Technical Assistance to Support the Implementation of the Rural Development and Private Sector Development Programmes, northern part of Cyprus
Contract Number: 2012/295-028

DEVELOPING AND MANAGING EUROPEAN UNION FUNDED GRANT PROJECTS

This project is funded by the European Union

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This booklet has been produced with the objective to help project applicants, on the one hand, to draft successful grant proposals, and, on the other hand, grant beneficiaries, those who have been successful with their grant application, with the various contractual obligations and responsibilities that they have in managing a grant project.

Preparing good project proposals, incorporating a design following the logical framework approach, is a universal challenge. To be successful, recognising that European Union (EU) grant funds are available on a limited and competitive basis, particular skills and know-how are required. Moreover, it’s a collaborative exercise that often requires months for complex projects, not days or weeks. Too many times applications fail due to either not meeting the clearly advertised eligibility criteria or submitting an application of poor quality, again not following the basic design requirements outlined in a Call for Proposals Guidelines. There is real value in the process of thinking about your project idea in a systematic way. It takes some time, but it helps avoid mistakes later.

Having the capacity to appropriately manage EU grant contracts is another skills-set that applicants need to have. Minimising the risks of grant beneficiaries not meeting the terms and conditions of a grant contract and of not adhering, particularly, to the various EU procurement and visibility principles and rules, and reporting requirements, is crucial. Otherwise, mistakes resulting in ineligible expenditure can be very costly. However, by taking the time to understand the procedures, to systematically follow the provided templates and to follow the advice always on-hand, grant beneficiary experience in managing a grant need not be a burden too heavy to bear. Indeed, feedback consistently points to the many positive project management experiences, resulting in an immeasurably enhanced array of technical and financial skills, vastly strengthened organisations and tangible benefits to many individuals, families, communities, schools, farms and companies.

This booklet is not intended to be a comprehensive information source on proposal writing, EU procedures, and on each grant scheme with their various specificities. Instead, it has a deliberate, more limited scope. Information is intended to be presented in a brief, user-friendly format providing tips and reminders throughout each Chapter to help build skills in accessing and managing EU grant funds. Readers are advised to consult the References and Further Reading section for more detailed background.

It is also recommended to review the multimedia learning tool accompanying the booklet. This tool presents three role-playing scenarios following Parts I, II and III of the booklet, on proposal writing, implementation, and technical and financial administration of a grant project, respectively.

The booklet draws on a number of sources and lessons learned from the assessment and implementation of previous grant schemes in the northern part of Cyprus. Part I, on drafting a successful project proposal, draws heavily on the “Developing and Managing EU-Funded Projects” manual produced by TACSO (Technical Assistance for Civil Society Organisations). Other sections use material from the European Commission produced Project Cycle Management Guidelines, Practical Guide to Contract Procedures for EU External Actions (PRAG, 2014 version) and the Communication and Visibility Manual for EU External Actions. Additionally, the SME Call in Action III Grant Scheme Implementation Manual, also produced by the Programme Management Unit (PMU) supporting the implementation of the EU-funded Rural Development and Private Sector Development Programmes in the northern part of Cyprus, has been used as reference material.

The structure of the booklet, divided into three Parts, containing 15 Chapters, is as follows:
### PART I DRAFTING A SUCCESSFUL GRANT PROPOSAL

<table>
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<th>Title</th>
<th>Description</th>
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<tr>
<td>01</td>
<td>Applying for EU grant funds</td>
<td>Where should you go and what do you need to do to apply for EU grant funds? Does your organisation have the capacity to meet the funding conditions?</td>
</tr>
<tr>
<td>02</td>
<td>Developing effective partnerships for projects</td>
<td>Understanding the principles of partnership and requirements of EU funded grant schemes. How to identify the right partner? How to build good working relationships with partners? Collaboration in writing project proposals. Maintaining collaboration during project implementation.</td>
</tr>
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<td>How EU grant applications are evaluated. Review of the evaluation grid. Tips for being competitive.</td>
</tr>
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<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>05</td>
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</tr>
<tr>
<td>08</td>
<td>Quality assurance and managing risk</td>
<td>Development of a grant project quality management system. Project controlling mechanisms. Production of a quality plan. Development of a risk management system.</td>
</tr>
<tr>
<td>11</td>
<td>Sustainability of a grant project</td>
<td>Grant project sustainability. Project replicability.</td>
</tr>
</tbody>
</table>

### PART III TECHNICAL AND FINANCIAL ADMINISTRATION OF A GRANT PROJECT

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Understanding grant contract obligations</td>
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</tr>
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<td>13</td>
<td>Modifying the grant contract</td>
<td>General principles. Minor modifications to a grant contract - letter of notification. Major modifications to a grant contract - contract addendum. Request and approval processes.</td>
</tr>
<tr>
<td>14</td>
<td>Administrative, technical and financial documentation</td>
<td>Eligible costs. Ineligible costs. Accounting requirements. Technical documentation to be supplied. Administrative documentation to be supplied.</td>
</tr>
<tr>
<td>15</td>
<td>Reporting requirements</td>
<td>Interim procurement report. Interim and final reports. Financial reporting.</td>
</tr>
</tbody>
</table>

It should be noted that a number of project design/proposal writing issues, summarily addressed in Part I, are also presented in more detail in later Chapters. Thus, for those drafting a project proposal, Part II and Part III of the booklet also need to be carefully read.

We hope that you will find the booklet useful for your grant proposal writing and project implementation.

Programme Management Unit
EU-funded Technical Assistance to Support the Implementation of the Rural Development and Private Sector Development Programmes, northern part of Cyprus
PART I
DRAFTING A SUCCESSFUL GRANT PROPOSAL
CHAPTER 01: APPLYING FOR EUROPEAN UNION GRANT FUNDS

Outline
• Where should I look for information on upcoming EU grant schemes?
• What should I do to apply for EU grant funds?
• Does my organisation have the capacity to meet the funding conditions?

Introduction
• Applying for EU grant funds starts with having an understanding of where to look for available funding and how to respond to Calls for Proposals.

What should I do to apply for grant funds?
Calls for grant proposals are published in the local newspapers, on the EuropeAid website, on the European Union Coordination Centre (EUCC) website (www.eucoordination.org) and on other relevant websites established by the relevant Technical Assistance teams funded by the European Union.

EuropeAid website for Calls for Proposals and clarifications: https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?ADSSChck=12849772622222do=publi.welcome&userlanguage=en

Once you find a Call for Proposal that is relevant to you:
• Download all the related documents of the Call for Proposals.
• Read the instructions very carefully (particularly Guidelines for Applicants and Grant Application Form).
• Ensure to note down the deadline of the Call for Proposals.
• Be sure to use the templates provided in the Concept Note and Grant Application Form and annexes.

PADOR
PADOR is an online EU database system where organisations enter their administrative data in order to allow evaluation of eligibility as well as operational and financial capacity criteria.

To find out more about PADOR and how to register go to: http://ec.europa.eu/europeaid/work/onlineservices/pador/index_en.htm

DON’T FORGET
• Organisations are obliged to register in PADOR by the deadline of the Call for Proposals.
• Applicants will need to state their unique PADOR identification number, EuropeAid ID Number, in their application form.

Does my organisation have the capacity to meet the funding conditions?

