



Contracting Authority: Central Finance and Contracting Agency
Republic of Croatia

IPA 2007-2009: Business-Related Infrastructure Grant Scheme

**Guidelines
for grant applicants**

**Budget line: IPA 2007 HR 16 I PO 001 Regional Competitiveness
Operational Programme 2007-2009 for Community
Assistance under the IPA Regional Development
Component in Croatia**

Reference: EuropeAid/130393/M/ACT/HR

Deadline for submission of proposals: 29 October 2010

Notice

This is an open Call for Proposals, where all documents are submitted at one stage (Concept Note and full proposal). However, in the first instance, only the Concept Notes will be evaluated. Thereafter, for the applicants whose Concept Notes have been pre-selected, evaluation of the full proposal will be carried out. Further to the evaluation of the full proposals, an eligibility check will be performed for those which are provisionally selected. This check will be undertaken on the basis of the supporting documents requested by the Contracting Authority and the signed "Declaration by the Applicant" sent together with the application.

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1. THE BUSINESS-RELATED INFRASTRUCTURE GRANT SCHEME

1.1 BACKGROUND

Croatia applied to become an EU Member State in March 2003. In June 2004, Croatia officially received a candidate country status. The EU accession negotiations with Croatia started in October 2005. At present, negotiations have been opened on most chapters. Chapter 22 of the *acquis communautaire* concerning Regional Policy and Coordination of Structural Instruments was formally opened at the Accession Conference held on 2 October 2009.

Regarding pre-accession assistance Croatia received for the first time Economic and Social Cohesion (ESC) support and operated grant schemes under the Phare 2005 programme (i.e. Phare 2005 Business-Related Infrastructure Grant Scheme). IPA will be used as a continuation of this kind of support and as further capacity building for future use of Structural Funds assistance. Furthermore it will impact on decreasing internal socio-economic disparities which are identified within the Regional Competitiveness Operational Programme (RCOP)¹ - IPA component 3C - as an important challenge and an urgent problem that is to be tackled. The Business-Related Infrastructure Grant Scheme (BRI GS) is programmed within the RCOP covering the period 2007-2009 under priority axis 1 “Improving development potential of the lagging behind regions”, measure 1.1 Business-Related Infrastructure, operation 1.1.1 Business-Related Infrastructure.

The measure is primarily meant for the investment in the development of new and existing business related infrastructure in support of the regions’ perspective economy branches. Investments will focus on improving the efficiency, capacity, quality and attractiveness of existing business zones and new and existing business incubators and other business support entities grouping and servicing SMEs as well as public tourism infrastructure. The mentioned investments will be combined with investments into the accompanying services that maximise the benefit of the infrastructure to (in)directly foster SME growth and job creation. The measure consists of two operations (1st and 2nd Call for Proposals). The first Call for Proposal was published on 21 May 2009 and the proposals that applied will be contracted in the third quarter of 2010.

The need for investments into business-related infrastructure has been identified in Croatia’s counties² designated within the RCOP as “lagging behind regions” in order to provide scope for enterprise creation and growth as well as for foreign investments. Also, there is an urgent need to upgrade and improve existing business support systems (business zones, incubators, technology transfer centres and other entities grouping SMEs and providing services directly to them) and develop and improve public tourism-related infrastructure. In addition, these areas’ rich natural resources and cultural heritage, though partially damaged in the war, provide potential for development of tourism related businesses in the lagging regions.

Therefore, the Ministry of Regional Development, Forestry and Water Management as Body responsible for the Priority/Measure in charge of programming of the a.m. project and monitoring of implementation of awarded grants and Central Finance and Contracting Agency (CFCA) as the Contracting Authority responsible for tendering, contracting, monitoring of implementation and payments, are launching this Call for Proposals in order to address the above mentioned key issues.

1.2 OBJECTIVES OF THE PROGRAMME AND PRIORITY ISSUES

The main priorities of the BRI GS are:

¹ Available from the following Internet address: <http://www.strategija.hr>

² Virovitica-Podravina, Vukovar-Srijem, Brod-Posavina, Sisak-Moslavina, Šibenik-Knin, Osijek-Baranja, Lika-Senj, Požega-Slavonia, Karlovac and Zadar

- investments in the development of new and existing business-related infrastructure of existing business zones registered by the Ministry of Economy, Labour and Entrepreneurship (MELE)³ and new and existing business incubators and other business support entities grouping and servicing SMEs, fostering cooperation with relevant stakeholders in order to maximize the impact of the investment in question (e.g. innovation networks, investments related to a cluster, links with higher education, research institutions and the private sector);
- investments in the development of and upgrading public tourism-related infrastructure appropriate to the health, culture and activity tourism which those areas specialise in, aimed for enlargement of tourism offer and development of SMEs for tourism.

Infrastructure investment will also **have to** include investment in support services⁴, designed to maximise the benefits of the infrastructure investment.

The **global objective** of this Call for Proposals is to support the SMEs growth and job creation in Croatia's lagging behind regions.

