

Project BG 2003/004-937.05.01
Implementation of the pre-accession commitments of Republic of Bulgaria in the area of occupational safety and health



MINISTRY OF LABOUR AND SOCIAL POLICY



PHARE PROGRAMME 2003/004-937.05.01
Implementation of the pre-accession commitments in the area of occupational safety and health

Guidelines for grant applicants responding to the call for proposals
for 2005

Budget line BG 2003/004-937.05.01

Table of Contents

1.	THE IMPLEMENTATION OF THE PRE-ACCESSION COMMITMENTS OF REPUBLIC OF BULGARIA IN THE AREA OF OCCUPATIONAL SAFETY AND HEALTH PROGRAMME	2
1.1	Background.....	2
1.2	Programme 2004-2007 – objectives and priorities.....	3
1.3	Financial allocation provided by the contracting authority	4
2.	RULES OF THIS CALL FOR PROPOSALS	5
2.1	Eligibility criteria	5
2.1.1	Eligibility of applicants: who may apply.....	5
2.1.2	Partnership and eligibility of the partner/partners	7
2.1.3	Eligible actions: actions for which an application may be made	7
2.1.4	Eligibility of costs: costs which may be taken into consideration for the grant	8
2.2	How to apply, and the procedures to follow.....	10
2.2.1	Application form and supporting documents.....	10
2.2.2	Where and how to send the applications	11
2.2.3	Deadline for receipt of applications.....	12
2.2.4	Further information	12
2.2.5	Acknowledgement of receipt of applications.....	12
2.3	Evaluation and selection of applications.....	13
2.4	Notification of the contracting authority's decision	16
2.5	Conditions applicable to implementation of the action following the contracting authority's decision to award a grant.....	16
2.6	Monitoring and assessment.....	19
2.6.1	Types of monitoring and assessment	19
2.6.2	Monitoring visits	19
2.6.3	Project Reports	19
2.6.4	On-the-spot Checks	20
3.	LIST OF ANNEXES.....	21

1. THE IMPLEMENTATION OF THE PRE-ACCESSION COMMITMENTS OF REPUBLIC OF BULGARIA IN THE AREA OF OCCUPATIONAL SAFETY AND HEALTH PROGRAMME

1.1 BACKGROUND

The 2004 Regular report on Bulgaria's progress towards accession states that on social policy and employment, progress has continued in alignment with the *acquis*. Further efforts for the effective implementation of the transposed legislation need to be undertaken in particular in labour law, occupational safety and health, public health. Furthermore, administrative capacity needs to be strengthened.

The report also states that some progress has been made in the area of health and safety at work. During the reference period, relevant legislation was adopted with a view to transposing the *acquis* on carcinogens and mutagens, on risks related to chemical agents, on minimum safety and health requirements for work on board fishing vessels and on the use of working equipment.

A plan for strengthening the administrative capacity of the General Labour Inspectorate (GLI) in the period 2004-2007 was approved in April 2004. According to information by GLI, the occupational injury rate dropped by eight percent in 2003 as compared with 2002. A methodology for the envisaged impact assessment of the relevant *acquis* was approved in December 2003.

The key problems in the area of occupational safety and health are mainly disparities between the national legislation and EU requirements, gaps in the organisation of work of administrative structures, inadequate infrastructure and lack of technical equipment.

One of the problematic issues within the area of health and safety at work has been identified as:

Lack of health-and-safety-at-work equipment in the sectors with high occupational risk.

Most Bulgarian enterprises (especially those from the industries with high occupational hazard levels) have equipment which is inadequate and incompliant with the modern requirements for health and safety at work. This may be the result of the following:

- ✓ Use of physically and morally outdated production processes;
- ✓ Lack of financial resources for the introduction of new technological equipment.

The data shows that the usage of outdated and old production equipment leads to an increase in the occupational diseases and in the number of the production failures.

The highest occupational risk branches are the mining industry, the chemical industry, the metallurgy and the construction industry.

The target industry of this Grant scheme is the chemical industry, more precisely, the manufacture of rubber and plastics products.

Detailed information on the occupational safety and health and the working conditions in the enterprises producing plastics and rubber products is available at the web-page: www.mlsp.government.bg

Institutional project framework:

- **Ministry of Labour and Social Policy (MLSP)** is the Implementing Agency for this Programme, referred to in this document as the Contracting Authority and shall be responsible for the administrative and financial implementation of the Programme. MLSP fulfils the functions of an Implementing Agency through its Directorate European Funds and International Programmes and Projects.

