



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.



Questions & answers from Helpdesk

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

EuropeAid/162457/ID/ACT/ME

DATE: 1 April 2020

We are in the process of preparing tender documentation for a simplified supply procedure. We have used proposed documentation from the TOOL 5 (Simplified supply) and have some questions which we have stated below:

1. Question

Article 18 of the Contract Notice for Simplified Supply procedure states:

The tender dossier is available from the following Internet address: <https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome...>

...and...

Eventual clarifications or minor changes to the tender dossier shall be published at the latest 11 days before the submission deadline on the website of DG International Cooperation and Development at <https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome...>

As we know, when simplified supply procedure is followed, it is not necessary to public tender clarification and dossier online. Should we delete these two parts of article 18, since we are following simplified procedure?

Reply: Yes, you may delete the proposed paragraphs which are related to publishing the tender dossier/clarifications, which is not relevant for your procedure.

2. Question

In the template of Contract notice it is stated that submission of tender deadline for the international procedures is 60 days and for local procedures is 30 days. We are following simplified procedure where we will invite tenderers from Slovenia, Croatia and Germany. Is it enough to set the 30 days deadline in this case? 60 days deadline would jeopardize our activity workflow plan.

Reply: Please note that according to PRAG point 4.5. *Simplified procedure for contracts under EUR 100 000 – supplies* the minimum deadline is 30 days (“The chosen candidates must be allowed at least 30 days from the dispatch of the letter of invitation to tender. Experience shows that too short a period prevents candidates from tendering or causes them to submit incomplete or ill-prepared tenders. The deadline for submissions must fall on a working day in the country of the contracting authority.”). For



further information, please consult applicable version of PRAG (ver. 2018) that you can find on the following link: <https://ec.europa.eu/europeaid/prag/previousVersions.do>.

3. Question

In the article 22. of the Contract notice it is stated as follows:

Grant contract no XX.

What should we state instead of XX?

Reply: Under the article 22. of the Contract notice, instead of XX state the number of your Grant Contract signed with the Contracting Authority (CFCU).

4. Question

Do we need to have Special condition document if we think it is not necessary or General Condition document is enough?

Can we use it but only keep articles which are necessary for our case?

Reply: The articles in Special conditions amplify and supplement, if necessary, the general conditions governing the contract and present specifics related to your future supply contract, for which reason they should be prepared as part of the tender dossier according to the needs of your procurement (you can adjust text of articles and exclude the ones that are not applicable) and used as template for the Supply contract with the successful tenderer.

5. Question

Where can we find form A.14 (DECLARATION OF HONOUR ON EXCLUSION AND SELECTION CRITERIA)?

Where can we find documents c401_fif_en and c402_lefind_en and do they need to be part of tender dossier?

Reply: All Annexes to Practical Guide to procurement procedures (PRAG) are available on the following link: <https://ec.europa.eu/europeaid/prag/annexes.do>. For downloading FIF (Financial identification form) Template please visit this link: https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/fich_sign_ba_gb_en_0.pdf. Templates that should be submitted by the tenderers should be a part of the tender dossier.



DATE: 2 April 2020

1. Taking into consideration that the names of external experts including their expertise in the fields of relevance for the implementation of our Project are mentioned in *Main means for the implementation of the action (part of Project documentation)* and the fact that they were consulted during the preparatory phase of our Project, we would kindly ask for answers on the following questions:

- Do these experts have any advantage in the tender evaluation process. We would very much appreciate any advice, instruction on this subject?

Reply: Due to the principle of equal treatment and non-discrimination (one of the basic principles for procurement from PRAG), no physical or legal entity should have an advantage or access to tender documentation prior to any procedure – you should ensure equal opportunities under the same conditions. Experts that you have consulted during project preparation can be invited to submit their offers on the same conditions as other possible candidates ensuring the equal treatment principle.

- Should all external experts on our Project which will be engaged for the purpose of scientific analysis (2 experts) and statistics (1 expert) – the different scope of activities (budget line 5.2 Studies, Research) be subject of one tender procedure or two procedures?

Reply: Procurement of experts under the same tender procedure should be done if the expertise requested can be done/offered by the same experts. If a different type of expertise is required for each expert (scientific analysis and statistics), the procurement can be done separately or divided in lots, to have several key experts under one contract. In any case, to be on the safe side, before the start of the procurement procedure we advise you to wait for comments on the Procurement plan from the Contracting Authority (CFCU).