The **specific objectives** of this Call for proposal are:

- Development of business-related basic communal infrastructure within established business zones, where the lack of such infrastructure is an impediment to SME development;
- Establishment and development of regional business support institutions grouping and directly servicing SMEs, such as economic zones, business incubators, innovation and technology transfer centres and development of existing business zones registered by MELE ;
- Development and improvement of public tourism-related infrastructure;
- Provision of support services designed to maximise the benefit of the investment.

Support will be provided based on clear evidence of inherent demand and where the result of such operation shall (in)directly foster SMEs growth and job creation.

1.3 FINANCIAL ALLOCATION PROVIDED BY THE CONTRACTING AUTHORITY

The overall indicative amount made available under this call for proposals is EUR 6,300.000. The Contracting Authority reserves the right not to award all available funds.

Size of grants

Any grant awarded under this Call for Proposals must fall between the following minimum and maximum amounts:

- minimum amount: EUR 325.000
- maximum amount: EUR 1.000.000

A grant may not be for less than 60 % of the total eligible costs of the action.

In addition, no grant may exceed 75 % of the total eligible costs of the action (see also section 2.1.4). The balance must be financed from the applicant's or partners' own resources, or from sources other than the European Union budget or the European Development Fund.

³ List of the existing business zones registered by the MELE attached in section 3, DOCUMENTS FOR INFORMATION. Since the list is regularly updated by the MELE, the final list that is going to be given to evaluators as the reference list will be the one in place at the moment of closure of this Call for Proposals (deadline for receipt of the applications).

⁴ For example, trainings for business infrastructure management, education programmes for entrepreneurs, transfer of good practice and know-how, training of managers.

At least 25% of the total eligible costs of the action must be co-financed from national public contribution of the Beneficiary country (Croatia). Applicant's and/or partner's contribution represents national public contribution when the applicant and/or partner are financed from national, regional or local budget of the Beneficiary country.

2. RULES FOR THIS CALL FOR PROPOSALS

These guidelines set out the rules for the submission, selection and implementation of actions financed under this Call, in conformity with the provisions of the Practical Guide to contract procedures for EC external actions, which is applicable to the present call (available on the Internet at this address: http://ec.europa.eu/europeaid/work/procedures/implementation/index_en.htm).

2.1 ELIGIBILITY CRITERIA

There are three sets of eligibility criteria, relating to:

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

2.1.1 *Eligibility of applicants: who may apply?*

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

- be legal persons **and**
- be non profit making with the exception of public institutions/ organizations/ agencies registered as Ltd. Company (d.o.o.) whose surplus income is used for financing own activities of the institution/ organization/ agency and not distributed to the shareholders or directors as profit/ income⁵ **and**
- be regional or local self-government units; **or** regional/local⁶ owned public institutions or associations⁷; **or** public companies owned by regional/local self government units; **or** regional/local tourism boards **and**
- be nationals⁸ of a Member State of the European Union, a Member State of the European Economic Area, Croatia, The former Yugoslav Republic of Macedonia, Turkey, Albania, Bosnia and Herzegovina, Montenegro, Serbia, including Kosovo under UNSC Resolution 1244/99 as well as of other countries eligible under the Council Regulation (EC) No 1085/2006 of 31 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA) **and**
- be directly responsible for the preparation and management of the action with their partners, not acting as an intermediary.

⁵ In case that the applicants and/or their partners are registered as Ltd. Company their non-profit status must be proven by their statutes or articles of association or by the decision brought by the shareholders. The decision must state that applicant's and/or partner's surplus income is used for financing their own activities and not distributed to the shareholders or directors as profit/income.

⁶ Regional/local owned means that majority of ownership is in regionally or locally established bodies, institutions or companies.

⁷ If not regulated by local act, associations demonstrate regional or local jurisdiction and scope of operation by the seat of Association.

⁸ Such nationality being determined on the basis of the organisation's statutes which should demonstrate that it has been established by an instrument governed by the national law of the country concerned. In this respect, any legal entity whose statutes have been established in another country cannot be considered an eligible local organisation, even if the statutes are registered locally or a "Memorandum of Understanding" has been concluded.

(2) Potential applicants may not participate in calls for proposals or be awarded grants if they are in any of the situations which are listed in Section 2.3.3 of the Practical Guide to contract procedures for EC external actions (available from the following Internet address: http://ec.europa.eu/europeaid/work/procedures/implementation/index_en.htm);

In part B section VI of the grant application form (“Declaration by the applicant”), applicants must declare that they do not fall into any of these situations.

(3) Potential applicants and, if they are legal entities, persons who have powers of representation, decision-making or control over them, are informed that, should they be in one of the situations mentioned in:

- Commission decision (2008/969/EC, Euratom) of 16 December 2008 on the Early Warning System (EWS) for the use of authorising officers of the Commission and the executive agencies (OJ, L 344, 20.12.2008, p. 125),
- Commission Regulation (2008/1302/EC, Euratom) of 17 December 2008 on the central Exclusion Database – CED (OJ, L 344, 20.12.2008, p.12),

their personal details (name, given name if natural person, address, legal form and name and given name of the person with powers of representation, decision-making or control, if legal person) may be registered in the EWS and CED, and communicated to the persons and entities listed in the above-mentioned decision and regulation, in relation to the award or the execution of a procurement contract or a grant agreement or decision.

