



**European Commission**

**PHARE 2005**

**Active Employment Measures for Groups Threatened by Social  
Exclusion**

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

**Open Call for Proposal**

Budget line: Croatia 2005 Phare National Programme

Reference: 2005-0505-0402

Deadline for receipt of applications: 5 June 2007

## NOTICE

The evaluation of your application will only be performed if your concept note is provisionally selected. Your application will then undergo the evaluation. The eligibility conformity check will only be performed for the proposals that have been provisionally selected according to the score obtained after the final evaluation, on the basis of the supporting documents which will be requested by the **Contracting Authority – Central Finance and Contracting Unit of the Ministry of Finance** and the Declaration by the applicant signed and sent together with the application

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# **1. PHARE 2005 - ACTIVE EMPLOYMENT MEASURES FOR GROUPS THREATENED BY SOCIAL EXCLUSION**

## **1.1 BACKGROUND**

In Croatia the most important causes of poverty and social exclusion are unemployment and a relatively high rate of economic inactivity. Unemployment and low activity rate are mainly the consequence of insufficient demand for labour force and the mismatch in labour supply and demand. In order to facilitate and improve employment, the structural mismatch has to be eliminated or reduced first of all through an active labour market policy (ALMP) directed primarily toward those persons who have lower employability prospects or toward those who are long-term unemployed, such as young people, older workers, particularly women, people with disabilities and the Roma population. More attention has to be given to creating conditions for employment of the most endangered and vulnerable groups in the labour market, exposed to accumulated problems and the consequences of social exclusion, whose access to the labour market is consequently specially difficult (such as persons with intellectual and health problems, addicts, victims of violence, former inmates, homeless and similar). At the same time, it is necessary to continue shifting the emphasis from passive measures (financial support of the unemployed) to active forms of assistance (training measures and education in accordance with the changing labour market needs), in order to increase the employment of those with a low level of education or those with the knowledge and skills that are not in demand on the labour market.

As Croatia has coped with rather high unemployment for a long time, it has been enforcing active labour market policy measures (ALMP), promoting education, new employment of various groups of unemployed persons, self-employment, credit financing of small and medium entrepreneurship, public works and other. In the period 1999-2000, the Croatian Employment Service (CES) had developed a series of ALMP measures, among which: co-financing of youth employment, promoting employment of persons with special needs, war veterans and senior citizens, as well as self-employment, credit financing of SMEs and public works. High unemployment led the Government of the Republic of Croatia in the beginning of 2002 to launch the National Employment Promotion Program which stopped in August 2005.

Having considered and analysed the labour market in the Republic of Croatia, and because of the need to determine priorities in addressing the unemployment-related problems, the Government of the Republic of Croatia adopted at the end of 2004 the National Action Employment Plan (NAEP) for the period 2005-2008. The aims of the NAEP are: improvement of the labour market efficiency in the Republic of Croatia, raising employment and reducing unemployment, and adjustment to the processes of Croatia's accession to the EU. The National Action Employment Plan is based on the European Employment Strategy, and although it is linked to the annual guidelines for labour market reforms in the member countries, it also takes into account specific Croatian features. The Croatian NAEP consists of the key measures, extremely desirable measures and desirable measures. The active and preventive measures that constitute an integral part of the National Plan are designed so as to contribute to promotion of higher employment and better social inclusion, at the same time enabling the unemployed and economically inactive to join the various forms of training that increase their competitiveness and facilitate their integration in the labour market. Equally, new measures are aimed at increasing the number of new and better jobs through promotion of entrepreneurship and a more favourable business environment.

Based on the NAEP for the period 2005-2008, an inter-sector working group drafted the Employment Promotion Plan for 2006, together with instruments for its enforcement, which was accepted by the Government of the Republic of Croatia at the session held on 2 March 2006. The enforcement measures from the Annual Employment Promotion Plan for 2006 are aimed at: developing entrepreneurship through co-financing of the incorporation costs of new cooperatives, starting new trades and crafts, subsidising interest on entrepreneurial loans, promoting self-employment, providing loans to entrepreneurs in tourism, providing education of the long-term unemployed and persons with low level of qualifications, as well as the young early school leavers, in order to enable them to acquire additional knowledge and skills that are in demand in the labour market, thus increasing their employability and matching the supply and demand in the labour market. In elaboration of these enforcement measures, a particular emphasis is placed on promotion of integration and prevention of discrimination against persons with an unfavourable labour market position.

