

Requests for Clarification No. 1

1st Call for Proposals under the IPA CBC Programme Serbia-Montenegro

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Q1: Is the number of members of the project team limited?

A1: There is no formal limit regarding the number of members in the team that implements the action. The composition and structure of the project team depends only on the applicant's estimates concerning the human resources required to better achieve the action's purposes.

Q2: I couldn't find any date when the actions have to take place? 2010-2011?

A2: The indicative timetable for the 1st Call for Proposals is given in the Guidelines for Applicants (page 28). According to this table, contract signature is planned for March 2010 (please note that this table is indicative and that the dates given here can vary depending on the actual duration of the evaluation process).

The template for Grant contracts (Art. 2 – Special Conditions) allows for four options concerning the start date of activities:

- the day following that on which the last of the two Parties signs;
- the first day of the month following the date on which the first instalment of pre-financing is paid by the Contracting Authority;
- a later date
- **exceptionally and subject to conditions on retroactive eligibility** as stipulated in the Practical Guide, a date preceding the signature of the Contract but not preceding the Beneficiary's request for a grant or the signature of any relevant financing agreement between the European Commission and the recipient country.

Furthermore, the duration of the action may not be shorter than 12 months nor may it exceed 24 months for Measure I.1, or may not be shorter than 6 months nor may it exceed 12 months for Measure I.2 (see GfA, 2.1.3 - Eligible Actions - Duration).

Finally, please note that the Final Date for Execution of the contracts is 4th April 2012 for the contracts concluded with the Contracting Authority in Serbia and 27th March 2012 for the contracts concluded with the Contracting Authority in Montenegro - therefore, the duration of any operation may not extend beyond that dates.

Q3: I am not sure I understood the suspension clause on p. 6. Does it mean, funds for the Serbian applicant may not be awarded at the end?

A3: The Financing agreement between the European Commission and the Republic of Serbia, mentioned in the Suspension clause contained in the GfA (page 6), has been signed after publication of the GfA, therefore the suspension clause shall be disregarded. Hence all the funds for Serbian applicants may be awarded.

Q4: Streetfootballworld has been organising 2 European street football festivals in Bosnia-Herzegovina in the past. We would like to organise together with our partners in Serbia and Montenegro a Serbia-Montenegrin festival. Who should be the applicants or partners in our application: should our Serbian and Montenegrin partners apply as "applicants" and should Streetfootballworld in the application be mentioned as a "partner"? Or should Streetfootballworld be one of the "applicants" together with either the Serbian or the Montenegrin organisation and the remaining organisation be a "partner"?

A4: The eligibility of applicants and partners for this Call for proposals is described in detail in sections 2.1.1 and 2.1.2 of the Guidelines for Applicants. These rules allow for a wide range of possible combinations between applicants and partners: as long as the rules are met, the project proposal is valid and will be taken into consideration.

Q5: If we organise a cross-border Serbia-Montenegrin festival, could we invite young people from Bosnia-Herzegovina to participate in the festival? Would travel costs and accommodation costs be eligible within the grant?

A5: Yes, such costs would be eligible, provided the requirements concerning eligible direct costs are fulfilled. Please read the Section 2.1.4 (Eligibility of costs) of the Guidelines for applicants.

In concrete terms, you can invite young people from BiH to participate in the festival as long as they are performers or assistants in the organisation of the festival and therefore cover the costs of their participation in terms of fees, travel expenditure and per diems.

However, all the actions shall take place in eligible location/area in Serbia and Montenegro (please see the Section 2.1.3 of the Guidelines..

Q6: Is KRAGUJEVAC eligible under this call for proposal?

A6: An organisation from Kragujevac (Serbia) is eligible to apply for this Call for Proposals.

However, all the actions proposed in the application must take place in eligible location/area, as indicated in the Section 2.1.3 of the Guidelines, otherwise the application will be rejected.

Q7: What is included under overhead costs? Are costs for office rent, electricity, heating, phone eligible?