Confirm your organisation has the capacity to meet the criteria for funding with the following steps:
• Check the ‘Eligibility Criteria’ to confirm your organisation (and partners) satisfies the criteria on legal status and can provide documented evidence of working in the sector.
• Review the ‘Selection Criteria’ to help you understand whether you have satisfactory resources, and management and technical capacity to implement the project.
Financial and operational capacity
Sample evaluation grid from a Call for Proposals Guidelines

<table>
<thead>
<tr>
<th>1. Financial and operational capacity</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Do the applicants and affiliated entity (ies), if applicable, have sufficient experience of project management?</td>
<td>5</td>
</tr>
<tr>
<td>1.2 Do the applicants and affiliated entity(ies), if applicable, have sufficient technical expertise? (specially knowledge of the issues to be addressed.)</td>
<td>5</td>
</tr>
<tr>
<td>1.3 Do the applicants and affiliated entity(ies), if applicable, have sufficient management capacity? (including staff, equipment and ability to handle the budget for the action)?</td>
<td>5</td>
</tr>
<tr>
<td>1.4 Does the lead applicant have stable and sufficient sources of finance?</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Extract from the grant application form evaluation grid format (PRAG 2014)

**TIPS**

- Failing in financial and operational capacity is a main reason why grant applications are unsuccessful.
- Eligibility and selection criteria are also applicable to each co-applicant.
- Be sure to submit all requested documents in the format requested.
CHAPTER 02: DEVELOPING EFFECTIVE PARTNERSHIPS FOR PROJECTS

Outline
• Understanding the principles of partnership and requirements of EU funded grant schemes
• Terminology
• How to identify the right partner
• How to build good working relationships with partners
• Collaboration in writing project proposals
• Effective collaboration during project implementation

Introduction
Most EU funded grant schemes promote partnerships between organisations. Understanding the underlying motivation for such an approach, EU expectations and what to do to meet these expectations will lead to more effective proposal writing and subsequent grant project implementation.

Understanding the principles of partnership
Partnerships facilitate smoother project implementation through diversity and additional resources, the introduction of missing skills-sets, and the creation and enhancement of dialogue. Furthermore, within the EU reconciliation objectives, bringing stakeholders together has many benefits.

Definition of Partnership [The Partnering Initiative; 2005]
Partnership is a collaboration in which organisations work together in a transparent, equitable and mutually beneficial way. The partners agree to commit resources, share the risks as well as the benefits to work together towards a sustainable development goal.

Principles to build successful partnerships

1. Shared vision and goals - similar culture
2. Inter-dependence between partners
3. Mutual trust and transparency
4. Mutual Accountability
5. Sharing of resources
6. Shared capacity building and learning

Terminology

Co-applicants
Co-applicants participate in designing and implementing the action, and the costs they incur are eligible in the same way as those incurred by the lead applicant. They must, therefore, satisfy the same eligibility criteria applicable to the lead applicant, in addition to any other criteria affecting partners.

Affiliated Entity[ies]
Entities having a structural link with the applicants, in particular a legal or capital link. Affiliated entities have to meet the eligibility criteria.

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.
**Contractors**

Grant beneficiaries and their affiliated entities are permitted to award contracts. Associates or affiliated entity(ies) cannot also be contractors in the project. Contractors are subject to the procurement rules set out in Annexes to the standard grant contract.

**Identifying the right partner**

- Check the proposed partner meets the eligibility criteria.
- Undertake the stakeholder analysis exercise described in Chapter 3 ‘Preparing successful project proposals’ to help reveal potential partners for the action.
- Agree a partnership as early as possible, not a few days before the grant application deadline, just to satisfy Call for Proposals requirements.

**Searching for a partner**

Be precise about what your organisation needs from a partnership – expertise, financial resources, project management experience, access to networks, lobbying support?

What kind of organisation are you looking for? public authority - NGO - educational institution ? big or small? traditional or innovative? service-oriented, or one that concentrates on advocacy? in the same or a different sector?

What networks or intermediaries can help you in the search?

Have you considered the location of the partner and how are you going to communicate?

Do you have resources to establish the partnership? (For example, to cover travel costs to have face-to-face meetings).

Do you have a capability statement/written introduction for your organisation and team?

Establish contact with an appropriately authorised person.

Make your partner feel well-informed, clear on any resource issues, and empowered.

Present the potential partner with a clear request.

Be clear about timelines and deadlines.

Beware of ‘mismatches’.

**Collaboration in writing proposals**

Collaboration between partners during proposal writing will enable an early sense of participation and project ownership. Therefore, it is vital that partners participate from the beginning to important stages of project design such as problem, objectives and strategy analysis, action planning and budgeting, as well as drafting the project document.

- Keep formal minutes of meetings with partners.
- Give polite, timely reminders on decision points where actions are expected.
- Agree a detailed Memorandum of Understanding.

**TIPS**

Agree at the outset:
- **WHO** will undertake **WHICH** activities
- **HOW** the activities will be carried out
- **WHAT** it will cost

**TIPS**

- Keep formal minutes of meetings with partners.
- Give polite, timely reminders on decision points where actions are expected.
- Agree a detailed Memorandum of Understanding.

**DON’T FORGET**

Partners must sign and provide a ‘Partnership Statement’ with the grant application.
Effective communication with your partners

**Partnership Agreements/Memorandum of Understanding** – apart from the Partnership Statement to be signed during application, such agreements will support the organisations to officialise their partnership, detailing responsibilities and contributions. In some EU funded grant schemes, you may be obliged to provide such a signed statement, such as a Memorandum of Understanding, among partners.

**Project management structures** – establishment of a project team and a project Steering Committee, where partner representatives will regularly meet and be involved in implementation details and activity plans.

All the **project documents** are made **available to all partners** and arrangements are in place to ensure partners contribute to reports and other monitoring tools.

**Decision-making mechanism** – a protocol is set-up and observed by the Project Coordinator, as agreed by the partners.

Communication break-down and tensions among partners should be taken seriously, and **mitigation of disputes and motivation** should be approached proactively.

**TIP** Lack of good and timely communication among partners is very likely to result in partnership (and project) failure.

Following EU procedures, it is important to remember that any formal partner (an organisation that has signed and submitted a Partnership Statement) in a grant-funded project does not have contractual obligations to the Contracting Authority, but is an integral part of the grant application and subsequent grant contract between the Grant Beneficiary and Contracting Authority. Thus, if a partner wishes to withdraw from a project for any reason and or there is the necessity to change partners, the approval of the Contracting Authority must be requested.

### TIPS FOR EFFICIENT PARTNERSHIPS

- Consider common interests and objectives that your organisation might share with other stakeholders.
- How will you and your partners fulfil your joint objectives?
- Always share opinions with your project partners and ask them for feedback, and give feedback to them.
- Ensure transparency with project partners, particularly on administrative and financial issues.
- Establish mutually agreed rules and procedures to guide your relationships.
- Share experiences in order to build capacity.
CHAPTER 03: PREPARING SUCCESSFUL PROJECT PROPOSALS

Outline
- Targeting real needs
- Logical framework matrix as a tool to improve project design
- Activity Scheduling
- Budgeting
- Making sure that proposal writing follows a Call for Proposals Guidelines

Introduction
Guidance is provided on how to identify and formulate a grant project proposal. For those wanting more detailed information on the basics of project development, the EU Project Cycle Management Guidelines should be downloaded (see Further References and Reading at the end of this booklet).