## 1.2 OBJECTIVES OF THE PROGRAMME AND PRIORITY ISSUES FOR THE YEAR 2005

Poverty and social exclusion represent serious challenges for the Croatian society. Croatia has a relatively low rate of economic activity and employment. The risk of poverty and social exclusion is primarily related to long-term unemployment and economic inactivity. In addition to the groups that are excluded from the labour market, poverty and exclusion tend to strike elderly persons (particularly women) without pension benefits, persons with disabilities, single-parent families and families with many children, certain segments of displaced persons etc.

Having in mind that providing decent jobs for people is one of the best ways in combating poverty and social exclusion it is very important to continue to support disadvantaged groups in access to the labour market.

The *overall objective* of this programme is to promote economic and social cohesion for achieving better professional integration of the most vulnerable groups in the Croatian labour market.

The *specific objective* is to develop the capacity of the labour market agents to carry out Active Labour Market Policy (ALMP) measures and to increase the employability of the groups threatened by social exclusion, by using the pathways approach to labour market integration.

In that respect, this Grant Scheme aims at supporting projects which meet the specific needs of the unemployed, socially disadvantaged persons in order to increase their employability. On the other hand, intention is to encourage civil society agents to cope with the challenges in the design and implementation of the incentive measures for employment.

### PRIORITY AREAS

While implementing the above, priorities of the Grant programmes will be as follows:

1. Improving the knowledge and skills of the unemployed who are in the risk of social exclusion;
2. Providing job search assistance to the target groups.

The project priorities are in compliance with the National Action Plan for Employment 2005-2008, The National Program for the Roma and Joint Inclusion Memorandum.

The combination of these two priorities is strongly encouraged, as well as the use of innovative methods and tools to meet guiding principles.

The measures pursuing the priorities have to be tailored to the specific needs of **unemployed** individuals who are members of the following target groups:

1. the long-termed unemployed (unemployed more then one year);
2. the unskilled unemployed;
3. youth without working experience (i.e. persons from 15 to 24 years of age);
4. women over 40 and men over 50;
5. persons with disabilities;
6. Roma population.

## 1.3 FINANCIAL ALLOCATION PROVIDED BY THE CONTRACTING AUTHORITY

The overall indicative amount made available under this call for proposals is EUR 1.000,000. The Contracting Authority – Central Finance and Contracting Unit of the Ministry of Finance of the Republic of Croatia reserves the right not to award all available funds.

### Size of grants

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

- minimum amount: EUR 50,000
- maximum amount: EUR 150,000

A grant may not be for less than 70% of the total eligible costs of the action.

In addition, no grant may exceed 90% of the total eligible costs of the action (see also section 2.1.4). The balance must be financed from the applicant's or partners' own resources, or from sources other than the European Community budget or the European Development Fund.

## 2. RULES OF THIS CALL FOR PROPOSALS

These guidelines set out the rules for the submission, selection and implementation of actions financed under this call, in conformity with the provisions of the Practical Guide (available on the Internet at this address: [http://europa.eu.int/comm/europeaid/tender/gestion/index\\_en.htm](http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm)).

### 2.1 ELIGIBILITY CRITERIA

There are three sets of eligibility criteria, relating to:

- organisations which may request a grant (2.1.1), and their partners (2.1.2),
- actions for which a grant may be awarded (2.1.3),
- types of cost which may be taken into account in setting the amount of the grant (2.1.4).

#### 2.1.1 *Eligibility of applicants: who may apply*

(1) In order to be eligible for a grant, applicants **must**:

- be legal persons for at least two years until the publication of this Call for proposals **and**
- be non profit making **and**
- be specific types of organisations such as:
  - a) non-governmental organisations;
  - b) educational and training institutions;
  - c) associations such as associations of local and regional authorities, of professionals, of employers, trade unions, chambers, SME's support associations, regional and local development agencies;
  - d) international (inter-governmental) organisations as defined by Article 43 of the Implementing Rules to the EC Financial Regulation <sup>1</sup> **and**
- be nationals<sup>2</sup> of a Member State of the European Union or Albania, Bosnia and Herzegovina, Croatia, The former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey. This obligation does not apply to international organisations<sup>3</sup> **and**
- be directly responsible for the preparation and management of the action with their partners, not acting as an intermediary **and**

(2) 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 national legislation or regulations;

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<sup>1</sup> Commission Regulation 2342/2002as amended by Commission Regulation 1261/2005: International organisations are international public-sector organisations set up by intergovernmental agreements as well as specialised agencies set up by them; the International Committee of the Red Cross (ICRC) and the International Federation of National Red Cross and Red Crescent Societies are also recognized as international organisations.

<sup>2</sup> Such nationality being determined on the basis of the organisation's statutes which should demonstrate that it has been established by an instrument governed by the internal law of the country concerned. In this respect, any legal entity whose statutes have been established in another country cannot be considered an eligible local organisation, even if they are registered locally or accompanied by a "Memorandum of Understanding".