- The **Executive Agency General Labour Inspectorate (GLI)**, hereinafter referred to as the Project Implementation Unit (PIU), is responsible for the technical implementation of the project.

- **Regional Structures of the MLSP and of the GLI** based in the district centres in Bulgaria will play an active role in promoting the project activities and in its technical implementation.

1.2 PROGRAMME 2004-2007 – OBJECTIVES AND PRIORITIES

Programme objectives:

- To contribute to the implementation of Bulgaria's pre-accession commitments in the area of health and safety at work and the transposition of the EU directives in the field of health, safety and hygiene at work.
- To introduce EU health-and-safety-at-work requirements and standards in the chemical industry.

The project is in conformity with the following **priorities** laid down in the NPAA:

- Further harmonization of the Bulgarian legislation in the field of "Safety and Health at Work" with the EU legislation and preservation of the ability to work and the health of the labour force and the population through ensuring safety and health at work
- Enforcement of the harmonized (with the EU) legislation in the field of occupational safety and health and preservation of the ability to work and the health of the labour force and the population through ensuring safety and health at work

In addition the project is consistent with the following **key priority** set out in the Accession Partnership:

- Continue alignment of the social acquis in particular on equal treatment for women and men and health and safety at work and develop implementation capacity including the strengthening of the labour inspectorates.

The proposed activities in this project are coherent with the goals under the Chapter 3 "Social security policy and industrial relations", point G "Promotion of Occupational Safety and Health working conditions" of the Government Programme:

- Elaboration and adoption of forms and methods that will ensure "the well-being at work" and the motivation for the adoption of occupational safety and health working conditions within the enterprises;
- Creation of a model and insurance of the needed resources for the adoption of the new norms and standards when transposing the European directives into the national legislation.

This Project will contribute directly for the effective introduction of aligned (with EU) legislation in the area of health and safety at work, as well as for sustaining the work capacity and health of the work force and the population by providing health and safety at work.

1.3 FINANCIAL ALLOCATION PROVIDED BY THE CONTRACTING AUTHORITY

The overall indicative amount made available under this call for proposals is **EUR 930 000**. The Contracting Authority reserves the right not to award all available funds.

The grant scheme will add to the financial funds of the enterprises for the purposes of adoption of the current occupational safety and health (OSH) conditions. The enterprises can also apply for funds from the National Working Conditions Fund, in accordance to the OSH Act.

Size of the grants

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

- minimum amount: 10 000 Euro
- maximum amount: 50 000 Euro

A grant **may not exceed 60 %** of the total eligible costs for the action (see also section 2.1.4). The balance must be financed by the applicant from his own resources or from sources other than the budget of the European Community (e.g. the National Working Conditions Fund).

2. RULES OF THIS CALL FOR PROPOSALS

These guidelines set out the rules for the implementation of the Grant Scheme, in conformity with the provisions of the Practical Guide to Contract Procedures financed by the general budget of the European Communities in the context of the external actions, available on the Internet at this address:

http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm

2.1 ELIGIBILITY CRITERIA

The eligibility criteria are grouped in four sets, relating to:

- organisations which may apply for a grant,
- actions for which a grant may be awarded,
- target industry for which a grant may be awarded,
- types of cost which may be taken into account in setting the amount of the grant.

2.1.1 Eligibility of applicants: who may apply

(1) In order to be eligible for a grant, the applicant organization must meet the following requirements:

- be duly registered before 1st of January 2004 in accordance with the relevant Bulgarian legislation;
- be a small or medium-sized enterprise¹;
- have its main place of business and its headquarters on the territory of the Republic of Bulgaria;
- have as its main economic activity one or more of the activities listed below, as determined in the National Classification of Economic Activities (NCEA):

NCEA 25. Manufacture of rubber and plastics products

NCEA 25.1. Manufacture of rubber products;

NCEA 25.11. Manufacture of tyres and tubes;

NCEA 25.12. Retreading and rebuilding of rubber tyres;

NCEA 25.13. Manufacture of other rubber products;

NCEA 25.2. Manufacture of plastics products;

NCEA 25.21. Manufacture of plastic sheets, plates, pipes and profiles;

¹ The SMEs Act gives a comprehensive definition of SMEs, which will be strictly observed. The term “small and medium-sized enterprises” or “SMEs” in this document is used in compliance with the Bulgarian SMEs Act. The criteria is presented in the table below:

Criterion	Micro enterprise	Small enterprise	Medium enterprise
Average annual number of employed	Less than 10	Less than 50	Less than 250
Annual turnover	-----	Up to 5 000 000 BGL	Up to 15 000 000 BGL
Value of fixed tangible assets	-----	OR Up to 1 000 000 BGL	OR Up to 8 000 000 BGL

NCEA 25.22. Manufacture of plastic articles for the packing of goods;
NCEA 25.23. Manufacture of plastic products for construction;
NCEA 25.24. Manufacture of other plastic products;

- be directly responsible for project preparation and management and not acting as an intermediary;

- have sufficient financial capacity and be able to provide co-financing amounting to at least 40% of the total costs of the action (in addition to the Programme grant, amounting to a maximum of 60% of all eligible costs of the action).

The Grant may not have the purpose or effect of producing a profit for the beneficiary. Profit is defined as a surplus of aggregate receipts over costs for the action in question at the time when the request is made for final payment of a grant for an action.

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

- (a) they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in the national legislation or regulations;
- (b) they have been convicted of an offence concerning professional conduct by a judgement which has the force of *res judicata* (i.e. against which no appeal is possible);
- (c) they are guilty of grave professional misconduct proven by any means which the Contracting Authority can justify;
- (d) they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the Contracting Authority or those of the country where the action is to take place;
- (e) they have been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Communities' financial interests;
- (f) they have been declared to be in serious breach of contract for failure to comply with their contractual obligations in connection with a procurement procedure or other grant award procedure financed by the Community budget.

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

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

In the cases referred to in points (a), (c), (d), (f), (h) and (i) above, the exclusion applies for a period of two years from the time when the infringement is established. In the

cases referred to in points (b) and (e), the exclusion applies for a period of four years from the date of notification of the judgment.

Applicants must supply with their applications a sworn statement that they do not fall into any of the above categories (a) to (i).

2.1.2 Partnership and eligibility of the partner/partners

Partnership is not applicable under this grant scheme.

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

Size of the grant

There are no restrictions of the total cost of the action. However, the Contracting Authority's grant applied for must be within the minimum and maximum grant amounts set out in section 1.3 above.

Duration

The duration of an action may not exceed 12 months and the project must be completed not later than 1 June 2007 irrespective of its starting date.

Location

Actions must take place in Bulgaria.

Type of actions

The project may cover:

- a) the purchase of new or second-hand technological equipment/ technology/product or upgrading/improving existing equipment/technology/product with the aim to improve the working conditions according to the OSH requirements, for example:
 - design and setup of automated production lines and/or their upgrade;
 - design and setup of systems for dosage and pneumotransport of raw materials and/or upgrade of the existing ones;
 - mechanisation of storage facilities (in order to minimize/eliminate manual handling of loads);
 - upgrading of manufacturing equipment; etc.

- b) purchase of collective protective equipment or upgrade of the existing one, such as:
 - setup of common-exchange ventilation and local aspiration systems to the technical equipment and/or upgrade of the existing ones;
 - equipment for reduction of the levels of noise;
 - systems for alerting in case of emergency;
 - purchase of sheltered mixers;
 - purchase and setup of nuclear sensors, thermo insulating coatings, gas alerting sensors and systems, etc.;
 - setup of noise insulating screens and walls;

- purchase and setup of air-conditioning installations and equipment, etc;
- c) reconstruction of premises with the aim to improve the working conditions according to the OSH requirements, for instance:
- design, construction and/or reconstruction of sanitary premises;
 - design, construction and/or reconstruction of rest rooms;
 - widening the production premises in order to conform with the requirements on safety and health of the machinery and equipment;
 - upgrade of the illumination, dust removal, etc. systems at the work place in order to normalize the factors of the working environment;
 - design, construction and/or reconstruction of noise insulated premises, etc.

The equipment, the installations and/or the materials that are envisaged to be purchased under the project proposal, must conform to the requirements of the Law on Technical Requirements for Products (State Gazette No. 86/01.10.1999, effective since 04.10.1999; amended State Gazette No. 63/2002; supplemented State Gazette No. 107/2003, effective since 10.05.2004).

N.B. The equipment purchased under this project should be used as intended and remain property of the beneficiary for at least 5 years after the end of the action in accordance with Art. 7.1.1 of the Special Conditions.