2.1.2 *Partnerships and eligibility of partners*

Applicants may act individually or with partner organisations.

Partners

Applicants’ partners participate in designing and implementing the action, and the costs they incur are eligible in the same way as those incurred by the grant beneficiary. They must therefore satisfy the eligibility criteria as applicable on the grant beneficiary himself. In addition to the categories referred to in section 2.1.1, bullet 3, the following are however also eligible: local or regional branches of state established institutions, Public Higher Education Institutions and Public Research Organizations located in one of the eligible countries referred in section 2.1.1.

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

- Associates

Other organisations may be involved in the action. Such associates play a real role in the action but may not receive funding from the grant with the exception of per diem or travel costs. Associates do not have to meet the eligibility criteria referred to in section 2.1.1. The associates have to be mentioned in Part B section IV - “Associates of the Applicant participating in the Action” of the Grant Application Form.

- Subcontractors

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

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

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

Duration

The planned duration of an action may not exceed 18 months.

Sectors or themes

The support only pertains to maximizing the benefit of the infrastructure and accompanying services of existing business zones and new and existing business incubators and other business support entities grouping and servicing SMEs and upgrading public tourism infrastructure appropriate to the health, culture and activity tourism which those areas specialise in.

Location

Action (specifically infrastructure investment) must take place in Croatia, in one (or more) of the 10 counties designated within the RCOP as “lagging behind regions”: Virovitica-Podravina, Vukovar-Srijem, Brod-Posavina, Sisak-Moslavina, Šibenik-Knin, Osijek-Baranja, Lika-Senj, Požega-Slavonia, Karlovac and Zadar.

Types of action

1. development of new and existing business-related infrastructure of existing business zones and new and existing business incubators and other business support entities grouping and servicing SMEs,
2. development of and upgrading public tourism-related infrastructure appropriate to the health, culture and activity tourism which those areas specialise in.

To maximise the effective use of the newly established infrastructure and ensure that the long-term sustainability is achieved, the above mentioned actions have to **include provision of support services designed to maximise the benefit of the investment.**

Types of activity

- The construction, renewal⁹, or expansion (material enhancement) of business-related basic communal infrastructure within established business zones, where the lack of such infrastructure is an impediment to SME development (i.e. impedes access or functioning of zones). By basic communal infrastructure the following is meant: access roads, gas, water and waste water, sewage, electricity, energy and communication networks, landscaping, etc.;
- Establishment and development of regional business support institutions grouping and directly servicing SMEs, such as business zones, economic zones, business incubators, innovation and technology transfer centres, etc. through a) purchase of machinery and equipment and b) broadening and improving the quality of services (information network, provision of complex physical services, property protection, disposal and utilisation of waste);
- Development and improvement of public tourism-related infrastructure, including through infrastructure and capital investments and “soft” investments into improved service delivery;

As examples, the above mentioned activities may comprise or include the following:

- Site improvements: Site improvement costs are acceptable when necessary for the construction, renewal, or expansion (material enhancement) of infrastructure. The building

⁹ Renewal means renovation or replacement, excluding routine maintenance and repair.

should be on previously used land (derelict, under-used, brownfield) rather than green space. The use of plants and trees (phytoremediation) to remediate soil and water contamination should be considered;

- Demolition of unwanted structures from the site when necessary for the construction, renewal, or expansion (material enhancement) of infrastructure;
- Landscaping to the minimum local government standard: Local environmental features – wildlife, water, surrounding buildings – should be sympathetically considered in the design. Landscaping should incorporate native plants;
- Fencing to the minimum local government standard;
- Signage to the minimum local government standard or as required by the contract;
- Curbs and gutter construction to local government standards;
- Pavement construction to local government standards;
- Road improvements, which incorporate native planting schemes and should not impede wildlife corridors;
- Security system provision: Natural barriers should be used to design out and deter crime. Security equipment should be energy efficient and/or use renewable energy;
- Environmentally-friendly activities:
 - Building services plant minimisation by using, for example, passive solar heating and solar water heating.
 - Grey water and/or rainwater re-utilisation.
 - Incorporation of sustainable urban drainage systems (SUDS).
 - Incorporation of renewable energy sources e.g. photo-voltaic cells, wind turbine.
 - Combined Heat and Power schemes utilisation.
 - Timber utilisation from a local sustainably managed source and/or accredited by the Pan European Scheme.
 - The energy target establishment for the building at between 130-180kWh/m²/per annum.
 - Natural ventilation utilisation or, where not possible, utilisation of a sealed low leakage building with mechanical ventilation.
 - Recycled or recyclable products utilisation (e.g. aggregates).
 - Environmental management systems should be part of the management of all infrastructure sites, including recycling, waste, energy and water management.
- Provision of support services designed to maximise the benefit of the investment.
- Project management (it is important to manage the project with sufficient human resource capacity and with a vision for continuous development and sustainability of results);
- Information dissemination actions demonstrating EU support to the project (e.g. advertising, ground breaking, ribbon cutting, etc.);
- Training and technical assistance to maximise the effective use of the new public facilities and ensure, where feasible, that the long-term sustainability is achieved.