<sup>3</sup> Insert where international organisations are eligible for a call for proposals

- (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.

In part VI of the grant application form (“Declaration by the applicant”), applicants must declare that they do not fall into any of the above categories (a) to (f).

2.1.2 Partnerships and eligibility of partners
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Applicants may act individually or in consortium with partner organisations.

#### Partners

Applicants are strongly encouraged to have a minimum of one partner. Such proposals with clearly defined roles and responsibilities among partners in the proposal will be given priority as indicated in the Evaluation grid under 3.3. The maximum number of partners is not limited.

Applicants’ partners participate in implementing the action, and the costs they incur are eligible in the same way as those incurred by the grant Beneficiary. They must therefore satisfy the same eligibility criteria as applicants. In addition to the types of organisations listed under the section 2.1.1(1) bullet 3, local or regional authorities and private companies including SMEs under the assumption that they will not derive any profit from the grant are however also eligible to be partners.

#### **The following are not partners and do not have to sign the “partnership statement”**

##### Associates

Other organisations may be involved in the action. Such associates play a real role in the action but may not receive funding from the grant with the exception of per diem or travel costs. Associates do not have to meet 22.08.2006.

the eligibility criteria referred to in section 2.1.1. The associates have to be mentioned in part IV - "Associates of the Applicant participating in the Action" of the Grant Application Form.

### Subcontractors

The grant beneficiaries have the possibility to award contracts to subcontractors. Subcontractors are neither partners nor associates, and are subject to the procurement rules set out in Annex IV to the standard grant contract.

The applicant will act as the lead organisation and, if selected, as the contracting party (the "Beneficiary").

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

Definition: An action (or project) is composed of a set of activities.

#### Duration

The planned duration of an action may not be lower than 10 months nor exceed 12 months.

#### Sectors or themes

Actions must be in line with at least one of the priorities described listed below:

1. Improving the knowledge and skills of the unemployed who are in the risk of social exclusion;
2. Providing job search assistance to the target groups.

#### Location

Actions must take place in Croatia.

#### Types of action

Following types of **action** may be financed under this call:

*(NOTE: The following list is not exhaustive and appropriate actions that are not mentioned below will also be considered for support.)*

- Provision of information on labour market opportunities and available incentive measures for employment;
- Training for job search (e.g. writing CVs and job application, job interview skills);
- Vocational skills training (e.g. new technologies, vocational basic skills);
- Motivational training and vocational guidance;
- Professional guidance, career counselling and job mediation services;
- Social skills training;
- Trainings for self-employment – start-up of micro-enterprises, development of entrepreneurial skills etc.;
- Provision of expert's support;
- Measures combining different components to meet the needs of the respective target groups (motivation, training, social skills).

Actions should be designed to meet specific needs of **unemployed** individuals who are members of the following target groups:

1. the long-termed unemployed (unemployed more than one year);
2. the unskilled unemployed;
3. youth without working experience (i.e. persons within 15 - 24);
4. women over 40 and men over 50;
5. persons with disabilities;
6. Roma population.

The following types of **action** are ineligible:

- Actions concerned only or mainly with individual sponsorships for participation in workshops, seminars, conferences, congresses;
- Actions concerned only or mainly with individual scholarships for studies or training courses;
- Actions which include political or religious activities;
- Academic researches;
- Actions directly funding micro-credit schemes;
- Establishment of private entities;
- Organization of single conferences or congresses. Conferences can be financed from the grant only if they form part of a wider range of activities to be implemented during the lifetime of the action.

#### Number of proposals and grants per applicant

An applicant may submit more than one proposal under this call for proposals.

An applicant may not be awarded more than one grant under this call for proposals.

#### *2.1.4 Eligibility of costs: costs which may be taken into consideration for the grant*

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 "eligible costs". Note that the eligible costs must be based on real costs, not lump sums (except for subsistence costs and indirect costs).

Recommendations to award a grant are always subject to the condition that the checking process which precedes the signing of the contract does not reveal problems requiring changes to the budget. The checks may give rise to requests for clarification and may lead the Contracting Authority to impose reductions<sup>4</sup>.

It is therefore in the applicant's interest to provide a **realistic and cost-effective budget**.