The following types of actions are ineligible:

- actions that have started before the signing of the grant contract;
- actions with provisions for financing the usual (routine) activities of the target enterprises, especially covering their current costs;
- actions, which provide only theoretical training on OSH;
- stand-alone scientific research on OSH;
- charitable donations;
- study tours abroad or in-country;
- activities financed by another Phare project - there can be no double financing of activities proposed under this action;

Target groups:

The eligible target groups under this call for proposals are the employees in the enterprises from the chemical industry producing rubber and plastic products.

Number of proposals and grants per applicant

An applicant may submit only one proposal.

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

Approval to award a grant will be given to those proposals for which the checking process preceding the signing of the contract does not reveal problems requiring

changes to the budget. Such check may give rise to requests for clarification and may lead the Contracting Authority to impose budget reductions.

It is therefore in the applicant's interest to provide a realistic and cost-effective budget, on the basis of a clear and detailed description of the budget costs.

The proposed budget must be justified by a comprehensive needs assessment and accompanied by Technical Specifications for the equipment to be supplied under the grant.

Eligible direct costs

To be eligible under this call for proposals the costs must:

- be necessary for carrying out the action, be provided for in the contract annexed to these Application Guidelines and comply with the principles of sound financial management, in particular value for money and cost-effectiveness;
- have actually been incurred by the Beneficiaries during the implementing period for the action (as defined in Article 2 of the Specific Conditions), whatever the time of actual disbursement by the Beneficiary; this does not affect the eligibility of final audit costs;
- be recorded in the Beneficiary's accounts and tax documents, be identifiable and verifiable, and be backed up by originals of supporting documents.

Subject to those conditions and, where relevant, the contract-award procedures being respected, eligible direct costs include:

- the costs of purchasing of new or second-hand technological equipment/technology/product or upgrading an existing equipment/technology/product, and the related services (installation, testing, training, after-sales services, maintenance), provided that they correspond to market rates;
- the costs of purchasing of collective protection equipment or upgrading of the existing such;
- the costs for reconstruction of premises if this is strictly necessary for improving the OSH conditions at work; however, such costs should be covered by the applicants co-financing contribution and not by the grant provided under this project;
- sub-contracting expenditure;
- costs arising directly from the requirements of the contract as audit costs and financial service costs (in particular the costs of bank transfers and financial guarantees);

Ineligible costs

The following costs are not eligible:

- salaries, per diems, travel, local office/action costs, administrative costs
- debts and provisions for losses or debts;
- interest owed;
- activities and items already financed in another framework;
- costs incurred by the Beneficiary prior to forwarding the proposal;
- purchases of land or buildings;
- exchange rate losses;
- taxes, including VAT;
- any other costs related to ineligible activities under this grant scheme.

IMPORTANT!

The total eligible costs of the actions must be calculated without VAT.

Contributions in kind

Any contribution in kind made by the Beneficiary, which must be described in detail in Annex B, does not represent an actual expenditure and is not considered eligible. Such contribution may not be treated as co-financing by the Beneficiary.

However, the Beneficiary must undertake to make such a contribution as stated on the application form if the grant is awarded.

2.2 HOW TO APPLY, AND THE PROCEDURES TO FOLLOW

2.2.1 Application form and supporting documents

Applications must be submitted on the application form annexed to these Guidelines (Annex A). The application form is available for downloading on the web-site of the Ministry of Labour and Social Policy (MLSP):

<http://www.mlsp.government.bg>

and the web-site of the Executive Agency "General Labour Inspectorate" (EA "GLI"):

<http://git.mlsp.government.bg>

Applicants should follow strictly the format of the application and fill in the pages in the given order. Applicants must submit their applications **in English**.

Please, complete the application form carefully and as clearly as possible so that the proposal can be assessed properly and in its entirety. Be precise and provide enough detail on how you plan to implement the action, the benefits that will flow from it and the way in which it is relevant to the programme's objectives.

IMPORTANT!

Hand-written applications will not be accepted.