A7: Overheads comprise costs connected with infrastructures and the general operation of the applicant organisation, such as hiring or depreciation of buildings and plant, water/gas/electricity, maintenance, insurance, supplies and petty office equipment, communication and connection costs, postage, etc. and costs connected with horizontal services such as administrative and financial management, legal advice, documentation, IT, etc.

These costs are considered “indirect” costs since they are not directly linked to performance of the action, but they can be identified and justified by the beneficiary using his accounting system as having been incurred in connection with the eligible direct costs for the action. They may not include any eligible direct costs.

Moreover, it is possible that some costs can be considered either direct costs or indirect costs, but in any case no cost can be taken into account twice, as a direct cost and an indirect cost.

In other words:

1. If the office is established specifically for the purpose of the action, the corresponding costs should be included under Heading 4 “Local office” of the budget.
2. If the applicant will make use of an already existing office that operates regardless of the action proposed, but some of the resources of this office would be employed for the purpose of the action, part of the costs of this office can be included in the overhead costs taking into account the proportion of resources used for the purpose of the action compared to the total costs of the office.

Finally, please note that if the applicant is in receipt of an operating grant financed from the Community budget no indirect costs may be claimed within the proposed budget for the action.

Q8: On p. 28, you stipulate that operating costs are not eligible. What do you define under "operating costs"?

A8: Operating costs cover the normal operating expenses of a body, enabling it to have an independent existence and functioning. Those costs are subject to operating grants, which are not covered by this Call for Proposals.

In practice, typical operating costs are those relating to staff costs, general administrative expenditure necessary for the running of the body, and expenses linked to its normal activities.

On the other hand, this Call for Proposals provides action grants i.e. funding of an one-off action (within priorities and measures of this Call) which has a budget that is specific to that action alone, irrespective of the body's other activities.

Q9: Could you give me an example of action that would be eligible under 1.1. social cohesion "support of joint programmes based on utilization of multiethnic assets"?

A9: The list of possible types of action described in the Guidelines for applicants is indicative only and not exhaustive. Appropriate innovative activities, which are not mentioned in the said list, may also be considered for support.

In the interest of equal treatment of applicants, the Contracting Authorities cannot give a prior opinion on the eligibility of an applicant, a partner, an action or specific activities, nor can it give further examples.

Q10: Apart from two applicants, action can also involve partners. Do the partners receive funding from the grant, or they are financed by the applicants?

A10: Applicant's partners participate in designing and implementing the action, and the costs they incur are eligible in the same way as those incurred by the lead partner (see 2.1.2 of the Guidelines for Applicants - "Partnerships and eligibility of partners"). Therefore, the costs the partners incur, if provided for in the budget, are paid for from the EC grant and the co-financing contribution.

As the Contracting Authorities will conclude grant contracts with the Applicants only, financial accounting and reimbursement of costs incurred by their respective partners will be their ultimate responsibility.

The co-financing contribution indicated above means that, since the EC grant does not cover entirely the eligible costs of the proposed action, the balance must be financed from the applicant's or partners' own resources, or from sources other than the European Community budget or the European Development Fund (see Section 1.3 of the Guidelines).

Q11: Can salaries of civil servants engaged in the project be financed from the grant?

A11: For eligibility of the costs for the proposed action, please read carefully the Section 2.1.4 of the Guidelines for Applicants.

The salaries of the civil servants or other public employees may be financed from the EC grant. They can also be presented as co-financing contribution of the applicant/partner.

However, civil servants or other public employees of central or local administrations which participate under this Call for Proposals may not receive fees for their contribution to the action other than their salaries in the respective institution.

Q12: What is the procedure for VAT exemption? Can VAT that had been paid be reimbursed?

A12: Taxes, including VAT, are not eligible for financing under this Call.

However, the VAT may be exceptionally eligible for financing under this Call, if the following conditions are fulfilled:

- The VAT is not recoverable by any means;
- It is established that the VAT is borne by the applicant/partner; and
- The VAT is clearly identified in the project proposal.