#### Eligible direct costs

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

- be necessary for carrying out the action, be provided for in the contract annexed to these 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 or their partners during the implementing period for the action as defined in Article 2 of the Special Conditions, whatever the time of actual disbursement by the Beneficiary or a partner; this does not affect the eligibility of costs for preparing the final report and as the

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<sup>4</sup> Please note that possible modifications of the budget may not lead to an increase of the amount of the grant requested from the European Commission nor of the percentage of the co-financing.

case may be, of the final expenditure verification and final evaluation. The costs incurred by the beneficiaries' associates are not eligible (with the exception of subsistence and/or travel costs)

- are considered to have been incurred during the implementation period of the action the costs of goods/services/works used/provided/delivered during the implementation period of the action. The relevant contracts may have been awarded by the beneficiary or his partners before the implementation period of the action started, provided the provisions of Annex IV to the contract were respected. Such costs must be paid for before the final report is finalised.
- be recorded in the Beneficiary's or the Beneficiary's partners' accounts or tax documents, be identifiable and verifiable, and be backed up by originals of supporting documents.

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

- the cost of staff assigned to the action, corresponding to actual salaries plus social security charges and other remuneration-related costs; salaries and costs must not exceed those normally borne by the Beneficiary or his partners, as the case may be, unless it is justified by showing that it is essential to carry out the action;
- travel and subsistence costs for staff and other persons taking part in the action, provided they do not exceed those normally borne by the Beneficiary or his partners, as the case may be; any flat-rate reimbursement of the subsistence costs must not exceed the rates published by the European Commission at the time of signing the contract (available at following Internet address: [http://europa.eu.int/comm/europeaid/perdiem/index\\_en.htm](http://europa.eu.int/comm/europeaid/perdiem/index_en.htm));
- purchase or rental costs for equipment and supplies (new or used) specifically for the purposes of the action, and costs of services, provided they correspond to market rates;
- the cost of consumables;
- subcontracting expenditure;
- costs arising directly from the requirements of the contract (dissemination of information, evaluation specific to the action, audit, translation, printing, insurance, etc.) including financial service costs (in particular the cost of transfers and financial guarantees).

The applicant **must** foresee in the budget breakdown of the application (where applicable), expenses for verification of expenditure (expenditure verification required by the Article 15.6 of the General Condition of standard grant contract).

It is **recommendable** that the applicant foresees in the budget breakdown the costs for visibility purposes as the EU visibility guidelines for external actions (available at [http://ec.europa.eu/comm/europeaid/visibility/index\\_en.htm](http://ec.europa.eu/comm/europeaid/visibility/index_en.htm)) will have to be followed.

#### Contingency reserve

A contingency reserve not exceeding 5% of the direct eligible costs may be included in the Budget of the Action. It can only be used with the **prior written authorisation** of the Contracting Authority.

#### Eligible indirect costs (overheads)

A lump sum not exceeding 7% of the total amount of eligible costs of the Action may be claimed as indirect costs to cover the administrative overheads incurred by the Beneficiary for the Action.

Indirect costs are ineligible if the Beneficiary receives in other respects an operating grant from the European Commission.

### Contributions in kind

Any contributions in kind made by the Beneficiary or the Beneficiary's partners or any other source, which must be listed in Section I.4 of the application form, do not represent actual expenditure and are not eligible costs. They may not be treated as co-financing by the Beneficiary. The cost of staff assigned to the Action is not a contribution in kind and may be considered as co-financing in the Budget for the Action when paid by the Beneficiary or his partners.

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

### Ineligible costs

The following costs are not eligible:

- debts and provisions for losses or debts;
- interest owed;
- items and activities already financed in another framework;
- purchases of land or buildings, except where necessary for the direct implementation of the action, in which case ownership must be transferred to the final beneficiaries and/or local partners, at the latest by the end of the action;
- currency exchange losses;
- taxes, including VAT, unless the Beneficiary (or the Beneficiary's partners) cannot reclaim them and the applicable regulations do not forbid coverage of taxes;
- credits to third parties.

## 2.2 HOW TO APPLY, AND THE PROCEDURES TO FOLLOW

### 2.2.1 *Application form*

Applications must be submitted using the application form annexed to these Guidelines (Annex A). This form includes a concept note, which must also be completed. Applicants should keep strictly to the format of the application and fill in the paragraphs and the pages in order.

Applicants must apply in English.

Please complete the application form carefully and as clearly as possible so that it can be assessed properly. The applicant should be precise and provide enough detail to ensure the application is clear, particularly as to how the aims of the action will be achieved, the benefits that will flow from it and the way in which it is relevant to the programme's objectives.

Any error related to the points listed in the Checklist (section V of the grant application) or any major inconsistency in the application form (e.g. the amounts mentioned in the budget are inconsistent with those mentioned in the application form) may lead to the immediate rejection of the proposal.

Clarifications will only be requested when information provided is unclear, thus preventing the Contracting Authority from conducting an objective assessment.

Hand-written applications will not be accepted.

NB: The Application Form, Declaration by the Applicant and Partnership Statement must be signed.