The following activities are only eligible in combination with one or more of the above mentioned activities¹⁰:

¹⁰ These activities are eligible only in case they are conducted after the signature of the grant contract.

1. Preparatory architectural and engineering design;
2. Construction monitoring and control;
3. Site clearance and development.

The construction, renewal, or expansion must comply with applicable national and local government laws and be consistent with planning practices and guidelines of Croatia.

Action must be prepared in line with partnership principle, and based on priorities and measures envisaged in county development strategies/regional operational programmes.¹¹

Applicants must prove the demand for the planned investment in the form of a feasibility study or in the form of feasibility study and a letter of intent from tenants in case of improvement of an existing business zone.

The following types of action are ineligible:

- actions concerned only or mainly with individual sponsorships for participation in workshops, seminars, conferences, congresses;
- actions concerned only or mainly with individual scholarships for studies or training courses;
- infrastructure construction which might damage Sites of Special Scientific Interest and Natura 2000 sites, National Parks or other areas protected by Government legislation;
- general/periodic maintenance;
- general information campaigns;
- non-vocational training;
- non business-related infrastructure such as health and education infrastructure.

Number of applications and grants per applicant

An applicant may submit more than 1 application under this call for proposals.

An applicant may not be awarded more than 1 grant under this call for proposals.

An applicant may at the same time be partner in another application

Partners may take part in more than one application

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

Only "eligible costs" can be taken into account for a grant. The categories of costs considered as eligible and non-eligible are indicated below. The budget is both a cost estimate and a ceiling for "eligible costs". Note that the eligible costs must be based on real costs based on supporting documents (except for subsistence costs and indirect costs where flat-rate funding applies).

Recommendations to award a grant are always subject to the condition that the checking process which precedes the signing of the contract does not reveal problems requiring changes to the budget (for instance

¹¹ It should be clearly stated in the Application Form, point 1.6 Relevance of the action, on which measure and priority of the county development strategy (CDS) / regional operational programme (ROP) the action is based, and that it is approved by the respective County Partnership, with clear reference on the Partnership Council meeting on which the proposed action has been adopted.

arithmetical errors, inaccuracies or unrealistic costs and other ineligible costs). The checks may give rise to requests for clarification and may lead the Contracting Authority to impose modifications or reductions to address such mistakes or inaccuracies. The amount of the grant and the percentage of co-financing as a result of these corrections may not be increased.

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

Civil servants or other public employees of central or local administrations which participate under this call for proposals may not receive fees for their contribution to the action other than their salaries in the respective institution. The salaries of the civil servants or other public employees of the central and local administrations may be presented as co-financing contribution of the applicant.

Eligible direct costs

To be eligible under the Call for Proposals, costs must comply with the provisions of article 14 of the General Conditions to the Standard Grant Contract (see Annex F of the Guidelines).

Contingency reserve

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

Eligible indirect costs (overheads)

The indirect costs incurred in carrying out the action may be eligible for flat-rate funding fixed at not more than 7% of the total eligible direct costs.

If the applicant is in receipt of an operating grant financed from the EU budget no indirect costs may be claimed within the proposed budget for the action.

Contributions in kind

Contributions in kind are not considered actual expenditure and are not eligible costs. The contributions in kind may not be treated as co-financing by the Beneficiary.

The cost of staff assigned to the Action is not a contribution in kind and may be considered as co-financing in the Budget of the Action when paid by the Beneficiary or his partners.

Notwithstanding the above, if the description of the action as proposed by the beneficiary foresees the contributions in kind, such contributions have to be provided.

Ineligible costs

The following costs are not eligible:

- debts and provisions for losses or debts;
- interest owed;
- items already financed in another framework;
- purchases of land or buildings, except where necessary for the direct implementation of the action, in which case ownership must be transferred to the final beneficiaries and/or local partners, at the latest by the end of the action;
- currency exchange losses;
- taxes, including VAT, (even if it cannot be reclaimed);
- credits to third parties;
- customs and import duties, or any other charges
- fines, financial penalties and expenses of litigation

- operating costs
- second hand equipment
- bank charges, costs of guarantees and similar charges
- conversion costs, charges and exchange losses associated with any of the component specific euro accounts, as well as other purely financial expenses
- contributions in kind
- maintenance and rental costs
- depreciation costs for infrastructures

2.2 HOW TO APPLY AND THE PROCEDURES TO FOLLOW

Please note that the prior registration in PADOR¹² for applicants and their partners for this Call for proposal is not obligatory. However the applicant and partners can register their organisation data, and upload supporting documents in PADOR.

2.2.1 Application form

Applications must be submitted in accordance with the instructions on the Concept Note and the Full application form included in the Grant Application Form annexes to these Guidelines (Annex A)

Applicants must apply in English.

