



PROJECT IMPLEMENTATION MANUAL
for the projects funded under
the Second Call for Proposals No 2007CB16IPO007-2011-2

Version: 5
June 2014

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APPROVED BY
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HEAD OF MANAGING AUTHORITY

Project Implementation Manual

Second Call for Proposals No 2007CB16IPO007-2011-2

**Bulgaria – the Former Yugoslav Republic of Macedonia
IPA Cross-border Programme
CCI Number: 2007CB16IPO007**



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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> |
| MEP | <i>Monitoring, evaluation and programming 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 | <i>Project partner</i> |
| PPP | <i>Project Procurement Plan</i> |
| PPR | <i>Project Progress Report</i> |
| PRAG | <i>Practical Guide for Procurement and Grants for European Union external actions</i> |
| RFLC | <i>Request for First Level of Control</i> |
| RP | <i>Request for payment</i> |
| VAT | <i>Value Added Tax</i> |



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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 under the Second Call for Proposals under the Programme, which are in the implementation phase, from contracting to the project closure including reporting obligations, payments 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.

The Project Implementation Manual and its annexes can be amended during the project implementation period. 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.

The Lead Partners should ensure that the project is implemented according to the actual version of the PIM and the latest versions of Annexes are used.

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 (DG TCM) is appointed as **Managing Authority** (MA) for Bulgaria – the former Yugoslav Republic of Macedonia IPA Cross Border Programme. DG TCM is a part of the specialized administration at the Ministry of Regional Development in Bulgaria.

The Deputy Prime Minister of the Government in charge of European affairs in the former Yugoslav Republic of Macedonia 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 National IPA Coordinator has delegated the tasks relating to this coordination to a cross-border cooperation coordinator – the Minister for Local Self-Government, who is obliged to regularly inform and consult the NIPAC on all vital issues with regards to the IPA CBC. The Ministry for Local Self-Government - **National Authority** (NA) cooperates in joint programming, management and implementation of the programme.

The Joint Technical Secretariat (JTS) for Bulgaria–the former Yugoslav Republic of Macedonia IPA Cross border Programme is located in Kyustendil, Bulgaria. JTS has a branch office placed in Strumica, fYRoM. 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;



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- Collecting, reviewing and approval of the project progress reports, received by the lead partners;
- 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 is co-chaired by the MA and the NA. Representative/s of the European Commission, CA and AA or other relevant bodies participate 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 to the Minister of Finance of the Republic of Bulgaria, and it is assisted by a Group of Auditors. The Group of auditors is chaired by the AA and comprises equal number representatives of each country participating in the Programme.

3. Initial activities and project setting up

After the Subsidy Contract is signed the concrete implementation of the project can start. The project implementation period, defined by its starting date, is explicitly given in the Subsidy Contract. The first phase (start-up phase) is of specific importance since it may influence the whole implementation process: delays incurred in this phase may be difficult to be caught later.

3.1. Internal Management system

The Beneficiaries should organize its workflow in the best possible way in order each step of the project implementation to be clear and predictable. In this respect the internal management rules should be adopted by the partners, stressing up the principle of good management.

3.2. Time schedule

The project time schedule should be developed in details and structure/s for implementing the project should be defined. If there is need for amendment, the JTS should be contacted (please refer to section 7 of this Manual).

3.3. Advance payment

After the Subsidy Contract is signed, the LP may request advance payment at the rate of 20 % of the total amount of the contract. In order to receive an advance payment, the LP must send a request for an advance payment (see section 6.3 “Submission of Request for payment”).

3.4. Procurement plan

The LP has the obligation after conclusion of the Subsidy Contract to collect the procurement plans (with information about the sub-tendering procedures to be procured during the implementation of the contract including the purchase with value less than EUR 2.500) by all PPs and to summarize the information in Project Procurement Plan (see point 4.2. *Project Procurement Plan*).

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.



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3.5. Initial monitoring visit

After finalization of the procedures related to the approval of the procurement plans, the JTS will organize and perform monitoring mission on the spot or initial meeting. It will be held within three months after signature of the Subsidy contract.

During the initial monitoring visit or initial meeting, the following issues have to be checked and discussed with the project team:

- ✓ Appointment/establishment of the project management team,
- ✓ Level of the project team awareness of the terms and conditions of the Subsidy Contract and of the specific character of the project – readiness for the tender procedures, visualization requirements, reporting and audit, etc.;
- ✓ Project implementation strategy;
- ✓ Availability of resources for the project implementation – offices, team – the role of each member of the project team etc.;
- ✓ Updating of the timetable of activities and recommendations for its reviewing (if necessary);
- ✓ The objectives set out in the project, results and indicators of the availability of a reporting system;
- ✓ Initial risk assessment - early identification of potential risks and dangers concerning the proper and successful project implementation and proposing of measures.

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 Section 3 "Procurement procedures" of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union 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 for Procurement and Grants for European Union external actions" (PRAG), available at the web page:
http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

The content of this chapter is adapted to concrete specific needs of the beneficiaries under Bulgaria – the former Yugoslav Republic of Macedonia 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.



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Please, be informed that during the project implementation phase, 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, expenditure relating to the operations in question is 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 obliged to use these tender dossiers, which are 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

The **Eligibility criteria** and other essentials include:

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



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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 The rules on nationality and origin in PRAG.

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 Exclusion criteria 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.



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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”, p.3 “Modification of Subsidy Contract”) 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 including service/supply with value less than EUR 2.500) by all PPs and to 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 20 days after entering into force of the Subsidy contract.**

Up to 5 working 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 working 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 7 working days after its receiving by JTS or within 2 working 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 EC External aid include specific support in form of 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.

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 concluded in two different ways:



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- **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, organisation of events such as conferences, trainings, etc. 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.

The table below presents some practical challenges in managing and monitoring the service 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. | <ul style="list-style-type: none"> - 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. | <ul style="list-style-type: none"> - 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. - If market situation changes during the project implementation in such way that services planned to be procured through more tenders now can be procured using one tender procedure (e.g. the same supplier is able to provide all services), the beneficiary's procurement plan must be changed, especially when sum of planned procedures exceeds thresholds for higher procedure. |
| 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 restrictive provisions of the requested services, limited publication of tender. | <ul style="list-style-type: none"> - The Contracting Authority should invite competent companies with appropriate capacity and should justify its choice; The Contracting Authority should organize 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 |



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| | 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. |
| IMPLEMENTING PROVISIONS | |
| Replacement of experts. The contractor might decide to propose replacement of experts (shortly) after the signature of the contract. | - 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. |
| 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. | - 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.

The table below presents 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. | - 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. |
| Restrictive conditions. By introducing too restrictive conditions the Contracting Authority might limit the competition. | - 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 |



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| | technical expert in the process. |
| 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. | <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.). - If market situation changes during the project implementation in such way that services planned to be procured through more tenders now can be procured using one tender procedure (e.g. the same supplier is able to provide all services), the beneficiary's procurement plan must be changed, especially when sum of planned procedures exceeds thresholds for higher procedure |
| 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, to restrictive provisions of the requested supplies, limited publication of tender. | <ul style="list-style-type: none"> - The Contracting Authority should invite competent companies with appropriate capacity and should justify its choice; The Contracting Authority should organize 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. |
| IMPLEMENTING PROVISIONS | |
| Quality of goods delivered. The contractor might fail to deliver goods in quality stipulated in by the technical specifications. | <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. |
| Delivery deadlines. The contractor might fail to deliver goods in time proposed by their offer. | <ul style="list-style-type: none"> - The Contracting Authority should plan penalties for late delivery in the tender documentations. |
| 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. | <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. |
| Origin of supplies. The contractor might fail to deliver certificate of origin for supplied goods. | <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 provisional acceptance of goods is made. |
| Financial guarantees. In case of larger and more complex supply contracts certain financial risk exists for the Contracting Authority. In case of failure of | <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 |



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

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.

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

Practical challenges in procurement of works

| CHALLENGES | RECOMMENDATIONS |
|--|--|
| DOCUMENTS | |
| 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 | - The Contracting Authority should make sure that the tender documents are sufficiently precise to guarantee full and unconditional delivery of expected results. |
| Availability of supporting 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. | - 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 | |
| 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. | - 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 | |
| Quality and supervision. The contractor might fail to deliver works in quality planned. | - The Contracting Authority should appoint competent supervisory engineer to supervise implementation of the works contract. |



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| | |
|---|---|
| | - From the perspective of the managing bodies an independent technical expert could be engaged to monitor the implementation of works contract. |
| Deadlines for implementation. The contractor could fail to implement works in the planned time. | - 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. |
| Additional works. The contractor could, due to unexpected situation, implement additional works from those planned in the tender documentation. | - The Contracting Authority should stipulate planning of 10% contingency reserve in the preparation of financial offers. |
| 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. | - 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.

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.

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.



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Regardless of which procedure used, the beneficiaries 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.

The thresholds set in Commission Delegated Regulation (EU) No 1268/2012 shall be applied by the beneficiaries under the Programme, as follows:

| | $\geq \text{€ } 300,000$ | $> \text{€ } 20,000$ but $< \text{€ } 300,000$ | | |
|-----------------|--|---|--|--|
| SERVICES | International restricted tender procedure | Competitive negotiated procedure | | |
| SUPPLIES | $\geq \text{€ } 300,000$ International open tender procedure | $\geq \text{€ } 100,000$ but $< \text{€ } 300,000$ Local open tender procedure | $> \text{€ } 20,000$ but $< \text{€ } 100,000$ Competitive negotiated procedure | $\leq \text{€ } 20,000$ Single tender |
| WORKS | 1. $\geq \text{€ } 5,000,000$ International open tender procedure 2. International restricted tender procedure | $< \text{€ } 5,000,000$ but $\geq \text{€ } 300,000$ Local open tender procedure | $> \text{€ } 20,000$ but $< \text{€ } 300,000$ Competitive negotiated procedure | |

**Taking into account the specific character of the procedure and the nature of the projects, co-financed by Bulgaria – the former Yugoslav Republic of Macedonia IPA Cross-border Programme, framework contracts must not be used.*

SINGLE TENDER

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 candidate/s to submit an offer. The Contracting Authority checks, whether the offers correspond 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 the 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.).



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Publication:

In case of single offer based tenders, no publication is required.

Submission of tenders:

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

NB!

In case the service/supply amounts up to Euro 2 500 and there is no possibility to consolidate this budget item due to its specificity, it is not obligatory to conduct tender procedure and collect offers. Payment may be made against invoice without prior acceptance of a tender.

Single tender procedures for Service contracts

Tender documents:

The Beneficiary in its role of Contracting Authority shall prepare tender dossier, containing:

- **Contract notice,**
- **Instructions to tenderers,**
- **Special and General Conditions for service contracts,**
- **Terms of Reference,**
- **Organisation and Methodology,**
- **Key experts (including templates for the summary list of key experts and their CVs) / References**
- **Budget,**
- **Forms and other relevant documents (Tender submission form, etc, depending on the specific needs).**

The necessary tender documents are provided on the following web-page:

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

Regarding the single tender and competitive-negotiated procedure for service, there is a simplified tender dossier (Annex b8o), which could be used.

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.

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). The terms of reference document can be drafted on the basis of the standard document provided on the



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above mentioned EuropeAid web-page (see Annex B8).

Single tender procedures for Supply contracts

Tender documents:

The Beneficiary, in its capacity of Contracting Authority uses tender documents provided on the following web-page:

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

Specific attention should be put on keeping minimum information necessary to assess 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,**
- **Copy of legal registration of the tenderer,**
- **Forms and other relevant documents (e.g. Tenderer's declaration, Sworn statement),**
- **Warranty statement,**
- **Proof of origin.**

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).

