)</p> <p>Controller No Bulaaaria</p>	<p>VERIFIED</p> <p>..... (date and signature)</p> <p>Controller No Republic of Turkey</p>
<p>VERIFIED</p> <p>..... (date and signature)</p> <p>Controller No Bulaaaria</p>	<p>VERIFIED</p> <p>..... (date and signature)</p> <p>Controller No Republic of Turkey</p>		

In addition, every invoice or similar accounting document subject to verification must contain obligatory a text with the name of the project, number of the respective Subsidy Contract (with the exception of the expenditures related to the project preparation) and the specific activity (For example: hall rent/training under project (name) No).

² The Law on IPA Framework Agreement. Official Gazzete of the Republic of Turkey No27090 / 24.12.2008.
³ General Communique on IPA Framework Agreement. Official Gazzete of the Republic of Turkey No27222 / 08.05.2009
⁴ The Law No.3065 on Value added Tax. Official Gazzete of the Republic of Turkey No18563 / 2.11.1984
⁵ The Bylaw on Accounting and Spending Grants Transferred from the EU and International Institutions to Public Administrations for Project. Official Gazzete of the Republic of Turkey No 26713 / 27.11.2007

Project revenue

In case of projects generating revenues in the implementation stage, these are declared separately in every request for verification of expenditure of the beneficiary. For example: bank account interests, charges generated from tender procedures (sale of documentation), incomes from advertisement in the project website and etc. The incomes have to be declared and deducted from the project funding.

Audit

Audit costs shall be eligible provided that an independent audit is **requested by the programme management**. Audit shall be performed on the project as a whole.

An audit is not required by the MA, in respect of that if there are ensured audit costs in the budgets of the projects, they will be considered as an ineligible expenditure.

Specific eligibility rules related to the expenditures are described in the guidelines for applicants published for each Call. Furthermore, the eligibility rules set out in the subsidy contract should be followed strictly.

6.8 Exchange rates (EU and local)

The amount in the Invoice report shall be converted into euro using the monthly accounting exchange rate of the Commission of the month in which it is submitted to the FLC.

The approved EU exchange rate for EUR into local currency is determined on a monthly basis at the beginning of each month. During the course of the project, funds held in the project EUR account will be exchanged and transferred to the local currency account. When buying goods/services for the grant project, you should be aware that exchange rates differences will occur. This is because banks use a rate based on the daily exchange rates as set by the country's national bank for conversion of EUR in local currency.

However, the EU uses a different exchange rate than your bank is using. The EU exchange rate is determined on a monthly basis and is on average slightly higher than the local rate at the beginning and slightly below the local at the end of the month. The currency exchange differences are not eligible project costs.

You can find the EUR currency exchange rate at:

<http://ec.europa.eu/budget/inforeuro/index.cfm?fuseaction=countries&Language=en>

Information on the exchange rate is updated every first day in the month to come.

6.9 Audit trail and accounting system of the partners**NB!**

The Bulgarian partner follows all the rules and regulations in accordance with the EU regulations and the applicable legislation of the Republic of Bulgaria.

The partner from the partnering country follows all the rules and regulations in accordance with the EU regulations and the applicable legislation of the partnering country.

Audit Trail

Partners must ensure that all accounting documents linked to the project are available and that they are filed

separately in order to be easily identified as relating to the project. It is the LP's responsibility to ensure an adequate audit trail which implies that the Lead partner has an overview of:

- Who was paid;
- What was paid;
- The date on which payment was made;
- The person who carried out the verifications;
- The location where the relevant documents are stored.

The LP must ensure that all project partners keep the documents linked to the project in an ordered and safe manner at least three years after the closure of the Programme according to Art. 134 of Regulation 718/2007. The filed documents can be either the originals or the certified as original copies. For the purpose PP's may create a flow chart/short description of control system in their organization.

The following list gives an overview of the documents that should be available for financial control and audit purposes:

- *Approved Application Form;*
- *Subsidy Contract;*
- *Partnership Agreement;*
- *Relevant project correspondence (financial and contractual);*
- *Documents attesting the FLCs' validations on partners' expenditure;*
- *Invoice Reports with the attached financial report;*
- *Bank account statements/proof of payment for each invoice;*
- *Staff costs: calculation of hourly rates, information on actual annual working hours, labour contracts, payroll documents and time sheets of personnel working for the project;*
- *List of subcontracts and copies of all contracts with external experts and/or service providers;*
- *Documents relating to procurement, information and publicity;*
- *Proof for delivery of services and goods: studies, brochures, newsletters, minutes of meetings, translated letters, participants' lists, travel tickets, etc.*

Accounting System

The LP and PP must maintain regular and exact accounts for the project implementation using an appropriate accounting system with double-entry book-keeping. These systems can be either an integrated part of the ordinary accounting system of the beneficiary or an addition to this system.