2. Are there any templates for *the Outputs - Reports* for different Project activities that need to be delivered during the Project implementation, or recommended number of pages, the structure of these reports...

Reply: There are no specific templates for Outputs – Reports from external experts, but they should be in line with the best practices on the market. If you already have your own templates, you can use them as well. Regarding the number of pages, structure and quality of outputs produced by external experts, they should be in line with your needs and must be in proportion to the price. It is advised that the min level of quality is described in the contract (sub-contract with the service provider), namely in the ToR (as part of the Tender documentation with details about the requested services) which will be part of the contract, as well.

DATE: 7 April 2020

We have a question regarding the cost of salaries in case the employee has increased salary in relation to the amount stated when budgeting was done. It is not a matter of requesting a refund or a budget change, but on how we can present the cost in this case?

Reply: While preparing the Grant contract (during the Budget clearing process), the unit cost for salaries was calculated on the basis of the last 3 payslips for each employee. In general, the increase



of salaries (the unit cost from the Budget of the Contract) is not allowed, namely the cost above the budgeted unit cost for salaries will not be eligible, but only in exceptional cases which should be justified and verified by the CFCU on case by case basis, such as salary increase according to national legislation (for public institutions), an increase due to the years of working experience/seniority or based on internal regulations.

The indication of the salaries (unit values under Budget heading 1 – Budget line 1.1) is only an estimated calculation of the salary costs for each team member. While preparing financial reports the actual cost of each team member working on the project should be presented. Of course, the actual cost should not exceed the budgeted cost calculated at the end of the project, if there were no budget amendments/reallocations.

Namely, for each project team member, you will provide monthly timesheet proving the actual time worked on the project and monthly payslip for each individual with defined gross 2 salary for total work engagement, not only for the project (among other supporting documents). The actual salary cost will be calculated according to the formula:

$$\text{LABOR COST} = \text{Gross II} * \text{Percentage of project work (for each month under the reporting period)}.$$

Also, it is necessary to follow the number of units from the budget. Namely, if you have planned, for example, to engage the person for 10 month, full time engagement, with a salary of 500 €, it is not possible to approve the change that now you need the engagement of this person for only 5 months, full time engagement, with salary of 1.000,00 €. If there is any alteration from the firstly envisaged number of units, then it is crucially important to inform the Contracting Authority, because mentioned changes are not allowed.

For a more detailed explanation, please consult the Tool 9 – Guidelines on Financial reporting, available on the link: <http://eesp.me/tools-inovacije>, together with other tools as part of Guidelines for project implementation by Grant Beneficiaries, available on the link of this Grant Scheme: <http://eesp.me/inovacije/>.

DATE: 7 April 2020

- a) I would ask you to look at this procurement plan before sending it to the CFCU team. We are doing it this way for the first time, so any suggestions are welcome. We stated all amounts from the Budget, including the smallest, for those over € 2,500.00 a single tender is foreseen, in other cases invoice only procedure will apply. I'm unclear about the cost of the fuel type because one part would go now and the rest next year, so I don't know if that should be specifically mentioned in the table.
- b) We're going to have some changes because of the current situation, so I suppose we should officially contact the CFCU via that notification letter?
- c) And just to ask, maybe it was explained at the workshop and I missed it and it concerns the payment, whether the remaining 20% of the grant goes after accepting the final report since it is not clearly defined in the contract. Or should we directly ask the CFCU?



Reply:

- a) Procurement plan will be commented in details by the Contracting Authority (CFCU), some basic inputs are as follows. The logic behind the Procurement plan is that it should be presented by the type of items/services that can be procured together (and can be provided by the same supplier/service provider, or divided in lots to ensure participation of different suppliers/service providers), and not by activities or events. Examples of procurements that should be procured together: IT equipment; performing services regarding studies, researches, projects or elaboration; marketing and visibility services (design, preparation for printing/graphics, printing of visibility materials); catering services; travel costs and procurement of other similar services/items etc.
- b) 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.
- c) Yes, payment of the remaining 20% of the grant part of the total eligible costs will be done by the Contracting Authority after approval of the final report. Reporting and payment arrangements are defined in Article 4 of Special conditions of the Grant Contract and under article 15 of General Conditions (GC) — Payment and interest on late payment, where among other provisions it is stated that payments of the balance shall be made within 90 days of receipt of the payment request by the contracting authority. The payment request shall be drafted using the model in Annex V and shall be accompanied by a narrative and financial report in line with Article 2 of GC - Obligation to provide financial and narrative reports.