Single tender procedures for Works contracts

Tender documents:

The Beneficiary, in its capacity of Contracting Authority should use tender documents, listed under Annex D4: Standard tender dossier (including contract).

Specific attention should be given on 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.

Selection process on the basis of single tender procedure:



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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.

Single tender procedure applied is described in p.2.4.8 of PRAG. **Establishment of evaluation committee is not required in case of single tender procedures.** The Beneficiary shall describe the selection process in annex a10_b for service and supply contracts, 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 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.

Insufficient quality of the document may lead to violation of transparency principle in public procurement.

All documents, proving the declared circumstances by the tenderer should be requested and attached to the annex a10_b, 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.**

The Contracting Authority should send notification letter to the awarded company, as well as to the unsuccessful tenderers.

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).

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 must 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 procedures for supplies and works should be implemented using standard tender documents. In case of service procedure, the specific annexes for simplified tender dossier can be used (Annex b8o).

The Beneficiary, in its capacity of Contracting Authority should prepare full tender dossier which describes in sufficient details procedures and expectations from the tenderer. The format documents for the procedure are available on the web-pages:

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

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

For works: <http://ec.europa.eu/europeaid/prag/annexes.do?group=D>

Publication:

In case of competitive negotiated procedure no publication is required. Nevertheless, the beneficiary may decide to



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publish the Procurement notice in order to collect more than 3 offers.

Submission of tenders:

The invited tenderers must be allowed minimum 30 days from the dispatch of the letter of invitation to tender to submit 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. 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, MA and NA) 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 a 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 the same 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 of tenders, marking the date and time of reception, and provide 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.



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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.

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.

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.

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.



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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.

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.

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.



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| | Maximum possible | Tenderer 1 | Tenderer 2 | Tenderer 3 |
|--|------------------|---------------|----------------------------------|---------------|
| Evaluator A | 100 | 55 | 88 | 84 |
| Evaluator B | 100 | 60 | 84 | 82 |
| Evaluator C | 100 | 59 | 82 | 90 |
| Total | 300 | 174 | 254 | 256 |
| Average score (mathematical average) | | $174/3=58,00$ | $254/3=84.67$ | $256/3=85.33$ |
| Technical score (actual final score/highest final score) | | Eliminated* | $84.67/85.33 \times 100 = 99.22$ | 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 tenderers 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. For the Macedonian project partners: exchange rate for conversion of financial offers to euro should be specified in Instructions to tenderers. Otherwise, InforEuro exchange rate from month of launching the tender procedure must be applied.

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.

Specimen Tender Evaluation Summary: Financial Evaluation *

| | Maximum possible | Tenderer 1 | Tenderer 2 | Tenderer 3 |
|-----------------|------------------|----------------------|------------|---------------------|
| Total fees | | Eliminated following | € 951.322 | € 1.060.452 |
| Financial score | | technical evaluation | 100 | $951.322/1.060.452$ |



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| | | | | |
|---|--|--|--|---------------------|
| (lowest total fees/actual total fees x 100) | | | | x100 = 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 x 0.80 = 79.38 | 100.00x0.80 = 80.00 |
| Financial score x0.20 | | 100.00x0.20= 20.00 | 89.71x0.20= 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:

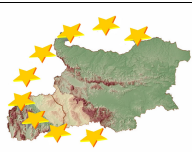
Part 1: Administrative compliance

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.

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 and should



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be formalized with the Evaluation grid. 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. Tenders which do not meet the selection criteria and the minimum technical requirements must be rejected.

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 section 2.3.1 of PRAG. 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 section 2.3.1 of PRAG.

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

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.

| | Company A | Company B | Company C | Ranking without discount |
|--------------|-------------|-----------|-----------|--------------------------|
| 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:

| | Company A (20% discount) | Company B (10% discount) | Company C (no discount) |
|--------------|-----------------------------|-----------------------------|----------------------------|
| LOT 1 | 72 | 72 | 70 |



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| | | | |
|--------------|-------------|----|----|
| LOT 2 | Not bidding | 36 | 50 |
| LOT3 | 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 cheapest 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. For the Macedonian project partners: exchange rate for conversion of financial offers to euro should be specified in Instructions to tenderers. Otherwise, InforEuro exchange rate from month of launching the tender procedure must be applied.

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; | <ul style="list-style-type: none"> - none of the tenders satisfies the selection/award criteria of the tender |



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| | | |
|--|---|--|
| | <ul style="list-style-type: none">-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). | <p>procedure;</p> <ul style="list-style-type: none">- 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. The report has to be signed by the Chairperson, the Secretary and all voting members of the Evaluation Committee.

Please, have in mind that the template of the Evaluation report is not static and must describe in details all of the actions undertaken by the evaluation Committee in the process of the tenders' assessment (for example – clarifications requested by the tenderers, explanations of the committee's members concerning the acceptance or rejection of the clarifications, detailed explanations for rejection of the incompliant offer according to the evaluation grid, etc.).

Insufficient quality of the document may lead to violation of transparency principle in public procurement.

VI. NOTIFICATIONS AND SIGNATURE OF THE CONTRACT

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

RESTRICTED PROCEDURES

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-step process: 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

OPEN PROCEDURES

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.



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▪ In case of **local 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 and summary must be published on the Programme website;

▪ 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 Official Journal (S-series) of the European Union and on the Programme website.

The open procedure is applicable to supply and works contract.

NB!

The beneficiaries should submit to the Managing Authority of the Programme the tender documentation related to restricted tenders for service; local open tenders for supply; international open tenders for supply and local open tenders for works in order **to be published on the "Public tenders" section of the Programme's web site:** <http://www.ipa-cbc-007.eu/page.php?c=69>.

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.

| Type of changes | | |
|---|---|--|
| Changes with addendum | Changes with administrative order | Inadmissible changes |
| <i>Changes of the contract duration</i> | <i>Changes of address</i> | <i>Changes post factum</i> |
| <i>Amendment in project team (experts in service contracts)</i> | <i>Changes of bank account</i> | <i>Changes (extending) in the implementation period of the contract over the maximum period for completion of the project.</i> |
| NB! | <p><i>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.</i></p> <p><u>Addenda with retroactive effect are not allowed.</u></p> | |

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. For more details see point 2.10 of PRAG.

4.6. Derogation to the rule of origin

All goods (supplies and materials) purchased under a contract financed under IPA instrument, must originate from the EU or from an eligible country according to Annex A2b to the PRAG. The country of origin is not necessarily the



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country from which the goods have been shipped and supplied. The country of origin is deemed to be the country in which the goods have undergone their last, economically justified, substantial transformation and the provisions of Article 24 of the EU Customs Code must therefore be applied on a case by case basis to those goods. If the last substantial transformation has not taken place in a Member State of the European Union or one of the eligible recipient countries, the goods cannot be tendered for the project. The supplier must certify that the goods tendered comply with the origin requirement specifying the country or countries of origin.

In accordance with point 2.3.2 “Derogations to the rules of nationality and origin” of the Practical Guide for Procurement and Grants for European Union external actions 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 Managing authority (MA) before the procurement procedure is launched. If the award of contract is preceded by a tender procedure, the derogation must be mentioned in the procurement notice; in such cases, except where justified, such derogation would concern not only one country but would be open to any origin. Derogations may be 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, a program or an action impossible or exceedingly difficult. Note, however, that the argument that a product of ineligible origin is cheaper than the EU or local product would not alone constitute grounds for awarding derogation.

Reasons for applying derogation

1.1. Unavailability of Goods

Proof must be provided in case of purchase of specific professional equipment which is supposedly not available as EU or other eligible countries’ origin. Project beneficiaries should be able to implement a wider analysis of potential suppliers. Direct contact by beneficiaries with potential suppliers is needed to have a written confirmation of non-availability of product with adequate rule of origin. The research should be wide enough to allow making a professional judgment on this. Compatibility with similar EU or other eligible countries’ origin equipment should be checked. In order to obtain the derogation to the rule of origin for the reason of unavailability of goods the Lead partner\Project partner has to submit:

- **Reasons for applying the derogation rule**
- **Explanation by the concerned party**
- **Documents and other relevant information**
- **Market study proving that the goods in question are not produced inside the eligible countries**
- **Official inquiry to the Suppliers asking for the defined goods produced in the eligible countries**
- **At least three official answers from the Suppliers describing that requested goods produced in the eligible countries are not available on the market**
- **Proof for incompatibility with similar EU or other eligible countries origin equipment**
- **Web research (in case of smaller contracts)**
- **Other**

1.2. Reasons of Extreme Urgency



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‘Extreme urgency’ and ‘unforeseen events’ refer to external factors only. These external factors need to be truly unforeseen such as natural disasters. For instance, archaeological discoveries during construction work cannot be considered unforeseen in old cities where excavation work frequently leads to archaeological discoveries. Internal factors generally do not constitute unforeseen extreme urgency. This includes cases in which a contracting authority started a procurement procedure too late as well as cases in which a project is running out of time. In general reasons of extreme urgency are rear situations for derogation to the rule of origin. In order to obtain the derogation to the rule of origin for the reason of extreme urgency the Lead partner\Project partner has to submit:

- **Reasons for applying the derogation rule**
- **Explanation by the concerned party**
- **Documents and other relevant**
- **Reasons of extreme urgency are sufficient and well justified**
- **Other**

1.3. Realization of a project Impossible or Exceedingly Difficult

As a general principle, the application of the rule of origin should not make impossible the project or action approved by the programme. Examples:

- Sometimes a purchase of specific professional equipment is necessary for project's implementation, e.g. hydrological, geological measurements equipment, etc. is usually not available with the required origin;
- Exceedingly difficult realization of the project occurs e.g. when the service or equipment is available in the concerned countries, but its excessive price (compared to the non EU country) directly endanger the possibility to achieve the project objectives. This means that the general principles of value for money, effectiveness and proportionality should be considered also. Sufficient written proof or expert advice should be submitted by the beneficiary to prove unforeseeable circumstances at the time of the application, concerning budget planning.

In order to obtain the derogation to the rule of origin for the reason of realization of a project impossible or exceedingly difficult the Lead partner\Project partner has to submit:

- Reasons for applying derogation rule are indicated
- Explanation by the concerned party is provided
- Documents and other relevant are provided
- The market study is conducted and it is clear that the goods in question are not produced inside the eligible countries
- The official inquiry to the Suppliers asking for the defined goods produced in the eligible countries is presented
- At least three official answers from the Suppliers describing that requested goods produced in the eligible countries are not available on the market have been provided
- Web research have been conducted (in case of smaller contracts)
- Incompatibility with similar EU or other eligible countries origin equipment was proved
- Written proof for unforeseeable circumstances planned in the budget at the time of application are justified



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• Other

Procedure for approval of the derogation of rule of origin

The derogation procedure starts with submission of request, supported with required documents by the Lead Partner (if the derogation is asked by the Project partner the request should be submitted through the Lead partner) to the Joint Technical Secretariat (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 time of 5 calendar days from the receiving of request the JTS should perform a check of the submitted request in terms of availability of all supporting documents proving the necessity of derogation. In case of missing documents, the JTS should send a notification to the Lead Partner to send the documents within 5 days of receipt of the notification. After completion of the check, the JTS has to submit the whole documentation, supported with the check list to the MA. In time of 5 calendar days the experts has to examine the documentation for derogation and propose a justified decision. Based on the performed check-up, decision for approval or rejection of the request of derogation to the rule of origin should be drafted and submitted to the Head of MA for approval. The award of the derogation is decided on a case-by-case basis by the MA and is temporarily for the justified period of time.