This system must function in accordance with the accounting policy and rules, in force in both countries, respectively. The accounts and the expenditures, related to the project must be easy to identify and check. This could be done either through the use of separate analytic accounts for the project or through guarantees that the expenditures for the project activities can be easily identified and traced to and inside the accounting systems of the beneficiary. The accounts must show detailed information as well for the interest rates, paid on the granted

funds.

6.10 Financial and accounting documentation of the project

- **Budget** - the budget of each project is part of the signed Subsidy Contract. The MA defines in the Applicant's Guide and the Application Form the format and the structure of the budget.

NBI

During FLC any changes to the approved project budget should be checked and considered for eligibility. For changes between budget lines up to 10 % is necessary written notification to the MA. For changes between budget lines up to 20 % is necessary preliminary approval by the Joint Monitoring Committee.

The beneficiary shows the percentage of own contribution (if any) in the budget form. The own contribution is regulated in the Applicant's Guide. The controller should check the adherence to this percentage as well. The documentation of the own contributions respects the same requirements as described in this Manual.

- **Invoice report with the attached financial report** – a list of all financial and accounting supporting documents which proves the declared expenditures for the reporting period. The invoice report follows the structure of the project budget with the respective budget lines and sub lines. Each supporting document has to be written in the invoice report with its number, date, amount, date of payment and etc., according the name of respective column. There is a part in the Invoice report which has to be filled by the First level controller during the process of verification of expenditures. The financial part of the “Invoice report” presents the financial progress of the project for the reporting period and cumulative.
- **Accounting documentation** - all expenditure is recorded at the accounting system of the beneficiary, in order to be recognizable either in a separate accounting system or there is sufficient accounting coding subject to national accounting rules. All the financial and accounting documentation should be in accordance with the stipulations of the respective state accounting and VAT regulations. The list bellow presents the basic documents for respective reporting costs:

Financial and accounting documentation (non-exhaustive list) to be provided by the beneficiaries to the controllers

BL 1		Administrative costs	
Project staff remuneration Office rent, Consumables, Overheads			
Accounting and Financial documents		Other documents/conditions for eligibility of expenditure	
1) Project staff remuneration <ul style="list-style-type: none"> - Contracts - Labor contract/second Labor contract or addendum to the labor contract; - Designation order – for civil servants; - Calculation evidence for the determination of the hourly rates of the project staff; - Time-sheets; - Payment orders for paid taxes and social securities - a separate payment order for the project goals with attached list of 		<i>Only the amounts of remunerations paid to physical persons may be accepted as expenses for human resources. Payments made to legal entities are unacceptable. The amounts of the remuneration paid to physical persons may not exceed the amounts set out in the project budget. The amounts of remuneration include social security payments and health insurance payments. In each case the contract/designation order and/or the related job description shall contain the clear assignment of the person to the project including information on the extent of the involvement within the project.</i>	

<p><i>persons employed under the project;</i></p>	
<p>2) Office Rent</p> <ul style="list-style-type: none"> - Lease contract; - Invoice and cash receipt note /payment order/ bank statement, in case the lease contract is concluded with a legal entity; - Receipt for payment in case the lease contract is concluded with a physical person. 	<p><i>Expenses will be considered eligible only provided that a new office has been opened for the purpose of the project which is different from the offices of the organization involved in the project.</i></p>
<p>3) Consumables</p> <ul style="list-style-type: none"> - Contract (if required); - Detailed invoices and cash receipt notes/payment order/bank statements. <p>4) Overheads</p> <ul style="list-style-type: none"> - Contracts (if required); - Protocol for the distributions of expenses (calculation base – electricity, water, heating, etc.); - Invoices and cash receipt notes - payment order/bank statements; - Phone bills. 	<p><i>It is also possible to allocate an invoice partially to the project in case it is demonstrated that a part of the expenditure is directly related to the project. In this case the method for distributing the cost to the project has to be presented for each type of expenditure to the Controller (e.g. the ratio of the number of people working for the project / number of people working in the organization or department).</i></p>