**Please note that only the application form and the published annexes which have to be filled in (budget, logical framework) will be transmitted to the evaluators and assessors. It is therefore of utmost importance that these documents contain ALL relevant information concerning the action. No supplementary annexes should be sent.**

### 2.2.2 *Where and how to send the applications*

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

Postal address

Ministry of Finance of the Republic of Croatia  
Central Finance and Contracting Unit - CFCU  
(Ministarstvo financija Republike Hrvatske,  
Središnja jedinica za financiranje i ugovaranje - SJFU)  
Katančičeva 5  
10000 Zagreb  
Croatia

Address for hand delivery or by private courier service

Ministry of Finance of the Republic of Croatia  
Central Finance and Contracting Unit - CFCU  
(Ministarstvo financija Republike Hrvatske,  
Središnja jedinica za financiranje i ugovaranje - SJFU)  
Katančičeva 5  
10000 Zagreb  
Croatia

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

Applications (concept note, full application form, budget, logical framework) must be submitted in **one original** clearly indicated as "ORIGINAL", and **3 (three) copies** clearly indicated as "COPY". The complete application form, budget and logical framework must also be supplied in **electronic format** (floppy disc or CD-Rom). The electronic format must contain **exactly the same** proposal as the paper version enclosed. Each component of the application (concept note, application form, budget and logical framework) must be submitted in a separate and unique electronic file (for e.g. the application form must not be split into several different files).

The Checklist (Section V of the grant application form) and the Declaration by the applicant (Section VI of the grant application form) must be stapled separately and enclosed in the envelope

So as to facilitate the processing of applications, please present the original dossier and the three copies in A4 size, each bound.

Where an applicant sends several different proposals, each one has to be sent separately.

Application (original and all copies) and floppy disk/CD must be submitted **in one envelope**. The outer envelope must bear:

1. the reference number: **2005-0505-0402**
2. the title of the call for proposals: **"Active Employment Measures for Groups Threatened by Social Exclusion"**;
3. the **full name and address** of the applicant; and
4. the words **"Not to be opened before the opening session"** and **"Ne otvarati prije sastanka za otvaranje ponuda"**.

**Applicants must verify that their application is complete using the checklist (section V of the grant application form). Incomplete applications will be rejected.**

#### *2.2.3 Deadline for receipt of applications*

The deadline for the receipt of applications is 5 June 2007 at 14:00 local time. Any application received after the deadline will automatically be rejected even if the postmark indicates a date preceding the deadline or if the delay is due to the private courier service.

#### *2.2.4 Further information*

Information session on this call for proposals will be organised during tender application period. For further information, please refer to: <http://cfcu.mfin.hr>.

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

E-mail address: [grants.cfcu@mfin.hr](mailto:grants.cfcu@mfin.hr)

Replies will be given no later than 11 days before the deadline for the receipt of proposals.

In the interest of equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of an applicant, a partner or an action.

Questions and answers that may be relevant to other applicants, together with the answers, will be published on the internet at website: <http://cfcu.mfin.hr>.

## 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 steps and criteria:

### (1) STEP 1: OPENING SESSION AND ADMINISTRATIVE CHECK

The following will be assessed:

- The deadline has been respected. If the deadline has not been respected the proposal will automatically be rejected (see paragraph 2.2.3).
- The application form satisfies all the criteria mentioned in the Checklist (Section V. of the grant application form). If any of the requested information is missing or is incorrect, the proposal may be rejected on that sole basis and the proposal will not be evaluated further.

**Following the opening session and the administrative check, the Contracting Authority will send a letter to all applicants, indicating whether their application was received prior to the deadline, informing them of the reference number they have been allocated, whether their application has satisfied all the criteria mentioned in the checklist and whether their concept note has been recommended for evaluation.<sup>5</sup>**

### (2) STEP 2: EVALUATION OF THE CONCEPT NOTE

The concept notes having respected the deadline and satisfied the criteria mentioned in the checklist will undergo the evaluation of the relevance of the action, its methodology and sustainability, as well as evaluation of the operational capacity and expertise of the applicant

The concept note will be given an overall score out of 50 as shown in the Evaluation grid below. This first evaluation will lead to a provisional selection. Only those which will have passed this first selection will see their full application assessed.

Please note that the scores awarded to this concept note are completely separate from those given in the second phase.

1. Summary of the action		<u>NO</u> <u>SCORE</u>	
<b>2. Relevance</b>			<b>25</b>
2.1	<i>How relevant to the needs and constraints of the target country(ies) or region is the proposal? (5)</i>		
2.2	<i>How appropriately are the problems and the needs identified? (5)</i>		
2.3	<i>How clearly defined and strategically chosen are those involved (final beneficiaries, target groups) ?(5)</i>		
2.4	<i>How relevant is the proposal to the objectives and guiding principles of the call for proposals? (5)</i>		
2.5	<i>Does the proposed action have an added value by reference to other interventions? (5)</i>		

<sup>5</sup> Please note that the length of period between the opening session and the sending of this letter will depend on the number of proposals received.

