



Questions & answers from implementation sessions

Implementation of Grant contracts by GBs “Collaborative grant scheme for innovative project ideas”

EuropeAid/162457/ID/ACT/ME

DATES: 25th/ 26th/27th March 2020

Venue: Online sessions through Cisco Webex

Participants: IPA Staff tasked with grants management, 2 persons per lead grant beneficiary (Project Manager and Financial Manager) plus 1 representative of any partner.

Objective: The participants to become acquainted with the specific requirements and rules governing the grant projects’ implementation.

During 3 days of implementation sessions participants were in the possibility to interact, ask questions and give comments. In order to share all information provided to each group of GBs, the summary of Q&A is provided as follows.

25/3/2020

- **Can Saturday be counted as a working day on the project given that it is a regular working day at the University?**

In general, only regular working days during the week are eligible for work on the project (overtime work, work during the weekend and on national holidays should not have been planned in your project proposal). It is eligible only exceptionally in cases where the beneficiary institution/organization/company work during weekend (on Saturday, since Sunday is not allowed according to the national law), as part of their regular working policy, which should be proved with Statute or decision/confirmation by the head of the institution.

- **Can the part of the day spent traveling be counted as part of a working day, for example, attending a conference, since the daily allowance covers the cost of meals, and presentation of project results and participation in discussions during the conference is a working part of project activities?**

Yes, part of the day spent on travel can be counted as part of that working day for the conference, but only if travel was during the days when conference took place (i.e. the day before or day after the conference cannot be counted as working day).



- **The percentage of staff engaged on the project in relation to the total staff of the beneficiary for calculation of eligible office costs is applicable, but I think the percentage of their time commitment should be taken into account. This needs to be clarified by Contracting Authority.**

For calculation of eligible office costs (office rent and office utilities, like electricity, telephone bills etc.), the number of people involved in the project in relation to the total number of employees and the percentage of their engagement should be taken into account. For example, the company have 10 employments, of which 5 are 100% engaged on the project. The calculation is as follows $5/10 * 100$. Eligible costs for the project are 50% of the total monthly office costs. If the percentage of engagement is less than 100%, the average of the total engagement should be taken. For example, from 5 people engaged on the project, 3 are engaged 100% and 2 are 50% engaged, the average of the total engagement is $(100 + 100 + 100 + 50 + 50) / 5 = 80\%$, and therefore the calculation is $5/100 * 80$, so eligible costs for the project are 40% of the total monthly office costs. In addition, it is important to stress once again that double financing of same costs from the project budget is forbidden (in this case from Budget heading 4. Local office and Budget line 8. Indirect costs) or from other donor funded projects – it should be fairly divided.

26/3/2020

- **Is it necessary to perform the market analysis for purchases below 2,500.00 EUR?**

It is always advisable to perform at least a simple market analysis (visit suppliers' websites and compare the prices) even though you are not preparing the tender documentation for purchases below 2,500.00 EUR, to ensure the principle of sound financial management.

- **Do we receive a VAT exemption certificate for each supplier separately?**

Yes, for each supplier (procurement) on the basis of pro-invoice (profaktura) you should request and receive VAT exemption from the CFCU, who issues 2 originals of certificate – one for the supplier, and one for your files. After receiving the certificate, the supplier issues the invoice without VAT.

- **How can we be VAT exempted for the fuel costs?**

According to the VAT exemption instructions published on the CFCU website (<http://www.cfcu.gov.me/vijesti/156867/Nove-instrukcije-za-oslobadanje-od-placanja-PDV-a-decentralizovano-indirektno-upravljanje.html>), the VAT exemption is made by submitting a pro forma invoice (or invoice to the contractor / beneficiary of the grant in the situation where value cannot previously be determined due to the nature of the service provided, together with the VAT exemption request. The pro forma invoice (or invoice) must include the amount of costs for the performed service / purchased goods excluding VAT, the amount of VAT and the total amount (the amount of costs for the performed service / purchased goods with VAT).



In some cases beneficiary can provide the invoice (take the card from the petrol), be VAT exempted and after that make the fuel costs with that card by the maximum amount from the invoice. Of course, beneficiary shall keep every receipt in order to be able to justify the costs.