Supporting documents

Application form must be accompanied by the following supporting documents:

- Attachment 1:** A copy of the court registration of the applicant organization – in Bulgarian, Notary certified;
- Attachment 2:** The applicant's annual balance sheet and profit and loss account for the financial year 2004 certified in accordance with the provisions of the Bulgarian legislation – in English;
- Attachment 3:** Copy of the VAT registration (if the applicant is VAT registered), Copy of the tax registration and a copy of the BULSTAT registration; - in Bulgarian
- Attachment 4:** Statements for lack of debts from the National Social Security Institute (NSSI) and the respective "Tax administration" Directorate) – in Bulgarian;
- Attachment 5:** Profile of the applicant or an executive summary of the applicant (incl. catalogues and/or other printed materials) - in English;
- Attachment 6:** A summary about the situation of the health and safety at work at the applicant's enterprise in English covering the following points:
- availability of risk assessment and needs assessment;
 - programme for risk elimination ;
 - most recent measurements of the work environment factors;
- Attachment 7:** Valid legal standing court certificate in Bulgarian, Notary certified;
- Attachment 8:** Technical specifications for the equipment to be purchased under the action – in English;

The supporting documents requested must be supplied in the language indicated above in the form of originals or photocopies Notary certified as indicated.

2.2.2 Where and how to send the applications

Applications must be received in a sealed envelope and may be sent by registered mail, courier or by hand-delivery (a signed and dated certificate of receipt will be given to the deliverer of the proposal) to the following address:

**Ministry of Labour and Social Policy
"European funds, international programmes and projects" Directorate
2, Triaditza Str.
Sofia 1051
BULGARIA**

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

Applications (the application form, the budget, the logical framework and the supporting documents) must be submitted **in one signed original and two hard copies - in English.**

The application form and the Annexes must be submitted also in electronic format (on a diskette).

The envelope must bear the following:

- The reference number of the call for proposals (e.g. PHARE 2003/OSH/GRANTS);
- The full name of the applicant;
- The full address of the applicant;
- The words "NOT TO BE OPENED BEFORE THE OPENING SESSION" and "ДА НЕ СЕ ОТВАРЯ ПРЕДИ НАЧАЛОТО НА СЕСИЯТА ПО ОТВАРЯНЕ НА ПРЕДЛОЖЕНИЯТА".

Applicants should verify that their application is complete by comparing it with the checklist included in the application form.

2.2.3 Deadline for receipt of applications

The deadline for the receipt of applications is **08 June 2005 at 16.00 h.**

IMPORTANT!

Any application received after the deadline will be automatically rejected even if the postmark indicates a date preceding the deadline or if the delay is due to the courier service.

2.2.4 Further information

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

Web address: <http://www.mlsp.government.bg>

Fax: 981 69 78

Replies will be received no later than 11 days before the deadline.

Questions that may be relevant to other applicants, together with the answers, will be published on the internet at the following web-site: <http://www.mlsp.government.bg>.

2.2.5 Acknowledgement of receipt of applications

Following the proposal opening session, the Contracting Authority will send an acknowledgement of receipt to all applicants, indicating whether or not their application was received prior to the deadline and informing them of the reference number allocated to their applications.

2.3 EVALUATION AND SELECTION OF APPLICATIONS

Applications will be examined and evaluated by the Contracting Authority with the possible assistance of external assessors. All actions submitted by applicants will be assessed according to the following criteria:

(1) Administrative compliance

- Verification is undertaken to check if the application is complete in accordance with the checklist (see Application Form);

IMPORTANT!

Each incomplete application will be disqualified from the evaluation process. Omissions cannot be rectified. If any information or document is missing, the application will be rejected.

(2) Eligibility of the applicants and actions

- Verification is undertaken to check if the applicant and the action are eligible according to the criteria set out in section 2.1.1, 2.1.2 and 2.1.3.

(3) Evaluation of the quality of the proposals and financial evaluation

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

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

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

The award criteria allow the quality of the proposals submitted to be evaluated in relation to the objectives and priorities set, and grant to be awarded to actions which maximise the overall effectiveness of this call for proposals. They cover such aspects as the relevance of the action, its consistency with the objectives of programme with the call for proposals, quality, expected impact, sustainability and cost-effectiveness.

Please note the following important information:

Scoring:

The evaluation criteria are divided into sections and subsections. The applications with the highest scores will be given priority when grants are awarded.

Note on Section 1. Financial and operational capacity

If a total score lower than "satisfactory" (10 points) is obtained for Section 1, the proposal will not be evaluated further.

Note on Section 2. Relevance

If a total score lower than "good" (20 points) is obtained for section 2, the proposal will not be evaluated further.

IMPORTANT!