Any error or major discrepancy related to the points listed in the instructions on the Concept Note or any major inconsistency in the application form (e.g. the amounts mentioned in the budget are inconsistent with those mentioned in the application form) may lead to the rejection of the application.

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

Hand-written applications will not be accepted.

Please note that the following supporting documents will be transmitted to the evaluators and assessors: application form, published annexes which have to be filled in (budget, logical framework), Feasibility Study - FS including Cost Benefit Analysis – CBA¹³. The FS, which must include CBA (FS/CBA), must prove the demand for the planned investment and all direct and indirect effects of a project with emphasis on job creation cost efficiency.. Those effects must be quantified. In case of the extension of the business zones letters of intent of potential tenants should be annexed to the FS. Regarding the EU contribution, the CBA must be focused on the revenue generation of the project. Those actions that contain works which will be procured by grant beneficiaries will have to have as annexes to the Application Form the following: Bill of Quantities (BoQ), Technical Specifications (TS) and 2-5 major drawings. It is therefore of utmost importance that these documents contain ALL relevant information concerning the action. No additional annexes should be sent.

¹² For further information on PADOR, please consult the following website:

http://ec.europa.eu/europeaid/work/onlineservices/pador/index_en.htm

Helpdesk for questions related to the functioning of PADOR:

Europeaid-ON-LINE-REGISTRATION-HD@ec.europa.eu

¹³ As there is no obligatory template for the CBA and the FS the “Guide to cost-benefit analysis of investment projects” can be used. The guide is available on the following address:

http://ec.europa.eu/regional_policy/sources/docgener/guides/cost/guide2008_en.pdf.

2.2.2 *Where and how to send the Applications*

Applications must be submitted in one original and 3 copies in A4 size, each bound. The complete application form (part A: concept note and part B: full application form), budget and logical framework must also be supplied in electronic format (CD-Rom) in a separate and unique file (e.g. the application form must not be split into several different files), while FS/CBA, BoQ, TS must be supplied only in electronic format (CD-Rom) in a separate and unique file (e.g. the FS and CBA must not be split into several different files) and 2-5 major drawings only in printed version. The electronic format must contain **exactly the same** application as the paper version enclosed.

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

Where an applicant sends several different applications (if allowed to do so by the Guidelines of the Call), each one has to be sent separately.

The outer envelope must bear the **reference number and the title of the call for proposals**, together with the full name and address of the applicant, and the words "Not to be opened before the opening session" and "Ne otvarati prije sastanka odbora za ocjenjivanje projekata".

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

Postal address

Središnja agencija za financiranje i ugovaranje programa i projekata EU
Ulica grada Vukovara 284 (zgrada C)
10000 Zagreb
Hrvatska

Address for hand delivery or by private courier service

Središnja agencija za financiranje i ugovaranje programa i projekata EU
Ulica grada Vukovara 284 (zgrada C)
10000 Zagreb
Hrvatska

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

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

2.2.3 *Deadline for submission of Applications*

The deadline for the submission of applications is **29 October 2010** as evidenced by the date of dispatch, the postmark or the date of the deposit slip. In the case of hand-deliveries, the deadline for receipt is at 16 hours local time as evidenced by the signed and dated receipt. Any application submitted after the deadline will automatically be rejected.

However, for reasons of administrative efficiency, the Contracting Authority may reject any application received after the effective date of approval of the second evaluation step (i.e. Concept Note) (see indicative calendar under section 2.5.2)

2.2.4 *Further information for the Application*

The date and place of the information session on this call for proposals will be published on the internet at: <http://www.safu.hr/> (in section: Tenders/IPA component III c) within 10 days of the launch of this call for proposals.

Questions may in addition be sent by e-mail no later than 21 days before the deadline for the submission of applications to the below address, indicating clearly the reference of the call for proposals:

E-mail address: grants@safu.hr

Contracting Authority has no obligation to provide further clarifications after this date.

Replies will be given no later than 11 days before the deadline for the submission of applications.

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

Questions that may be relevant to other applicants, together with the answers, will be published on the internet at the EuropeAid website: <https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome> and the CFCA website <http://www.safu.hr/> (in section: Tenders/IPA component III c). It is therefore highly recommended to regularly consult the abovementioned website in order to be informed of the questions and answers published.

All questions related to PADOR registration should be addressed to the PADOR help desk: europeaid-on-line-registration-hd@ec.europa.eu

2.3 EVALUATION AND SELECTION OF APPLICATIONS

Applications will be examined and evaluated by the Contracting Authority with the possible assistance of external assessors. All actions submitted by applicants will be assessed according to the following steps and criteria:

If the examination of the application reveals that the proposed action does not meet the eligibility criteria stated in paragraph 2.1.3, the application shall be rejected on this sole basis.

(1) STEP 1: OPENING SESSION AND ADMINISTRATIVE CHECK

The following will be assessed:

- The submission deadline has been respected. If the deadline has not been respected the application will automatically be rejected.
- The Application Form satisfies all the criteria specified in points 1-5 of the Checklist (section V of part B of the grant application form). If any of the requested information is missing or is incorrect, the application may be rejected on that sole basis and the application will not be evaluated further.