STEP 1 - TARGETING REAL NEEDS
Successful proposal writing starts with asking the right questions of what are the real needs of your community, NGO, business, farm, school, etc.

TIP
There is a much better chance of being awarded a grant if your project idea comes from a well considered long-term strategic plan, a feasibility study, or a business plan, and is coherent with public policy and strategy.
On the other hand, if your project idea is purely based on a motivation of receiving funds provided, without providing concrete evidence of the situation and needs, then proposal writing is much more likely to end in failure.

DEVELOPING A PROJECT IDEA
- Collect background information regarding the problem to be addressed. Valid and credible sources include interviews, surveys, official reports, publications, academic research papers and newspaper articles.
- Undertake a ‘stakeholder analysis’ in order to collect opinion and advice from relevant stakeholders/target groups. Stakeholders are those who are influenced by the project or you want to influence. Involving as many stakeholders as you can during the proposal writing will improve the project proposal.
- Use logical framework approach tools such as a ‘problem tree’ and ‘objectives tree’ to analyse and identify the problem. Choose the most feasible project idea targeting the problem based on the capacity of your organisation and context.
- Take into account any special needs and try to find solutions to tackle societal challenges regarding, for example, exclusion, discrimination, gender equality, needs of disabled people and environmental issues.

Considerations to be taken into account in project idea development:
- Public policies and programmes
- Socio-cultural indicators of the target area(s)
- Economic indicators of the area(s)
- Information related to basic infrastructure
- Competitive features and needs of the company, farm
- Target group needs
- Geographical and climatic conditions of the location of action
- Environmental issues and risks
- Other projects, investments
Task 1 – SWOT Analysis
Situation and Stakeholder analysis can be supported with tools such as a SWOT [Strengths, Weaknesses, Opportunities and Threats] Analysis, used to analyse the internal strengths and weaknesses of an organisation and the external opportunities and threats that it faces.

Create your own SWOT analysis using the below template and directions:

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal analysis</td>
<td>Internal analysis</td>
</tr>
<tr>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>External analysis</td>
<td>External analysis</td>
</tr>
</tbody>
</table>

**Internal Analysis**
- Determine the strengths and weaknesses by assessing the resources and skills of an organisation or system usually under your control
- Comparative assessment

**External Analysis**
- Determine the opportunities and threats by assessing the contextual factors normally not under your control

**External factors**
- Political
- Economical
- Socio-cultural
- Technological

Task 2 – Stakeholder Analysis matrix
Another important tool is the Stakeholder analysis matrix. Mapping of stakeholders and their respective roles can be undertaken using the matrix below, which will help to outline who will be influenced, positively or negatively, by the project and which stakeholders should be involved in planning and/or project implementation.

**Stakeholder matrix**

<table>
<thead>
<tr>
<th>Stakeholder and basic characteristics</th>
<th>Interests and how affected by the problem(s)</th>
<th>Capacity and motivation to bring about change</th>
<th>Possible actions to address stakeholder interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>List all stakeholders here</td>
<td>Make a summary of the stakeholders’ interests in the project – both positive and negative</td>
<td>Note what information each stakeholder requires and at what stage in the project</td>
<td>What degree of authority or influence do the stakeholders have over any aspect of the project</td>
</tr>
</tbody>
</table>

A next step is to identify the negative aspects of the current situation and their main ‘cause and effect’ relationships, through is known as ‘Problem Analysis’.

Task 3 – Problem Analysis

1. Identify the major problems that the project will address
2. State problems in a negative manner
3. Group problems by similarity of concerns
4. Develop the problem tree:
   - Select a focal problem from the list and relate other problems to the focal problem.
   - If the problem is a cause of the focal problem it is placed below the focal problem
   - If the problem is an effect of the focal problem it goes above

The completed problem tree provides a visual summary of the current negative situation. In various respects, problem analysis is the most critical stage of project design and guides other consecutive analyses.
Task 4 – Objectives Analysis

Problem analysis is then followed by analysis of objectives where the negative situations of the problem tree are now converted to positive statements, in order to establish the objectives that the project aims to achieve. **Objectives analysis** clarifies the means-ends relationship between the desirable situation that would be attained and the solution for attaining it. Consequently, with positive statements, the problem tree now becomes the objectives tree.

**TIPS**

- Establishing a means – ends [results] relationship is vital at this step - if this is implemented then this will be achieved.
- The causes become the starting point for the objectives.
- The effects become the results of the objectives.

Task 5 – Strategy Analysis

Having the necessary details in hand will facilitate your selection of best implementation strategy. Nevertheless, the next step is considered as one of the most challenging since it involves combining a substantial amount of information and making a comprehensive judgement. This stage is called ‘strategy analysis’, which is a process in which specific project implementation strategies are selected from among the objectives and means raised in Objectives Analysis, based upon selection criteria.

**Strategy Analysis**

1. Identify objectives you do not want to pursue [not desirable or not feasible]
2. Group objectives, to obtain possible strategies or components [clustering]
3. Assess which strategy/ies represent(s) an optimal strategy according to the agreed criteria
4. Determine Overall Objective[s] and Project Purpose

**TIP – SELECTION CRITERIA**

Agree a set of selection criteria from the outset to assess the merits of the different strategies since the analysis ideally involves multiple stakeholders with differing interests, political demands and practical constraints. Criteria may include:

1. Potential contribution to key policy objectives
2. Benefits to target groups
3. Complementarity with other ongoing projects
4. Operating costs, and local capacity to meet recurrent costs
5. Financial and economic cost-benefits
6. Contribution to institutional capacity building
7. Feasibility
8. Environmental Impact
STEP 2 - LOGICAL FRAMEWORK MATRIX AS A TOOL TO IMPROVE PROJECT DESIGN

In EU-funded Calls for Proposals, it is obligatory to submit a document called the Logical Framework Matrix (also known as the Logframe) as an annex to the proposal. The logical framework approach enables formulation of strong project proposals that are targeting real needs. It is a participatory planning, monitoring and evaluation tool whose power depends on the degree to which it incorporates the full range of views of intended beneficiaries and others who have a stake in the project design.

**TIP** Do NOT consider the logframe as just another form to be completed, after the proposal is finalised. Rather it should be the starting point of the proposal writing.

The results of the above mentioned analyses in Step 1 feed into the preparation of the Logical Framework Matrix.

A logframe allows the organisation of overall, and specific project objectives (the project purpose) and expected results, the activities that will contribute towards achieving these results and objectives, and performance indicators that will be useful for monitoring the progress of the project.

**Structure of a logframe**

The logframe consists of a matrix with four columns and four (or more) rows, which summarise the key elements of a project plan, namely:

- the project’s hierarchy of objectives (Project Description or Intervention Logic);
- the key external factors critical to the project’s success (Assumptions); and
- how the project’s achievements will be monitored and evaluated (Objectively Verifiable Indicators and Sources of Verification).

The Logframe also provides the basis on which resource requirements, or inputs, and the costs or budget are determined.

**TIP** The logic of the logframe is established by drafting the matrix from top to bottom, i.e. starting with the overall objective.