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.

FAQ section: Procurement

1. Is the requirement for pre-financing guarantee obligatory for the different types of contracts? In case of bank guarantee, is it necessary to be prepared in English language, having in mind that many of the banks use own templates at the respective national languages?

The requirement for issuing of pre-financing guarantee is laid down in General conditions of the contracts

Nevertheless the beneficiary, in its capacity of Contracting Authority, depending on the specific type of tender procedure may decide to perform derogation of the texts in General conditions, including additional provisions and



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specifying it with amendments of the Special conditions.

In case the pre-financing guarantee is required the same has to be provided in the template, given by PRAG, and in the language of the Programme and PRAG, which is English.

2. Is there preclusive term for conclusion of the sub-contract and is there any term for submission of appeals by the candidates / tenderers? To whom should be addressed the appeals?

The term for conclusion of the sub-contract is bounded with the validity of the offer. The notification to the successful tenderer implies that the validity of the successful tender is automatically extended for a period of 60 days. For additional information, please, refer to section 2.9.1 and 2.9.2 PRAG.

Candidates / tenderers who consider that they have been harmed by an error or irregularity during the award process may petition the Contracting Authority directly with a copy to the Managing Authority. The Contracting Authority must reply within 45 days of receipt of the complaint. The appealing does not stop or suspend the conclusion / implementation of the sub-contract. This is without prejudice to the court proceedings which could be undertaken by the candidates / tenderers under the national law of the Contracting Authority. For additional information, please, refer to section 2.4.15 PRAG.

3. Is it possible the circumstances, proving the actual status of the organization, etc., to be checked during the evaluation and award process from the Trade register, instead of requesting as a supporting documents, having in mind that the Article 23 (4) Bulgarian Law for the Trade register forbids requesting of such documents, which are entered into the Register.

According to the Law for the Trade register, such check is possible, instead of requesting of documents, proving the registered circumstances. Please, be reminded that the organizations, which are not trade legal entities, could not be checked in the Trade register.

4. Should the attachments to the tender dossier and to the sub-contract as detailed works design, actual status of the organization, certifications, balance sheets, etc., be translated to English language?

The above mentioned documents may be enclosed at the language, to which have been issued. All other documents, composing the tender dossier and contract should be prepared in English language.

5. What kind of documents we should request by the candidate / tenderer in order to prove that it does not fall into any of the situations, described in section 2.3.3 Exclusion criteria of PRAG?

As part of the offer, the candidate / tenderer has to declare that it does not fall in the situations, excluding its participation in the tender procedure. The Contracting Authority may request evidences for the declared circumstances as documents for current legal status, certificate for lack of obligations, or to check these in the Trade register. The documents should be enclosed to the contract together with the Legal Entity File and Financial Identification form, presented before contract signing.

6. Could the offers be opened earlier than the specified in the invitation letter / tender dossier deadline? In this case, the term for notification to the MA and JTS for the date of the opening session could not be respected. Additionally, the option for alternation and withdrawal of the offer could not be available.

In case of earlier opening of the offers, in order to nominate observers from MA and JTS at the opening session (in case of Competitive negotiated procedure/Local open procedure), the beneficiary has to send notification letter to



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the MA and JTS, not later than two working days before the date of opening session. At the same time, the Contracting Authority should inform the tenderers for the exact date of the opening session and remind them that they may alter or withdraw their offers.

7. Should we conduct modification procedure if we purchase an item cheaper than the amount indicated for it in the budget?

It is not necessary. All expenditures/bills must be verified by First level controller.

8. Who will constitute of Evaluation Committee for tendering. Is there any requirement for the members of the Committee to know English?

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). Every member must have a reasonable command of the language in which the tenders are submitted. The voting members must possess the technical and administrative capacities necessary to give an informed opinion on the tenders. Establishment of evaluation committee is not required in case of single tender procedures.

9. Could we prepare tender dossier in native language?

The offers, all correspondence and documents related to the tender exchanged by the tenderer and the Contracting Authority must be written in the language of the procedure which is English and must be in accordance with article 121 of COMMISSION REGULATION (EC) No 718/2007.

10. Applying the rules of origin of goods concerning some supplies for which it is difficult to purchase goods that originate from the Community (for example: computers, printers etc.).

The requirements related to rules of origin of goods acquired within a contract co-financed under the Instrument for pre-accession (IPA) are set out in Art. 19, p. 5 of Regulation (EC) № 1085/2006 of the Council of the European Union. The provision stipulates as follows "All supplies and materials purchased under a contract financed under this Regulation must originate from the Community or a country eligible according to paragraphs 1 or 2". At the same time provision of Art. 116, p. 2 of Regulation (EC) № 2342/2002 implementing Regulation (EC) № 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities provides for the scope related to renting equipment and type of relevant contract: "Supply contracts cover the purchase, leasing, rental or hire purchase, with or without option to buy, of products."

The opinion of the MA is that proof of origin shall be submitted for purchase of products or equipment. In case of rented equipment and/or vehicles the rules of origin shall not be applicable, but only for the cases where the contract is without option for subsequent purchase of respective products.

Additionally, MA has the right to derogate the rules of origin, according to the Commission Decision from the 25.05.2011.

11. Conditions for making insignificant changes in the technical specification for the supply procedures, which is part of the contract.

In case of insignificant modifications of the technical specification made before starting of procurement procedure, they are considered as contract modification and the relevant procedure for the modification of the subsidy contract



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shall be followed according to the „Modifications concerning the project's content” section of the Project Implementation Manual (PIM). In case such modification arise after the sub-contracting is concluded, the requirements of special and general conditions of the contract concluded under PRAG and instructions specified in PRAG shall be taken into account.

12. Defining the type of procurement procedure for elaboration/printing of promotional materials (for example: procurement of 1000 leaflets/brochures/business cards - is it a service or supply?).

When defining the type of the procurement procedure, regarding the elaboration of promotional materials, percentage of the costs for design of and printing costs of the promotional materials shall be considered. If the preliminary research of price-formation indicates that the cost of design is higher than the printing costs, the type of procedure is service. Otherwise, when the printing costs of the materials are higher than the costs for design, the type of procedure should be a supply.

13. The rule for applying of deadlines for the submission of tender's offer according to Practical guide to contract procedures for EU external actions / PRAG/ (15 days for single tender and 30 days for competitive negotiated procedure).

Deadlines set /laid down/ in the Practical guide shall be followed strictly. In case, all invited tenderers have submitted offers before deadline has expired and the procedure has not been announced (with a Procurement notice), Contracting authority – CA (beneficiary under Subsidy contract) is allowed to move further and to start evaluation of the offers submitted.

*In case the tender procedure is announced (with a Procurement notice), regardless the number of tenderers invited directly, CA shall wait until the deadline expires before starting the evaluation of the offers. In all cases, the beneficiaries of the Subsidy contract shall abide the **transparency** and equality rules when carrying out the procurement procedures.*

5. Reporting

According to the Subsidy Contract concluded between the Managing Authority and the Lead partner, one of the Lead partner's obligations is to regularly report on the progress of the project. Therefore the LP has to submit a progress report (Annex 4), which should content detailed description of the activities carried out and the outputs, results delivered during the reporting period.

As a general rule, the Lead Partner has to prepare the **Project Progress Report (PPR)** on a quarterly (three-month) basis, with the exception of the last reporting period which may be shorter/longer than 3 months depending on the time plan of the project. The first reporting period starts with the start date of the Subsidy contract. The last reporting period always ends by the end date of the project.

Internally, the programme recommended that the project partners have to established internal reporting schemes. The Lead partner is reporting the progress of the project implementation on quarterly basis. The LP is collecting information from all project partners on the completed activities and prepares a general statement on progress towards objectives. There is no need every partner to fill in the same activity report. Every single project partner must contribute to the compilation of each Progress Report. The project partners should help the LP in the preparation of the regular progress report by filling in and forwarding of their own reports to the LP (at least in



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electronic version) well on time. The project partner provides adequate information for the Lead Partner concerning the activity of their project part concerning a certain reporting period. The Project Progress Report should be given to all PPs for review (every partner should have the chance to review the full report before it is submitted that ensures that the Lead Partner has not misinterpreted partner statements).

The PPR have to be submitted by the Lead partner to the Joint Technical Secretariat **within maximum 20 days after the end date of the respective reporting period** (quarter). The deadline for submission for the Lead partners means the date of receipt of PPR at the JTS premises **with all requested information and documents**. Delays in PPR receipt are allowed within ten working days only in well justified cases.

In case of delay in the reporting, a reminder will be sent by the JTS to the Lead Partner. **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 Final Project Progress Report (FPPR) has to be submitted within one (1) month after the end of the execution of the contract and has to contain information concerning the whole period of the implementation of the project. The preparation, submission and corresponding checks and approval procedures are identical to those for the Interim Progress Reports. Final Reports is crucial for evaluating the overall project implementation and progress. It allows assessment of the project performance and achievement of the project objectives. It also provides information on the compliance with rules for the sound financial management and cost effectiveness of the Project.

Together with the final project report the LP is required to present short information concerning the objectives, implemented activities and results achieved in *Annex 4.1* to the Final PPR. The information in writing will be used for internal use and promotional actions by the Managing and National Authorities.

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.

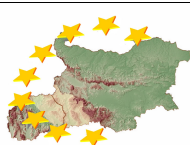
The reports must be submitted in electronic and in hard copy version with identical content to the JTS:

| | |
|--------------------|---|
| Main office | Joint Technical Secretariat - Kyustendil: 7 Marin Drinov str., Kyustendil 2500, Republic of Bulgaria Tel.: +359 78 55 11 83/85; Fax: +359 78 55 11 85 E-mail: jtsipakyustendil@gmail.com |
|--------------------|---|

NB! The language of reporting is English! The PPR and all related documents have to be prepared in English.

5.1. Content of the Project Progress Reports

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.



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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)

LP will be requested to provide an overview of the activities carried out during the period and of the degree of achievement of the project's objectives and results, to report on the level of involvement of all partners and to explain the main problems faced during the period. In addition to its importance as tool for presenting the projects achievements, the activity report allows also for the verification of the progress of the project in implementing the work plan as described in the approved Application Form and consists of the following sections:

| Section | Required information |
|---|---|
| Summary of the project activities | <p><i>The information in this section has to be detailed in order the assessment of the PPR to be maximum comprehensive and prompt.</i></p> <p><i>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.</i></p> <p><i>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.</i></p> |
| Public procurement procedures | <p><i>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. Please, note that the list from the initial PPR should be complemented in each following PPR cumulatively, not only for the reporting period.</i></p> |
| Project Implementation timeframe | <p><i>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.</i></p> <p><i><u>For example:</u> the procedure for supply of promotional materials is not successfully procured – how it will reflect on the forthcoming press-conference?</i></p> |
| Publicity activities carried out during the reporting period | <p><i>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.</i></p> |



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| | |
|------------------------------|---|
| | <i>In case of trainings/press conferences held, the information about number of participants should be also presented.</i> |
| Project modifications | <i>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. Please, explain if the Managing Authority has been noticed for these.</i> |
| Other issues | <i>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</i> |

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.

5.2 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;



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- ✓ 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.

The Lead partner should take into account, that MA will reimburse the requested funds only in case the respective PPR is accepted and approved by JTS.

