Practical Guide to contract procedures for EU external actions

GRANTS
Summary

1. Introduction

2. How to award a grant?

3. Contract preparation & management

4. Further information
INTRODUCTION
What is a grant? (1)

Grants are direct financial contributions, by way of donation, from the budget (or EDF) in order to finance:

- An action intended to help achieve a Union policy objective ("action grant")

- Functioning of a body pursuing an aim of general Union interest and supports a European Union policy ("operating grant")
| PROCUREMENT  
**“buying things”** | GRANTS  
**“giving money”** |
|---------------------|----------------------|
| **Purchase of services/supplies/works** | **Object** | **-Action proposed by a potential beneficiary, intended to achieve an EU-policy objective; or**  
**-Functioning of a body** |
| **Contracting Authority** | **Owner of results** | **Grant beneficiary** |
| **100%** | **Financial contribution** | **Co-financing:** % of total eligible/accepted costs. **EU Contribution:** Reimbursement of the actual eligible costs incurred |
| **Profit allowed** | **Profit** | **No profit allowed** |
| **Call for tenders** | **Procedure** | **Call for proposals** |
### Basic Principles in Grants

<table>
<thead>
<tr>
<th>Programming</th>
<th>Transparency</th>
<th>Equal treatment</th>
<th>Non-cumulation</th>
<th>Non-retroactivity</th>
<th>Co-financing</th>
<th>Non-profit</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>What?</th>
<th>Why?</th>
<th>Exceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PRAG 6.2**
2 HOW TO AWARD A GRANT?
How to award a grant? (1)

Call for Proposals

• Restricted calls (rule) – 2 phases

• Open calls (exception) – 1 phase (prior approval)

• Which elements would justify an open call?
How to award a grant? (1)

Exceptions where direct award may be allowed:

• for the purposes of humanitarian aid, civil protection, crisis management aid
• under emergency assistance provided for in Arts. 72 and 73 of Cotonou
• urgency or crisis situation
• de jure or de facto monopoly
• mention in basic act
• actions with specific characteristics which require a particular body
• RTD to bodies identified in the annual work programme
• No longer for grants below 10000 euro!

Negotiation report to be produced!
Evaluation and contract award: Steps

1. Publicity
   - Receipt, registration, opening & administrative check
   - Evaluation of the quality of the concept notes - Report

2. Letter of invitation to submit a full proposal
   - Receipt, registration, opening & administrative check
   - Evaluation of technical & financial quality of the proposal - Report

3. Eligibility
   - Committee’s recommendations - Report

4. Contract preparation & signature
   - Publicity
PUBLICITY

Annual Work Programme

DEVC0 website before 31st of March

Call for proposals: Guidelines for applicants (1)

DEVC0 website and in any other appropriate media

A paper copy has to be made available by the Contracting Authority on request

Information day

PRAG 6.4.1
Publicity: Guidelines for applicants (2)

Include application form and other annexes (standard contract, budget etc) and

- the objectives of the programme
- the priority and themes to be funded
- the available financial contribution and size of grants
- number of concept notes that will be selected
- eligibility rules (nationality and type of entity)
- the selection and award criteria
- the procedures to be followed by applicants
- the possibility and options of financial support and sub-contracting
- mono-beneficiary / multi-beneficiary / affiliated entities
Timeline of a restricted Call for Proposals

Annual Work Programme

Preparation of CN and Clarifications

Guidelines for Applicants

Reception of Concept Notes

Short-list of best Concept Notes and invitation to submit Full Proposals

Evaluation of CN

Reception of Full Proposals

Evaluation Report and information to applicants

Preparation of Full Proposals

Signature of Grant Contracts

Contract Preparation

45 days*

45 days*

180 days**

60 days**

* These periods may be extended by the Contracting Authority, they may also be reduced but a derogation is needed in this case

** These periods do not apply in the case of complex actions or where a large number of proposals has been received
Timeline of an open Call for Proposals

Annual Work Programme

GUIDELINES for Applicants

Preparation of Proposals and Clarifications

Reception of FULL PROPOSALS

Evaluation of Proposals

Evaluation Report and information to applicants

90 days*

180 days**

Signature of GRANT CONTRACTS

Contract Preparation

60 days**

*- This period may be extended by the Contracting Authority, they may also be reduced but a derogation is needed in this case

**- These periods do not apply in the case of complex actions or where a large number of proposals has been received
Evaluation and contract award
Evaluation Committee

Odd number of voting members + chairperson & secretary
Use of assessors
Appointment
Competences
Independence
Responsibilities
Impartiality and confidentiality
Evaluation and contract award
Restricted Call (two phases)

(1) Opening + administrative check & Evaluation of the concept note
- selection of concept notes
Invitation to submit a full proposal

(2) Opening + administrative check & Evaluation of the full proposals
- provisional selection of proposals & reserve list & request submission of supporting documents*

(3) Eligibility verification of the supporting documents & final selection of proposals

(4) Publication of the award notices
3

CONTRACT PREPARATION & MANAGEMENT
Contract preparation

Budget

- Arithmetical errors / ineligible costs
- **Other corrections** (mandate from Evaluation Committee!)

