



Contract Title: “Technical Assistance to the Operating Structure for SOPEES”

Contract number: CFCU/MNE/084

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Questions and Answers (4th edition)

Support provided through help-desk function to Grant Beneficiaries of the following grant schemes in scope of SOPEES:

- “Support to employment in less developed municipalities in Montenegro” (EuropeAid/169091/IH/ACT/ME)
- “Implementation of training and education for deficit occupations” (EuropeAid/171432/IH/ACT/ME)
- “Support to Provision of Social and Child Protection Services” (EuropeAid/162650/IH/ACT/ME)

(The 4th edition of Q&A is derived from helpdesk operation and implementation workshops held for awarded Grant beneficiaries in the period from 01/May/2021 – 28/February/2022 (the cut-off date).

This project is implemented by ALTERNATIVE CONSULTING
in Consortium with Expertise Advisors and International Consulting Expertise EEIG (ICE).

The answers provided in this document are those of the Contractor implementing the Project. They are not approved and nor do they reflect the official position or views of the European Union or the Delegation of the European Union or the Contracting Authority.

This document has been prepared as a team effort of the project key experts.



Questions and Answers

Q1. Can we change the procurement plan?

A1. A procurement plan is just a plan. As such, it is subject to changes, however these changes shall be notified to the Contracting Authority, without delay. Note that changes to the procurement plan should not be caused by the beneficiary's inaction, but shall be justified by external factors that the grant beneficiary could not influence. Any changes to the procurement plan should be justified and follow the methodology of Minor Modifications (explained in Article 14 of the Generation Conditions - Amendments to the Contract). No artificial splitting of the market is allowed to circumvent the rule of origin or award procedure. The procurement plan within the contract and the division into lots of a tender must be legitimate.

Q2. Do I have to open a special sub-account for the project?

A2. It is recommended that the Grant Beneficiary (GB) has a sub-account (or a separate bank account) in the bank to which the GB will receive the grant and from which the GB will pay the project costs.

Q3. Can sub-contractors participate in the action?

A3: Sub-contractors may only participate in the action following a tender procedure. The tendering procedures that applicants must follow are presented in the Contract Award Procedures (Annex IV) (E3h_3), which is an annex to the Grant Contract.

Q4. Is it possible to obtain VAT exemption for the equipment procured by third parties?

A4. No, exemption of VAT is only possible for the lead grant beneficiary and the co-applicants (i.e., grant beneficiaries). Please refer to the CFCU's VAT exemption instructions, available on the Contracting Authority's website <https://www.gov.me/clanak/156867--nove-instrukcije-za-oslobadanje-od-placanja-pdv-a-decentralizovano-indirektno-upravljanje>.

Q5. Is it acceptable to pay the assistants of project partners by transferring the funds to their account after which the partner will pay the assistants through a contract of supplementary work (ugovor o dopunskom radu)?

A5. Transfers between the partners are possible and also a usual practice of handling partnerships. The transfer of project funds to a partner (co-applicant) itself is not a project expense, partners (grant beneficiaries) still need to follow and respect all grant contact related requirements. Note that it is also usual to indicate the % of working time in the HR budget heading lines (in the justification sheet of the budget and also in unit rates) and compensate the staff for the % actually worked on the project, in line with gross salaries normally borne by the grant beneficiary.



Q6. Is it acceptable to recruit the staff from the organization as trainers for the trainings in social and child protection (covering topics such as disability, personal assistance and socio-educational support) given that specific licenses as well as knowledge and experience are required to carry out these trainings?

A6. In cases of in-house consultants, these costs should be presented in the HR budget heading, as sub-contracting your own staff may be considered a conflict of interest. Rules regarding supplementary work mentioned above still apply (Q5).

There is a possibility to recruit the staff from the organization as trainers for the training if there are no other external experts in that field. That person needs to provide justification that is the only one with the specific licenses required to carry out training.

Q7. Can you elaborate further on the use of contingency reserve: how does it work in practice?