**HIERARCHY OF OBJECTIVES**

- IF adequate inputs/resources are provided, THEN activities can be undertaken;
- IF the activities are undertaken, THEN results can be produced;
- IF results are produced, THEN the purpose will be achieved; and
- IF the purpose is achieved, THEN this should contribute towards the overall objective.

**Steps to be followed are:**

- Define the overall objective
- Define the project purpose (specific objective)
- Expected Results
- Activities
### LOGICAL FRAMEWORK MATRIX FOR THE PROJECT

<table>
<thead>
<tr>
<th>Intervention logic</th>
<th>Objectively verifiable indicators of achievement</th>
<th>Sources and means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall objective</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• What are the overall broader objectives to which the action will contribute?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• O1 - “Title of objective 1”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Indicate a target value for each indicator in this column whenever possible.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• What are the key indicators related to the overall objectives?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• List the sources of verification for each indicator.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• What are the sources of information for these indicators?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Specific objective [Purpose]</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• What specific objective is the action intended to achieve to contribute to the overall objectives?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• SO – “Title of the specific objective”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Which indicators clearly show that the objective of the action has been achieved?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• List the indicators as follows:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• SO. “Indicator 1”: target value</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• What are the sources of information that exist or can be collected? What are the methods required to get this information?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Which factors and conditions outside the Beneficiary’s responsibility are necessary to achieve that objective? [external conditions] Which risks should be taken into consideration?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expected results</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Results are the outputs/outcomes helping to achieve the specific objective. What are the expected results?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• R1 – “Title of result 1”</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• What are the indicators to measure whether and to what extent the action achieves the expected results?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Please list the indicators for each result, as follows:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 1.1 “Indicator 1”: target value (R1)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• What are the sources of information for these indicators?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Ex:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Source 1 (Indicator 1, 2, 3 etc)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• What external conditions must be met to obtain the expected results on schedule?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Activities

- What are the key activities to be carried out, to produce the expected results? [Group the activities by result and number them as follows:]
  - A1.1 – “Title of activity 1” [R1]
  - A1.2 – “Title of activity 2” [R1]

  - Means:
    - What are the means required to implement these activities, e.g. staff, equipment, training, studies, supplies, operational facilities, etc.

  - What are the sources of information on action progress?
  - Costs
  - What are the action costs? How are they classified? [Breakdown by main heading in the Budget for the Action]

  - What preconditions must be met before the action starts? What conditions outside the Beneficiary’s direct control have to be met for the implementation of the planned activities?
Definitions

**Overall Objective**

- explains why the project is important to society, of benefit to other groups. [Also sometimes in terms of the longer-term benefits to final beneficiaries]. It also helps to show how the project/programme fits into regional/sector policies. It will not be achieved by the project alone [It will only provide a contribution], but will require the contributions of other programmes and projects as well.

**Project Purpose (Specific objective)**

- the central objective of the project. The Purpose should address the core problem(s), and be defined in terms of sustainable benefits for the target group(s). For larger/complex projects there can be more than one purpose [i.e. one per project component].

**Results**

- the tangible products/services delivered as a consequence of implementing a set of activities. Results are often referred to as ‘Outputs’ within the context of some EC programmes.

**Activities**

- the external factors which could affect the progress or success of the project, but over which the project manager has no direct control. They are formulated in a positive way, e.g.: “Reform of pension fund procedures successfully implemented”. If formulated as negative statements, assumptions become ‘risks’.

**Assumptions**

- those conditions that have to be met before the project can commence, i.e. start with Activities.

**Pre-conditions**

- the physical and non-physical resources [often referred to as “Inputs”] that are necessary to carry out the planned Activities and manage the project. A distinction can be drawn between human resources and material resources.

**Means**

- the measurable indicators that will show whether or not objectives have been achieved. OVIs provide the basis for designing an appropriate monitoring system.

**Objectively Verifiable Indicators (OVIs)**

- indicates where and in what form information on the achievement of the Overall Objective, the Project Purpose and the Expected Results can be found [described by the Objectively Verifiable Indicators]. They should include summary details of the method of collection, who is responsible and how often the information should be collected and reported.

**Sources of Verification**

- the actions [tasks] that have to be taken to produce results.

TIP

The most common mistake in drafting the logframe is to start describing activities first.

**Project Purpose**

A vital aspect of the logframe is to describe the ‘purpose of the project’ [specific objective], which should be clear and precise.

TIP

Ensure the project purpose is not just a re-statement of the sum of results or a re-statement of the specific objective of the Call for Proposals but rather a higher level achievement specific to the proposed project.

The Project Cycle Management Guidelines provides the below example in order to demonstrate this point:

<table>
<thead>
<tr>
<th>GOOD PRACTICE</th>
<th>BAD PRACTICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose is consequence of results:</td>
<td>Purpose is sum of results:</td>
</tr>
<tr>
<td>Improved quality of river water</td>
<td>Water treatment is improved and levels of direct discharge into the river reduced</td>
</tr>
<tr>
<td><strong>Results:</strong></td>
<td></td>
</tr>
<tr>
<td>1.1 Direct discharge of waste-water into the river reduced</td>
<td></td>
</tr>
<tr>
<td>1.2 Waste water treatment standards improved and enforced</td>
<td></td>
</tr>
<tr>
<td>1.3 Awareness of environmental management responsibilities improved</td>
<td></td>
</tr>
</tbody>
</table>
Objectively verifiable indicators (OVIs)

‘Indicators’ and the ‘sources or means of verification’ are vital to the project during implementation since they act as monitoring tools, both internally and externally, to verify that the project is progressing as proposed. Success and failure of projects will be judged based on the achievement of results written in these logframe columns.

**EXERCISE**

When formulating indicators and sources of verification ask:
- How do we verify success?
- How would we know whether or not what has been planned is actually happening or has happened?

Indicators are generally referred as ‘Objectively Verifiable Indicators’ (OVI) meaning the information collected should be the same if collected by different people. Indicators should be “SMART”.

**“SMART” objectively verifiable indicators**

<table>
<thead>
<tr>
<th>S</th>
<th>Specific to the objective it is supposed to measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>Measurable (either quantitatively or qualitatively)</td>
</tr>
<tr>
<td>A</td>
<td>Available at an acceptable cost</td>
</tr>
<tr>
<td>R</td>
<td>Relevant to the information needs of managers</td>
</tr>
<tr>
<td>T</td>
<td>Time-bound – so you know when you can expect the objective/target to be achieved</td>
</tr>
</tbody>
</table>

**TIP**

Avoid thinking that indicators are ‘targets’ and, therefore, formulating indicators which are actually only re-statements for the ‘results’. Remember, indicators are NOT targets.

**Means Of Verification Should Specify:**

- HOW the information should be collected and/or the available documented source
- WHO should collect/provide the information
- WHEN/HOW REGULARLY it should be provided

**Assumptions**

Assumptions are external factors that have the potential to influence (or even determine) the success of a project, but lie outside the direct control of project managers. They are the answer to the question: “What external factors may impact on project implementation and the long-term sustainability of benefits, but are outside project management’s control?”

Assumptions are risks, which can jeopardise the success of the project and are worded positively, i.e. they describe circumstances required to achieve certain objectives.