Any attempt by an applicant to influence the process in any way (whether by initiating contact with member/members of the Evaluation Committee/assessors or otherwise) will result in the immediate exclusion of the applicant's proposal from further consideration and in exclusion of the applicant organization from participating in calls for proposals for a period of 2 years.

Evaluation Grid

Section	Maximum Score	Application Form
1. Financial and operational capacity	15	
1.1. Do the applicant have sufficient technical expertise ? (notably knowledge of the issues to be addressed by the action.)	3	II.4.1
1.2. Do the applicant have sufficient management capacity ?	5	II.4.2
1.3. Does the applicant have stable and sufficient sources of finance ?	7	II.4.2
2. Relevance	25	
2.1. How relevant is the proposal to the objectives and one or more of the priorities of the call for proposals? Note: Score 5 (very good) is given only if the proposal addresses at least one of the priorities .	5	I.1.6(a)(b)
2.2. How relevant to the particular needs and constraints of the target industry is the proposal? (including avoidance of duplication and synergy with other EC initiatives.)	5	I.1.6(c)
2.3. How clearly defined and strategically chosen are those involved (final beneficiaries, target groups)	5	I.1.6(e)
2.4. Have the needs of the target groups proposed and the final beneficiaries been clearly defined and does the proposal address them appropriately?	5	I.1.6 (c)(f)
2.5. Does the proposal contain specific elements of added value, such as innovative approaches, models for good practice, promotion of gender equality and equal opportunities, environmental protection?	5	Passim
3. Methodology	25	
3.1. Are the activities proposed appropriate, practical and consistent with the objectives and expected results?	5	I.1.7
3.2. How coherent is the overall design of the action? (in particular, does it reflect the analysis of the problem addressed, take into account external factors and anticipate an evaluation ?)	5	I.1.8
3.3. Is the target groups' and final beneficiaries' level of involvement and participation in the action satisfactory?	5	I.1.8(e)
3.4. Is the action plan clear and feasible?	5	I.1.9
3.5. Does the proposal contain objectively verifiable indicators for the outcome of the action?	5	Logical Framework
4. Sustainability	15	
4.1. Is the action likely to have a tangible impact on its target groups?	5	I.2.1
4.2. Is the proposal likely to have multiplier effects ? (including scope for replication and extension of the outcome of the action and dissemination of information.)	5	I.2.2 & I.2.3
4.3. Are the expected results of the proposed action sustainable : - financially (<i>how will the activities be financed after the EC funding ends?</i>) - institutionally (<i>will structures allowing the activities to continue be in place at the end of the action?</i>) - at policy level (<i>where applicable</i>) (<i>what will be the structural impact of the action – e.g. will it lead to improved legislation, codes of conduct, methods, etc?</i>)?	5	I.2.4
5. Budget and cost-effectiveness	20	
5.1. Is the ratio between the estimated costs and the expected results satisfactory?	10	I.3
5.2. To what extent is the proposed expenditure necessary for the implementation of the projects actions?	10	I.3
Maximum total score	100	

2.4 NOTIFICATION OF THE CONTRACTING AUTHORITY'S DECISION

Applicants will be informed in writing of the Contracting Authority's decision concerning their application. A decision to reject an application or not to award a grant will be based on the following grounds:

- the application was received after the closing date;
- the application was incomplete or otherwise non-compliant with the stated administrative conditions;
- the applicant was not eligible;
- the action was ineligible (e.g. the action proposed is not covered by the programme, the proposal exceeds the maximum duration allowed, the requested contribution is higher than the maximum allowed, the target groups are not eligible, etc.);
- the proposal was not relevant enough or the applicant's financial and operational capacity was not sufficient, or the proposals selected were considered superior in these respects;
- the proposal was considered technically and financially inferior to the proposals selected.

The Contracting Authority's decision to reject an application or not to award a grant is final.

The Contracting Authority intends to announce its decision following the completion of the award procedure at the end of November 2005. This date is indicative only.

For further details about the procedure for evaluation of the proposals and contracting see Practical Guide to Contract Procedures financed from the general EC budget within the context of the external actions, available on the Internet at the following web-site:

http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm

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

Following the decision to award a grant, the Beneficiary will be offered a contract based on the Contracting Authority's standard contract annexed to these Guidelines (Annex D).

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

Final amount of the grant

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

The final accounts must be audited in accordance with Art. 7.2.1 of the Special Conditions.