<div style="display: flex; justify-content: space-between;"> BL 2 Travel and Accommodation </div>	
Travel Costs, Daily Allowance, Accommodation Costs	
Accounting and Financial documents	Other documents/conditions for eligibility of expenditure
<p>1)Travel Costs</p> <p>1.1) Traveling by bus/train/airplane/public transport</p> <ul style="list-style-type: none"> - Business trip order and report; - Airplane boarding cards; - Tickets; - Invoice / protocol issued by the travel agency for the value of the Airplane ticket; - Invoice and Cash receipt for paid transport. <p>1.2) Traveling by own or rented car</p> <ul style="list-style-type: none"> - Route-sheets/driver's sheets containing the following information: distance, fuel price, average fuel consumption; - Protocol determining the consumption rate of the used vehicle and the passed distance together with invoices certifying the exact 	<p><i>A description of the activities performed and the results obtained from the business trips is required in the expert report or in the project report;</i></p> <p><i>The business trip documentation must be prepared in accordance with the respective national legislation and with the limits pointed out in the Guidelines for Applicants.</i></p>

<p><i>amount of funds spent on fuel;</i></p> <ul style="list-style-type: none"> - <i>Business trip order and report.</i> 	
<p>2) Daily Allowance</p> <p>3) Accommodation Costs</p> <ul style="list-style-type: none"> - <i>Business trip order /certified/ and reports;</i> - <i>Invoice and cash receipt/payment order for the accommodation;</i> - <i>Cash disbursement notes/reports on advance payments.</i> 	<p><i>A description of the activities performed and the results obtained from the business trips is required in the expert report or in the project report;</i></p> <p><i>The business trip documentation must be prepared in accordance with the respective national legislation and with the limits pointed out in the Guidelines for applicants.</i></p>

BL 3	Meetings, Conferences, Events, etc.	
1) Hall rental, Equipment rental, Coffee breaks, Preparation of materials, Consumables		
Accounting and Financial documents	Other documents/conditions for eligibility of expenditure	
<p>1) Hall rental</p> <p>2) Equipment rental</p> <ul style="list-style-type: none"> - <i>Rent contract;</i> - <i>Service contract, special conditions;</i> - <i>Technical and financial offer;</i> - <i>Attendant documents;</i> - <i>Invoices and cash receipt notes/ payment order/bank statements.</i> 		
<p>3) Coffee breaks</p> <ul style="list-style-type: none"> - <i>List of all participants in the event.</i> <p>4) Preparation of materials</p> <ul style="list-style-type: none"> - <i>Copy of the package of materials intended for the participants.</i> <p>5) Consumables</p> <ul style="list-style-type: none"> - <i>Contracts;</i> - <i>Delivery and acceptance protocols between the LP or PP and the subcontractor;</i> - <i>Invoices + cash receipt note, payment orders, banks statements.</i> 	<p><i>The expenses will be considered eligible if they are foreseen in the application form and in the budget implementation of the activities or they are related with the achieving of the project purposes.</i></p>	

BL 4	Information and Publicity	
Purchase of advertising materials, Elaboration, design, etc. , Publications in mass media		
Accounting and Financial documents	Other documents/conditions for eligibility of expenditure	

<p>1) Purchase of advertising materials</p> <ul style="list-style-type: none"> - Contracts concluded with the subcontractor; - Delivery and acceptance protocols between the contracting authority (LP or PP) and the subcontractor; - Invoices and cash receipt notes/payment order/bank statements. 	<p><i>Copies of the respective materials;</i> <i>Costs will be considered eligible only provided that there is strict obedience to the EU requirements for visualization.</i></p>
<p>2) Elaboration, design, etc.</p> <ul style="list-style-type: none"> - Contracts concluded with the subcontractor; - Delivery and acceptance protocols between the contracting authority (LP or PP) and the subcontractor; - Invoices and cash receipt notes/payment order/bank statements; 	<p><i>Copies of the respective materials;</i> <i>Costs will be considered eligible only provided that there is strict obedience to the EU requirements for visualization.</i></p>
<p>3) Publications in mass media</p> <ul style="list-style-type: none"> - Contracts concluded with the subcontractor; - Delivery and acceptance protocols between the contracting authority (LP or PP) and the subcontractor; - Invoices and cash receipt notes/payment order/bank statements. 	<p><i>Copies of the publications, printed and advertising materials, etc.;</i> <i>Costs will be considered eligible only provided that there is strict obedience to the EU requirements for visualization.</i></p>
<ul style="list-style-type: none"> - In cases of contracts concluded after the implementation of a contractor selection procedure according to PRAG - Delivery/service contract with the subcontractor who was selected after the tender procedure; - Invoices and cash receipt notes/contract notes 	<p><i>Detailed and exhaustive documentation of the implemented tender procedure – tender dossier, evaluation report, offers submitted by the participants in the tender procedure, etc.;</i></p>