Costs for project implementation are eligible, if the project partner submits supporting documents, giving evidence for implementation of activities. Required documentation depends on nature of activities. Generally, the required documents for specified activities are presented below:

| TYPE OF ACTIVITIES | SOURCE OF VERIFICATION |
|--|---|
| Seminar, conference (organization) | <ul style="list-style-type: none"> - Agenda; - Participants (registration list, signed by the participants); - Photos (hall, participants, lectors); - Presentation (with the name, title and signature of the lectors); - Copies of materials given to participants; - Feed-back for response, with recommendations and assessment from participants; - Public announcement or invitations; - Financial documentation, related to the above; |
| Seminar, conference (participation) | <ul style="list-style-type: none"> - List of participants; - Report of the PP's representative; - Photo of the representative (in front of the agenda or other space of the seminar which gives sufficient information on the participation); - Web-site of the seminar (if such); - Certificate(s) (if applicable); - Financial documentation, related to the above; |
| Training | <ul style="list-style-type: none"> - List of participants, full name, address, contact (phone, e-mail) name of the organization they represent; - Training programme; - Training materials; - Feed-back for assessment of training; - Report from training and summary of feed-back; - Photos from the training; - Press publications. |
| Exhibition (participation) | <p>In addition to the seminar participation:</p> <ul style="list-style-type: none"> - Plan of the hall; - Plan of the stand; - Photos of the stand (the visibility plaque has to be visible on the photo). |
| Application for trade | <ul style="list-style-type: none"> - Copy of the registration form; |



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| TYPE OF ACTIVITIES | SOURCE OF VERIFICATION |
|--|---|
| mark or patent | <ul style="list-style-type: none"> - Certificate; - Financial documentation, related to the above. |
| Tests | <ul style="list-style-type: none"> - Report on tests results; - Contract for the tests with explicitly stated expected tests procedures; - Certificate; - Financial documentation, related to the above. |
| Web-site | <ul style="list-style-type: none"> - Screen shot; - Web-site counter results, including launch of the site; - Financial documentation, related to the above. |
| Publications, advertisement | <ul style="list-style-type: none"> - Copy of the publication, including the first page of the magazine and the header of the page and the page self, where the publication is located; - Financial documentation, related to the above. |
| Advertisement (non-publication) | <ul style="list-style-type: none"> - Photos of the advertisement; - Video/Audio Material; - Financial documentation, related to the above. |
| Internal carried tasks | <ul style="list-style-type: none"> - Reports on progress and related physical outputs; - Drafts; - Elaborated strategies, plans and etc.; - Technical documentations (test results, photos from tests, etc.); |
| Working meetings | <ul style="list-style-type: none"> - List of participants, full name, address, contact (phone, e-mail) name of the organization they represent; - Detailed agenda; - Report from meeting. |
| External experts | <ul style="list-style-type: none"> - Report for tasks completed; - Copies of elaborated materials; - Protocol for put-in-work. |
| Supply of equipment | <ul style="list-style-type: none"> - Documents from tender procedure, terms of reference, signed contracts; - Document for procurement, including Final Acceptance Certificate - Statement/Certificate of origin for equipment/supplies; - Available equipment, stamped as described hereinafter. |
| Technical documentation for works | <ul style="list-style-type: none"> - Documents from tender procedure, terms of reference, signed contracts; - Correspondence between involved parties; - Permissions, Environmental Impact Assessment (if applicable); - Documents from Works Supervision – statements, protocols for works completed, supervision reports, copy of the required protocols in construction; - Documents for acceptance of site by Committee and Use Permits; - Publicity measures; - Photos. |



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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! | <i>The financial control responsibility of the LP is restricted to:</i> - 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. |
| | <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> |
| | <i>The record keeping procedure is important for several reasons: 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; Serves as confirmation that the costs have occurred during the grant project implementation period; The records are the basis for the financial section of the project reports you have to complete; Expenditure incurred during the project is only eligible for EU financing if there are supporting documents that provide evidence of the expenses; The record of expenditure for the project will be checked during audits of the project. A lack of supporting evidence could result in the costs not being considered eligible.</i> |
| | <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> |
| | |

6.1 Organization of Bank Account and Bank Statement

Each LP/PP must open 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).



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The interest accrued under the bank account(s) of the project is reported in the financial report with the Request for final payment. A Certificate or Reference from the bank regarding the interest accrued under the account for the contract implementation period has to be attached to the Request for final payment.

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.

The Programme does not require that the lead beneficiaries perform all payments from the project's account in Euro (they can perform payments from a different account, denominated in BGN for example). What the Programme requires is that there is traceability of the performed operations and that analytical accounting is organized for the purposes of the project.

6.2 Validation of expenditure by first level controllers

The reimbursement of the expenditures for the execution of the contract is based on verifications by First level controllers.

The reported expenditures by the PPs will be checked and validated by the controllers designated by the MA or NA (employed within Ministry of Local Self Government). 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 **60 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 a "Request for First Level Control" (RFLC) within the deadline specified in the Subsidy contract. The reporting period can be three or six months according to Article 7 from the Subsidy contract. The RFLC includes the information



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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.

The RFLC should be accompanied by an Invoice report reflecting the expenditures declared for verification. Invoice report can be sent only by email to the following address: SDimitrova@mrrb.government.bg. In addition, the documents subject to FLC check should be also prepared appropriately prior to start of the check in order to avoid delays in verification of expenditures.

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.

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), copy of 'Designation Certificate' (DC) for the controller (issued by the MA/NA) and signed declarations for VAT status (only for Bulgarian partners) and lack of double financing and revenue.

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 FLC-ers** 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 JTS scanned by email for check and after receipt of confirmation on completeness and compliance with the rules by the JTS – to MA on



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paper, signed and stamped according to the requirements.

Step 6

During the verification process the controller may identify some problems, which could be classified as irregularity or infringement of the applicable law and to provide the partner with recommendations for correction. The project partner has to consider the findings and recommendations by the FL Controller and to undertake measures to correct the gaps identified. "Corrective measures" do not concern already verified documents or results which have to be done on the previous stage, but the future implementation of the project. Where the recommendations are not clear or abstractive, the project partner should contact the JTS / MA for consultation.

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*).

In case of disagreement with the findings of the Managing Authority (MA) during the verification process, namely the non-validated expenditures, the LP/PP may send to the MA an "Appeal Declaration" (*Annex 8*)

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

Table 1 Summary table of FLC-documentary flow

| Document | Issued by | Signed by | No. of copies | Copies designed for |
|--|---------------|-------------------------------|---------------|--|
| Request for FLC | <i>LP</i> | <i>LP</i> | 3 | MA <i>LP</i> |
| Designation Certificate (DC) | <i>MA/NA</i> | <i>MA/NA</i> <i>FLC-er</i> | 3 | <i>MA/NA/FLC-er</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 | MA <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.



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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 verified expenses reported with the Request for 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 not later than 5 (five) days from the date of receipt of the documents proving verification of expenditures by the First level controller/s from the project partner/s for which the First level controller is designated for the reporting period.

In case the necessary documents 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 available documents 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 certificates 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.



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The LP has to submit to the JTS 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;
- ✓ Copy of the First Level Control Designation Certificate(s);
- ✓ Project partners' Invoice Reports with the attached financial report (Annex_6);
- ✓ Financial Identification Form for the LP (bank account details) (Annex_1);
- ✓ Declaration VAT status (Annex_11) – only for Bulgarian partners;
- ✓ Declarations for lack of double funding and revenue of the project (Annex_12);
- ✓ Appeal Declaration (against the FLC validation certificate) if applicable (Annex_8).

The JTS will perform formal check of the received documents and may request by the LP additional information, documents and removal of mistakes and omissions, if necessary. After finalizing the formal check the JTS will inform the LP that the Request for payment can be submitted officially to the MA.

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. During the verification process the MA may request additional documents and clarifications by LP and may initiate on the spot check, if necessary.

Electronic copy (CD) containing the following files should be enclosed to the Request for payment:

- ✓ Request for payment – in Word (without signatures and stamps) and scanned original;
- ✓ Invoice report including financial report – only in Excel format – tables according to the blank for each PP included in the Request for payment;
- ✓ Certificate for validation of expenditures by the First level controller with the required signatures and stamps of the Controller – scanned original from all partners included in the Request for payment;
- ✓ Declaration for lack of double funding and revenue of the project – scanned original signed - from all partners included in the Request for payment.
- ✓ First Level Control Designation Certificate – scanned copy with signatures;
- ✓ Annex 11 Declaration on VAT status – scanned copy with signature (only for Bulgarian partners).

When beneficiaries are VAT registered, the Declaration must be accompanied by Annex 1 to the Instructions of the Ministry of Finance № 91-00-502/27.08.2007 on the treatment of VAT as eligible expenditure. A copy of the Certificate of registration under VAT law should also be enclosed (if the organization is VAT registered). When VAT is irrecoverable according to the VAT law and it is recoverable under the project, the documentation should be accompanied by the copies of VAT Register of purchases.

Additional requirements concerning the preparation and completion of the Request for payment:

- 1.) The Request for payment must be bound in folders, not in pockets;
- 2.) It is necessary to use current versions of the forms of each Annex, accompanying the Request for payment. The



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website of the Programme should be checked for updates before preparing any document;

3.) The amounts for each partner on page 2 of the Request for payment (Validated eligible expenditures per project partner) must comply with the verified costs by the First level Controllers. The amounts in each column of this document should be carefully calculated and indicated.

4.) The Reporting period inspected by the Controllers as well as the Project duration period should be comply with the dates specified in all relevant documents. Project duration and Reporting period should be written correctly.

5.) Aggregate amounts of each budget line written in the Invoice report and Financial report must be comparable and correctly calculated;

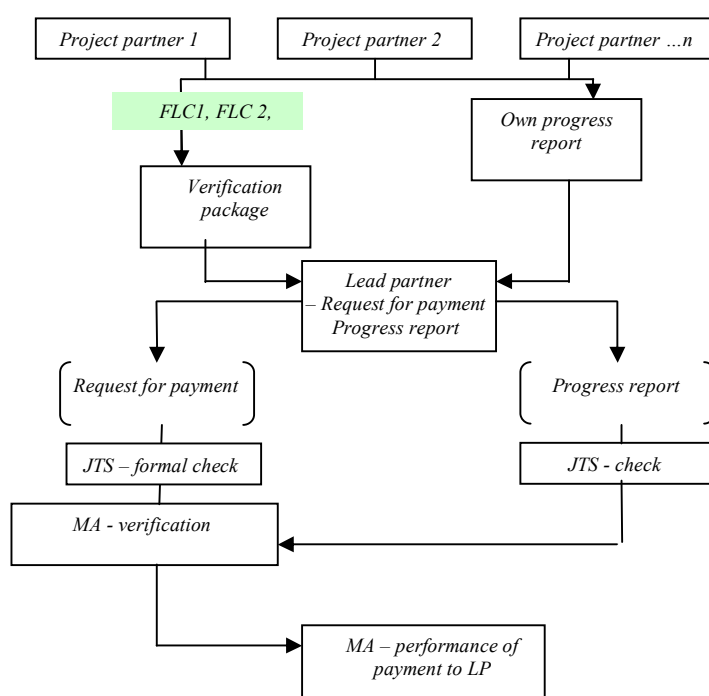
6.) When reporting salary costs, daily allowances or other expenses of the project team members, it is obligatory to write in the Invoice report the name and the position in the project team of the relevant experts;

7.) When reporting the costs associated with currency exchange and completing cost amounts in the Invoice report, the official exchange rate of the currencies of the European Commission, which can be found at the following link: http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm must be used.

8.) It is advisable to create and maintain electronic archive of the Project implementation using folders created for each Request for payment sent for approval. It helps to identify the final versions of each document and contributes to the more safe data storage.