<b>3. Methodology and sustainability</b>		<b>15</b>
3.1 Are the activities proposed appropriate, practical, and consistent with the objectives and expected results? (5)		
3.2 Is the partners' level of involvement and participation in the action satisfactory? (5)		
3.3 Are the expected results of the action likely to have a sustainable impact on the target groups? Will it have multiplier effects? (5)		
<b>4. Operational capacity and expertise.</b>		<b>10</b>
4.1 Does the applicant have sufficient <b>experience in project management</b> ? (5)		
4.2 Do the applicant and partners have sufficient <b>technical expertise (notably a knowledge of the questions to be addressed)</b> ? (5)		
<b>TOTAL SCORE</b>		<b>50</b>

Please note:

*Scoring:*

The evaluation criteria are divided into sections and subsections. Each subsection will be given a score between 1 and 5 in accordance with the following guidelines: 1 = very poor; 2 = poor; 3 = adequate; 4 = good; 5 = very good.

Only the applicants who have been given a total average score of minimum 30 points **and** have submitted the one of the 14 to 40 best concept notes, amounting to twice the available amount for this call for proposals will have their full application forms evaluated.

Following the evaluation of the concept note, the Contracting Authority will send a letter to the applicants whose concept note has been evaluated, indicating the scores obtained for this first part of the evaluation whether their full application form will be evaluated. <sup>6</sup>

### **(3) STEP 3: EVALUATION OF THE APPLICATION FORM**

The evaluation of the quality of the proposals, including the proposed budget, and of the capacity of the applicant and his partners, will be carried out in accordance with the evaluation criteria set out in the Evaluation Grid included 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 management capacity, professional competencies and qualifications required to successfully complete the proposed action. This also applies to any partners of the applicant.

**The award criteria** allow the quality of the proposals submitted to be evaluated in relation to the objectives and priorities set, and grants to be awarded to actions which maximise the overall effectiveness of the call for proposals. They enable the selection of proposals for which the Contracting Authority can be confident will comply with their objectives and priorities and guarantee the visibility of the Community financing. They cover such aspects as the relevance of the action, its consistency with the objectives of the call for proposals, quality, expected impact, sustainability and cost-effectiveness.

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<sup>6</sup> Please note that the length of period between the opening session and the sending of this letter will depend on the number of proposals received.

Please note:

*Scoring:*

The evaluation criteria are divided into sections and subsections. Each subsection will be given a score between 1 and 5 in accordance with the following guidelines: 1 = very poor; 2 = poor; 3 = adequate; 4 = good; 5 = very good.

*Note on Section 1. Financial and operational capacity*

If the total average score is less than 12 points for section 1, the Evaluation Committee will reject the proposal.

*Note on Section 2. Relevance*

If the total average score is less than 16 points for section 2, the Evaluation Committee will reject the proposal.

*Provisional selection*

Following the evaluation, a table listing the proposals ranked according to their score and within the available financial envelope will be established as well as a reserve list following the same criteria.

Note: The scores awarded in this phase are completely separate from those given to the concept note of the same application.

## Evaluation Grid

Section	Maximum Score	Application form
<b>1. Financial and operational capacity</b>	<b>20</b>	
1.1 Do the applicant and partners have sufficient <b>experience of project management</b> ?	5	II.4.1 and III.1
1.2 Do the applicant and partners have sufficient <b>technical expertise</b> (notably knowledge of the issues to be addressed.)?	5	II.4.1 and III.1
1.3 Do the applicant and partners have sufficient <b>management capacity</b> (including staff, equipment and ability to handle the budget for the action)?	5	II.4.2 and III.1
1.4 Does the applicant have stable and sufficient sources of <b>finance</b> ?	5	II.4.2
<b>2. Relevance</b>	<b>25</b>	
2.1 How relevant is the proposal to the <b>objectives</b> and one or more of the <b>priorities</b> of the call for proposals? Note: A score of 5 (very good) will only be allocated if the proposal specifically addresses at least <b>one priority</b> . Note: A score of 5 (very good) will only be allocated if the proposal contains specific added-value elements, such as promotion of gender equality and equal opportunities...	5 x 2	I.1.6.1
2.2 How relevant to the particular <b>needs and constraints</b> of the target country/countries or region(s) is the proposal (including avoidance of duplication and synergy with other EC initiatives)?	5	I.1.6.2
2.3 How clearly defined and strategically chosen are those involved (final beneficiaries, <b>target groups</b> )? Have their <b>needs</b> been clearly defined and does the proposal address them appropriately?	5 x 2	I.1.6.3 and I.1.6.4
<b>3. Methodology</b>	<b>25</b>	
3.1 Are the <b>activities</b> proposed appropriate, practical and consistent with the objectives and expected results?	5	I.1.7 and I.1.8.5
3.2 How coherent is the overall design of the action?	5	I.1.8

