



EUROPEAN UNION

Delegation of the European Union to Bosnia and Herzegovina

## Clarification No. 1

Project Title: EU Support to Local Economic Development in BiH

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Call for Proposal No: EC/BiH/CfP/13/004

### Question 1:

From the "Guidelines for grant applicants" document we understand that action has to be focused at local or regional level. My question is whether there is a preference on the region where action should take place, depending on its level of economic development or depending on the existence of specific gaps in the state of development of SMEs in a given region. Is there any specific information on this question that could be forwarded to us?

### Answer 1:

As it can be seen in Section 2.1.4 of the Guidelines for Applicants under *Location*, no preference is given to any region. Call for Proposals is open on a country wide basis.

### Question 2:

Construction works seem to fall into the Eligible Cost category. Is there a percentage limit to which they can be present in the Budget for the Action?

### Answer 2:

No, there is not. Please refer to the Guidelines for Applicants, Section 2.1.4. Eligible actions: actions for which an application may be made, which states that "the infrastructural works cannot be a stand-alone project but must be part of an integrated proposal". It is to be noted that the timeframe for executing those preparatory actions cannot jeopardise nor represent the major portion of projects i.e. actual implementation of direct support to businesses. Therefore, such proposed projects cannot have the preparatory phase of more than 6 months. In conclusion, as part of their proposed projects, the applicants will provide technical analysis of the project, a cost-benefit analysis, an analysis of the economic impact, a feasibility or pre-feasibility study, support letters from relevant authorities in terms of necessary permits etc."

### Question 3:

Is a public enterprise eligible to be a co-applicant to the Municipality, which owns the respective public enterprise (the Municipality founded the enterprise)? The same public enterprise will also be a beneficiary of the Project.

### Answer 3:

Please refer to:

- the eligibility criteria listed in section 2.1.1 of the Guidelines for Applicants ("be legal persons, non-profit making, be established in state/country....etc.).
- section 2.2.4 of the Guidelines for Applicants which states: "To ensure equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of an applicant, affiliated entity(ies), an action or specific activities."

### Question 4:

It is stated under this chapter (Co-applicants sub-chapter) that: "Grant applicant must have **at least two** co-applicants. Additionally, project proposals **MUST** be based on partnerships between (at least one from each category):

- **local authorities,**
- **development agencies** (local, regional, entity), and
- **other actors** (NGOs, Associations, Chambers of commerce, Academic institutions, business centers)"

Regarding the above quotes, we have several questions:

- a) Is it correct to understand from the above quotation that it is the grant applicant and the (minimum) two mandatory co-applicants, which at the same time must belong to the three listed partners' categories (local authorities, development agencies, other actors)? In other words, could one among eligible scenarios be that i.e. the applicant belongs to the category of development agencies, one co-applicant to the local-authorities categories, and the other co-applicant to the other-actors categories?
- b) If the answer to the question above is negative, does it mean that the mandatory actors/partners (at least one from each category - local authorities, development agencies, other actors) have to be **additional** partners, apart from the grant applicant and (at least two) co-applicants? In other words, does the minimum-sized mandatory team has to involve 6 actors (applicant, two co-applicants, and three partners)?

### Answer 4:

- a) Please note that the arrangement of partners is the subject of the proposal concept and methodology and should be guided by the conditions specified in Section 2.1.1. of which part is quoted in the above question. The grant applicant and minimum of two co-applicants are to be, at the same time, from three quoted categories. Therefore, minimum number of those actors is three, and can be increased by the increased number of proposed co-applicants (i.e. more than minimum two). In addition, we remind of the section 2.1.2 of the Guidelines for Applicants, in which it is stated that the applicant and its co-applicants may act with affiliated entity(ies), which may increase the number of actors in the partnership created, if considered relevant to and justified for the Action proposed.
- b) Please refer to the above answer a.

### Question 5:

It is stated (under Applicants sub-chapter) that "In order to be eligible for a grant, the applicant must "..... be non-profit making ....".

It is also stated (under Co-applicants sub-chapter) that "Co-applicant(s) must satisfy the eligibility criteria as applicable to the applicant himself".