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. The reimbursement of funds under the respective Request for payment shall be carried out only after approval of the respective Project progress report by JTS.

Flowchart - process of requesting of payment:





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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.

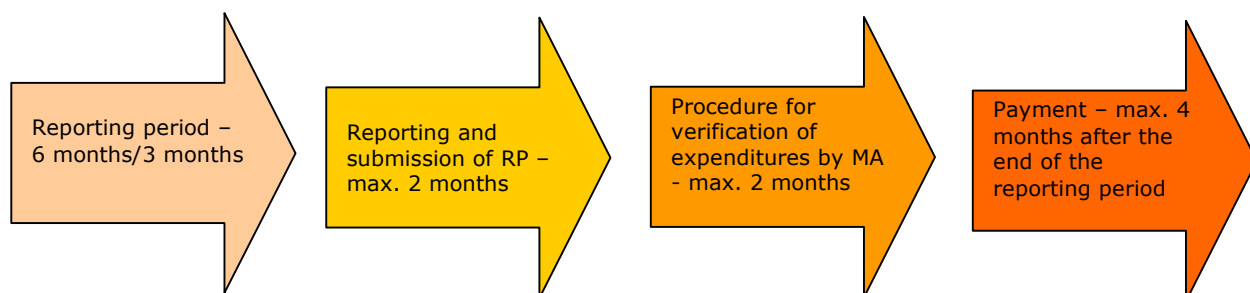
6.4. Reimbursement of Funds to the Lead Partners

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 Managing Authority 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



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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 2007CB16IPO007) on the following web page: <http://www.ipa-cbc-007.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 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 Law on VAT (refined text)². The Law on Execution of the Budget of the Republic of Macedonia³ is related to the VAT issue, where the procedures regarding state and public institutions are regulated. Also the Profit Tax Law⁴ is act that is related on VAT.

Detailed information regarding the procedure of VAT reimbursement, necessary documents and forms, as well as responsible institutions, other obligations (record keeping, issuing invoices, cash registers and bills, transitional and closing provisions) are available in the RULEBOOK on the Implementation of the Value Added Tax (VAT Rulebook)⁵.

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

¹ http://www.ipa-cbc-007.eu/upload/docs/VAT_Instruction.pdf

² *Law on VAT Official Gazzete of the Republic of Macedonia No. 44/1999, 59/1999, 86/1999, 11/2000, 8/2001, 21/2003, 19/2004, 33/2006, 45/2006, 101/2006, 114/2007, 103/2008, 114/2009 & 133/2009*

³ *The Law of execution of the Budget of the Republic of Macedonia is endorsed annually each year*

⁴ *Profit Tax Law of the Republic of Macedonia. Official Gazzete No. 80/1993, 33/1995, 43/1995, 71/1996, 5/1997, 28/1998, 11/2001, 2/2002, 44/2002, 51/2003, 120/2005, 139/2006, 160/2007 & 159/2008*

⁵ *Rulebook on the Implementation of the Value Added Tax (Official Gazette of the Republic of Macedonia" No. 65/1999, 17/2000, 66/2000, 29/2003, 90/2005 and 106/2006). On basis of Article 14 paragraph 4, Article 26 paragraph 4, Article 34 paragraph 3, Article 36 paragraph 2, Article 37 paragraph 6, Article 38 paragraph 5, Article 43 paragraph 9, Article 46, Article 47 paragraph 2, Article 48 paragraph 4, Article 49 paragraph 2, Article 52 paragraph 6, Article 53 paragraph 11, Article 54 paragraph 4 and Article 63 paragraph 3 of the Value Added Tax Law ("Official Gazette of the Republic of Macedonia" No. 44/99 and 59/99).*

declared expenditure are not funded or has not been funded by other national or community source (Annex_12).

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

In addition, every invoice or similar accounting document subject to verification must contain obligatory a text identifying the specific project: the number of the project (for the expenditures related to the project preparation–the project acronym and the number of the call for proposals) and the specific activity (For example: hall rent/training under project (name) №).

If this information cannot be mentioned in the document, one of the following can be done:

- (1) The document is glued to a white sheet of paper and the above attributes are written afterwards and the controller stamps it with his own stamp.
- (2) A protocol can be prepared to accompany the invoice, which states the number, date and amount from the invoice while pointing out the event for which the expenditure is relevant and all the attributes described above.

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.

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 in the month in which it is prepared by the LP/PP.

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.



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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 Report with the attached financial report;*



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- 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.

NB!

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 approval by 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 proofs 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



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accordance with the stipulations of the respective state accounting and VAT regulations. The list below 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; Management contract;- Service contracts – only for civil servants;- 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 persons employed under the project;- Bank statements. | | <p>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.</p> <p>The Bulgarian civil servants can be hired as project team members in accordance with the provisions of Council of Ministers Decree No 330 dated 05th of December 2011.</p> |
| 2) Office Rent <ul style="list-style-type: none">- Rent contract;- Tender documentation (if applicable);- 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>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 or office of the organization which is rented earlier is used exclusively for the purpose of the project by the project team.</p> |
| 3) Consumables <ul style="list-style-type: none">- Contract (if required);- Detailed invoices and cash receipt notes/payment order/bank statements. 4) Overheads <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>Overheads and Consumables can be allocated to the project according to two methods. Each Project Partner should decide on the most appropriate method which is suitable for the accounting of these costs. A combination of the two methods is not allowed.</p> <p>a) costs directly allocated to the project</p> <p>This method can be applied if it is possible to allocate the costs directly to the project and those can be justified by respective invoices or accounting documents having an equivalent probative value.</p> <p>b) costs allocated proportionally to the project</p> <p>This method can be applied if it is impossible to allocate the costs directly to the project. The general conditions for the use of these</p> |



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rates are the following:

- *Proportionally distributed costs must be attributable to the implementation of the project;*
- *The calculation of these costs shall be properly documented and reviewed yearly. In the course of FLC checks, the relevant accounting documents supporting the calculation method should be also made available for the Controllers.*
- *The costs must be distributed according to the following methods depending on the one which can best reflect the type of cost:*
 - *the ratio of the number of people working for the project / number of people working in the organisation (LP/PP);*
 - *the ratio of the time spent on the project / time worked in total in the organisation (LP/PP);*
 - *space used for the project / total space in the organisation (LP/PP).*

| BL 2 | Travel and Accommodation | |
|---|--------------------------|--|
| Travel Costs, Daily Allowance, Accommodation Costs | | |
| Accounting and Financial documents | | Other documents/conditions for eligibility of expenditure |
| 1)Travel Costs 1.1) Traveling by bus/train/airplane/public transport <ul style="list-style-type: none">- Business trip order and report;- Calculation of travel expenses;- 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. 1.2) Traveling by own or rented car <ul style="list-style-type: none">- Business trip order and report;- Calculation of travel expenses;- Route-sheets/driver's sheets containing the following information: distance, fuel price, average fuel consumption, tollroads, vignette, health insurance, etc;- Protocol determining the consumption rate of the used vehicle and the passed distance together with invoices certifying the exact | | <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> <i>Invitation letter, List of participants, Minutes of meeting, pictures or other document as proof of the realization of the business trip;</i> <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> |



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| <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 – only for project staff members</p> <ul style="list-style-type: none"> - <i>Business trip order and report;</i> - <i>Calculation of travel expenses;</i> - <i>Bank statement.</i> <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>Invitation letter, List of participants, Minutes of meeting, pictures or other document as proof of the realization of the business trip (if applicable);</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>Tender documentation (if applicable)</i> - <i>Rent contract;</i> - <i>Attendant documents (list of participants, minutes of event, pictures and other documents proving realization of activity);</i> - <i>Invoices and cash receipt notes/ payment order/bank statements.</i> | <p><i>Tender procedure has to be conducted, if required.</i></p> |
| <p>3) Coffee breaks</p> <ul style="list-style-type: none"> - <i>Tender documentation (if applicable);</i> - <i>Contract;</i> - <i>Invoices and cash receipt notes/payment order/bank statement</i> - <i>Attendant documents (agenda - catering/ coffee break must be indicated, list of participants, minutes of event, pictures and other documents proving realization of activity)</i> <p>4) Preparation of materials</p> <ul style="list-style-type: none"> - <i>Tender documentation (if applicable);</i> - <i>Contract;</i> - <i>Invoices and cash receipt notes/payment order/bank statements;</i> - <i>Agenda of the event (catering/ coffee</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> <p><i>Tender procedure has to be conducted, if required.</i></p> <p>.</p> |



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| <p><i>break must be indicated);</i></p> <ul style="list-style-type: none"> - <i>List of participants, Minutes of meeting , pictures or other document as proof of the realization of the activities;</i> - <i>Copy of the package of materials intended for the participants.</i> <p>5) Consumables</p> <ul style="list-style-type: none"> - <i>Tender documentation (if applicable);</i> - <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> | |
|---|--|

| 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"> - <i>Tender documentation (if applicable)</i> - <i>Contracts concluded with the subcontractor;</i> - <i>Delivery and acceptance protocols between the contracting authority (LP or PP) and the subcontractor;</i> - <i>Invoices and cash receipt notes/payment order/bank statements.</i> | <p><i>Copies of the respective materials;</i></p> <p><i>Costs will be considered eligible only provided that there is strict obedience to the EU requirements for visualization.</i></p> <p><i>Tender procedure has to be conducted, if required.</i></p> |
| <p>2) Elaboration, design, etc.</p> <ul style="list-style-type: none"> - <i>Tender documentation (if applicable)</i> - <i>Contracts concluded with the subcontractor;</i> - <i>Delivery and acceptance protocols between the contracting authority (LP or PP) and the subcontractor;</i> - <i>Invoices and cash receipt notes/payment order/bank statements;</i> | <p><i>Copies of the respective materials;</i></p> <p><i>Costs will be considered eligible only provided that there is strict obedience to the EU requirements for visualization.</i></p> <p><i>Tender procedure has to be conducted, if required.</i></p> |
| <p>3) Publications in mass media</p> <ul style="list-style-type: none"> - <i>Tender documentation (if applicable)</i> - <i>Contracts concluded with the subcontractor;</i> - <i>Delivery and acceptance protocols between the contracting authority (LP or PP) and the subcontractor;</i> - <i>Invoices and cash receipt notes/payment</i> | <p><i>Copies of the publications, printed and advertising materials, etc.;</i></p> <p><i>Costs will be considered eligible only provided that there is strict obedience to the EU requirements for visualization.</i></p> <p><i>Tender procedure has to be conducted, if required.</i></p> |



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order/bank statements.

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

- 1) Consultancy, studies, designs etc.**
- Tender documentation (if applicable)
 - 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.

Reports on methodology applied and on the results of the researches/studies conducted;
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.
Tender procedure has to be conducted, if required.

2) Authorizations, certificates

- Invoices and cash receipt notes/payment order/bank statements.

Statements of accounts issued by the bank for expenses for bank charges, permits and etc.

3) Interpreters, lecturers, trainers

- Tender documentation (if applicable)
- 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.

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.
Tender procedure has to be conducted, if required.

BL 6

Investments

Purchase of land. Small scale construction, Supply

Accounting and Financial documents

Other documents/conditions for eligibility of expenditure

1) Purchase of land

- Tender documentation (if applicable)
- 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.

The cost of purchasing land not built on shall be eligible under the following conditions:

- *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*

Tender procedure has to be conducted, if required.