The procedure for tax exemption differs from country to country - this implies that the two partners receiving funding from a different Delegation might have to follow different procedures. Should the need be, the contracting authority may provide assistance to the applicants that will sign grant contracts.

Q13: Can translation costs be covered from the grant budget?

A13: Yes, costs deriving directly from the requirements of the Contract (such as translation) are eligible, providing other requirements are met (e.g. they are incurred during the implementation of the action, are indicated in the estimated overall budget of the action, are necessary for the implementation of the action...).

For eligibility of the costs for the proposed action, please read carefully the Section 2.1.4 of the Guidelines for Applicants.

Q14: Must an applicant have the funds for co-financing the action at the moment of receiving the first advance payment from the Contracting Authority?

A14: No, a grant beneficiary does not have to have the respective amount of co-financing on its account when receiving the first advance payment.

Q15: Where are the headquarters of the Delegation of the European Commission?

A15: Since there are two beneficiary countries participating in the programme (Serbia and Montenegro), two Delegations of the European Commission are the Contracting Authorities for this Programme: the Delegation of the European Commission to the Republic of Serbia and the Delegation of the European Commission to Montenegro. Their respective headquarters are on the following locations:

Serbia

The Delegation of the European Commission to the Republic of Serbia

Vladimira Popovića 40

11000 Beograd

Tel: +381 (0)11 30 83 200

Fax: +381 (0)11 30 83 201

Montenegro

The Delegation of the European Commission to Montenegro

Vuka Karadžića 12

81000 Podgorica

Tel: +382 (0)20 444 600

Fax: +382 (0)20 444 666

Q16: Can the entire amount of the applicant's co-financing in the project be covered out of the gross salaries of the project team?

A16: Yes, that is possible, providing other requirements are met (e.g. such costs are necessary for the implementation of the action, are incurred during the implementation of the action, are indicated in the estimated overall budget of the action, ...).

For eligibility of the costs for the proposed action, please read carefully the Section 2.1.4 of the Guidelines for Applicants.

See also answer 11 above.

Q17: Exchange rate losses are not eligible costs. How can we plan and cover those costs from the project budget?

A17: Exchange rate losses are indeed not eligible costs for the action.

Any conversion into euro of the real costs borne in other currencies shall be done at the rate made up by the average of the rates published in InforEuro (<http://ec.europa.eu/budget/inforeuro/index.cfm?Language=en>) for the months covered by the relevant report.

Q18: Can Local office costs be covered from the Local office budget line, if the office existed before the project started?

A18: Please see the answer 7 above.

Q19: Who will perform the evaluation of the proposals?

A19: The evaluation and selection of applications under cross-border programmes is the responsibility of the Joint Monitoring Committee (JMC), composed of representatives of both participating countries.

Q20: What additional documents are required if the action includes works and when do those documents have to be submitted?

A20: Section 2.4 of the Guidelines for Applicants describes this issue. For all the applicants whose project involves the execution of works, the following documents will be additionally required:

- Positive Decision on Environmental Impact Assessment OR a statement from the relevant public authority that the latter is not needed for the specific activities;

- Proof of ownership or long term lease (10 years after the signature of the contract) of the land /assets
- Preliminary works design or detailed works design
- All necessary legal authorisations (e.g.: location and construction permits)
- Indicative priced bill of quantities – calculated in EUR.

The above mentioned supporting documents will be requested only from applicants who will be provisionally selected or listed under the reserve list, following the evaluation of full applications.

Q21: If there is an existing office but part of this office's resources are used for the purpose of the action, could those costs be covered from the Administrative costs budget line?

A21: Yes.

Please see also the answer 7 above.

Q22: If applicant has been provisionally selected or listed under the reserve list and supporting documents are requested from him, but he fails to submit them, may this lead to rejection of the proposal?

A22: Yes, subject to the deadline indicated in the letter that provisionally selected/put on reserve list applicants will receive, this may lead to the rejection of the proposal.

Q23: Are the projects coming from the adjacent area in a better position, since 20% of total allocation for Montenegro is reserved for them?