- once the Activities have been carried out, and if the Assumptions at this level hold true, results will be achieved;
- once these Results and the Assumptions at this level are fulfilled, the Project Purpose will be achieved; and
- once the Purpose has been achieved and the Assumptions at this level are fulfilled,
- contribution to the achievement of the Overall Objectives will have been made by the project.
STEP 3 - ACTIVITY SCHEDULING

A detailed activity schedule needs to be prepared following the logframe matrix process.

Preparation of an Action Plan

1. List main activities
2. Break activities down into manageable tasks
3. Clarify sequence and dependencies
4. Estimate start-up, duration and completion of activities
5. Summarise scheduling of main activities
6. Define milestones
7. Define expertise
8. Allocate tasks among project team

TIP  Procurement preparation activities [e.g. market research, tender documentation] takes much longer than you think.

STEP 4 - BUDGETING

The Budget of the Action (usually Annex III of a grant contract) includes the detailed total budget and the financial sources of the grant project.

Budget of the Action generally consists of three working sheets:

1. Budget of the Action (Budget breakdown)
2. Justification for the Action (justification of budget items and technical specifications)
3. Sources of Funding

Before completing the budget, applicants should undertake comprehensive preparation in order to ensure that a reliable estimation of costs is undertaken.

TIPS

1. Undertake careful market research for the costs of implementing all proposed activities. See Chapter 9 on how to undertake a market research study and draft technical specifications.
2. Insert technical specifications for budgetary items in the Justification Sheet.
3. Make sure that relevant EU rules are well understood – for example, the rule of origin in relation the purchase of equipment.
4. Ensure that planned costs are eligible as per the published Guidelines for the Call for Proposals.
5. Prepare the budget based on the budget template and Guidelines that describe the permitted budget lines.
6. Keep in mind that retroactive expenditure is ineligible under EU funded grant schemes. Thus, envisaged supplies, services, works must not have been previously procured.
It should be borne in mind that once a grant project is pre-selected to be awarded a grant, the Contracting Authority may request amendments and/or clarifications to the submitted budget before the grant contract is signed.

**STEP 5 - MAKING SURE THAT PROPOSAL WRITING FOLLOWS THE GUIDELINES**

Once you have completed all parts of the logframe, writing your proposal becomes a straightforward exercise of providing details in the provided application format.

Aspects such as justification made with supporting evidence, the methodology proposed and activities foreseen to achieve the objectives, and the deliberations on the sustainability and long-term impact of the project may play a vital role in the selection process. However, administrative checks and verification of eligibility are just as important as the project design, since any missing documents or lack of compliance will most likely lead to the rejection of your application.

**TIPS**

- Comply with the eligibility criteria for applicants, providing appropriate documentation as required.
- Ensure registration in PADOR if not already.
- Ensure the location(s) of the proposed action is eligible as detailed in the Guidelines.
- Match the eligibility criteria listed in the Guidelines with the types of proposed activities and their related costs.

Furthermore, organisations should ensure that they comply with the administrative criteria outlined in the Guidelines. Application Forms for EU funded Calls for Proposals generally include a ‘Checklist’ which applicants must attach to their proposals and check that their applications answers ‘Yes’ to all the criteria stated.

**TIP**  
Treat the ‘checklist’ as a powerful guide to ensure compliance with the administrative criteria, not just another form to complete with ‘Yes’ and submit!

**TIP**  
Follow the format of the grant application form provided with the Guidelines of the Call for Proposals applied to. It is critical that the instructions in the Guidelines for the Call for Proposals are precisely followed.

**TIPS**

- Make sure to:
  - read **ALL** the details in the Guidelines and accompanying documents.
  - complete **EVERY SECTION** of the Application Form, following the guidelines carefully.
  - carefully follow the instructions regarding deadlines and how to make the application. If the deadline is missed your application will be rejected. If your application documents are not complete, your application may not be considered.
CHAPTER 04: PASSING THE GRANT PROPOSAL EVALUATION

Outline
• Definitions of Grant Proposal Evaluation Grid Criteria
• How EU grant applications are evaluated
• Review of Concept Note and Full Application Form Evaluation Grids
• Tips for being competitive

Introduction
Grant applicants are strongly advised to review the evaluation process and the evaluation grids published in the Guidelines in order to have a grasp of the critical points in increasing the chance of selection.

Separate from the eligibility criteria and type of proposed actions and related costs, the third key evaluation area is the actual design of the proposed project – justification, objectives and purpose, proposed methodology and activities, sustainability and long-term impact, budget and cost-effectiveness of the action. Following the steps and tips in Chapter 3 “Preparing Successful Project Proposals” will help to avoid pitfalls.

Definitions of Grant Proposal Evaluation Grid Criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relevance</td>
<td>The appropriateness of project objectives to the real problems, needs and priorities of the intended target groups and beneficiaries that the project is supposed to address, and to the physical and policy environment within which it operates.</td>
</tr>
<tr>
<td>Effectiveness</td>
<td>An assessment of the contribution made by the project’s results to the achievement of the project purpose, and how assumptions have affected project achievements. A specific assessment of the benefits accruing to target groups is included. It’s also used as an aggregate measure of (or judgment about) the merit or worth of an activity/project, i.e. the extent to which an intervention has attained, or is expected to attain, its project purpose in an efficient and sustainable fashion, and with a positive impact.</td>
</tr>
<tr>
<td>Efficiency</td>
<td>Have project results been achieved at reasonable cost? How well have resources/inputs (funds, expertise, time, etc.) been converted to activities in terms of quality, quantity and time, and the quality of the results achieved?</td>
</tr>
<tr>
<td>Impact</td>
<td>The effect of the project on its wider environment, and its contribution to the wider policy or sector objectives summarised in the project’s overall objective. Positive and negative, primary and secondary long-term effects produced by the project, directly or indirectly, intended or unintended.</td>
</tr>
<tr>
<td>Sustainability</td>
<td>The likelihood of continued long-term benefits produced by the project after the period of external support has ended. Key factors that impact on the likelihood of sustainability include: (i) ownership by beneficiaries; (ii) policy support/consistency; (iii) appropriate technology; (iv) environment; (v) socio-cultural issues; [vi] gender equity; [vii] institutional management capacity; and [viii] economic and financial viability.</td>
</tr>
</tbody>
</table>

DON’T FORGET These evaluation criteria serve not only for evaluation of your grant proposal but also for measurement of success of overall project implementation. Thus, they should be always borne in mind as guidelines for project implementation/monitoring.

Concept Note Evaluation Grid
Prior to the Full Application Form stage, Calls for Proposals normally include the submission of a ‘Concept Note’ which is shorter in content and evaluated prior to the
Full Application Form to determine pre-selected applicants.

If the Call for Proposals Guidelines dictates such a document, ensure to follow the instructions carefully, and to use the relevant template. Evaluation of the Concept Note will act as the first step of the evaluation process and, therefore, it should be as strong as a Full application Form in order to be able to progress to the next step of the evaluation.

Assessment at the Concept Note stage greatly focuses on relevance and design of the action.

Organisations are strongly advised to include detailed reference to:

- Background information with concrete evidence, referring to the research undertaken, sources and tools used.
- Situation analysis, problem analysis and objective/strategy analysis undertaken.
- Participatory approaches adopted during project proposals, e.g. undertaking problem analysis involving multiple stakeholders, etc.
- Any other considerations made during developing the project idea.