A7. The contingency reserve can only be used after **PRIOR** approval by the Contracting Authority. The contingency reserve is to be used during the implementation of the project to meet unforeseen costs required to deliver project results and meet stated objectives. There is no clear-cut definition of 'unforeseeable' circumstances: this would entail a sudden, completely unforeseen and drastic change in the situation — for example a sharp devaluation decided by the government unexpectedly or uncommon cases of hyperinflation, etc.

Q8. Can a grantee keep equipment purchased for the project?

A8. Please see Article 7 of the General Conditions. *“Unless otherwise stipulated in the Special conditions, ownership of, and title and intellectual and industrial property rights to, the action's results, reports and other documents relating to it will be vested in the beneficiary(ies)”*. Furthermore, Article 7.5 states *“Unless otherwise clearly specified in the description of the action in Annex I, the equipment, vehicles and supplies paid for by the budget for the action shall be transferred to the final beneficiaries of the action, at the latest when submitting the final report. If there are no final beneficiaries of the action to whom the equipment, vehicles and supplies can be transferred, the beneficiary(ies) may transfer these items to: – local authorities – local beneficiary(ies) – local affiliated entity(ies) – another action funded by the European Union – or, exceptionally, retain ownership of these items. In such cases, the coordinator shall submit a justified written request for authorisation to the contracting authority, with an inventory listing the items concerned and a proposal concerning their use, in due time and at the latest with the submission of the final report. In no event may the end use jeopardize the sustainability of the action or result in a profit for the beneficiary(ies).”*

Q9. What shall we do if the project activities face obstacles and results, as planned, due to these obstacles cannot be implemented and/or action plan cannot be implemented as planned?

A9. The Grant Beneficiary shall promptly inform the Contracting Authority on all circumstances that affect or may affect the implementation of the project without delay, including any issues that lead or may lead to deviations, underachievement, and timely implementation of a grant contract (e.g., expected delays, expected cancellations of activities, expected underperformance in results). If this becomes a necessity, grant contract amendments and modifications may be proposed/requested from the Contracting



Authority, in line with provisions of General Conditions (for example, see Articles 9 and 11 of General Conditions).

Q10. Which costs should be included under Budget heading 4: Local office as direct costs and which costs should be included under the Budget heading 10: Administrative costs?

A10. Administrative overheads (Budget heading 10) incurred for the Action may be claimed as indirect costs by applying a fixed percentage not exceeding 7% to the total amount of direct eligible costs of the Action (i.e., the % presented in the indicative budget). Once a grant contract is signed, you will not need to provide supporting documents for these costs. However, when preparing your proposal, you are deemed to make a reasonable estimate of administrative overheads you will incur for the action. The Contracting Authority reserves the right to verify this estimate on the spot before signing a grant contract. Please refer to Article 14 of the General Conditions. According to the PRAG template E3c Annex B – Budget, following costs could be included under Budget heading 4: Project office: vehicle costs, office rent, consumables - office supplies, other services (tel/fax, electricity/heating, maintenance). Please note that this list is not exhaustive.

Q11. Which costs can be included as direct local office costs (Budget heading 4)?

A11. Only costs that are identifiable and directly and clearly linked to the project can be inserted under Heading 4 of the budget (and for that matter any other budget heading under direct costs). These costs will have to be supported with the necessary supporting documents. Costs that cannot be identified clearly as direct costs of the project are deemed to be administrative costs (see Q10). The Contracting Authority reserves the right to verify whether budgeted direct costs are sufficiently identifiable and clearly linked to the project before signing a grant contract. Please refer to Article 14 of the General Conditions.

Q12. Where are the basic rules for sub-granting (i.e., financial support to third parties)?

A12. Please refer to Articles 10.4-10.9 of the General Conditions on "Financial support to third parties".

Q13. Which supporting documents are needed to report about sub-grants (i.e., financial support to third parties)?

A13. Please refer to the Article 16.7-16.10 of the General Conditions on "Record keeping".

Q14. Is it necessary to translate the accounting/supporting documentation into the English language?

A14. There is no obligation to translate all the supporting documents in the language of the contract or in any European Union language (please see Article 2(4) in PRAG).

Q15. Can sub-grantees claim the 7% indirect costs?