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| <p>2) Small scale construction</p> <ul style="list-style-type: none"> - Tender documentation (if applicable); - 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. | <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> <p><i>Issued protocols or equivalent construction documentation, demonstrating the execution and compliance of construction works – for example – Protocols for hidden works (Form 12); Acceptance protocols, Protocols for acceptance of the construction (Form 14); Permission for use of the construction (Form No 15, Use permit (Form No 16) (if applicable for Bulgarian partners);</i></p> <p><i>Issued construction documentation in accordance with the Law on Construction. Official Gazette No. 130/2009, 28.10.2009 (for Macedonian partners);</i></p> <p><i>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;</i></p> <p><i>All guarantees provided for in the special conditions of the construction supervision contracts;</i></p> |
| <p>3) Supply</p> <ul style="list-style-type: none"> - Tender documentation (if applicable) - 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. | <p><i>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.</i></p> <p><i>Detailed and exhaustive documentation of the implemented tender procedure – invitation letter and/or other documents related to publication of the tender, tender dossier, evaluation report and other evaluation documents, offers submitted by the participants in the tender procedure, etc.</i></p> |
| <p>NOTE: In cases of reported amounts below the thresholds according to PRAG procurement rules:</p> <ul style="list-style-type: none"> - technical specification/terms of reference, if applicable; | <p><i>The exceeding of the average market prices is unacceptable.</i></p> |



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| <ul style="list-style-type: none"> - <i>technical and financial offers submitted by suppliers;</i> - <i>Contract with the supplier of the goods or 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 |
|--|---|
| <i>Project preparation, Other specific for the project , Contingency</i> | |
| 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>Project preparation – the expenses should be carried out before signature of the subsidy contract;</i></p> <p><i>Other specific for the project - 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> |

The amounts from the budget line “Contingency” can be used only with written approval by the Managing Authority. These amounts can be used for additional activities/additional quantities, resulted by unfavorable or emergency situations beyond subjective will of the contracting sides. Examples for spending total or partial amounts of “Contingency” budget line are listed below:

1. If in the process of construction works it is necessary to add quantities or execute activities exceeding the approved works design;
2. In case of additional costs in the process of project implementation related to legislation changes – excise, taxes and other public claims which refer to equipment, service or construction values;



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3. Under force majeure circumstances;

When additional expenses have to be made in the process of project implementation, LP has to send to MA Explanatory note with detailed description and analysis of the circumstances leading to such necessity, with attached comparative/substitute table describing the activities and prices contracted with the sub-tenderer together with the exact amount (unit price, quantity, total amount) of the contingency. In case of works contract, the substitute table must be signed by each side involved in the process – designer, supervisor, contractor, implemented the construction works, beneficiary representative appointed with an order or municipal administration, in case when the beneficiary is with status different from municipal administration. It is obligatory the documents to be attached by statement of the author's supervision (designer/s of the respective part), coordinated supervisor of the construction works. The above listed documents will be subject of review and consideration by the MA.

In case of approval by MA, the contracting entity must sign an Addendum with the construction works contractor. The annexes to the Addendum should be at least: Explanatory note, substitute table, statement of the author's supervision, order book for construction works, and all technical documentation of the project with underlined changes and variations, and any other indicated by the contracting side.

At the same time, it should be noted that in case of amendment of the approved works design, it becomes a subject to approval under provisions of the respective national legislation.

Due to the variety of the activities and the possibilities of unfavorable situations of different character in the process of project implementation, MA will take into consideration each request for reallocation of the amounts from BL "Contingency" independently and will inform the beneficiary in written with the decision concerning the respective request.

The funds from budget BL 7 "Other", sub-line "Contingency" are spent and reported under the same budget line/sub-line and are not reallocated to other budget lines/sub-lines.

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 the number of the project, the name or the acronym of the project and 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.).

FAQ section: Financial management

1. Who will assign the First Level Controllers?

The assignment of the First Level Controller is carried out in accordance with the approved procedure by the Managing or National Authority.

For each project under implementation the Lead Partner, after consultation and exchange of information between all project partners, prepares and submits to the MA a "Request for First Level Control" for each reporting period. Within 3 days, the MA



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sends the submitted by the LP "Request for First Level Control" to the NA by e-mail, signed with electronic signature.

The MA assigns First Level Controller for the project partners from the Bulgarian side and MLSG assigns First Level Controller for the project partners from the Macedonian side.

The MA does not assign First Level Controller for the project partners by the Bulgarian side which expenditures for the reporting period are below 1000 euro. Also PPs from Macedonian side don't have obligation to submit Invoice report, when expenditures for the reporting period are below 1000 euro

2. FLCers will check the accountancy system. So do we have to establish new accountancy system or can we use existing one?

You can use the existing accounting system, but it is necessary to organize analytic accounting reporting for all expenditures related to the project and easy traceability of expenditure to ensure the audit trail.

3. How can we exchange our expenditures into Euro? Do we have to make expenditures in Euro currency?

Expenditure may be made in national currency. For the purposes of reporting the Lead partner and the project partners have to convert the national currency into Euro according to the exchange rate published on the web site of the EC from the month of preparation of annex 7 Request for payment: <http://ec.europa.eu/budget/inforeuro/index.cfm?language=en>

4. How much advance payment should we request and how will it be transferred to our bank account?

In accordance with the rules of the signed subsidy contracts, the advance payment is up to 20% of total amount of the contract. The request for advance payment should be accompanied with the Financial Identification Form (FIF) for the establishment of the Euro bank account for the purpose of the project. The MA will transfer the amount of the advance payment into bank account of the Lead partner which is written in FIF. The Lead partner has the obligation to transfer the advance payment to the other project partners.

5. The salary will be paid to personnel once per 3 months. How will we pay their income tax?

The social security and taxes should be paid in accordance to the national legislation of the partnering country.

6. Following the payment of the first 20% part, do we have to get new Financial Identification Form for each payment even the Euro account is unchanged? Is it allowed to get the copy document with the "same as original" stamp on it?

When there is no change in the bank account for the next reporting periods, only a copy of FIF with a "true copy" stamp can be submitted.

7. We'll conduct the project works in our office. We didn't rent an office. Can we spend cleaning etc. expenditures from project budget?

Yes, if this expenditure is planned in the project budget.

8. Money transfers to the abroad bank account costs too much. Shall payments to hotels made via bank accounts?

It is advisable but not obligatory that all payments be made via bank account

9. Who will draw the money from bank account?

Usually the account holder has the right to manage the funds.

10. If the budget expenditure exceeds 100.000 Euro shall we hire financial advisor?

Under the rules of the Program such requirement does not exist.



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11. Is the commission caused by money transfer from lead partner to other partner eligible expenditure?

For the LP, eligible expenditures under the program are the bank charges for international bank transfers.

12. Verification of expenditure on an activity, which is not completed.

The verification of expenditure on an activity which is partially completed (when the schedule of activities is met) during the particular reporting period is possible when all necessary documents are presented.

13. Reporting of expenditure on food/catering in cases when the number of people that have signed the attendance sheet does not match the number of people scheduled to be served by the catering (or have actually attended the lunch).

For each particular case the controller performing the first level of control has to decide on the amount of the eligible expenditure based on the documents presented for the particular event.

14. The usage of a currency account and the payment of social securities, salaries and invoices.

The MA does not require that the lead beneficiaries perform all payments from the project's account in Euro (they can perform payments from a different account, denominated in Leva for example). What the MA requires is that there is traceability of the performed operations and that the reporting of the analytical accounting is organized for the purposes of the project.

15. Applicability of electronic invoices (e.g. invoices issued by companies, whose software does not allow the number of the contract for the CBC Program to be included in the invoice).

The beneficiary has to provide the controlling bodies with information that the particular expenditure is incurred under project № 2007CB16IPO007-20xx-x-xx.

For example:

(1) *The invoice is glued to a white sheet of paper and it is written that the expenditure is incurred under project № Afterwards, the controller places his own stamp.*

(2) *A protocol can be prepared to accompany the invoice, which states the number, date and amount from the invoice while pointing out the event for which the expenditure is relevant.*

16. Eligibility of expenditure on paid compensation for temporary disability, annual leave of absence and compensation for unused leave of absence for project staff members by the Bulgarian beneficiaries – The MA considers the following expenditure eligible:

2.1 Paid annual leave of absence:

- *when a project staff member is employed at full time with a primary labour contract, which is the person's only work contract and its duration is within the duration of the project, the full amount for the paid annual leave of absence is eligible expenditure;*

- *when a project staff member is employed at part time (Timesheets), the eligible expenditure will be amount of the paid annual leave of absence which is proportionate to the hours worked on the project. A statement by the organization is required pertaining to the method used for the calculation of the amount for paid annual leave of absence reporting within the project period;*

- *when a project staff member reports his work as per a secondary work contract, eligible expenditure is the amount of*



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the paid leave of absence pertaining to the secondary work contract.

When working as per primary labour contract and as per a secondary labour contract (as per article 110 and article 111 of the Labor Code) the amount of paid annual leave of absence as per the secondary labour contract is not added to that of the primary labour contract- they are separate entities for each contract. If the employee has requested a leave of absence as per one of his labour contracts he is not automatically considered as having taken a leave of absence as per his second labour contract, but rather he has to keep working as required by it and received the stated salary. In relation to this it is suggested that the paid leave of absence as per both contracts is used at the same time. If not, the person could have taken a leave of absence as per his primary labour contract but has to work as per his secondary (part time) labour contract or vice versa. The salary for the time spent in paid leave of absence is also determined separately as per the remunerations stated in each labour contract. The amount of the paid annual leave of absence is determined proportionately to the time spent working as per the particular labour contract (article 23, paragraph 2 of the Regulation on working time, breaks and holidays).

Remuneration for temporary disability:

- *expenditure by the employer for the first 3 days in the cases of full time employment (8 hours) up to the legally set percentage (currently 70%);*
- *expenditure by the employer for the first 3 days in the cases of a secondary labour contract according to article 110 and article 111 of the Labour Code, up to the legally set percentage (currently 70%) based on the remuneration as per the secondary work contract.*

Compensation for unused paid annual leave of absence- eligible expenditure will be the compensation for unused leave of absence accumulated as per a labour contract (primary or secondary) for the time of the project. The right of the project staff to a paid annual leave of absence as per their primary or secondary labour contracts also grants them the right to compensation for unused paid annual leave of absence according to article 224 of the Labor Code, but only if their contract is terminated.

Important: The above mentioned expenditures will be considered eligible when they are supported by documents that can prove them and show the link between them and the particular project.

17. Bank account, expenditure on administering the account, taxes for financial transactions:

The bank account needed for the purposes of the project, opened by the lead beneficiary has to be in Euro due to the fact that the MA transfers funds to the lead beneficiaries in Euro. The account used must provide the necessary traceability of the transactions and accumulated interest (on the amount of the advance payment). In addition, for all the expenditure on the project by all the partners there should be organized an analytical accounting for the purposes of reporting;

Expenditure on administering the bank account and charges for conducted financial transaction - the MA considers as eligible the expenditure by the lead beneficiary on the administering of the bank account (opening, servicing, etc. charges) opened for the purposes of the project. In addition, all expenditure reported by all partners on international financial transaction is considered as eligible. The expenditure on internal transactions as well as exchange rate losses (Euro-local currency) is not eligible expenditure for all the project partners;

18. Accounting of fuel expenditure for the vehicle's with no spending limit set out in Regulation No.3 of normalization of fuel and lubricants for cars and motorcycles.

For calculating the fuel consumption rate two methods may be applied:

1. *To use fuel consumption rate specified in the technical passport of the vehicle. For this purpose it is necessary to*



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attach a copy therefore, verified by the text "certified copy", signature and stamp of the organization.