**Full Application Form Evaluation Grid**

1. Financial and Operational Capacity

The questions on this section are mainly focused on the capacity of the organisation where past experience and current financial situation of the applicant will mainly determine the scoring.

| TIP | Keep in mind that one of the questions in this section refers to management capacity of the applicant to carry out the proposed action. Therefore, **project management team/structures and relevant human resources put forward in the proposal will have an affect on the assessment.** ([See Chapter 5 of the Booklet](#)). |

2. Relevance of the action – from Concept Note

| DON’T FORGET | **This section score will be directly transferred from the evaluation of the Concept Note.** Therefore, the organisations should keep in mind the significance of producing a strong Concept Note. |

3. Effectiveness and Feasibility of the action

The organisations should prove that they have carried out the logical framework approach, with the correct methodology followed.

| Particular attention should be paid to the following: | • A logical framework matrix should be prepared before writing the proposal, then your explanations will automatically allow the assessors to follow the logic.  
• SMART objectively verifiable indicators should be included.  
• Action plan to include multiple aspects ensuring clearness and feasibility.  
• Participatory approaches to be stressed. |

4. Sustainability of the action (see also Chapter 11)

- Elaborate on four aspects of sustainability: financial, institutional, policy and environmental.
- Make sure to reference possible tangible impacts on the target group[s] and the multiplier effects of the project.

5. Budget and Cost effectiveness

Activities should be clearly reflected in the budget. In other words, if an activity is proposed in order to reach the expected results, the related costs of this activity should be foreseen in the budget of the action and all the costs stated in the budget should be able to be traced back to an activity stated in the proposal.

Secondly, the ratio of the costs provided to achieve an expected result should be in line with the scope of the expected results. If only a small impact is foreseen with a particular budget item, then the related cost should be relatively small as well.
Being Competitive

Below are some proposal writing suggestions – aspects for consideration and inclusion, where applicable, and issues to avoid.

Tips for submitting a competitive grant proposal

- Use clear and simple language.
- Elaborate on the nature and extent of the problem?
- Be clear and convincing on the need[s] that you are addressing and ensure that they are the real needs of your target group/region.
- Show that research has been undertaken on problem identification, making clear reference to information sources and methodologies used.
- Include the results of undertaken demand studies.
- Convincingly show that the project is necessary or highly desirable, with reference to supporting evidence and the logical framework approach.
- Show that the project contributes to the priorities outlined in the relevant Call for Proposals?
- Elaborate on how you will meet the needs identified through your proposed activities - link your activities to the identified needs.
- Ensure the components naturally link together.
- Ensure coherence between problems, activities and expected results.
- Make detailed reference to your past experiences and how they are relevant to the proposed action.
- Clearly demonstrate operational and financial capacity. (Weak evidence will most likely result in failure).
- Estimate in detail the required human and financial resources. Include experienced staff who are available for the required inputs. This particularly applies to the necessity for a qualified, full-time project coordinator, where applicable.
- Include a detailed Memorandum of Understanding.
- Include a detailed Feasibility Study, where applicable [particularly for construction works].
- Break-down steps/activities to realise project objectives in sufficient detail [with regard to responsibilities, time needed and sequencing, budgeting].
- If you do not possess the necessary project experience, explain in detail how you will overcome this weakness through concrete steps to manage the project.
- Make sure to explain how your partners will contribute and reinforce the action.
- Show that considerable thought has been given to monitoring and evaluation.
- Emphasise sustainability, how you are going to ensure the sustainability of your action, pointing out to external factors but at the same time keeping within your responsibility and capacity.
- Results of the detailed market research for required goods, services, works to be included, evidenced in the provided budgetary items, costing and technical specifications.
- For construction related project proposals – include a professional feasibility study; ensure construction costs are not under-budgeted; ensure building regulations, selected locations and environmental issues are taken into account, including access and toilet facilities for the disabled and adaptations of works for the visually impaired; fully consider utilities, particularly connection costs; address building sustainability in sufficient terms. Include photographs.
- For projects in specially protected areas (SEPA), include relevant authorisations to undertake the project, an environmental impact assessment and ensure sensitive use of materials.

DON’TS IN PROPOSAL WRITING

- Do not ignore the logical framework approach.
- Do not automatically assume that the context you are putting forward is known by the assessors
- Don’t be over ambitious – include only a few objectives.
- Do not just include what is perceived as a “shopping list” of supplies/materials, without elaboration on the identified problem and coherence between problems, activities and results.
- Don’t copy other projects. The project is expected to be innovative with added-value elements.
- Don’t apply to a Call for Proposals if the Call’s priorities are not in line with your organisation’s scope.
- Do not aim to receive finance from the EU in order to implement a certain activity. Plan your activities carefully to show they are aimed for achieving the objective[s].
PART II
IMPLEMENTATION OF A GRANT PROJECT
CHAPTER 5: PROJECT MANAGEMENT TEAM AND STRUCTURES

Highlight

• The project team
• Tasks of a Project Manager/Coordinator
• Requirements of a Project Manager/Coordinator
• Project management structures - Steering Committee establishment

The Project Team

A project management team should be established for each project. Depending on the grant project, it should consist of a project manager/coordinator, administrative staff, accountant, a variable number of internal technical experts, external consultants, and be responsible for the planning and execution of the project.

TIPS

• Give careful consideration to project team composition and budget accordingly, at the project proposal stage.
• Establish a functional project team, composed of members who are suitably qualified and available.
• Ensure that those involved in the design and drafting of the project proposal are also involved in project implementation.
• Must include leadership that will be accountable for project execution.

EXERCISES

• What technical experts are required to undertake market research studies and draft technical specifications and Terms of Reference?
• Who will undertake the required design and supervision of construction works?
• List the non-voting Chairperson, non-voting secretary and a minimum of three voting members for each tender evaluation committee.
• Are the required staff in place to receive training and operate the new equipment to be installed?
• Who will undertake an evaluation of the project, if envisaged, external to the project management team?

Tasks of a Project Manager/Coordinator

Depending on the grant scheme and project, tasks include:

• Report to the head of the Grant Beneficiary and project Steering Committee.
• Responsibility for the timely and effective implementation of the project, according to the terms and conditions of the grant contract.
• Monitoring and supervising project implementation.
• Participation in Steering Committee meetings.
• Maintenance of a close dialogue with the relevant local bodies, target groups, final beneficiaries and the Contracting Authority.
• Ensure close cooperation and coordination with other EU funded projects in the region throughout contract duration. Project coordination meetings to be held on a regular basis, with the Contracting Authority and its representatives invited to all meetings.
• Timely preparation of interim and final reports.
• Ensure effective internal and external project communications.
• Ensure the maximum participation of key local actors in the project, and promote local capacity building.
• Represent the Grant Beneficiary at a range of meetings.
- Drafting of tender dossiers, including Terms of Reference and Technical Specifications.
- Participation in evaluation committees and negotiations with contractors.
- Drafting of works, supply and service contracts.
- Appraisal of contractor reports, approval of payments and preparation of contract amendments.
- Undertake regular field visits to the various project sites to monitor project progress, and preparation of field mission reports.
- Ensure visibility of the project as well as the EU funding (following the EU communications and visibility guidelines) throughout project implementation, especially on occasions such as press conferences, opening of events and infrastructure works related activities, etc.