BL 5	External expertise and audit	
Consultancy, studies, designs etc., Authorizations, certificates, Interpreters, lecturers, trainers, Audit		
Accounting and Financial documents	Other documents/conditions for eligibility of expenditure	
<p>1) Consultancy, studies, designs etc.</p> <ul style="list-style-type: none"> - Contracts concluded with the subcontractor; - Delivery and acceptance protocols between the contracting authority (LP or PP) and the subcontractor; - Invoices and cash receipt notes/payment order/bank statements. 	<p><i>Reports on methodology applied and on the results of the researches/studies conducted;</i> <i>Reports, research, analysis, studies and other written documents must be in accordance to the EU requirements for visualization and should have information for the author and year of issue.</i></p>	

<p>2) Authorizations, certificates</p> <ul style="list-style-type: none"> - Invoices and cash receipt notes/payment order/bank statements. 	<p>Statements of accounts issued by the bank for expenses for bank charges, permits and etc.</p>
<p>3) Interpreters, lecturers, trainers</p> <ul style="list-style-type: none"> - Contracts concluded with the subcontractor; - Delivery and acceptance protocols between the contracting authority (LP or PP) and the subcontractor; - Invoices and cash receipt notes/payment order/bank statements. 	<p>Copies/ stored files with written translations of documents; List of all participants; Copy of the package of materials intended for the participants; Copy of the event schedule.</p>
<p>4) Audit</p> <ul style="list-style-type: none"> - Contract concluded with the auditor; - Invoices and cash receipt notes/contract notes; - ToR. 	<p>Auditor's report. Audit is eligible expenditure only if required by the MA.</p>
<ul style="list-style-type: none"> - In cases of contracts concluded after the implementation of a contractor selection procedure according to PRAG - Service contract with the subcontractor who was selected after the tender procedure; - Invoices and cash receipt notes/contract notes 	<p>Detailed and exhaustive documentation of the implemented tender procedure – tender dossier, evaluation report, offers submitted by the participants in the tender procedure, etc.;</p>

<p>BL 6</p>	<p>Investments</p>
<p>Purchase of land. Small scale construction, Supply</p>	
<p>Accounting and Financial documents</p>	<p>Other documents/conditions for eligibility of expenditure</p>
<p>1) Purchase of land</p> <ul style="list-style-type: none"> - copy/draft contract of sale, showing that the land is free of any other burden must be submitted; - certificate obtained from an independent qualified assessor or duly authorized official body confirming that the purchase price does not exceed the market value. 	<p>The cost of purchasing land not built on shall be eligible under the following conditions:</p> <ul style="list-style-type: none"> - there is a direct link between the land purchase and the objectives of the operation co-financed; - the cost may not represent more than 5% of the total budget

2) Small scale construction

- Contract with the subcontractor selected from the tender procedure, Bill of Quantity (BoQ);
- All guarantees provided for in the special conditions of the construction contracts;
- Certificates for the implemented works according BoQ;
- Delivery and acceptance protocols certifying the acceptance of the implemented construction works;
- Invoices and/payment order/bank statements.

Detailed and exhaustive documentation of the implemented tender procedure – tender dossier, evaluation report, offers submitted by the participants in the tender procedure, etc.;

Local Act – permission for use of the construction (Act No 15, Act No 16 (if applicable for Bulgarian partners);

Law No.3194 on Construction. Official Gazette No.18749 / 9.5.1985 for Turkey (for Turkish partners);

Construction Bylaw on Planned Areas. Official Gazette No.18916 / 2.11.1985 (for Turkish partners);

Statement of the beneficiary confirming the existence of the performed construction works, their consistency with the provisions of the contract and the measures taken regarding the provisions of the contract and the measures taken regarding the requirements for publicity and transparency of all activities financially supported by the EU;

All guarantees provided for in the special conditions of the construction supervision contracts;

Copy of the final report of the Construction supervisors according to the relevant national legislation (for BG LP/PP - according to art. 168, par.6 of the Bulgarian Territory Structure Act)

3) Supply

- Invoices + cash receipt note, payment orders, bank statements
- Contracts;
- Final Acceptance Certificate signed between the LP or PP and the subcontractor, containing the serial numbers of the purchased equipment;
- Warranty for the purchased equipment;
- Document which certifies the posting of all assets purchased under the project, and their existence into in the organization's balance sheets, where they remain after the finalization of the project.

The expenses will be considered eligible if the respective equipment was necessary for the implementation of the project activities or for the achieving of the project purposes and are foreseen in the application form and the budget.