DATE: 8 April 2020

The threshold of 2.500,00 euros for the supplies procurement is considered as a price with or without VAT?

Reply: Thresholds for all procurement procedures (including purchase based on the invoice only) applies to the estimated value of procurement without VAT, since VAT is not eligible cost, as it was already envisaged in the Project Budget (unit values of items to be procured/purchased).

DATE: 8 April 2020

1. One of the members in the project team was hired at the level of 33% of engagement. In the period from submission of the project documentation to the signing of the contract, the salary was increased to that person. What (and is there anything) that needs to be done to adjust the documentation to the factual situation (e.g. adjust percentage of engagement)? The project team does not want to increase the amount defined for this budget line.

Reply: While preparing the Grant contract (during the Budget clearing process), the unit cost for salaries was calculated on the basis of the last 3 payslips for each employee. In general, the increase of salaries (the unit cost from the Budget of the Contract) is not allowed, namely the cost above the budgeted unit cost for salaries will not be eligible, but only in exceptional cases which should be



justified and verified by the CFCU on case by case basis, such as salary increase according to national legislation (for public institutions), an increase due to the years of working experience/seniority or based on internal regulations.

In addition, it is not justifiable to reduce the percentage of work on the project without proper justification, and only because the salary was increased.

For further details please look at the reply on the previous question from 7 April.

2. During the implementation workshop, it was suggested that the best option to keep the finances easy for both internal and external control is to open a subaccount in the bank. In case the employee hired through budget head 1 is not hired on 100% of the engagement, how is his / her salary paid. Is it acceptable to pay it in two parts – one as the project part of the salary from the subaccount and the rest of the salary from the company's primary account?

Reply: The salaries for project team members can be excluded from payment through the separate project account, since the amount eligible for financing from the project budget will be calculated on the basis of each timesheet and the actual salary paid from the payslip, as described in the reply to the previous question. In that sense, the costs of salaries are traceable and can be easily verified; on the other hand, it allows the grant beneficiaries to follow the usual practice with regards to payment of salaries to the employees (members of the project team).

3. Two of the budget lines we have are related to service contracts with experts in communication and experimental design (PhD students, budget line 6., "Other"). The amount to be paid is not determined on a monthly basis (per month) but for the entire contract (per contract). The contract itself will determine the number and amount of cash tranches. We have entered in the budget that the entire amount of the work contract is calculated in the accounting period Year 1, although the experts would also be engaged in the last six months of the project, between the 12th and 18th months. Can the budget remain in its current state (Table 1) and the contract itself would specify the terms of payment or should it be modified (e.g. as in Table 2)? The amount of funds allocated remains the same (the numbers in the table only illustrates an example).

Table 1

Costs	All years				Year 1			
	Unit	# of units	Unit value	Total cost	Unit	# of units	Unit value	Total cost
Experiment administrator	Per contract	1	5000	5000	Per contract	1	5000	5000

Table 2

Costs	All years				Year 1			
	Unit	# of units	Unit value	Total cost	Unit	# of units	Unit value	Total cost
Experiment administrator	Per contract	1	5000	5000	Per contract	1	2000	2000



Reply: Engaging external experts (in your case under Budget heading 6) is regulated following the applicable procurement procedure. The procurement procedure ends by signing the service contract in which detailed provisions determine the number and amount of cash tranches to be paid to the expert. For the Contracting Authority, only the amount of the signed contract is relevant and eligible for financing under the condition that all rules for procurement are followed. Namely, the budget can remain in its current state (Table 1) and the contract itself will specify the terms of payment.

DATE: 15 April 2020

1. Considering that certain procurement is foreseen to be performed by coordinator, and certain procurement by a project partner, should we prepare the Procurement Plan as a single document or separately for the coordinator and the project partner? Also, if a single plan is submitted, should it indicate who is responsible for which procurement?

Reply: Procurement Plan is based on the activity plan and the budget approved for the Action and comprises of procurement procedures to be launched both by Grant Beneficiary and its Project Partners. In that sense, similar procurements (supplies/services) should be procured together on the project level. It is advisable to indicate who is responsible for which procurement.

2. Whether at this point or later during the project implementation, should the following columns from the Procurement plan be filled in:

Tender launch date / Tender Evaluation Date / Contract signature date by second party Completion of the contract (services) / acceptance of goods (supply)

This concern has arisen to us given the information on page 86 of the Implementation of Grant contracts by GBs online workshop we observed that stated that all the columns in question should be completed (slide 86 - Procurement Plan rules and basic principles - bullet 4: The planned launch dates of the procurement, as well as the dates for contract signing and duration of implementation/delivery, are realistic and consistent with the project implementation period) or we may be misinterpreting?