(In particular, does it reflect the analysis of the problems involved, take into account external factors and anticipate an <b>evaluation</b> ?)		
3.3 Is the <b>partners' level of involvement and participation in the action</b> satisfactory? Note: If there are no partners the score will be <b>1</b> .	5	I.1.7 and I.1.8.5
3.4 Is the <b>action plan</b> clear and feasible?	5	I.1.9
3.5 Does the proposal contain <b>objectively verifiable indicators</b> for the outcome of the action?	5	Logframe
<b>4. Sustainability</b>	<b>15</b>	
4.1 Is the action likely to have a tangible <b>impact</b> on its target groups?	5	I.2.1
4.2 Is the proposal likely to have <b>multiplier effects</b> (including scope for replication and extension of the outcome of the action and dissemination of information)?	5	I.2.2 and I.2.3
4.3 Are the expected results of the proposed action <b>sustainable</b> : - financially ( <i>how will the activities be financed after the funding ends?</i> ) - institutionally ( <i>will structures allowing the activities to continue be in place at the end of the action? Will there be local "ownership" of the results of the action?</i> ) - at policy level (where applicable) ( <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
<b>5. Budget and cost-effectiveness</b>	<b>15</b>	
5.1 Is the ratio between the estimated costs and the expected results satisfactory?	5	I.3
5.2 Is the proposed expenditure <b>necessary</b> for the implementation of the action?	5 x 2	I.3
<b>Maximum total score</b>	<b>100</b>	

#### (4) STEP 4: Eligibility of the applicant and partners

The eligibility verification, based on the supporting documents requested by the Contracting Authority (see 2.4) will only be performed for the proposals that have been provisionally selected according to their score and within the available financial envelope.

- The Declaration by the applicant (Section VI of the grant application form) will be cross-checked with the supporting documents provided by the applicant. Any missing supporting document or any incoherence between the Declaration by the applicant and the supporting documents may lead to the automatic rejection of the proposal on that **sole** basis.
- The eligibility of the applicant, the partners and the action will be verified according to the criteria set out in sections 2.1.1, 2.1.2 and 2.1.3.

Following the above analysis and if necessary, any rejected proposal will be replaced by the next best placed proposal in the reserve list that falls within the available financial envelope, which will then be examined for the eligibility of its applicant and the partners..

## 2.4 SUBMISSION OF SUPPORTING DOCUMENTS FOR PROVISIONALLY SELECTED PROPOSALS

Applicants who have been provisionally selected or listed under the reserve list will be informed in writing by the Contracting Authority. They will be requested to supply the following documents in order to allow the Contracting Authority to verify the eligibility of the applicants and their partners:

1. The statutes or articles of association of the applicant organisation<sup>7</sup> and of each partner organisation.
2. Copy of the applicant's latest accounts (the profit and loss account and the balance sheet for the previous financial year for which the accounts have been closed)<sup>8</sup>.
3. Legal entity sheet (see annex D) duly completed and signed by the applicant, accompanied by the justifying documents which are requested therein.
4. A financial identification form conforming to the model attached at Annex E, certified by the bank to which the payments will be made. This bank must be located in the country where the applicant is registered. If the applicant has already signed a contract with the ECD or CFCU, a copy of the previous financial identification form may be provided instead, unless a change in its bank account occurred in the meantime. Please note that the Croatian applicants should use a bank account in Kuna.

The supporting documents requested must be supplied in the form of originals or photocopies of the said originals.

The supporting documents can be in Croatian or English language.

**If these documents are not provided before the set deadline (10 working days from the receipt of the letter sent by the Contracting Authority), the application will be rejected.**

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<sup>7</sup> Where the applicant and/or (a) partner(s) is a public body created by a law, a copy of the said law must be provided

<sup>8</sup> This obligation does not apply to natural persons who have received a scholarship, nor to Member States public bodies nor to international organisations. It does not apply either when the accounts are in practice the same documents as the external audit report already provided pursuant to point 2.4.2.