A23: Section 1.3 of the Guidelines for applicants reads:

"In duly justified cases, the proportion of funds available for actions or part of actions to be implemented in the adjacent areas of Montenegro (see sections 1.1 above & 2.1.3 below) is limited to 20% of the total allocation for Montenegro. Under this call for proposals, a maximum amount of € 216,000, belonging to the allocation for Montenegro, may be assigned to finance applications with activities totally or partially taking place in adjacent areas. The selection of applications within the adjacent area shall be in all cases confirmed by the European Commission."

This means that no funds are reserved for the adjacent areas, but there is a possibility for funding activities there.

Q24: From which countries can goods procured within the project originate?

A24: All the supplies must originate in an EU Member State, a country that is a beneficiary of IPA Regulation (Croatia, The former Yugoslav Republic of Macedonia, Turkey, Albania, Bosnia, Montenegro, Serbia, including Kosovo), a country that is a beneficiary of the European Neighbourhood and Partnership Instrument (Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestinian Authority of the West

Bank and Gaza Strip, Russian Federation, Syria, Tunisia, Ukraine) or a Member State of the European Economic Area (Iceland, Lichtenstein, Norway).

The origin of the goods is determined according to the Community Customs Code (see also Annex IV of the Standard Grant Contract and its provisions on the rule of origin).

In duly justified cases and following a written request from the grant beneficiary, the Contracting Authority may issue a derogation to the rule of origin indicated above.

Q25: How is the Logical framework incorporated into the Application form, section 1.11? Do we copy/paste?

A25: There is no need to incorporate the Logical framework into the Application form, since it has to be submitted as an Annex to it (Annex C), and therefore the applicant only needs to make reference to it under the section 1.11 of the application form.

Q26: Do we have to register our organisation in PADOR for the purpose of this call?

A26: According to the section 2.2 of the Guidelines for applicants, prior registration in PADOR for applicants and their partners for this Call for proposal is not obligatory. However the applicants and their partners can register their organisation data, and upload supporting documents in PADOR.

Q27: Do electronic versions of Partnership statements and Declarations by the applicants be signed? Do we have to signed them, scan them, and submit them in that form?

A27: All the signatures (e.g. declarations and partnership statements) shall be provided on paper and enclosed in original in the application.

In case scans or copies of the signed documents (e.g. partnership statements) are enclosed in the application, the originals will need to be provided nonetheless; otherwise the whole proposal will be rejected.

Q28: Does a separate bank account have to be opened for the purpose of the action?

A28: It is a specific requirement that the funds received from the Commission are clearly identified and segregated from the general account of the Beneficiary so as to ensure clarity in case of audit and that any interest accrued is reflected accurately.

It is obviously preferable that a separate bank account is opened specifically for the action. However this is not always feasible but in many countries a sub-account reference within an organization's main bank account can be opened. Where this is allowed, the sub account must be opened and be specific to the action.

If a new bank account or sub-account cannot be opened, the applicant must justify why it cannot open either a new account or sub account and provide a clear indication how they intend to maintain a segregation of the funds from the point of reception through disbursement, and accurately calculate and notify any accrued interest.

Q29: Is a Montenegrin partner jeopardized by its Serbian partner's possible exchange rate losses which are not eligible costs?

A29: Each Applicant signs a separate contract with the respective Contracting Authority (Delegation of the European Commission either to Serbia or to Montenegro) and therefore each Applicant is responsible for the implementation of its own contract only.

Moreover, if there are some major modifications or changes made for one contract only (e.g. exclusion of an activity), caused by any external factor including exchange rate losses, there might be implications on the implementation at the common project level, therefore also for the contract signed by the peer beneficiary.

As the question does not clarify whether the word “partner” is referred to Applicants or to their partners, it must be clarified that if the Montenegrin partner is not receiving funds from the Contracting Authority in Montenegro, but it is a partner of an Applicant receiving funds from the Serbian Contracting Authority, its participation in the Action, and its share in possible losses deriving from the project implementation, must be agreed with the Lead applicant. This only depends on the kind of agreements established between the Lead Applicant and its partners.