Failure to meet the objectives

If the Beneficiary fails to implement the action as undertaken and agreed in the contract, the Contracting Authority reserves the right to suspend payments, and/or to terminate the contract (see Article 11 of the General Conditions). The Contracting Authority's contribution may be reduced, and/or the Contracting Authority may demand full or partial repayment of the sums already paid, if the Beneficiary does not fulfil the terms of the contract (see Articles 11.4 and 17.4 of the General Conditions).

Amendments to the contract and variations within the budget

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

Variations within the budget

Budget items may vary from the original figures provided that the following conditions are met:

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

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

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

Reports

The reports must be drafted in English language. The technical report and the financial report are to be supplied together with the payment request (this does not affect the first instalment of pre-financing).

Additional information

In accordance with Article 2.1 of the General Conditions, the Contracting Authority may request additional information.

Payments

All payments to the Beneficiaries will be made by the Contracting Authority. In line with the standard payment schedule the grant amounts will be transferred as outlined below:

- The Beneficiary will receive pre-financing equal to 80% of the amount specified in Article 3(2) of the Specific Conditions of the Contract no later than 45 days after:
 - signing the contract by both parties;
 - requesting payment in the standard payment request form (Annex V);
- The balance will be paid no later than 45 days after submission by the Beneficiary and approval by the Contracting Authority of the final report prepared by the Beneficiary (see Article 15.1 of the General Conditions).

Payments will be made to an action-specific bank account or an account which identifies the funds paid by the Contracting Authority.

Accounts of the action

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

Audit

An external audit of the accounts of the action, produced by an approved auditor who is a member of a recognised supervisory body for statutory auditing, must be attached to the action. For the purpose, the Applicant should provide information on the auditor proposed (name, address, registration number) for the approval of the Contracting Authority.

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

Publicity

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

Implementation contracts

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

2.6 MONITORING AND ASSESSMENT

The purpose of monitoring and assessment is to estimate the progress of a project against the stated objectives, using indicators identified in the proposal. The sources of information for these indicators, i.e. the place to look for them, should be specified in the project proposals, including the appropriate column of the logical framework matrix (see Grant Application form Annex A). It is important for Project Managers to ensure that these indicators are reliable, relevant and easily accessible.

Monitoring and assessment will be carried out to assist the process of project management and to help Project Managers identify potential barriers to implementation and agree strategies to overcome these.

2.6.1 Types of monitoring and assessment

There will be three main types of monitoring and assessment instruments used by the Contracting Authority to assess the progress of the projects against the stated objectives:

- **Monitoring visits** – to be carried out by representatives of the MLSP-IA and its regional structures and the GLI-PIU and its regional structures.
- **Project reports** – prepared on a regular basis by the Project Manager and detailing the progress of the project to date and the achievement of the social and financial indicators.
- **On the spot checks** – to be carried out by the MLSP (IA) and/or GLI (PIU) representatives and EC Delegation representatives and specifically designed to ensure appropriate use of equipment procured under the contract.

2.6.2 Monitoring visits

Each project will receive monitoring and evaluation visits during the duration of the contract. These will include a number of different tasks and may include:

- on the spot checks;
- check of technical and financial documentation;
- interviews with key project management personnel;
- interviews with beneficiaries; and
- checking appropriate use of equipment or materials.

These visits will involve as many of the personnel involved in the implementation as is possible in order to assess the increase in capacity within applicant organisations. They will also involve as many of the beneficiaries as possible in order to assess the direct impact of the project. The format of these monitoring visit reports will be issued to the Project Manager for information during contract negotiation.

2.6.3 Project Reports

The Final Technical and Financial Report will provide a self-assessment of the overall performance of the project and also include a section on lessons learned for the future, likelihood of sustainability and how the project could be implemented effectively elsewhere.

Both reports should also highlight any barriers to implementation which have been encountered and how/if these have been overcome.

2.6.4 On-the-spot Checks

These will be carried out at random and will cover a sample of the projects only. They will pay particular attention to the financial management of the projects, the use of equipment or materials procured under the project and the legitimacy of financial contributions put forward by the applicant.

3. LIST OF ANNEXES

ANNEX A: GRANT APPLICATION FORM

ANNEX B: BUDGET

ANNEX C: LOGICAL FRAMEWORK

ANNEX D: STANDARD CONTRACT - FOR INFORMATION

ANNEX E: VISIBILITY GUIDELINES FOR EXTERNAL ACTIONS – FOR
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