- **Can we introduce a partner later during the implementation of the project?**

Adding partners is not advisable, since you claimed at the project proposal stage that you have technical, administrative and management capacities to handle the project by yourself. For the same reason you were graded the maximum number of points in the Evaluation grid for collaboration with partners. Changing your proposal during implementation of the grant contract could alter the conditions under which you have received this grant contract. But, this issue and similar changes should be discussed with the Contracting Authority on case by case basis.

- **Difference between implementation period and execution period?**

Implementation period of your Action starts the day following that on which the second of the two Parties signs the grant contract OR a later date as specified in art. 2.2 of the Special conditions of your grant contract. Implementation period ends after expiry of XX months after Action start date (as defined in art. 2.3 of Special conditions).

Execution period of grant contract starts on the day on which the second of the two Parties signs and ends when final payment is paid by the Contracting Authority OR in any case at the latest 18 months after the end of implementation period (unless postponed in accordance with Article 12.5 of General conditions).

- **When is the reallocation announced to the contracting authority, i.e. when do we send a request for reallocation? a month before?**

For any amendment please consult Article 9 of General conditions (Annex II of your Grant contract). Depending if it is substantial or minor change/amendment of the contract the procedure differs. If you want to be on the safe side, it is advisable to consult PIU and CFCU prior to any change.

An amendment shall be requested at least 30 days before it occurs. However, whenever possible, as the Contracting Authority may take longer to assess the amendment, it is recommended to send a request for amendment as early as possible.

Where the amendment to the budget does not affect the expected results of the action (i.e. impact, outcomes, outputs), and the financial impact is limited to a transfer between items within the same main budget heading including cancellation or introduction of an item, or a transfer between main budget headings involving a variation of 25% or less of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs, the coordinator may amend the budget and must inform the contracting authority accordingly, in writing and at the latest in the next report.

Please note also that changes in Description of the Action and the Logical Framework that affect the expected results (impact, outcomes, outputs) shall be agreed with the contracting authority before the modification takes place. Approved changes must be explained in the next report.



27/3/2020

- **Do you have any real examples (fulfilled templates) for tender documentation?**

There are no available real examples (fulfilled templates) for tender documentation, but you have a set of tools available on the webpage of the SOPEES program: <http://eesp.me/tools-inovacije>. More precisely, under Tool 5 there are templates for each type of procurement procedure that you may need: Single tender procedure and Simplified procedure for services and supply separately – if you follow these templates which have detailed instructions how to fulfill them, you will be on a good path to respect rules set forth in Annex IV of your Grant contract (Procurement rules for beneficiaries).

- **Should we state the title of the project on the visibility labels on the equipment?**

Yes, you should state the title of the project on the visibility labels on the equipment and any other visibility material that you produce/procure.

- **In our project, we have some of the work on preparing an office for new researchers - do we have to put project visibility labels on the furniture we place on that occasion?**

Of course, visibility labels should be marked on any item that you procure under the project. In that sense, please make sure you have additional visibility labels in case the label is damaged or faded, since you should ensure visibility of items even 5 years after your project ends (for audit purposes).

- **When calculating the cost of local travel when using our own vehicle, the cost is presented by a travel order calculated at the rate of $0.25 * \text{fuel price} * \text{number of km travelled}$. When using a company vehicle (company-owned vehicles) how is that calculated? The only cost in this case that the organization has is the fuel bill, so I wonder how the actual cost is then calculated?**

Presented calculation of travel cost while using personal vehicle is correct, while calculation of eligible costs while using a company vehicle should be in line with your travel internal policy. Usually it is calculated on the basis of travel order and car log (number of km) multiplied with average price of fuel used (based on real fuel invoices/bills). Car calculation sheet/car log should be prepared according to national or internal organisation/company rules, stating the route of travel and the distance.

- **If you can clarify once again how to register in the Timesheets national holidays and staff annual leave that are legal right of an employee? Are these costs accepted as project work cost for the newly hired employee or during the annual leave we cannot cover the costs from the project budget, even though we as an employer have to bear these costs in accordance with the law in Montenegro. This project involves engaging researchers on a full time contract, which again implies legal obligations under the Employment Contract and there is also the right for paid national holidays and annual leave.**



National holidays and annual leave should be stated in the Timesheets (in the column Description) for every employee (team member under Budget heading 1), without difference for already employed staff and newly employed staff. Regarding eligibility of these costs please note that **gross salaries or wages in respect of the actual time devoted to the project (percentage of working hours)** which include income taxes, social security etc., and other statutory costs included in the remuneration, provided they are standard human resources policy of the Beneficiary and can be proved by supporting documents of the Beneficiary (or affiliated entity) **are eligible for financing from the project budget**. In addition, all costs under the project are eligible if they comply with the national legislation, in this case Labour law of Montenegro and other relevant legislation.