NOTE: In cases of reported amounts below the thresholds according to PRAG procurement rules:

- **technical specification/terms of reference, if applicable;**
- **technical and financial offers submitted by suppliers;**
- **Contract with the supplier of the goods or**

The exceeding of the average market prices is unacceptable.

<i>services, if applicable.</i>	
<p><i>In cases of contracts concluded after the implementation of a contractor selection procedure according to the PRAG rules:</i></p> <ul style="list-style-type: none"> - <i>Detailed and exhaustive documentation of the implemented tender procedure – tender dossier, evaluation report, offers submitted by the participants in the tender procedure, etc.;</i> - <i>Delivery contract with the subcontractor who was selected after the tender procedure;</i> - <i>Invoices and cash receipt notes/contract notes</i> 	<p><i>The exceeding of the average market prices is unacceptable.</i></p>

BL 7	Others
Project preparation, Other specific for the project , Contingency	
Accounting and Financial documents	Other documents/conditions for eligibility of expenditure
<p>1) Project preparation</p> <p>2) Other specific for the project</p> <p>3) Contingency</p> <ul style="list-style-type: none"> - <i>Contracts;</i> - <i>Delivery and acceptance protocols;</i> - <i>Invoice and cash receipt notes/payment order/bank statements;</i> - <i>Insurance policies (for insurance transactions involving members of the project team);</i> - <i>Contingency – a percentage of the direct cost for unforeseen situations and can be used only with written authorization by MA.</i> 	<p><i>Indirect expenses are to be determined as a percentage of the direct expenses which actually occurred and which were included in the payment request. Indirect expenses are costs which cannot be included in any type of expenses described above. The percentage of the indirect expenses is stipulated in the specific Application instructions and is determined in the budget.</i></p>

All the primary accounting documents should possess the obligatory requisites according to the respective legislation.

In addition, the invoices and other supporting documents should contain detailed information regarding the supplied products or services – quantity, type and unit prices.

If a single invoice is used for claiming expenditures on more than one budget line as per the Subsidy Contract, then the invoice or its attachments should have the expenditures divided as per the division in the budget (for example: hall rent, equipment rent, coffee breaks, etc.)

7. Information and Publicity

This chapter has been developed with the purpose of clarifying and streamlining the new requirements in the field of information and publicity to be fulfilled by the projects under the Bulgaria-Turkey IPA Cross-Border Programme (CCI number 2007CB16IPO008) in the programming period 2007 – 2013.

Communication and information must become an integral part of the projects' development and implementation and has to be integrated in their strategy from the very beginning.

Legal framework

The chapter has been developed in accordance with the following documents:

- Council Regulation № 1085/2006 establishing an instrument for pre-accession assistance (IPA),
- Commission Regulation № 718/2007 implementing Council Regulation № 1085/2006.

More detailed practical guidelines (including templates) concerning the basic information and publicity measures to be taken are provided by the European Commission in the [Communication and Visibility Manual for EU External Actions](#), published on the following EU website:

http://ec.europa.eu/europeaid/work/visibility/index_en.htm.

Communication: a shared responsibility

The responsibility for communicating about the Programme is shared by the Programme management bodies (which ensures general communication about the Programme) and the beneficiaries (Lead partners/LPs and other Partners/PPs), who are responsible for promoting the projects and their results. In other words, information and publicity at programme level are delivered by the MA, respectively the JTS, with the help of the National Authority and information and publicity at project level are delivered by the Lead partner and/or the project partners. All project partners must be involved in communicating the project results.

Transparency

Full transparency must be ensured with regard to the project activities and to how the EU funds have been used. The MA is responsible for the publication, electronically or otherwise, of the list of beneficiaries, the names of the operations and the amount of public funding allocated to the operations. Beneficiaries shall be informed that acceptance of funding is also an acceptance of their inclusion in the published list of beneficiaries. The MA/JTS shall also be authorized to publish other information about the project, if considered relevant.

The present chapter will be amended for any changes in the applicable European and national legislations and graphic models/standards.

7.1 Information and publicity requirements for the activities

The project communication activities are a strategic tool for the purpose of raising awareness about the social importance of the project and dissemination of its results. But they have to underline also the financial support from EU Funds as per Regulation (EC) 1828/2006 and the article 62 of the Commission Regulation № 718/2007 implementing Council Regulation № 1085/2006.

All information and publicity actions aiming at the general public must include the following elements:

- the Logo of the European Union, printed in accordance with the graphic standards established in Annex I of Regulation (EC) 1828/2006 and a reference to the European Union;
- the Programme logo of the Bulgaria – Turkey IPA Cross-Border Programme (which makes reference to both the Instrument for Pre-Accession Assistance and the specific programme).