**Requirements of a Project Manager/Coordinator**

<table>
<thead>
<tr>
<th>A good project manager should:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Manage</td>
<td>• Communicate</td>
</tr>
<tr>
<td>• Lead</td>
<td>• Solve Problems</td>
</tr>
<tr>
<td>• Negotiate</td>
<td></td>
</tr>
</tbody>
</table>

A key requirement of a good project manager is to have high performance in project management activities, for which a combination of good personal organisation, dynamism, proactivity, attention to detail (diligence and thoroughness, for example, with EU procurement and visibility principles and rules), and a combination of excellent planning and problem-solving skills are needed. A good project manager should:

- **Manage**: have the capacity to efficiently plan and produce the expected results with the available human and financial resources.
- **Lead**: leadership means the capacity to create a vision and to determine changes which bring it into reality, to motivate the entire project team, to convince people and institutions needed for the success of the project.
- **Communicate**: have the capacity to relate to others (also in the English language) through the transmission of information, instructions, replies, which should result in an efficient working environment. Communication ways differ depending on the hierarchical position of the persons involved, on their cultural background, on the size of the group of people involved, on the tools used (verbal, written communication).
- **Negotiate**: the capacity of dialogue between two or more people or parties intended to reach an understanding, resolve points of difference, to gain advantage for an individual or collective, or to craft outcomes to satisfy various interests. This capacity relates mainly to: action/procurement plans; meeting the terms and conditions of the contract; resources involved; and the responsibilities of the Beneficiary.
- **Solve problems**: proactive identification of and finding solutions to problems occurring before, during, or after project implementation.

**TIP** Depending on the grant scheme and project, appoint a full-time project coordinator who is well qualified and who is available.

**Project management structures**

**TIP** Establish a project Steering/Management Committee to oversee general management and coordination of the grant project.

**Steering Committee functioning**

**Role of the Steering Committee**

- definition and distribution of clear responsibilities and actions among the participating members/organisations.
- controlling the work programme and time schedule of the project.
- supervision and guidance related to project activities.
- approval of reports and proposals submitted by the project manager/coordinator.
Organisation of Steering Committee meetings

- Organise on at least a quarterly basis, and ad hoc, as required.
- Hold meetings on the same week-day and at the same time. 11 am is usually a good time – prompts the meeting to end at lunchtime. Avoid meetings first thing after lunch.
- Same venue for all meetings, if possible.
- Use a standard agenda, for example:
  1. Apologies
  2. Minutes of last meeting
  3. Matters arising from minutes of last meeting
  4. Report of the Project Manager/Coordinator
  5. Items for discussion and decision
  6. Any other business
  7. Date of next meeting
- Agenda and papers to be circulated at least 5 days in advance of the meeting. Late circulation of an item may be permitted in emergency cases. No papers on the day of the meeting.
- Minutes to be typed and circulated within 10 days of the meeting. Committee members to notify problems with the minutes within 5 days. If the Steering Committee meets every 2-3 months, challenging an item at the next meeting causes problems.
- All comments to be addressed to the Chairperson.
- Minutes to record the main issues discussed and decisions taken. Avoid wordy transcripts of discussions. Phrase decisions either in the passive voice – "...was discussed" "It was agreed to..." "It was resolved..." or else present them as decisions of the Committee as a whole – "The Committee discussed...", "The Committee approved..." "The Committee received a report on...".
- Minutes to be prepared in standard format, to follow agenda format.
- Date of next meeting to be agreed at the end of each meeting.
- Only the nominated representative to attend.
- Confidentiality – no statements to third parties or press except from the Chairperson.
- Decide how to react to a member who consistently misses meetings.
- Agree who will circulate the agenda, and write and circulate the minutes.
CHAPTER 6: MANAGING A GRANT PROJECT

Outline
• Role of the beneficiary
• Human resources management
• Procurement management
• Time management
• Activity management
• Budget management
• Accounting and record keeping
• Communications management

Role of the Grant Beneficiary in project management includes:

• be responsible for any obligation incumbent from the grant contract
• project monitoring (see Chapter 7) and undertaking measures to carry out the project in accordance with the grant contract terms and conditions
• ensuring adherence to the procurement principles and specific rules for service, supply and works contracts detailed in the Contract Award Procedures Annex to a grant contract (normally Annex IV of a grant contract). (see Chapter 9)
• ensuring the necessary measures are undertaken for the visibility of the EU financing (see Chapter 10)
• making sure that any necessary modifications to the grant contract are undertaken within the rules (see Chapter 13)
• implementing the project with sound technical and financial management and according to good practices (see Chapter 14)
• keeping all documents and records related to the grant contract for a period of five years following the final payment, and for three years for grants not exceeding €60,000, and in the case of an ongoing audit, verification, appeal, litigation or pursuit of claim, until the matter is resolved.
• informing the Contracting Authority of any event likely to affect or delay project implementation.
• informing the Contracting Authority of any change in the legal, financial, technical, organisational or ownership situation, as well as, of any change in the name, address or legal representative.
• making the appropriate arrangements for providing the financial guarantee, when applicable and requested, under the provisions of the Special Conditions of the grant contract.
• ensuring all data needed for reports, financial statements, audits, monitoring, evaluation and other information or documents required by the grant contract, is available.

DON’T FORGET If you are unable to deliver on the contractual obligations, the Contracting Authority has the right to reduce the grant amount in line with actual implementation and in accordance with the terms of the grant contract.

Human resources management

Human resource planning determines project roles, responsibilities and reporting relationships.
The project coordinator/ manager should keep a record of the role and responsibility of each project team member, in order to:

• clarify the expectations from each project staff member at the beginning;
• keep track of which activity is being implemented by whom and when to expect outputs from whom;
• be more aware of the complete skill set of the project team; and
• plan team building events during the course ensuring that the project team also benefits from the project.

DON’T FORGET If a Grant Beneficiary needs to replace the project coordinator or other key personnel in the project, the replacement should have an equivalent set of needed qualifications and skills, and relevant work experience.
**Procurement management**

Procurement management includes the processes and procedures required to obtain supplies, services and works envisaged in the project Description of Action and Budget, always respecting EU procurement principles and specific rules (see Chapter 9).

Procurement is a major component of your project that you need to plan for:

1. **Determine your tendering strategy**
   - Identify items to be procured separately and collectively
   - Determine the exact number of tenders and lots, and the applicable procurement procedure.

2. **Update your action plan**

   Incorporate the finalised tendering strategy into an updated action plan to specify the sequence and timing of each procurement procedure.

**Time management**

Time management includes the processes required to finalise your project on schedule.

- **TIPS**
  - Identify the milestones in your project. (procurement of equipment, construction of a building, delivery of a training course, creation of a website, printing a leaflet, etc.)
  - Keep track of delayed activities. Any delayed activity should be reported and a corrective action and/or contingency plan be prepared.

**Preparation of an action plan**

- **Step 1:** List main activities
- **Step 2:** Break activities down into manageable tasks
- **Step 3:** Clarify sequence and dependencies
- **Step 4:** Estimate start-up, duration and completion of activities
- **Step 5:** Summarise scheduling of main activities
- **Step 6:** Define milestones
- **Step 7:** Define expertise
- **Step 8:** Allocate tasks among project team

- **TIPS**
  - Be aware that a grant contract is for a limited duration and, therefore, implementation of activities needs to carefully planned.
  - Review your action plan on a weekly basis.
  - Update your action plan as required.