Regarding the above quotes, we have several questions:

a) If your answer to the above is affirmative, and taking in account the above quotes, is it correct to consider (local, cantonal, entity) authorities (as one of the three mandatory categories) as non-profit making entities, as such eligible to be applicant or co-applicant?

b) If your answer to the above is affirmative; and having in mind the requirement that (at least) one actor (in such case applicant or a co-applicant) MUST be development agency; and taking in account the above requirement that applicant and co-applicants must be non-profit making bodies, our question is:

While some (local, regional, entity) development agencies operating in B&H are formally registered as citizens' associations (non-governmental organizations), for which it is clear that they fulfil the above eligibility-requirement to be non-profit making bodies, some of (local, regional, entity) development agencies operating in B&H are formally registered as Ltd (društvo s ograničenom odgovornošću). Are they eligible to participate in this Call as applicant or co-applicant?

c) If your answer to the above is negative, could such (local, regional, entity) development agencies still be considered eligible as applicants or co-applicants if in their statutes they have statement /article defining them as non-profit bodies (where they i.e state that any profit they make will be invested exclusively in further financing their mission and activities)? We reiterate this question primarily having in mind importance of Regional Development Agencies in the overall CfP topic, and knowing at the same time that some of them are registered as LtD (društva s ograničenom odgovornošću).

d) If your answer to the above is affirmative; and having in mind the requirement that (at least) one actor (in such case applicant or a co-applicant) MUST be within other actors category (NGOs, Associations, Chambers of commerce, Academic institutions, business centers); and taking in account the above requirement that applicant and co-applicants must be non-profit making bodies, our question is: Are private academic institutions, and business centers registered as Ltd (društvo s ograničenom odgovornošću) eligible to participate in this Call as applicant or co-applicant?

**Answer a, b, c, d :** Please refer to section 2.2.4 of the Guidelines for Applicants which states: "To ensure equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of an applicant, affiliated entity(ies), an action or specific activities."

However, please note that non-profit making legal entity is the one established by public or private law for the purposes of public interest or specific purpose of meeting needs of general interest, which is proven by a document/decision establishing the entity in accordance with relevant law (statute, law, decree, etc.), from which explicitly results that they are established for purposes other than profit-making.

#### **Question 6:**

Ref. to: Guidelines for Grant Applicants /2.1 Eligibility criteria /2.1.2 Affiliated entities

It is stated that "Only the following entities may be considered as affiliated entities to the applicant or to the co-applicant(s): (ii) legal entities having a link with the applicants, notably a legal or capital link, which is neither limited to the action nor established for the sole purpose of its implementation on the condition that they satisfy the eligibility and non-exclusion criteria of an applicant"

We kindly ask you to help us understand which kind of organizations are acceptable as affiliated entities. If your answer to the question 5 a is affirmative, is it correct to understand that one of

possible scenarios for acceptable affiliated entity fitting the above quotation, would be a local /municipal development agency, formed by a Municipality participating in the application as applicant or co-applicant?

**Answer 6:**

Please refer to requirements specified in section 2.1.2 of the Guidelines for Applicants.

Please also refer to section 2.2.4 of the Guidelines for Applicants which states: "To ensure equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of an applicant, affiliated entity(ies), an action or specific activities."

**Question 7:**

As per applicants, co-applicants and affiliated entities, clarifications related to partnership and legal relations between them.

Since local authorities in BIH are founders of development agencies (at least regional and local) , thus it means (according page 5 , part 2.1.2. section ii ) of Guidelines that all agencies (regional and local) have legal and capital link with local authorities as their founders .

- a) Does it mean that in case if local/regional agency is project applicant that its affiliated partner is (and must be) local authority as its founder and main financier of operational costs of the agency and that provided legal capital, or it is matter of choice that local authority (agency founder) participate in the project as co-applicant or affiliated entity?
- b) Does it mean if partnership is created among local agency as applicant, local authority as affiliated partner (since local agency is founded and financed by that local authority), and university as co-applicant, that in this partnership must be included one more local authority that has not any legal or capital link with the local agency acting as applicant (so some other local authority that is not founder and has any capital link with this agency as applicant )? Or it is enough to have in this partnership the following: one local authority as affiliated entity, local agency (founded by same local authority) as applicant and university as co-applicant?