Note: Item b) is not mandatory for small items used for promotional purposes. (for example: pen, badges, key-holders, etc.), but - where possible - at least the text of the Programme logo (Bulgaria- Turkey IPA Cross-Border Programme CCI number 2007CB16IPO008') shall be included along with the EU flag.

Each beneficiary of the IPA programmes is **equally responsible** to make the general public aware of the social aim/impact of the project and to promote the fact that the European Union is co-financing the respective project. Specifically, the beneficiary must **clearly state that the respective project has been selected for funding under the Bulgaria-Turkey IPA Cross-Border Programme**.

The beneficiary should take note of the fact that the results of the project have to be made available to the public **free of charge**.

The general reporting requirements included in the Subsidy contract are applicable to the communication and visibility activities.

The lead partner should coordinate all information and publicity measures among the project partners. This will help the promotion of important results and outcomes, which will facilitate further the sharing of knowledge and experience and future collaboration.

The EU logo

Symbolic description

The EU flag which is the mandatory element for branding all EU financed activities is the main element of the EU visual identity. The flag, showing twelve golden stars that form a circle (on an azure background) is a symbol of the union of the peoples of Europe. The number of stars is fixed, twelve being the symbol of perfection and unity.



More detailed information about the geometry, the colours and other reproduction rules of the EU flag please refer to the [Communication and Visibility Manual for EU External Actions](http://ec.europa.eu/europeaid/work/visibility/index_en.htm), published on the following EU website: http://ec.europa.eu/europeaid/work/visibility/index_en.htm.

Utilization

When the EU flag is reproduced it should be presented in its integrity. If there are other flags, symbols or images, they must be presented separately (and should not be incorporated in the EU flag). The EU logo must be at least as big as any other logo that is included in the document/item.

Mandatory clarifying text to be included in all publications with the EU flag

Each **publication** of a study/research results in any form or media (including the Internet) should contain the following statement:

"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/ beneficiary> and can in no way be taken to reflect the views of the European Union."

The Programme logo of the Bulgaria-Turkey IPA Cross-Border Programme (CCI number 2007CB16IPO008)

The Programme logo of the Bulgaria-Turkey IPA Cross-Border Programme refers to the cross-border partners' countries presented by the flags of these countries.

The logo shows the flags of Bulgaria and Turkey forming the letter "E", which letter is integrated in the word "partnership". The two flags and the word partnership are tied up together with ten golden stars.



When a publication on a project, co-financed under the Bulgaria–Turkey IPA Cross-Border Programme, displays both EU logo and the Programme logo, the clarifying text should dispense also the Managing Authority of the Programme. Therefore, the wording becomes as follows:

"This publication has been produced with the assistance of the European Union through the Bulgaria-Turkey IPA Cross-Border Programme CCI number 2007CB16IPO008. The contents of this publication are the sole responsibility of <Name of the author / beneficiary> and can in no way be taken to reflect the views of the European Union or the Managing Authority of the Programme."

7.2 Implementation of information and publicity activities

Each beneficiary plans the information and publicity activities according to the specific goals and target groups of the particular project, but - in general - it is advisable these activities to include at least the following elements:

- creation of a project logo, to be used together with the Programme logo and the EU logo;
- development of the project website, which should be available to the public;
- publication of at least one brochure/ booklet/ leaflet etc., detailing the results of the project;
- organization of one final public event.

During the course of the project implementation, the beneficiary must place information board/sign (with both EU and programme logos) at the location where the operation activities are being executed.

Communication Plan

Considering the basic principles of good governance of the CBC programmes and according to the EC recommendations, it is advisable a detailed communication plan to be prepared. The main purpose of this plan is to facilitate the Project management team in executing their function of general coordination of the overall project

implementation activities. Therefore, the plan should be prepared by the Project management team at the beginning of the project implementation cycle. Since the plan is based on the information and communication elements already included in the Application form, a new approval of the MA/JTS is not required.

The communication plan should highlight the general objectives of the project, the respective target groups, the specific activities and tools that will be used during the implementation of the project, the expected indicators of achievement aimed by the communication strategy, as well as the human and financial resources envisaged for the implementation of the above mentioned plan.

For beneficiary's convenience, the *Annex 9* shows the template to be used for the presentation of the **Communication plan**.

When developing the communication plan, the beneficiaries should take account of the following:

- Methods of communication selected and messages given should be compatible with prevailing social or religious norms in the place where the communication activity is carried out.
- Activities should respect the local environment.
- In all communication activities, the local language(s) of the target groups should be used as far as possible.