We particularly mention this, since in our plan we have two purchases of supplies (server and laptops) which are between 4,000 € and 5,000 € and procurement of expert services 6,400 € (2x3,200 €) which we will perform through three offers procedure, and everything else is subject to direct procurement and payment by invoice. At this moment we can fill in the column Tender launch date (date from sending invitations/date of publication) with an estimate up to the level of month or quarter, but other columns are not able to predict to that extent precisely now.

Reply: For invoice based/contract based procurements, columns „tender launch date“ and „tender evaluation date“ should state N/A, while the remaining columns should be filled in, at least indicatively, in line with the activity plan from the Description of the Action (quarter/month and year). With regards to the calculation of dates, please take into account the minimum deadlines:

- for Single tender procedure - at least 10 days are given between the invitation and the deadline for submission of the tenders; and
- for Simplified procedure - at least 30 days are given between the invitation and the deadline for submission of the tenders.



Please also note that the Procurement Plan is a live document and the dates may be updated throughout the implementation period, if needed and justified.

DATE: 5 May 2020

We have some questions regarding the implementation of our project. As we understand it, the date of the first quarterly report is slowly approaching. It is not clear to us how the "quarter" is calculated, whether from the start date of the project (March 10) the 3 months are added, or is viewed by calendar year (April-June). We would not like to miss the deadline, so it would mean to us if we had accurate information by the time the first quarterly report is submitted, and all other reports, therefore, we are interested in the dynamics of sending the reports.

In addition, which documents should we attach to the quarterly report (is it only Tool 7?) and which to the Interim report (The narrative and financial report-Tool 8? Together with Tool 7?) We have reviewed the Tool Options, but it is not clear to us what to attach to the quarterly report and the Interim(semi-annual) report.

Reply: Quarterly reports should be submitted fulfilling the template provided under Tool 7 for each reporting period, which is calculated from the start date of the implementation of your Grant contract according to Article 2.2 of the Special Conditions. The quarterly report should be submitted within one week after the expiry of the reporting period. Namely, in your example (10 March) the deadline for submission of the quarterly report should be 17 June (10 June + one week). There is no need to submit any annexes to the quarterly report, except the ones indicated at the end of the Template for quarterly reporting (Tool 7, under point 11. Annexes (if applicable): updated Action Plan, updated Procurement Plan, updated Communication Strategy/Plan or other). In addition, the quarterly report does not have to be submitted when Interim reports (6-month reports) are to be submitted (except for the monitoring indicators table – Point 4. Contribution to SOPEES overall results of Tool 7).

On the other hand, Interim reports are to be submitted fulfilling the template provided under Tool 8 (Annex VI financial report and Annex VI interim narrative report) in the period within one month after the expiry of the 6-month reporting period, together with all relevant supporting documents. All supporting documents per each Budget Heading of the financial report are provided under Tool 9 – Guidelines for Financial Reporting. No Interim narrative and financial reports should be submitted if they are due within the last two months of the period of implementation.

Only the Final report should be accompanied by the payment request (Annex V – standard request for payment of Tool 7) which should be submitted to the contracting authority no later than three months after the expiry of the implementation period of the contract as defined in Article 2 of the special conditions (according to Article 15.2 of the General Conditions).



Questions & answers from implementation sessions – Secondary procurement

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

EuropeAid/162457/ID/ACT/ME

DATES: 27th/28th April 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: To discuss implementation start and answer any pending issues, for the participants to become acquainted with the specific requirements and rules governing the grant projects' implementation in the area of secondary procurement.

During 2 days of implementation sessions regarding secondary procurement Grant Beneficiaries divided in 2 groups of 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.

27/4/2020

- **How much time we should envisage for preparation of Simplified tender dossier and verification by CFCU?**

Preparation of Simplified tender dossier and verification by CFCU could take approximately one month or even more, but it really depends on the subject of procurement, experience of grant beneficiary and comments from the CFCU/need for another review of documentation.

- **Can the Single tender procurement documents be written in Montenegrin language? And consequently, can the offers be in Montenegrin language?**

Single tender procurement documents can be written in Montenegrin language (translated package of documents available under Tool 5) and offers can be in Montenegrin language if this is explicitly stated/requested in the tender documents.