## 2.5 NOTIFICATION OF THE CONTRACTING AUTHORITY'S DECISION

### 2.5.1 Content of the 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 or one or more of its partners 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, etc);
- the proposal was not relevant enough and/or the applicant's financial and operational capacity was not sufficient;
- the proposal was considered technically and financially inferior to the proposals selected;
- although the proposal fulfils the quality criteria required for a favourable opinion, another proposal of a similar nature was awarded a higher score;
- several proposals were submitted by the same applicant and selected for financing, but the applicant does not have the financial and operational capacity required to implement the actions all together;
- one or more of the requested supporting documents were not provided before the set deadline;
- any other criterion included in these guidelines has not been respected.

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

### 2.5.2 Indicative time table<sup>9</sup>

The date on which the Contracting Authority plans to inform the applicants about the outcome of the opening session and the administrative check is July 2007 — this date is indicative only.

The date on which the Contracting Authority plans to inform the applicants about the outcome of the evaluation of the concept note is July 2007 — this date is indicative only.

The date on which the Contracting Authority plans to inform the applicants about the outcome of the evaluation of the full application form is August 2007 — this date is indicative only.

The date on which the Contracting Authority plans to announce the award decision after having verified the eligibility of applicant and partners is September 2007 — this date is indicative only.

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<sup>9</sup> Deadlines should be provided, explaining the length according to the numbers of proposals received.

## **2.6 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 (see Annex F).

The date planned for the start of actions, following the signing of the contract by the parties, is November 2007 — this date is indicative only. The overall deadline for signing all contracts in PHARE 2005 is 30 November 2007. The actions must be finished before 30 November 2008.

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

### Audit firm

The name and address of the audit firm which will carry out the expenditure verification(s) referred to in article 15.6 of annex II to the standard grant contract, if such verifications are required, will have to be included in Article 5.2 of the contract.

### 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, it 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).

### 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 12.2 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).

The description of the Action (Annex 1 to the contract) and 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 between items within a single main budget heading or to a transfer between the main budget headings involving a variation of less than 15% of the original amount (as the case may be modified by addendum) of each relevant main budget heading.

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

This method may not be used to amend the heading for overhead costs and contingency reserve (see Article 9.2 of the General Conditions).

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

## Reports

Reports must be drafted in the language provided for in the contract. Narrative and financial reports conforming to the models attached to the contract are to be supplied together with payment requests (other than the first instalment of pre-financing). In addition, Interim narrative and financial progress report must be submitted to the Contracting Authority by the end of the month following the first half of project implementation.

## Additional information

In accordance with Article 2.2 of the General Conditions, the Contracting Authority may request additional information.

## Payments

The Beneficiary will receive pre-financing. The pre-financing will be 80% of the grant (see Article 15.1 option 1 of the General Conditions).

The final balance will be paid upon submission by the Beneficiary and approval by the Contracting Authority of the final report (see Article 15.1 of the General Conditions).

Payments will be made to a bank account or sub-account which identifies the funds paid by the Contracting Authority and allows calculating the interests produced by these funds.

## Accounts of the action

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

## Expenditure verification

A report on the verification of the Action's expenditures, produced by an approved auditor who is a member of an internationally recognised supervisory body for statutory auditing, must be attached to any request for payment of the balance in the case of a grant of more than EUR 100 000.

The contract will permit the Commission, the European Anti-Fraud Office, the European Court of Auditors and the external auditor 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 Union, 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 tenderer 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.

### 3. LIST OF ANNEXES

#### DOCUMENTS TO FILL IN

ANNEX A: GRANT APPLICATION FORM (WORD FORMAT)

ANNEX B: BUDGET (EXCEL FORMAT)

ANNEX C: LOGICAL FRAMEWORK (EXCEL FORMAT)<sup>10</sup>

ANNEX D: LEGAL ENTITY SHEET (EXCEL FORMAT)<sup>11</sup>

[http://ec.europa.eu/budget/execution/legal\\_entities\\_en.htm](http://ec.europa.eu/budget/execution/legal_entities_en.htm)

ANNEX E: FINANCIAL IDENTIFICATION FORM

#### DOCUMENTS FOR INFORMATION

ANNEX F: STANDARD CONTRACT (WORD FORMAT), available at the following address:  
[http://ec.europa.eu/comm/europeaid/tender/practical\\_guide\\_2006/annexes\\_grants\\_en.htm](http://ec.europa.eu/comm/europeaid/tender/practical_guide_2006/annexes_grants_en.htm)

ANNEX G: DAILY ALLOWANCE RATES (PER DIEM), available at the following address:  
[http://ec.europa.eu/comm/europeaid/perdiem/index\\_en.htm](http://ec.europa.eu/comm/europeaid/perdiem/index_en.htm)

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<sup>10</sup> Optional where the total amount of the grants to be awarded under the call for proposals is EUR 100 000 or less.

<sup>11</sup> Only applicable where the European Commission is the Contracting Authority or will make the payments under the contracts to be signed.