A15. 7% of indirect costs can be claimed from the total eligible cost that includes the funds intended for sub-granting. Namely, the percentage of indirect costs is defined in Special Conditions for each signed contract, i.e., in the contract budget, and percentage should be calculated in accordance with it. In



particular, the indirect costs defined in the budget which is an integral part of the contract are intended exclusively for the grant beneficiary and not for third parties.

Q16. What kind of monitoring should be implemented in relation to the financially supported third parties and what type of control the coordinator should perform?

A16. There are no particular rules and methods of control, rules should be agreed with coordinators. Also, rules of organization may apply as well. However, please refer to the Article 10(9) of the General Conditions (DEVCO, point 19.2.10.3.) *“To the extent relevant, the beneficiary(ies) shall ensure that the conditions applicable to them under Articles 3, 4(1)-4(4), 6 and 16 of these general conditions are also applicable to third parties awarded financial support”*.

Q17. Which rules apply when we want to change the partner or co-applicant on the project?

A17. Please refer to the Article 9 of the General Conditions on "Amendment of the contract". Also, note that any amendment of the contract must be done **in writing according to the procedures provided for in Articles 9(3) and 9(4)**. Oral arrangements or an exchange of emails must never legally bind the parties in this regard (DEVCO, point 19.2.9.) Change of co-applicant needs to be done through a formal request for amendment to the contract. It may constitute a breach of equal treatment during the assessment process and as such, should be avoided, as the matter of principle.

Q18. Does the "staff cost" include the costs of existing employees or only those who will monitor project activities and can be considered as a contribution of the grant beneficiary to the project?

A18. These costs refer to the costs incurred by the staff employed/engaged by the grant beneficiary and its partners (if applicable) that are directly related to the project activities. These costs include actual salaries plus social security, health insurance and other statutory costs included in the benefit (all calculated in accordance with national laws).

Q19. Given that companies (grant beneficiaries) are liable for VAT, is it necessary to include VAT costs for payment and possibly other dependent costs of procurement, customs, transport, etc.?

A19. All projects financed from the IPA programmes are exempt from VAT and customs duties. In this regard, the amount excluding VAT, and other costs subject to exemption should be presented in the budget. VAT and customs exemption procedures are available on the Contracting Authority's website. <https://www.gov.me/clanak/156867--nove-instrukcije-za-oslobadanje-od-placanja-pdv-a-decentralizovano-indirektno-upravljanje>.

Q20. From the moment of budget clearing, there has been an increase in employees' salaries, so shall we then report the cost in relation to the budgeted salary or in relation to the actual gross salary? Also, is overtime work acceptable?

A20. The Grant Beneficiary should claim the gross salary **without** any overtime work, additional incentives and bonuses. According to the General Conditions, the eligible costs are those **normally borne by the beneficiary**. However, in the end, the total amount accepted cannot be higher than the amount budgeted for that particular budget item, unless the reallocation of missing funds is approved by the Contracting



Authority.

Q21. In case the third party (financially supported, 'sub-grantee') does not spend the entire amount of the grant, i.e., if it is established that there were ineligible costs, how should we make a refund?

A21. The Contracting Authority will recover from the grant beneficiary the funds that have been unduly paid to or incorrectly used by third parties, if required. Also, in the event of ineligibility of costs related to financial support, at the end of an action the Contracting Authority exclusively turns to the grant beneficiary. Therefore, it is up to the grant beneficiary to set up the rules for the refund request from the third party.

Q22. What rules apply to the purchase of equipment by third parties?

A22. It is suggested that if any equipment is to be purchased by third parties, they sign statements that they **will not sell such equipment in the next 5 years (Article 7.6)**.

Q23. One of our project activities is to open a call for small grants. The total amount allocated for the implementation of the grant scheme is € 200,000.00. The amount of grants will be determined according to the number of beneficiaries hired by employers as part of on-the-job training in the amount of € 4,000.00 per beneficiary. The anticipated minimum grant amount is € 10,000.00. The maximum grant amount is € 40,000.00. Is it possible to reduce the minimum grant amount from € 10,000.00 to € 8,000.00 which would then correspond to the symmetry of hiring two people for on-the-job training and hiring at least one person as envisaged by the Call for Proposals, and justify the amount of € 4,000.00 of support per beneficiary?