- **Can we, as national public procurement entity (Institute for public health) use our already developed procurement procedures and tender documents in the local language and can the procurement process be implemented according to our national Montenegrin legislation in this area?**

For secondary procurement below 20.000 EUR (namely Single tender procedure) Grant Beneficiaries can choose to use their procurement procedures and tender documents in the local language and the procurement process can be implemented according to national Public



Procurement Law as long as these procedures and documents respect the basic principles of Annex IV of the Grant contract. If decided so, these procedures will be subject to control from the CFCU as the Contracting Authority.

- **We have to proceed with VAT exemption procedure for each procurement?**

VAT exemption procedure should be done for each Invoice, so basically it depends how many invoices are envisaged under each procurement.

- **Should the received financial offers include their price without VAT? There have been different interpretations, so we need a clear explanation as to whether it should be stated that the invoice must include the value of the VAT on which the exemption is sought?**

It is advised to state/highlight in the procurement documentation that prices in financial offer should be fulfilled without VAT cost. After the completion of the procurement process with signature of the contract and delivery of services/supplies, 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. For detailed information please see 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>.

- **How to implement the process of hiring field workers in different municipalities - is the request made for one field worker per municipality?**

When it comes to the hiring field workers in different municipalities, it is necessary to conduct market research to check if it is possible to engage one company who could insure all of the field workers (for example, employees assignment agencies). Please be informed that it is necessary to keep all the records of market research within your files as an audit trail and inform the Contracting Authority before procurement procedure launch, since this is related to preparing the procurement plan which the Beneficiary is obliged to submit within first month of implementation.

If there is one or more agencies found through the market research, the tender procedure should be conducted in accordance with the cumulative amount envisaged for field workers (Single Tender or Simplified Tender Procedure).

If this is not the case and after making sure that there is no possibility for tender procedure to be conducted, the service contract with each field worker can be signed separately (if the amount concerned is not subject to the procurement procedure) defining in each contract the amount and the service which should be provided for the amount assigned.

- **Can there be any deviation in the quantity of goods purchased, related to the purchase prices, which may be affected by the current situation? What to do in these situations?**

Any change of the quantity should be notified to the CFCU in advance/before starting the procurement process or the latest with the submission of the next Interim (6-month) or Final report (in line with Article 9.4 of General Conditions) with proper justification and reallocation of the budget, if there is any reallocation reflected by this change.



28/4/2020

- **Can the Single tender documentation that we prepare be sent to the CFCU for verification?**

There is no obligation of sending Single tender documentation to the CFCU for verification, only for Simplified tender procedure (above 20.000,00 EUR), but this issue can be agreed with the CFCU Project manager on case by case basis and according to the risk analysis. Specific questions in relation to the preparation of tender documentation may also be sent to the help-desk before tender launch.

- **If our Simplified tender procedure for supplies (above 20.000 EUR) fails, should we send the revised tender dossier to CFCU for another control?**

Yes, the revised tender dossier should be sent to CFCU for verification before starting the repeated procurement process.

- **In our project, we have to employ researchers (budgeted under BH 1) - can we engage them on the basis of service contract and what is the procedure of employment?**

Employing researchers (budgeted under BH 1) can be done according to your regular employment procedure/policy and they can be engaged on the basis of a labour contract. According to DEVCO COMPANION (<https://ec.europa.eu/europeaid/companion/> - The implementation of grant contracts - A users' guide), there is a situation under which employment based on the service contract is allowed under BH1. The following is explanation provided for Article 14.2 of General conditions - <https://ec.europa.eu/europeaid/companion/document.do?nodeNumber=19.3.1.2>:

Consultants (v. employees)

As a general rule, tasks performed by consultants, experts and/or other service providers (e.g. accountants, lawyers, translators, external IT staff, etc...) are to be considered as resulting from implementation contracts (Article 10). Consequently, beneficiaries must award these contracts in accordance with Annex IV. These costs are thus not considered as human resources (budget heading 1) but as other costs/services (notably budget heading 5 or 6).

Specific case: 'in-house consultants'

In house / 'intra muros' consultants are natural persons working on the basis of a service contract as opposed to employees hired on the basis of a labour contract. They join a beneficiary's project team and deliver 'external services'. The costs arising from these in-house consultants are in principle to be considered as costs relevant to implementing contracts.