Following the opening session and the administrative check, the Contracting Authority will send a letter to all applicants, indicating whether their application was submitted prior to the deadline, informing them of the reference number they have been allocated and whether they have been recommended for further evaluation.

(2) STEP 2: EVALUATION OF THE CONCEPT NOTE

The evaluation of the Concept Notes that have passed the first administrative check will cover the relevance of the action, its merits and effectiveness, its viability and sustainability. The Contracting Authority reserves the right not to undertake the evaluation of the Concept Notes whenever considered justified (for example when a less than expected number of applications are received) and to go straight to the evaluation of the corresponding full applications.

Please note that the scores awarded to the Concept Note are completely separate from those given to the Full Application.

The Concept Note will be given an overall score out of 50 points in accordance with the breakdown provided in the Evaluation Grid below. The evaluation shall also verify the compliance with instructions provided in the guidance for Concept Note, part A of the grant application form.

The evaluation criteria are divided into headings and subheadings. Each subheading will be given a score between 1 and 5 in accordance with the following assessment categories: 1 = very poor; 2 = poor; 3 = adequate; 4 = good; 5 = very good.

	Scores	
1. Relevance of the action	Sub-score	15
1.1 Relevance of the action needs and constraints of the country/region to be addressed in general, and to those of the target groups and final beneficiaries in particular.	5	
1.2 Relevance to the priorities and objectives mentioned in the Guidelines.	5(x2)*	
2. Effectiveness and Feasibility of the action	Sub-score	25
2.1 Assessment of the problem identification and analysis.	5	
2.2 Assessment of the proposed activities (practicality and consistency in relation to the objectives, purpose and expected results).	5(x2)*	
2.3 Assessment of the role and involvement of all stakeholders and, if applicable, proposed partners.	5(x2)*	
3. Sustainability of the action	Sub-score	10
3.1 Assessment of the identification of the main assumptions and risks, before the start up and throughout the implementation period.	5	
3.2 Assessment of the identification of long-term sustainable impact on the target groups and final beneficiaries.	5	
TOTAL SCORE		50

*the scores are multiplied by 2 because of their importance

Once all Concept Notes have been assessed, a list will be established with the proposed actions ranked according to their total score.

Firstly, only the Concept Notes which have been given a score of a minimum of 12 points in the category "Relevance" as well as a minimum total score of 30 points will be considered for pre-selection.

Secondly, the list of Concept Notes will be reduced in accordance to the ranking to those whose sum of requested contributions amounts to at least 12.600.000,00 EUR, i.e. twice the available budget for this Call for proposals, taking into account the indicative financial envelopes foreseen. The Evaluation Committee will subsequently proceed with the applicants whose proposals have been pre-selected.

(3) STEP 3: EVALUATION OF THE FULL APPLICATION

An evaluation of the quality of the applications, including the proposed budget, and of the capacity of the applicant and its partners, will be carried out in accordance with the evaluation criteria set out in the Evaluation Grid included below. There are two types of evaluation criteria: selection and award criteria.

The selection criteria are intended to help evaluate the applicants' financial and operational capacity to ensure that they:

- have stable and sufficient sources of finance to maintain their activity throughout the period during which the action is being carried out and, where appropriate, to participate in its funding;
- have the management capacity, professional competencies and qualifications required to successfully complete the proposed action. This also applies to any partners of the applicant.

The award criteria allow the quality of the applications submitted to be evaluated in relation to the set objectives and priorities, and grants to be awarded to actions which maximise the overall effectiveness of the call for proposals. They enable the selection of applications which the Contracting Authority can be confident will comply with its objectives and priorities and guarantee the visibility of the EU financing (see http://ec.europa.eu/europeaid/work/visibility/index_en.htm). They cover such aspects as the relevance of the action, its consistency with the objectives of the call for proposals, quality, expected impact, sustainability and cost-effectiveness.

Scoring:

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

Evaluation Grid

Section	Maximum Score
1. Financial and operational capacity	20
1.1 Do the applicant and, if applicable, partners have sufficient experience of project management ?	5
1.2 Do the applicant and, if applicable partners have sufficient technical expertise ? (notably knowledge of the issues to be addressed.)	5
1.3 Do the applicant and, if applicable, partners have sufficient management capacity ? (including staff, equipment and ability to handle the budget for the action)?	5
1.4 Does the applicant have stable and sufficient sources of finance ?	5
2. Relevance	25
2.1 How relevant is the proposal to the objectives and one or more of the priorities of the call for proposals? Note: A score of 5 (very good) will only be allocated if the proposal specifically addresses at least one priority . Note: A score of 5 (very good) will only be allocated if the proposal contains specific added-value elements, such as promotion of gender equality and equal opportunities...	5 x 2
2.2 How relevant to the particular needs and constraints of the target country/countries or region(s) is the proposal? (including synergy with other EC initiatives and avoidance of duplication.)	5
2.3 How clearly defined and strategically chosen are those involved (final beneficiaries, target groups)? Have their needs been clearly defined and does the proposal address them appropriately?	5 x 2
3. Methodology	25
3.1 Are the activities proposed appropriate, practical, and consistent with the objectives and expected results?	5
3.2 How coherent is the overall design of the action? (in particular, does it reflect the analysis of the problems involved, take into account external factors and anticipate an evaluation ?)	5
3.3 Is the partners' and/or other stakeholders' level of involvement and participation in the action satisfactory?	5
3.4 Is the action plan clear and feasible?	5
3.5 Does the proposal contain objectively verifiable indicators for the outcome of the action?	5
4. Sustainability	15
4.1 Is the action likely to have a tangible impact on its target groups?	5
4.2 Is the proposal likely to have multiplier effects ? (including scope for	5