**Answer 7:**

Please read Answer 4. The project proposal must be submitted by a grant applicant and at least two co-applicants. Additionally, project proposal MUST be based on partnerships between (at least one from each category):

- local authorities
- development agencies (local, regional, entity) and
- other actors (NGO, Associations, Chambers of commerce. Academic institutions, business centers).

Also, as mentioned earlier, the applicant and its co-applicants **may** act with affiliated entity(ies), which may increase the number of actors in the partnership created, if considered relevant to and justified for the Action proposed.

Please also refer to Section 2.2.4. Further information about Applications of the Guidelines for Applicants which states: "To ensure equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of an applicant, affiliated entity(ies), an action or specific activities."

**Question 8:**

Among the documents downloaded from the EuropeAid website, on the cover page of the "Guidelines for grant applicants" the deadline for submission of proposals is 20/09/2013, while on the cover page of the "Grant Application Form" the deadline for submission of concept note and application form is 06/09/2013.

Which date do we have to take into account?

Is it possible to download the exact template, or to correct the Application form when filling it in?

**Answer 8:**

Please see [Corrigendum no 1 published on 12th August 2013](#). Date should be corrected in the published Application form when filling it in.

**Question 9:**

As per application form-on first page of application form is written „Reference: EuropeAid/xxxx/L/ACT/BA and EC/BIH/CFP/013/004, Deadline for submission of concept notes and applications: 06/09/2013. We noticed errors and that this is not final version of document application form, please provide final version of the document application form.

**Answer 9:**

Please see answer 8 above.

**Question 10:**

As per expected contributions - Does the salaries of the civil servants or other public employees of the central, regional and local administrations may be presented as co-financing contribution by the Applicant (s)?

**Answer 10:**

Salaries of civil servants or other public administrations employees may be presented as co-financing and must be in compliance to the criteria for eligibility of costs set in Article 14 of General Conditions (Annex G of the Guidelines for Applicants).

Please note that the salary costs of personnel of public administrations are considered eligible costs to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken. These costs should correspond to actual gross salaries and must not exceed those normally borne by the Beneficiary. Hence, these payments cannot be used as top-ups for the civil servants (or other public administration personnel).

Please also note that that according to the existing legislation in BiH related to the local governance (FBiH law on principles of local self governance and RS Law on local self governance) "local authority" refers to the administration of municipalities and cities.

The salaries of the members of the project team may be covered from the EU funds only if they are not civil servants.

**Question 11:**

The Guidelines for grant applicants state that contributions in kind may not be treated as co-financing.

However, if described action as proposed assumes contributions in kind, in which case the Guidelines state that contributions have to be made, how this is treated in terms of co-financing, are there any eligibility criteria in terms of types of contributions, amount limits etc. Are there any guidelines available which provide more details about this or a list of eligible items of contributions in kind?

**Answer 11:**

Please refer to Section 2.1.5 of the Guidelines for Applicants that states: "Contributions in kind mean the provision of goods or services to a Beneficiary(ies) or affiliated entity(ies) free of charge by a third party. As contributions in kind do not involve any expenditure for a Beneficiary(ies) or affiliated entity(ies), they are not eligible costs. **Contribution in kind may not be treated as co-financing.** However, if the description of action as proposed includes contribution in kind, the contributions have to be made. Please note that there are no eligibility criteria in terms of types of contributions, amount limits etc nor a list of eligible items to be part of contribution in kind.

Please also note, however, that the cost of staff assigned to the action may be considered as co-financing in the budget of the action when paid by the beneficiaries or affiliated entities. Such costs are not considered contributions in-kind.

**Question 12:**

Support to third parties is allowed under "eligibility criteria" on page 8, while "ineligible costs" on credit to the third parties are defined as ineligible. **Could you please clarify this?**

**Answer 12:**

Financial support to third parties is defined as "aimed to help achieve the objectives of the action, especially where the action proposed by the applicants requires financial support **to be given** to third parties". In case of "Credit to third parties", by its definition a credit is a trust generating a debt and requiring repay or return of resources provided.