Contractual deadlines

- Action implementation period
- Contract execution period
- Eligibility period

No negotiation allowed!!
Standard grant contract

Special Conditions

- Options for payments in Article 4 (principle: one payment per year, one report per payment)
- Article 7 for any supplement or approved derogation

Annexes

I Description of the Action
II General Conditions
III Budget
IV Contract award procedures
V Standard request for payment and financial identification form
VI Templates for narrative and financial reports
(VII Expenditure verification report)
(VIII Financial guarantee form)
(IX Standard template for Transfer of Ownership of Assets)
Budget

Eligible costs must meet all the following criteria:

- be incurred by a beneficiary to the contract (or by an affiliated entity)
- be necessary
- indicated in budget
- identifiable and verifiable
- be reasonable and justified (economy and efficiency)

incurred during the implementation of the action (exceptions: costs relating to final report and expenditure verification)

No mention on simplified?
Eligible costs: Categories

**Direct costs**, for example

- **Cost of staff assigned to the action** (salaries and remuneration-related costs normally borne by the beneficiary)
- **Travel and per diem**
- **Purchase or rental of equipment and supplies, cost of services**
- **Subcontracting expenditure**
- **Other costs deriving from the action** (translation, reproduction, dissemination activities, insurance & financial guarantees)
Budget

**Indirect costs:**
max 7% to cover administrative overheads

**Contingencies:**
max 5% to be used only after prior approval by the Contracting Authority
## Budget for the Action

### All Years

<table>
<thead>
<tr>
<th>Costs</th>
<th>Unit</th>
<th># of units</th>
<th>Unit value (in EUR)</th>
<th>Costs (in EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Human Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Salaries (gross salaries including social security charges and other related costs, local staff)³</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1.1 Technical</td>
<td>per month</td>
<td>12</td>
<td>4.000</td>
<td>48.000</td>
</tr>
<tr>
<td>1.1.2 Administrative/ support staff</td>
<td>UNIT COST per month</td>
<td>12</td>
<td>3.500</td>
<td>42.000</td>
</tr>
<tr>
<td>1.3 Per diems for missions/travel⁵</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3.1 Abroad (staff assigned to the Action)</td>
<td>per diem</td>
<td>60</td>
<td>100</td>
<td>6.000</td>
</tr>
<tr>
<td>1.3.2 Local (staff assigned to the Action)</td>
<td>UNIT COST per diem</td>
<td>200</td>
<td>20</td>
<td>4.000</td>
</tr>
<tr>
<td><strong>Subtotal Human Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>100.000</strong></td>
</tr>
<tr>
<td><strong>2. Travel⁶</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1. International travel</td>
<td>Per flight</td>
<td>5</td>
<td>1.000</td>
<td>5.000</td>
</tr>
<tr>
<td>2.2 Local transportation</td>
<td>UNIT COST Per month</td>
<td>12</td>
<td>200</td>
<td>2.400</td>
</tr>
<tr>
<td><strong>Subtotal Travel</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>7.400</strong></td>
</tr>
<tr>
<td><strong>4. Local office</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1 Vehicle costs</td>
<td>Per month</td>
<td></td>
<td></td>
<td>2.700</td>
</tr>
<tr>
<td>4.2 Office rent</td>
<td>Per month</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.3 Consumables - office supplies</td>
<td>Per month</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.4 Other services (tel/fax, electricity/heating, maintenance)</td>
<td>Per month</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Local office</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>2.700</strong></td>
</tr>
<tr>
<td><strong>5. Other costs, services⁸</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.1 Publications⁹</td>
<td></td>
<td></td>
<td></td>
<td>8.000</td>
</tr>
<tr>
<td>5.2 Studies, research⁹</td>
<td>LUMP SUM</td>
<td></td>
<td></td>
<td><strong>8.000</strong></td>
</tr>
<tr>
<td><strong>Subtotal Other costs, services</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>8.000</strong></td>
</tr>
</tbody>
</table>
Contract management (1)

Modifying grant contracts
  General principles
  Addendum

Modifying the budget unilaterally
  Transfer between main budget headings up to 25% of the initial budget
  Not affecting the action

Procurement by grant beneficiaries

Subgranting

PRAG 6.7-8, General conditions art 9.2
### Grants

#### Annex IV

<table>
<thead>
<tr>
<th>Service Contracts</th>
<th>≥ € 300 000 (International restricted tender procedure)</th>
<th>&lt; € 300 000 but &gt; € 60 000</th>
<th>Competitive negotiated procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Contracts</td>
<td>≥ € 300 000 (International open tender procedure)</td>
<td>&lt; € 300 000 but ≥ € 100 000</td>
<td>- Local open tender procedure</td>
</tr>
<tr>
<td></td>
<td></td>
<td>≥ € 100 000 but &gt; € 60 000</td>
<td>- Competitive negotiated procedure</td>
</tr>
<tr>
<td>Works Contracts</td>
<td>≥ € 5 000 000 (International open tender procedure) or</td>
<td>&lt; € 5 000 000 but ≥ € 300 000</td>
<td>Local open tender procedure</td>
</tr>
<tr>
<td></td>
<td>- International restricted tender procedure</td>
<td>&lt; € 300 000 but &gt; € 60 000</td>
<td>Competitive negotiated procedure</td>
</tr>
</tbody>
</table>

For contracts of ≤ € 60 000 the Beneficiary’s procedures may be used.
Implementation Period and Execution Period

Contract Execution Period

Contract Signature
Agreed date to start the action
End of action
Final Payment

Exceptions PRAG

Contract Modifications
Records to be kept for 5 years
4 FURTHER INFORMATION
PRAG... and annexes!
http://ec.europa.eu/europeaid/work/procedures/implementation/index_en.htm

DEVCO Companion
http://www.cc.cec/dgintranet/europeaid/contracts_finances/guides/companion/Pages/index_en.htm

Capacity4Dev Procedures Group
Register at: http://capacity4dev.ec.europa.eu/og/ec-invitation/d5H7qs

FAQs, Frequently Asked Questions

Finance and Contract Unit at each Directorate + R3 Contracts Helpdesk + Suggestions Box