In case of order for a business trip the information for the respective vehicle should be included - registration number, model, fuel consumption rate (according to the attached copy of the technical passport).

2. *When a vehicle has no technical passport it is necessary to be appoint a commission to execute a test.*

Reasons for execution the test: The vehicles do not have a consumption rate limit established in Regulation No.3/State Gazette No.93 of 1989 and the fuel consumption rate is determined every six months by order. Arrangements for executing the test:

1. *Travel is not less than 100 km.*
2. *A speed limit for the road section and safety for current traffic conditions.*
3. *Before the measurement the vehicles are with full tank with fuel.*
4. *After driving down the defined kilometres, cash register receipt for fuel is submitted to the committee for each vehicle separately.*

After executing the test the committee issued protocol with details indicating the measured performance of each tested vehicle and propose fuel consumption rate of 100 km for establishment.

The fuel consumption rate of movement in Sofia city should be in accordance with Regulation № 3 of 25.09.1989, Article 18, p. 2, published in the State Gazette No.93/01.12.1989.

According to Article 4, paragraphs 2 of Regulation № 3/SG 93/01.12.1989/ next measurement should be execute after six months.

After preparation of protocol of committee and on the basis of Article 22, paragraphs 1 and 2 of Regulation No.3 of 25.09.1989 / SG. 93/01.12.1989 /, the head of the organization shall issue an order which sets the fuel consumption rate for vehicles which will benefit the project.

19. Participation of member of organization and member of the team (at the same time) under the project as lector and trainer on scheduled activities within the project (applicable only to Bulgarian partners)

Members of the project team perform recurrent activities related to organization, coordination, management and reporting the results and progress under the respective project during the project implementation and for this period they are employed under the labour relationships. Supplementary it is allowed in exceptional cases, a member of the team to sign a service contract as natural person in order to perform training as a lector for scheduled activities within the project. In this specific case it will be required to elaborate detailed justification for the reasons leading to these circumstances which shall be attached to the signed contract. Consequently, the service contract shall not engage the service contractor with specified working timeframe but in the specific case the dates for lector training sessions will be specifically scheduled. This means that member of the team under the project shall perform a number of tasks for specific days within different labour relationships and civil contract which leads to practical incompatibility to be carried out, i.e. according to provisions of the Labour Code the maximum working hours allowed per day is 12. In this situation it will be required within the period for which member of the team under the project performs obligations in accordance with supplementary signed service contract (as a natural person but not as a member of the team) to suspend his/her obligations under other labour relationships with the same organization, respectively not to have related labour remuneration.



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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- the former Yugoslav Republic of Macedonia IPA Cross-Border Programme (CCI number 2007CB16IPO007) 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.



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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–the former Yugoslav Republic of Macedonia 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- the former Yugoslav Republic of Macedonia IPA Cross-Border Programme CCI number 2007CB16IPO007) 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-the former Yugoslav Republic of Macedonia 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.



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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-the former Yugoslav Republic of Macedonia IPA Cross-Border Programme (CCI number 2007CB16IPO007)

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

The logo shows the real maps of both neighboring, countries, tied up together with nine golden stars.



IPA Cross-Border Programme
CCI Number 2007CB16IPO007

When a publication on a project, co-financed under the Bulgaria–the former Yugoslav Republic of Macedonia 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 Cross-Border Programme CCI number 2007CB16IPO007. 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



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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. The public documents issued under the project should also respect the visibility rules of the programme.

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-the former Yugoslav Republic of Macedonia Cross-Border Programme (CCI number CB16IPO007), continues to be managed by the same organization (Beneficiary of the programme) the following two options are recommended:



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- 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-the former Yugoslav Republic of Macedonia Cross-Border Programme (CCI number 2007CB16IPO007), 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-the former Yugoslav Republic of Macedonia IPA Cross-Border Programme (CCI number 2007CB16IPO007)”.

8. Modification of Subsidy contract

The Subsidy Contract determines the rights and obligations of the LP and the MA. 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. 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.

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 and will be operated by an addendum to the contract.

The Addendum enters into force on the day of its registration in the Registry system of MA, following the signing by both parties, 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 below, the Lead Partner may make changes with approval or notification of the Managing Authority and without signature of addendum.

The LP is advised to contact the JTS before submission of the Request for modification/notification to the Managing Authority in order to clarify the situation.

The Request for contract modification must be accompanied by the required supporting documents listed below. It should be submitted by the Lead partner to the Managing Authority at the address indicated in the Subsidy contract.

Request for modification of the Subsidy Contract can be submitted to the MA 30 days before the addendum is intended to enter into force. In order the MA to have sufficient time for launching the procedures for approval of the Request for modification, the LP should strive to submit the Request **at least 60 days before expiration of the project implementation period.** Otherwise the request may be rejected.

8.1. Modifications concerning the partnership

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



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In case a partner intends to leave the project, or the partnership decides to debar/replace partner/s, the LP is obliged to contact immediately the JTS before the change is implemented in order to clarify the situation and make sure that the right procedure is followed.

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 the general character (objectives, outputs and results) of the original project is not altered. The partner leaving the 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 rest of the partners.

In case of replacement of a partner, the new partner shall take all (or part of) 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 rest of the partners.

In case of investment project, replacement of partner who has the ownership/lease of the investment object is not allowed.

Amendment of partnership may be requested under the following conditions:

- By changing the partners, the cross-border character of the project must not be altered;
- The new partner must be relevant for the partnership according to the objectives of the project;
- There must be consent of partner/partners on the proposed modification;
- There must be consent of all partners to continue the project implementation;
- The causes of partner/s replacement must be real and objective;
- The new proposed partner/s must meet the eligibility conditions stipulated in the Applicant's Guide;
- The newly proposed partner/s must have financial, technical and administrative capacity, as well as human resources in order to fulfil the activities under the project;
- The new partnership meets eligibility conditions set in the Applicant's Guide;
- Replacement of partner/s within the project must not alter or modify either the general objective or specific objectives of the project, or its results and outputs;
- In case of changes in the project team, the proposed persons have necessary qualifications and competences.

The LP has to submit the following documents to the MA

- *"Request for Contract Modification"* clearly describing and well justifying the reasons for such a modification (1 original signed by the LP legal representative)- *Annex 2*;
- *"Declaration of Withdrawal"* of the partner leaving the project (1 original signed by the legal representative of the affected PP) – *Annex 2.1*, or *"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 signed by the legal representatives of all other PPs);
- *"Revised Application Form"* defining the new division of work by the modification of the work plan and the budget accordingly (1 original signed by the LP legal representative and electronic version);



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- *New “Partnership Agreement”* of the modified partnership (1 original signed by the legal representatives of LP and all other project partners);
- *New “Co-financing Statement(s)”* of the affected partner(s) (1 original per each affected PP signed by the legal representative of the respective PP);
- CVs of the newly proposed team member/s (if any).

In case of request for replacement/introducing of partner(s), the documents proving eligibility and financial, technical and administrative capacity of the new partner(s) as required in the Guidelines for Applicants have to be submitted:

- *Sworn statement* (1 original signed by the new PP/s) - *Annex A7 to the Guidelines for Applicants*;
- *Declaration of commitment* (1 original signed by the new PP/s) – *Annex A8 to the Guidelines for Applicants*;
- *Declaration concerning VAT status* (1 original signed by the new PP/s) - *Annex A9 to the Guidelines for Applicants*
- *Legal documents of the newly proposed partner/s*: Actual legal status or other relevant document, proving the actual legal status of the partner; Decision of the partner's governing body regarding the project implementation and coverage of expenditures related to it; Copy of the partner's national registration code and VAT registration (if applicable); Certificate for lack of obligations. The documents should meet the requirements set in the Applicant's Guide.
- *Decision of the PP/s governing body regarding project implementation* (original or certified by the PP/s that it is a true copy).

The Managing Authority may request additional documents proving eligibility and financial, technical and administrative capacity of the new PP/s.

The modification can be implemented only after it is approved by the JMC. In case of approval of the Request for contract modification, 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 activities and outputs of the modified contract are eligible already from the date of the JMC decision, those costs can be validated only after the Addendum of the Subsidy Contract enters into force.

Changing the Lead Partner, being a contracting party and main responsible for the whole project and partnership towards the IPA Cross-border Programme Bulgaria - the former Yugoslav Republic of Macedonia is a serious and substantial change of the project. Consequently, changing of the Lead Partner has to be formalized with a tripartite agreement between the LP to be replaced, the new LP and the Managing Authority regulating the assignation of the rights, the obligations and the responsibilities under the contract.

Other method for change of the LP is signing of new Subsidy contract. In this case the replaced Lead Partner is fully responsible and liable for the 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. Simultaneously, having in mind that through the implementation of whole of the activities, proposed in the Application form, the project should gain one



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common purpose, the achieving of the original proposed indicators is engagement of the new LP.

The method to be used will be determined case by case depending on the level of the implementation of the project and other essential circumstances.

The modification can be implemented only after it is approved by the JMC. In case of approval of the Request for contract modification, in accordance with the JMC decision, **new Subsidy Contract** will be signed by the 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.

8.2 Modifications concerning the project's content

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 requesting notification to the MA

In case of modifications of the approved project, which will not affect the project's objectives, outputs and results, and will not jeopardize the successful completion of the project, a notification to the MA, preceding the modification, is required.

Although, these types of changes do not lead to signature of an Addendum, the LP is advised to contact the JTS 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 respective Progress Report is accepted by the JTS. The costs related to those changes can be validated only after approval of the respective Progress report.

Modifications requesting approval by JMC and signature of addendum

Modifications in the project **altering the approved objectives, outputs, or results always need approval of the JMC as well as signature of Addendum to the Subsidy Contract**. Such modifications/changes are possible only in "force majeure" circumstances (specified in the Subsidy Contract) or in case of existence of objective circumstances, which make it impossible to achieve the project's objectives, results or outputs.

The LP should immediately contact the JTS 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 has to submit the following documents to the MA:

- ✓ *"Request for Contract Modification"* clearly describing and well justifying the reasons for such a modification (1 original signed by the LP legal representative) - *Annex 2*;
- ✓ Revised *"Application Form"* (1 original signed by the LP legal representative and electronic version).
- ✓ Other documents annexed to the Subsidy contract that should be revised in accordance with the proposed modification (if applicable).



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The Managing Authority may request additional documents proving existence of “force majeure” circumstances or objective circumstances, which make it impossible to achieve the project’s objectives, results or outputs.

The submitted “Request for Contract 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 enters into force.

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.

8.3. Budget changes

8.3.1. Budget reallocation between project partners

All modifications concerning budget reallocation between project partners’ budgets **always need the approval of the JMC, as well as Addendum to the Subsidy Contract.**

Changes between partner’s budgets are allowed within the limit of 20% of the partner’s budget to be changed, with the agreement of all other partners and of the Lead Partner, only after previous approval by the JMC as long as the maximum amount of funding awarded remains unchanged and the major issues of the operation are not affected.

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

- *“Request for Contract Modification”* clearly describing and well justifying the reasons for such a modification (1 original signed by the LP legal representative) - *Annex 2*;
- *“Budget modification table”* - *Annex 2.3*;
- Revised *“Application Form”* with modified budget (1 original signed by the LP legal representative and electronic version);
- New *“Co-financing Statement”* of the affected partner (1 original per each affected PP signed by the PP legal representative).

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

The modification requested can be implemented only after it is approved by the JMC. Although the expenditures related to the modified partners’ budgets are eligible already from the date of the JMC decision, those costs can be validated only after the Addendum of the Subsidy Contract enters into force..