**Question 13:**

Under the "eligibility of applicants", on page 5, there are 3 categories from which at least one is requested per category as a must partnership. We believe that "a must partnership" from category of development agencies significantly limits competition as there are not so many development agencies in BiH established. Therefore, we propose that either local development agencies are not a must or to include in this category also local employment bureaus (LEB) since we believe that LEBs can play even greater role in a project under this CfP than development agency. **Would EU Delegation consider and accept this proposal and incorporate this in the CfP?**

**Answer 13:**

Eligibility criteria are established in accordance to the global and specific objectives of this Call for proposals and can not be modified.

**Question 14:**

Please clarify whose signature of co-applicant agreement would be considered acceptable by the Delegation? Namely, whose signature on behalf of a local authority (municipality) would be accepted only? Signature by a mayor or signature of any head of department? We ask this since

we believe if signature of any head of department is acceptable it might lead to rejection of many applications due to the rule that “number of proposals and grants per applicant” on page 9. Therefore we suggest EU Delegation clarifies that only mayors (on behalf of municipalities) and directors/presidents of local development agencies and CSOs can sign co-applicant agreement only.

**Answer 14:**

The eligible signature on behalf of both applicant and co-applicant should be the person duly authorised to act on their behalf (person mentioned in the official document (statutes, registration document, power of attorney, notary statement, etc.) proving that the person who signs on behalf of the entity is duly authorised to do so.

**Question 15:**

This CfP's final beneficiaries are businesses (SMEs). **However, would registered agricultural producers be considered as “businesses” although they are not SMEs?**

**Answer 15:**

In section 2.1.4 of the Guidelines for Applicants it is indicated that final beneficiary of the grant will be businesses (SME's), who would be directly benefiting of the proposed actions.

The term "SME" should be associated to the registered entities that perform economic activities, including crafts and self-employment and family work in the crafts and other activities, which are independent and employing less than 250 persons and have an annual income of less than 95,000,00 KM or a smaller balance sheet of 86,000,000 KM; Section 2.1.4 also stipulates other requirements for how the final beneficiaries have to be identified in the project proposals, so please read it carefully.

**Question 16:**

On page 8 there are 3 different types of cross-cutting issues identified. Since we would like to address at least two cross cutting issues identified **would be education and assistance to unemployed on business establishment and development considered as final beneficiaries in addition to SMEs?**

**Answer 16:**

Please refer to answer 15 above.

**Question 17:**

We believe that criteria Number of proposals and grants per applicant on page is discriminatory since one local authority is "forced" to favour one NGO which is discriminatory against other NGOs. It is favouring administrative procedure versus competition on base of quality. Therefore, we suggest only one criterion for this section: one applicant including co-applicants cannot be awarded with more than one grant. In this way it is competition based on quality. Would EU Delegation consider and accept this change?

**Answer 17:**

Given the fact that applicant, co-applicant(s) and the affiliated entity(ies) may not submit/take part in more than one application, it is to conclude that they may not win more than one grant.

**Question 18:**

Is it eligible cost “rent of premises”?

**Answer 18:**

As it can be seen in the list of ineligible costs under section 2.1.5. of the Guidelines for Applicants, there are no operating costs listed as those costs are derogated from Article 66.3(a) of the IPA implementing rules to be made eligible "*operating costs, including rental costs, exclusively related to the period of co-financing, of the operations*". Article 14 Eligible Costs of the General Conditions stipulates, inter alia, that to be considered eligible, costs “must be necessary for the implementation of the action which is the subject of the grant” and “must be reasonable, justifiable and comply with the requirements of sound financial management in particular regarding economy and efficiency”.

**Question 19:**

Is it possible to provide subgrant to clusters associations?

**Answer 19:**

Please refer to Section 2.1.3 of the Guidelines for Applicants which states: "The grant beneficiaries may award financial support to third entities. These entities are neither affiliated entity(ies) nor associates nor contractors. However, they are subject to the nationality and origin rules set out in Annex IV to the standard grant contract." Also, for more information, please refer to Financial support to Third Parties under Section 2.1.4 Eligible actions: actions for which an application may be made.

**Question 20:**

Can development agencies that are legally LLC (limited liability company) apply as applicant and/or co-applicant?

**Answer 20:**

**Please refer to answer 5.**

Please also refer to Section 2.2.4 of the Guidelines for Applicants which states: "To ensure equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of an applicant, affiliated entity(ies), an action or specific activities."