- **Could you please confirm in written that the date on which the invoice is issued is the date when the cost is considered to be incurred, especially with regards to eligibility of costs at the end of the project implementation? In our practice, pro-invoice (pro-faktura) is the basis for payment and an invoice (faktura) is usually issued upon payment, which may happen a month or two later due to internal procedures. Please indicate the part in PRAG or the contract where it is stated which date is taken as the date the cost was incurred. Additionally, due to the VAT report, suppliers issue an invoice after payment, which is why the acknowledgment date for the expense is important.**

According to national legislation invoice (faktura) is the basis for payment, and not pro-invoice (pro-faktura), for which reason the date on pro-invoice cannot be considered as the date when the cost was incurred. In addition, on the basis of pro-invoice you will receive the VAT exemption certificate, and on the invoice the cost without VAT will be presented, which is eligible for financing.

- **Under the tender procedure for procurement of services above 2.500 EUR, what do you suggest for a single tender for a service contract to state the maximum amount that we have at our disposal or leave it open to the tenderers?**

In the tender for procurement of services you should state the maximum available contract value, as it is clearly instructed in the templates (Tool 5).

- **Does the tender for equipment require stating the maximum price or is it just a proposal?**

The tender for procurement of equipment does not require stating the maximum price, moreover it is forbidden, as it is clearly instructed in the templates (Tool 5).

- **How can our partners be VAT exempted when we transfer the part of pre-financing to their account?**

There is no VAT in the case when the Coordinator transfers the part of pre-financing to partner's account.



ADDITIONAL INFORMATION PROVIDED DURING THE TRAINING SESSIONS:

- The Grant Beneficiaries should observe the contract and its annexes as their formal obligation. By signing the contract, the Coordinator and other grant beneficiaries took over a set of formal contractual obligations that need to be followed throughout the implementation period.
- Pre-financing payment will be executed on the basis of the signed grant contract one month after the signed grant contract is received in the premises of the CFCU.
- Decision on constitution of project team should be in place with names and positions of the project team with percentage of working time devoted to the project.
- Partnership agreement as formal document for division of tasks and responsibilities is strongly recommended (CFCU can provide Template).
- Engaging people who are working in the Beneficiary or project Partners institution/organization or in the affiliated entities is not allowed and it will be considered as non-eligible cost.
- External expert costs (procured under Budget heading 5 and 6) should include service fees together with cost of travel, accommodation and other related expenses.
- Quarterly reports should be sent to PIU, with CFCU in cc.
- It is strongly suggested to Beneficiary(ies) to prepare financial reports with relevant supporting documents following the order of budget lines in their Budget from the contract or any amendment (for example 1.1.1.1, 1.1.1.2, 1.1.1.3 etc.) to enable easier control of the reports.
- If Interim or Final report is submitted without order, with messy and incomplete documentation, the Contracting Authority (CFCU) has the right to reject the report and return it for correction to the Grant Beneficiary.
- Proof for payment of daily allowance for travel from the beneficiaries side is “plavi nalog za podizanje” or bank statement where it is visible the purpose of taking the cash from the account, which should correspond to bank statements or salary slips of employees that have received the envisaged amount for travel and subsistence costs/daily allowance, or Cash receipt (“potvrda o preuzimanju nadoknade za put”) if they have received the money directly on their hands.
- Updated link for Communication and Visibility Requirements for EU External Actions is: https://ec.europa.eu/international-partnerships/comm-visibility-requirements_en
- Brief information on the current situation as a result of the COVID-19 pandemic:

If the current situation has delayed the implementation of the projects, hindered the realization of some of the planned activities, or led to the need to prolong the current activities, or in any other way affected the realization of the activities of your projects - we advise to make modifications to the contract using Tool 1 of the Implementation Package (Notification letter), contact the CFCU for a request to modify the activity / timetable.

If you have any questions regarding this procedure, please feel free to contact us through the help desk.