The budget reallocation between budgets of the project partners shall be up to 20% of the partner’s budget to be changed. The 20% limit 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 20 % of the changed partner’s budget.



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8.3.2. Budget reallocation between budget lines

Budget reallocation between budget lines of more than 20% of the smaller budget line is not allowed.

Modifications requesting approval of the MA

Changes between budget lines within the limit of 10% of the smaller budget line can be made, with previous approval of the Managing Authority before the expenditures to be made 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.

After confirmation of the procedure by the JTS, the LP has to submit the following documents to the MA:

- “*Request for Contract Modification*” clearly describing and well justifying the reasons for such a modification (1 original signed by the LP legal representative) - *Annex 2*;
- “*Budget modification table*” - *Annex 2.3*;
- Revised “*Application Form*” with modified budget (1 original signed by the LP legal representative and electronic version).

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

The budget reallocation between budget lines shall be up to 10% of the smaller budget line. The 10% limits shall not be considered separately for each single budget change of the respective budget line. That means that the amount of each new reallocation between budget lines is cumulated to the total amounts of previous reallocations until the cumulated amounts of such reallocations reach 10 % of the original amount of the respective budget line. If several reallocations are done from one bigger budget line to different smaller budget lines, the overall reallocation should not exceed 10% of the bigger line as well.

As reference basis, the original division of expenditure between budget 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 requesting approval by JMC and signature of addendum

The budget reallocation(s) between budget lines between 10% and 20 % of the smaller budget line **always need the approval of the JMC, as well as Addendum to the Subsidy Contract.**

The reallocation requested 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 to the Subsidy Contract enters into force.

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

- “*Request for Contract Modification*” clearly describing and well justifying the reasons for such a modification (1 original signed by the LP legal representative) - *Annex 2*;



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- *"Budget modification table"* - Annex 2.3;
- Revised *"Application Form"* with modified budget (1 original signed by the LP legal representative and electronic version).

The submitted "Request for Contract 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.

Although the expenditures related to the modified budget are eligible already from the date of the JMC decision, those costs can be validated only after the Addendum of the Subsidy Contract enters into force.

The budget reallocation between budget lines shall be up to 20% of the smaller budget line. The 20% limits shall not be considered separately for each single budget change of the respective budget line. That means that the amount of each new reallocation between budget lines is cumulated to the total amounts of previous reallocations until the cumulated amounts of such reallocations reach 20 % of the original amount of the respective budget line.

8.3.3. Budget reallocation inside a budget line

Changes inside a budget line, between budget sub-lines, can be made with the previous approval of the MA, before the expenditures to be made and as long as the total amount of the budget line remains unchanged and the major issues of the operation are not affected.

After confirmation of the procedure by JTS, the LP has to submit the following documents to the MA:

- *"Request for Contract Modification"* clearly describing and well justifying the reasons for such a modification (1 original signed by the LP legal representative) - Annex 2;
- *"Budget modification table"* - Annex 2.3;
- Revised *"Application Form"* with modified budget (1 original signed by the LP legal representative and electronic version).

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

8.4. Extension of project implementation period

All modifications concerning the extension of the project implementation period **always need the approval of the JMC, as well as 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 new project implementation period **cannot exceed the maximum project duration** for the respective area of intervention set in the Application package.

The LP should immediately notify the JTS in case the project implementation is in such delay that the main project activities cannot be accomplished and all project payments made during the implementation period of the project



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and the achievement of the project objectives could be precarious.

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

- *“Request for Contract Modification”* clearly describing and well justifying the reasons for such a modification (1 original signed by the LP legal representative) - *Annex 2*;
- Revised *“Application Form”* (1 original signed by the LP legal representative and electronic version).

The submitted “Request for Contract Modification” will be evaluated by the MA and will be submitted for decision by the JMC.

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

8.5. Administrative changes

Modifications requesting notification to the MA

Modifications concerning the administrative part of the project (change of bank account, contact details, address for communication, legal representative) require only notification to the MA within 15 (fifteen) days following the change with exception of the changes of the project team, where written approval by the MA is requested.

Modifications requesting approval of the MA

Changes in the project team can be made with the previous approval of the MA before the replacement to become effective. **The qualifications and competences of the newly proposed team member(s) have to be higher or equal to those of the already approved member(s), withdrawing from the project.**

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

- *“Request for Contract Modification”* clearly describing and well justifying the reasons for such a modification (1 original signed by the LP legal representative) - *Annex 2*;
- *“Declaration(s) of Withdrawal”* of the member(s) of the project team leaving the project (1 original signed by the member) - *Annex 2.2*, or the “Written Decision of the Partnership” debarring the member(s) of the project team, including the exact date of withdrawal (1 original signed by the legal representatives of all PPs);
- *“CV(s)”* of the newly proposed member(s) of the project team.

In order an effective management of the contract implementation to be ensured, the partners have the opportunity to made expenditures for remuneration of the newly proposed member for the period from the submission of the request for modification to the approval of the amendment. As soon as the MA issues its written approval, the related expenditures could be included in the request for first level control and the respective request for payment, if they are verified by the controller. In case of rejection of the request, the related expenditures are on the account of the project partner.



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8.6. Summary table of types of contract changes and related procedures

| TYPE OF PROJECT CHANGE | PROCEDURE | |
|--|--|---|
| | Approval/Notification of the MA | Approval by JMC |
| Partnership changes | | <ul style="list-style-type: none"> - Submission of Request for Contract Modification by LP to MA; - Evaluation of the Request by the MA; - Submission of the Request to the JMC for approval; - JMC decision; - Addendum to Subsidy Contract |
| Project content changes | | |
| Modifications of the approved project which will not affect the project's objectives, outputs and results and will not jeopardize the successful completion of the project | <ul style="list-style-type: none"> - Submission of Notification to the MA by LP; - Information to be included in the Project Progress Report; - Modification is approved, if the PPR is approved. | |
| Modifications in the project altering the approved objectives, outputs, or results | | <ul style="list-style-type: none"> - Submission of Request for Contract Modification by LP to MA; - Evaluation of the Request by the MA; - Submission of the Request to the JMC for approval; - JMC decision; - Addendum to Subsidy Contract |
| Budget changes | | |
| Budget reallocation between project partners up to 20 % of the partner's budget to be changed | | <ul style="list-style-type: none"> - Submission of Request for Contract Modification by LP to MA; - Evaluation of the Request by the MA; - Submission of the Request to the JMC for approval; - JMC decision; - Addendum to Subsidy Contract |
| Budget reallocation between budget lines | | |
| Reallocation up to 10% limit | <ul style="list-style-type: none"> - Submission of Request for Contract Modification by LP to MA; - Letter for approval or rejection of the Request by the MA. | |



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| | | |
|---|--|--|
| Reallocation above 10 % limit (but up to 20%) | | <ul style="list-style-type: none"> - Submission of Request for Contract Modification by LP to MA; - Evaluation of the Request by the MA; - Submission of the Request to the JMC for approval; - JMC decision; - Addendum to Subsidy Contract. |
| Budget reallocation inside a budget line | | |
| Budget reallocation inside a budget line | <ul style="list-style-type: none"> - Submission of Request for Contract Modification by LP to MA; - Letter for approval or rejection of the Request by the MA. | |
| Extension of implementation period | | |
| Extension of the implementation period | | <ul style="list-style-type: none"> - Submission of Request for Contract Modification by LP to MA; - Evaluation of the Request by the MA; - Submission of the Request to the JMC for approval; - JMC decision; - Addendum to Subsidy Contract. |
| Administrative changes | | |
| Administrative changes | Notification to the MA | |
| Changes in project team | <ul style="list-style-type: none"> - Submission of Request for Contract Modification by LP to MA; - Letter for approval or rejection of the Request by the MA. | |

9. Monitoring and audit of the project

9.1 Monitoring of the projects

The monitoring activities at project level are going to be performed by 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



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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, **ad hoc visits** may also be performed by 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:

| Type of activities | Sources of verification |
|-------------------------|--|
| - 'Works' activities | - 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 and certificates, Environmental Impact Assessment (if applicable), invoices, publicity measures, photos |
| - 'Supply' activities | - tender documentation, supply contract, correspondence, invoices by the supplier, delivery and acceptance protocols, certificates of origin, publicity measures, photos of the equipment delivered. |
| - 'Services' activities | - 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. |

The financial monitoring of the projects will be performed by the controllers

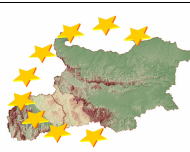
Ex-post on-the-spot visits after contracts' completion

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 ad-hoc without prior notification. During the monitoring visit a comparison must be made, based on the following issues (which are not limited):

In case of **investment activities** carried out:

- description (location) of the object, scope of the constructed/reconstructed facilities; number of rooms/premises and surrounding places renovated; maintenance of the executed construction objects; etc.
- Verification of the executed construction works for compliance with the approved drawings and related



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technical documentation;

- Description of the office and other equipment purchased under the 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, registration number, serial number of the electronic equipment purchased;

- Verification of all original documentation related to the project implementation;
- Verification of the availability and maintenance of information labels/boards/plaques/signs (if applicable), operational web-sites and any other publicity and visibility products and facilities.

In case of “soft measure” projects:

- Description of the activities carried out;
- Ascertaining whether the specific deliveries from the project are properly used and applied by the targeted beneficiaries and/or wider audience (there should be clear evidences for applying of all project outputs);
- Verification of all original documentation related to the project implementation;

9.2. 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.

10. Project closure

10.1 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



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project is realized in due time, etc.)

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

In case the project is completed and the final PPR is approved by the JTS, 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.

Please, note that even the project is considered as closed, irregularities may be discovered (including concerning the sustainability of the project). In such cases recovery procedure will be launched.

10.2. 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. | - <i>Approved Application Form</i> | - <i>original</i> | - <i>copy</i> |
| 2. | - <i>Partnership Agreement (and its amendments)</i> | - <i>original</i> | - <i>original</i> |
| 3. | - <i>Subsidy Contract</i> | - <i>original</i> | - <i>Not relevant</i> |
| 4. | - <i>Amendments of the Subsidy Contract</i> | - <i>original</i> | - <i>Not relevant</i> |
| 5. | - <i>Project Progress Reports</i> | - <i>original</i> | - <i>Not relevant</i> |
| 6. | - <i>Request for Payment</i> | - <i>original</i> | - <i>Not relevant</i> |
| 7. | - <i>Certificate on validation of expenditure</i> | - <i>original</i> | - <i>original</i> |
| 8. | - <i>Each invoice and accounting document of probative value related to project expenditure (originals to be retained at the premises of the project partner concerned)</i> | - <i>only the LP's invoices in original</i> | - <i>only PP's invoices in original</i> |
| 9. | - <i>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</i> | - <i>only the supporting documents of the LP in original</i> | - <i>only the supporting documents of the PP in original</i> |
| 10. | - <i>All project deliverables (materials produced during the project period)</i> | - <i>only the project deliverables of the LP in original</i> | - <i>only the project deliverables of the PP in original</i> |



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| No. | Document | Lead Partner | Project Partner |
|-----|---|--|---|
| 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 |

10.3. 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 (5) 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

10.4 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.

11. 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 with MA and JTS.



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ANNEXES

Annex 1 “Financial Identification form”

Annex 2 “Request for Contract Modification”

Annex 2.1 “Declaration of Withdrawal of PP”

Annex 2.2 “Declaration of Withdrawal of a team member”

Annex 2.3 “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”

Annex 10 “Visibility rules”

Annex 11 “Declaration VAT status”

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

Annex 13 “Request of derogation to the rule of origin”