However, as an exception to the rule, these costs may be considered as personnel costs regardless of whether the consultants are self-employed or employed by a third party, if the following cumulative conditions are fulfilled in accordance with the terms of the call for proposals and subject to the eligibility of costs:

- (a) a beneficiary has a contract to engage the consultant to work for it and (some of) that work involves tasks to be carried out under the action funded by the grant;



- (b) the consultant must work under the instructions/supervision of the beneficiary;
- (c) the consultant must work in the premises of the beneficiary as a member of the project team;
- (d) the output of the work belongs to the beneficiary;
- (e) the costs of employing the consultant are reasonable, are in accordance with the normal practices of the beneficiary and are not significantly different from the personnel costs of employees of the same category working under a labour contract for the beneficiary;
- (f) travel and subsistence costs related to such consultants' participation in project meetings or other travel relating to the action is directly paid by the beneficiary or in any case according to the beneficiary's own staff procedures.
- (g) the consultant uses the beneficiary's infrastructure (i.e. user of the 'indirect costs').

These conditions describe a de facto situation of subordination, as in a traditional labour contract (regardless of the legal form). Therefore in these cases, if the national applicable legislation allows for a de facto employee to be hired under a service contract, and provided that all the conditions stated above (similar costs, property of results, subordination, etc.) are satisfied, these service contracts may be assimilated to staff costs in the budget and for all useful purposes (for instance procurement principles set out in Annex IV would not apply).

This is to be evaluated by the contracting authority on a case by case basis, so it is strongly suggested to discuss it as soon as possible with the contracting authority to avoid any problems.

Grant beneficiaries should decide if they will hire a person on the basis of the labour or service contract.

- **Should we envisage for secondary procured researchers (budgeted under BH5) that they fulfil Time sheets (TS) to prove their work on the project?**

You can envisage fee-based service contract for secondary procured researchers (budgeted under BH5) under which they fulfil TS to prove their work on the project, in order for you as the Grant Beneficiary and Contracting Authority in the case of secondary procured contract can verify their engagement on the project. But you can also envisage global price contract where it is necessary to have proof that they have delivered outputs defined in the contract. With regards to supporting documents to be delivered to the CFCU as the Contracting Authority for your Grant contract, please consult the Tool 9 – Guidelines on Financial Reporting.

- **Regarding the procurement process of engaging researchers it is a bit difficult since they are in database of researchers. Could you please advise us how to proceed?**

There are no limitations to how many potential service providers you will send the request for offers, except of obligation for having the obligatory minimum 3 potential candidates for simplified procurement procedure (above 20.000 EUR). For single tender procedure there is a recommendation to invite minimum 3 potential tenderers to make sure that you will respect the



sound financial management principle. But also, it is allowed to send this request/to contact as many candidates as possible or inform the public through other online channels (such as your website, social networks and similar), if such need exists and will provide you with better selection process of candidates.

- **Is it allowed that we participate/cover the extra expenses if all offers under the supply procurement procedure are above the estimated procurement value or should we repeat the procurement process?**

According to PRAG 2018 provisions for procurement of supply contracts (Section 4.3.9.6. Choice of contractor) the successful tenderer is the one submitting the least expensive tender classified as 'technically compliant' during the technical evaluation. It must be declared the successful tender if it is equal to or lower than the maximum budget available for the contract. If the chosen tender exceeds the maximum budget available for the contract, Section 4.2.6.1(j) applies, as follows: "Where the tender procedure has been unsuccessful, that is to say, where no qualitatively and/or financially worthwhile tender has been received, in which case, after cancelling the tender procedure, the contracting authority may negotiate with one or more tenderers of its choice, from among those that took part in the invitation to tender, provided that the procurement documents are not substantially altered". If the negotiation process fails, the procurement should be repeated.

ADDITIONAL INFORMATION PROVIDED DURING THE TRAINING SESSIONS:

- The Grant Beneficiaries should perform their secondary procurement according to Annex IV of grant contracts since the contract and its annexes as their formal obligation.
- Engaging people who are working in the Beneficiary or project Partners institution/organization or in the affiliated entities as external experts 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.
- The time-limits for receipt of tenders and requests to participate must be long enough to allow interested parties a reasonable and appropriate period to prepare and submit their tenders; please take into account the minimum deadlines:
 - for Single tender procedure - at least 10 days are given between the invitation and the deadline for submission of the tenders; and
 - for Simplified procedure - at least 30 days are given between the invitation and the deadline for submission of the tenders
- Guidelines for drafting technical specifications for Supply contracts (A11b and A11c) are available on the following EuropeAid PRAG webpage: <https://ec.europa.eu/europeaid/prag/annexes.do>.
- 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.