replication and extension of the outcome of the action and dissemination of information.)	
4.3 Are the expected results of the proposed action sustainable : - financially (<i>how will the activities be financed after the funding ends?</i>) - institutionally (<i>will structures allowing the activities to continue be in place at the end of the action? Will there be local “ownership” of the results of the action?</i>) - at policy level (where applicable) (<i>what will be the structural impact of the action — e.g. will it lead to improved legislation, codes of conduct, methods, etc?</i>)? - environmentally (if applicable) (<i>will the action have a negative/positive environmental impact?</i>)	5
5. Budget and cost-effectiveness	15
5.1 is the ratio between the estimated costs and the expected results satisfactory?	5
5.2 Is the proposed expenditure necessary for the implementation of the action?	5 x 2
Maximum total score	100

Note on Section 1. Financial and operational capacity

If the total average score is less than 12 points for section 1, the application will be rejected.

Note on Section 2. Relevance

If the total average score is less than 20 points for section 2, the application will be rejected.

Provisional selection

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

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

(4) STEP 4: VERIFICATION OF ELIGIBILITY OF THE APPLICANT AND PARTNERS

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

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

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

2.4 SUBMISSION OF SUPPORTING DOCUMENTS FOR PROVISIONALLY SELECTED APPLICATIONS

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

1. The statutes or articles of association of the applicant organisation¹⁴ and of each partner organisation. Where the Contracting Authority has recognized the applicant's eligibility for another call for proposals under the same budget line within 2 years before the deadline for receipt of applications, the applicant may submit, instead of its statutes, copy of the document proving the eligibility of the applicant in a former Call (e.g.: copy of the special conditions of a grant contract received during the reference period), unless a change in its legal status has occurred in the meantime.¹⁵
2. Where the grant requested exceeds EUR 500 000, an external audit report produced by an approved auditor, certifying the applicant's accounts for the last financial year available. This obligation does not apply to public bodies that are subject to yearly state audit and that publicize their financial accounts. The applicants that fall into the specified category need to send a signed statement by an authorised signatory clearly specifying the reference where their financial accounts and the related public audit report are published.
3. Copy of the applicant's latest accounts (the profit and loss account and the balance sheet for the previous financial year for which the accounts have been closed)¹⁶.
4. Legal entity sheet (see annex D of these Guidelines) duly completed and signed by the applicant, accompanied by the justifying documents which are requested therein. If the applicant has already signed a contract with the Contracting Authority, instead of the legal entity sheet and its supporting documents the legal entity number may be provided, unless a change in its legal status occurred in the meantime.

¹⁴ Where the applicant and/or (a) partner(s) is a public body created by a law, they have to quote publication reference to the relevant law

¹⁵ To be inserted only where the eligibility conditions have not changed from one call for proposals to the other.

¹⁶ This obligation does not apply to natural persons who have received a scholarship, nor to public bodies nor to international organisations. It does not apply either when the accounts are in practice the same documents as the external audit report already provided pursuant to section 2.4.2.

5. A financial identification form conforming to the model attached at Annex E of these Guidelines, certified by the bank to which the payments will be made. This bank must be located in the country where the applicant is registered. If the applicant has already signed a contract with the European Commission or where the European Commission has been in charge of the payments of a contract, a copy of the previous financial identification form may be provided instead, unless a change in its bank account occurred in the meantime. In the case of local applicant, bank account must be in local currency (kuna).
6. Location permit, building permit and/ or any other appropriate permit related to the works component of the actions according to the Act on Spatial Planning and Construction¹⁷. In case a permit has not been issued yet, the applicant has to present to the CFCA the confirmation of its request to the authority responsible for issuing the permit. In any case, the permit(s) will have to be presented at the latest 3 days after the applicant has been notified by the CFCA on the positive outcome of the verification of the eligibility.
7. In case that the applicants or their partners are registered as Ltd. Company their non profit status must be proven by the documents mentioned under point 1. of this article or if that is not evident from these documents than by the decision brought by the shareholders. The decision must state that applicant's and/or partner's surplus income is used for financing their own activities and not distributed to the shareholders or directors as profit/income.

The requested supporting documents must be supplied in the form of originals, photocopies or scanned versions (i.e. showing legible stamps, signatures and dates) of the said originals. However, the Legal entity sheet and the financial identification form must always be submitted in original.

Where such documents are not in one of the official languages of the European Union or Croatian, a translation into the language of this call for proposals of the relevant parts of these documents, proving the applicant's eligibility, must be attached and will prevail for the purpose of analysing the application.