In any event, the resources (human, financial, etc.) needed for implementation of specific communication activities should be carefully assessed during the design of the communication and visibility plan. The activities should be timely planned and executed. For more information refer to *Annex 10*.

In the final PPR, the beneficiaries should include detailed information on the execution of all activities and indicators set up in the Communication plan.

After completion of the project, if the operation co-financed by the Bulgaria-Turkey Cross-Border Programme (CCI number CB16IPO008), continues to be managed by the same organization (Beneficiary of the programme) the following two options are recommended:

- if the operation has no other phases, six months after the project has finished no EU/or Programme symbol can be used with any communication action, related to the respective project/operation (with exception of any commemorative plaque);
- if the operation has other phases, which are not co-financed by the Bulgaria-Turkey Cross-Border Programme (CCI number 2007CB16IPO008), in the information and communication materials the following sentence could be included:

"The initial phase <dates> of this project/operation was supported by the Bulgaria-Turkey IPA Cross-Border Programme (CCI number 2007CB16IPO008)".

8. Monitoring and audit of the project

8.1 Monitoring of the projects

The monitoring activities at Programme and project level are going to be performed by the Managing Authority (MA) through Monitoring, Evaluation and Risk Management Department (MERM Department) and the Joint

Technical Secretariat (JTS). The major source to monitor the implementation and progress of the contracted projects is the progress reports and on the spot visits.

On the spot visits

In order to assess progress in implementation of activities, their impact, quality and compliance with prescribed rules and procedures (including the expenditures) the JTS will perform **at least initial and final visits** to all contracted projects during their implementation period. In cases of serious problems occurred during the project implementation the **ad hoc visits** may be performed by experts both of the MA and the JTS.

Monitoring visits can take place either at the premises of the LP/PP, or at the places subject for the construction works.

During the visits two main instruments of monitoring are always applied – documentation check and interviews. The minimum set of documentation for different types of activities to be checked includes:

<i>Type of activities</i>	<i>Sources of verification</i>
- 'Works' activities	- <i>tender documentation for selection of subcontractor, works contract, correspondence, protocols for works completed, copy of the supervision report, copy of the required protocols in construction, permission/certification for right of use, other permits, Environmental Impact Assessment (if applicable), invoices, publicity measures, photos</i>
- 'Supply' activities	- <i>tender documentation, supply contract, correspondence, invoices by the supplier, delivery and acceptance protocols, certificates of origin, publicity measures, photos of the equipment delivered.</i>
- 'Services' activities	- <i>tender documentation, service contract, correspondence, reports/deliverables, invoices, publications, invitations, agenda, list of participants, minutes of meeting. In addition, for 'training' services - invoices for venue, rent of equipment, food and accommodation, contracts with trainers (if applicable), training programme, attendance lists, training materials, questionnaires to the participants, issued certificates (if applicable), photos.</i>

Ex-post on-the-spot visits after contracts' completion

Ex-post on-the spot visit control will be carried out **in five years after completion of each individual contract** and achievement of the results aiming the establishment of compliance and functionality of the gained assets.

Depending on the specific case the JTS/MA may formally inform the beneficiary, by letter in appropriate term, for the upcoming monitoring visit in order to ensure his presence and assistance. In some cases the monitoring visit may be carried out with some hours notice or without notice. During the monitoring visit a comparison must be made, based on the following (which is not limited):

- Description (location), number of rooms and surface of the building according to the documents and in reality (if applicable);
- Verification of the executed construction works for compliance with the approved drawings and lack of changes;

- Description of the office and other equipment purchased under the Phare project; checked up the use of the equipment for the purposes of the project as it has been described in the Application form of the contract;
- Description of the trade mark, model, serial number;
- Registration number, number of the engine and frame of cars (if applicable);
- Verification of all original documentation related to the project implementation;
- Verification of the availability and maintenance in good condition of all information boards, signs, web-sites and any other visibility products.

8.2. Audit of the project

The audits performed by the Audit Authority or by external auditors on behalf of the Audit Authority are the so called “*second level audits*”. In general, these audits include sample checking of the CVEs already issued by the controllers (at the “*first level control*”) against the supporting documents and other relevant information at the premises of the Lead Partner and/or Project Partners in order to verify the accuracy and validity of the CVEs, checking of the project documentation and audit trail, the accounting of project expenditure. In the interest of a successful auditing the LP has to make available all documents required, to provide necessary information and to give access to its business premises.

The Lead partner and its partners have to produce and keep all documents required for the audit, control or evaluation, they also have to provide necessary information and to give access to its business premises, as well as to allow performing measurements and investigations related to the project, auditing of accounting documents and other documentation for a period of three years following the closure of the Programme.