A23. Changes in the 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. Please refer to the Articles 9(3) and 9(4) of General Conditions. In this case, you are advised to request the modification of the project from the Contracting Authority.

Q24. Is it acceptable to work on holidays and weekends?

A24. 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). Weekend work is eligible only exceptionally in cases where the grant beneficiary institution/organization/company works during weekend (on Saturday, since Sunday is not allowed according to the national law in Montenegro), as part of their regular working policy, which should be proved with Statute or decision/confirmation by the head of the institution.

Q25. Should we perform the market analysis for purchases below 2,500.00 EUR?

A25. 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 respect of the principle of sound financial management.



Q26. What does the submission of supporting documentation mean?

A26. Please refer to the Guidelines for the financial reporting, which is part of the Implementation package. Namely, the manual exhaustively lists the documents that justify each budget heading with detailed explanations and examples (available at Help desk section of <https://eesp.me/>).

Q27. Are costs of external experts eligible?

A27. Please refer to the Article 14.2 of General Conditions - Eligible direct costs:

Subject to Article 14.1 and, where relevant, to the provisions of Annex IV being respected, the following direct costs of the beneficiary(ies) shall be eligible:

"...costs of service, supply and work contracts awarded by the beneficiary(ies) for the purposes of the action referred to in Article 10; this includes the costs for mobilizing expertise to improve the quality of the logical framework (e.g., accuracy of baselines, monitoring systems, etc.), both at the beginning and during the implementation of the Action".

Also, costs for external experts are eligible under Budget line 5. Other costs, services:

"External expertise includes costs paid out for professional services of an external expert, consultant or other supplier, independently from the type of contract and exclusively engaged for project purposes (thus the full contract amount must be reported in the project) to carry out certain tasks of the project (e.g., studies and surveys, translation, coordination, financial management, legal consultancy fees and notarial fees directly linked to the project, necessary for its implementation and planned in project budget and the description of activities), which the Beneficiary's organization cannot perform with already engaged resources."

Q28. Is it possible that we as an organization perform a procurement for the needs of third parties that are beneficiaries of sub-grants?

A28. Please refer to Articles 10 (5) to 10 (9) of the General Conditions. Namely, financial support is considered exclusively support in the form of financial resources (monetary, money) up to a certain amount, and any deviation from this may lead to ineligibility of the cost. Also, this part is explained in detail in DEVCO, point 19.2.10.3. <https://wikis.ec.europa.eu/pages/viewpage.action?pageId=39354804>.

Q29. Can we have two different persons listed in the tender submission form (different contact persons and the person signing the statement if the tenderer)?

A29. Tenderer declaration should be signed/dated by the person legally authorized to represent the organization (supplier, service provider in this case). A contact person listed in the tender submission form may simply be a person working in such organization, dedicated as such, to maintain contacts between the potential contractor and the GB.



Q30. Can we request retroactive changes in the budget?

A30. Any budget change is to be requested/communicated with the Contracting Authority in advance. If, for whatever reason, the GB has not requested a budget modification and changes did in fact occur, they should be at the latest communicated in writing, in the next report.

Please note that this does not apply to the changes requiring addendum to the contract (amendments above 25% of each main budget heading concerned), as per Article 9.4 of the General Conditions, for which changes must be communicated, requested and approved in advance.

Q31. At which point the bank guarantee for pre-financing is released?

A31. Please see Article 15.8 of the General Conditions (DEVCO, point 19.3.2.8). The guarantee shall remain in force until its release by the Contracting Authority when the payment of the balance is made.

Also, in the Annex VIII-Pre-finance Guarantee Form, it is clearly stated at what two occasions the guarantee can be released:

“the guarantee will be released 45 days at the latest after the first of the following events:

- *when the balance provided for in the contract has been paid;*
- *[and in any case at the latest 18 months after end of the implementation period of the action mentioned in the contract”.*