Where these documents are in an official language of the European Union other than English, it is **strongly** recommended, in order to facilitate the evaluation, to provide a translation of the relevant parts of the documents, proving the applicant's eligibility, into English.

If the abovementioned supporting documents are not provided before the deadline indicated in the request for supporting documents sent to the applicant by the Contracting Authority, the application may be rejected.

Based on the verification of the supporting documents by the Evaluation Committee it will make a final recommendation to the Contracting Authority which will decide on the award of grants.

¹⁷ Official Gazette 76 / 2007

2.5 NOTIFICATION OF THE CONTRACTING AUTHORITY'S DECISION

2.5.1 Content of the decision

Applicants will be informed in writing of the Contracting Authority's decision concerning their application and, in case of rejections, the reasons for the negative decision.

Contracting Authority reserves the right to make on-site visit to the applicants before contract signing for verification of all relevant documents and information concerning their application.

Applicants believing that they have been harmed by an error or irregularity during the award process may file a complaint. See further section 2.4.15 of the Practical Guide.

2.5.2 Indicative time table

	DATE	TIME*
Information meeting (if any)	The date of the information meeting will be announced within 10 days of the launch of this call for proposals. ¹⁸	The time of the information meeting will be announced within 10 days of the launch of this call for proposals.
Deadline for request for any clarifications from the Contracting Authority	08 October 2010	16:00
Last date on which clarifications are issued by the Contracting Authority	18 October 2010	-
Deadline for submission of Application Form	29 October 2010	16:00 ¹⁹
Information to applicants on the opening & administrative check (step 1)	25 November 2010*	-
Information to applicants on the evaluation of the Concept Notes (step 2)	07 January 2010*	-
Information to applicants on the evaluation of the Full Application Form (step 3)	10 January 2011*	-
Notification of award (after the eligibility check) (step 4)	30 May 2011*	-
Contract signature	July 2011*	-

***Provisional date.** All times are in the time zone of the country of the Contracting Authority

¹⁸ The date and place of the information session on this call for proposals will be published on the internet at: <http://www.safu.hr/> (in section: Tenders/IPA component III c) within 10 days of the launch of this call for proposals.

¹⁹ In case of postal deliveries, delivery is evidenced by the date of dispatch, the postmark or the date of the deposit slip. Deadline is set only to the date (not time). In case of hand deliveries, delivery is evidenced by the signed and dated receipt. Deadline is set to date and time.

2.6 CONDITIONS APPLICABLE TO IMPLEMENTATION OF THE ACTION FOLLOWING THE CONTRACTING AUTHORITY'S DECISION TO AWARD A GRANT

Following the decision to award a grant, the Beneficiary will be offered a contract based on the Contracting Authority's standard contract (see Annex F of these Guidelines). By signing the Application form (Annex A of these Guidelines), the applicant declares accepting, in case where it is awarded a grant, the Contractual conditions as laid down in the Standard Contract.

In addition to the Standard Contract the Beneficiary will also be obliged to submit regular monthly and quarterly reports according to the instructions of the Contracting Authority.

Implementation contracts

Where implementation of the action requires the Beneficiary to award procurement contracts, it must award the contract to the tenderer offering the best value for money, that is to say, the best price-quality ratio, in compliance with the principles of transparency and equal treatment for potential contractors, care being taken to avoid any conflict of interests. To this end, the Beneficiary must follow the procedures set out in Annex IV to the Contract.

3. LIST OF ANNEXES

DOCUMENTS TO BE COMPLETED

ANNEX A: GRANT APPLICATION FORM (WORD FORMAT)

ANNEX B: BUDGET (EXCEL FORMAT)

ANNEX C: LOGICAL FRAMEWORK (EXCEL FORMAT)

ANNEX D: LEGAL ENTITY SHEET (EXCEL FORMAT)

ANNEX E: FINANCIAL IDENTIFICATION FORM

DOCUMENTS FOR INFORMATION

ANNEX F: STANDARD CONTRACT

- ANNEX II: GENERAL CONDITIONS APPLICABLE TO EUROPEAN COMMUNITY-FINANCED GRANT CONTRACTS FOR EXTERNAL ACTIONS
- ANNEX IV: CONTRACT AWARD PROCEDURES
- ANNEX V: STANDARD REQUEST FOR PAYMENT
- ANNEX VI: MODEL NARRATIVE AND FINANCIAL REPORT
- ANNEX VII: MODEL REPORT OF FACTUAL FINDINGS AND TERMS OF REFERENCE FOR AN EXPENDITURE VERIFICATION OF AN EÜ FINANCED GRANT CONTRACT FOR EXTERNAL ACTIONS

ANNEX G: DAILY ALLOWANCE RATES (PER DIEM), available at the following address:

http://ec.europa.eu/europeaid/work/procedures/implementation/index_en.htm

PROJECT CYCLE MANAGEMENT GUIDELINES

http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101_en.htm

[LIST OF THE EXISTING BUSINESS ZONES REGISTERED BY MELE](#)