9. Project closure

9.1 Project closure

The project closing process starts with submission of the final PPR and the last Request for Payment. The LP has to include all expenditure related to the last reporting period, and if relevant the expenditure of the project partners not submitted in the previous reporting period. It means that after the submission of the final progress report and final request for payment, the LP can not submit further requests for payment.

While project closing, the JTS verifies the final PPR submitted and checks if all the activities are fulfilled according to the approved application form, and all the requirements arising from the Subsidy Contract are fulfilled (e.g. the project has been fully implemented by carrying out the planned activities, the planned outputs and results and the project is realized in due time, etc.)

The expenditure included in the last Request for Payment and final PPR have to be incurred and paid before the end date of the project set in the Subsidy Contract.

In case the project is completed and the final PPR is accepted by MA, the MA proceeds with the financial closing of the project in order to calculate the amount of the final IPA and national co-financing contribution to be paid to the Project. After approval of the final payment to the LP, the project is considered closed.

Project closing can not be initiated in case other processes related to the project are not closed such as irregularity and recovery procedures. In those cases the final payment to the Project is suspended until the closing of other

processes.

9.2 Retention of project documents

The LP is obliged to retain for audit purposes all files, documents and data about the project **for at least three years after the closure of the Programme.**

The following documents have to be retained as the project's audit trail:

No.	Document	Lead Partner	Project Partner
1.	- Approved Application Form	- original	- copy
2.	- Partnership Agreement (and its amendments)	- original	- original
3.	- Subsidy Contract	- original	- Not relevant
4.	- Amendments of the Subsidy Contract	- original	- Not relevant
5.	- Project Progress Reports	- original	- Not relevant
6.	- Request for Payment	- original	- Not relevant
7.	- Certificate on validation of expenditure	- original	- original
8.	- Each invoice and accounting document of probative value related to project expenditure (originals to be retained at the premises of the project partner concerned)	- only the LP's invoices in original	- only PP's invoices in original
9.	- All supporting documents related to project expenditure (e.g. bank statements, public procurement documents, etc.) to be retained at the premises of the project partner concerned	- only the supporting documents of the LP in original	- only the supporting documents of the PP in original
10.	- All project deliverables (materials produced during the project period)	- only the project deliverables of the LP in original	- only the project deliverables of the PP in original
11.	- If relevant, documentation related to on-the-spot checks of the controllers (to be retained at the premises of the project partner concerned)	- only LP's on the spot check documentation in original	- only PP's on the spot check documentation in original
12.	- If relevant, documentation of monitoring visits of the JTS	- only LP's on-the-spot check documentation in original	- only PP's on-the-spot check documentation in original
13.	- If relevant, audit reports	- All audit reports, LP audit report in original, all other reports (if any) as a copy	- Not relevant

9.3 Sustainability of the project

In accordance with the Article 57(1) of Regulation (EC) No 1083/2006, the project retains the contribution from the Funds only if that project does not, within five years from the completion of the project, undergo a substantial modification:

- affecting its nature or its implementation conditions or giving to a firm or a public body an undue advantage; and
- resulting either from a change in the nature of ownership of an item of infrastructure or the cessation of a productive activity

9.4 Ownership of project results

Title, industrial and intellectual property rights in the outputs of the project and the reports and other documents relating to it shall be ownership of the LP and PPs.

The LP should guarantee a widespread publicity of the results of the projects and make them available to the public.

10. Amendments of the Project Implementation Manual

Any amendments of the Project Implementation Manual will be announced at the Programme's website and the newest version will be uploaded. Simultaneously, JTS will inform the beneficiaries through circulate e-mail. The changes will enter into force since the date of sending of the above-mentioned information e-mail. In this respect the beneficiaries are obligated to keep active during the whole project implementation period the e-mails officially declared for correspondence between them and MA and JTS.

Annexes

Annex 1 "Financial Identification form"

Annex 2 "Request for Project Modification"

Annex 2.1 "Declaration of Withdrawal"

Annex 2.2 "Budget modification table"

Annex 3 "Project Procurement Plan"

Annex 4 "Project Progress Reports"

Annex 4.1 "Final Project Summary"

Annex 5 "Request for First Level of Control"

Annex 6 "Invoice Report with the attached financial report"

Annex 7 "Request for Payment"

Annex 8 "Appeal Declaration"

Annex 9 "Communication Plan"



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Annex 10 “Visibility Rules”

Annex 11 “Declaration VAT status”

Annex 12 “Declaration for lack of double funding and revenue of the project”