**Activity management**

- **TIPS**
  - make sure project activities include all tasks stated in the Description of Action (normally Annex I of a grant contract)
  - compare undertaken activities with those in the Budget
  - keep track of all activities for reporting [e.g. interim procurement, interim, and final].
Budget management
Project budget management includes the processes involved in controlling the Budget so that the project can be completed within the approved budget.

**TIPS**
- continuously monitor the contract budget and carefully analyse budget lines.
- continuously monitor the contract budget to manage necessary contract modifications (minor or major) in a timely manner.

Accounting and record-keeping
Accounting and record-keeping systems must be put in place for accurate and regular accounts of the implementation of the project (see Chapter 14).

**Key aspects of accounting:**
- identification and verification of income and expenditure
- easy traceability ensured
- any financial report to be easily reconciled
- accounting and book-keeping system to be operated in accordance with policies and rules that apply in the northern part of Cyprus.

Communications management
One of the major deficiencies of grant project implementation is lack of proper communication and documentation (see Chapter 10).

- keep minutes of all key meetings
- draft brief monthly reports
- create a project specific contact list
- schedule and keep track of the reports required to be submitted throughout the project

A Communication Plan is required to be produced for the Contracting Authority. The outline of the plan includes the following:

| General Strategy | • Overall communication objectives
|                  | • Target groups
|                  | • Specific objectives for each target group

Communication Activities
- Main activities covered by the plan
- Communication tools chosen

Indicators of Achievement
- Achievement of the communication objectives
- Provisions for feedback

Resources
- Human Resources
- Financial Resources

Action Plan
- Activities costed, timelined, responsibility identified

**DON’T FORGET**
Check the EU Communication and Visibility Manual weblink below for more information on communications and visibility obligations

CHAPTER 7: MONITORING THE PERFORMANCE OF A GRANT PROJECT

Outline
- What is monitoring?
- What to monitor?
- Principles of good monitoring
- Monitoring framework
- Internal monitoring by the Grant Beneficiary
- External monitoring by the Contracting Authority
- Grant beneficiary responsibilities in the Monitoring Framework

What is Monitoring?
- Ongoing collection, analysis and use of information on the progress of a project and on the results to be achieved.
- A practical management tool for reviewing and improving the performance of a grant project.
- Helps determine whether a project is being technically and financially implemented in the correct manner.

Main objectives of a project monitoring system
- Ensure informed, timely decision-making, leading to change for the better
- Enhance organisational learning
- Provide mechanisms for accountability
- Promote partnerships with and knowledge transfer to key project stakeholders

Monitoring
- Tracks actual performance against what was planned or expected
- Highlights the strengths and weaknesses in project implementation
- Enables project managers to deal with problems, find solutions and adapt to changing circumstances
- Provides an ‘early warning system’
- Allows for timely and appropriate intervention
- Ensures that relevant information is transmitted to the right people at the right time

What to monitor?

<table>
<thead>
<tr>
<th>Inputs (including financial and human resources provided)</th>
<th>Process Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progress against objectives and against the workplan (activity plan/procurement plan)</td>
<td>Review and plan work regularly</td>
</tr>
<tr>
<td>Progress against the budget</td>
<td>Assess if activities are carried out as planned</td>
</tr>
<tr>
<td>Results of activities and outputs achieved</td>
<td>Identify and deal with problems</td>
</tr>
<tr>
<td>Impact on the target group(s)</td>
<td>Assess whether the current style of work is the best way to achieve project objectives</td>
</tr>
<tr>
<td>The way the grant project is being managed</td>
<td></td>
</tr>
</tbody>
</table>

Monitoring of grant contracts on two levels

<table>
<thead>
<tr>
<th>Process Monitoring</th>
<th>Output / Outcome Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review and plan work regularly</td>
<td>Track progress in delivery of results using objectively verifiable indicators in the project logframe</td>
</tr>
<tr>
<td>Assess if activities are carried out as planned</td>
<td>continuously measure progress towards objectives</td>
</tr>
<tr>
<td>Identify and deal with problems</td>
<td>modify implementation if required</td>
</tr>
<tr>
<td>Assess whether the current style of work is the best way to achieve project objectives</td>
<td></td>
</tr>
</tbody>
</table>
**Principles of Good Monitoring**
- A focus on progress towards expected results
- Regular site visits assessing progress and analysing problem areas
- Regular production and analysis of reports
- Participatory monitoring mechanisms including surveys, stakeholder meetings, Steering Committees and focus group interviews

**Monitoring Framework**

<table>
<thead>
<tr>
<th>Progress Monitoring</th>
<th>Procedural Monitoring</th>
<th>Problem and Needs Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical and Financial progress</td>
<td>Compliance with procurement principles and rules</td>
<td>Financial and procurement related issues</td>
</tr>
<tr>
<td>Performance indicators</td>
<td>Compliance with publicity and visibility rules</td>
<td>Technical execution difficulties</td>
</tr>
<tr>
<td></td>
<td>Eligibility of costs</td>
<td>Administrative problems</td>
</tr>
<tr>
<td></td>
<td>Documentation and archiving</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Book-keeping and accountancy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reporting obligations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contract modifications</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Non-compliances and irregularities</td>
<td></td>
</tr>
</tbody>
</table>

**Internal monitoring by the Grant Beneficiary**
Along with focusing on effective project implementation in view of achieving the expected results and objectives, Grant Beneficiaries should continually review the following aspects throughout implementation:
- Compliance with procurement principles, rules and procedures, including rule of origin
- Eligibility of costs
- Correct use of budgetary items and maximum amounts
- Correct use of administrative costs

**Main features of a Grant Beneficiary internal monitoring system**

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Responsibility</th>
<th>Method</th>
<th>Product</th>
<th>Report Cycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>To support effective and timely decision-making by project managers;</td>
<td>Grant Beneficiary, implementing suppliers, service providers, works contractors</td>
<td>Ongoing project management based on preparation of updated project plans, ongoing data collection, analysis of data and preparation of progress reports; Consultation with stakeholders; Participation in project management, Steering Committee and other review meetings.</td>
<td>Project progress reports including minutes of meetings</td>
<td>Project management meetings to be undertaken on a regular basis (e.g. on a monthly basis). Brief reports to be drafted on a monthly basis for company management. Steering Committee minutes of meeting.</td>
</tr>
<tr>
<td>To promote accountability for resource use and achievement of results.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**External monitoring by the Contracting Authority**
External monitoring of grant projects will be conducted by the Contracting Authority and/or its representatives.

**Activities, information and documentation to be monitored**
- Project management structures, undertaking of regular project management meetings
- Project management and grant contract reports
- Updated action plan (including procurement processes)
- Progress of activities and performance indicators against the obligations detailed in the Description of Action of the grant contract
- Project implementation problems and solutions found
- Risk management
- Management of the project budget (usually Annex III of a grant contract)
- Contract modifications
- Procurement matters and records
- Visibility actions
- Adequacy of documentation
**Responsibilities of the Grant Beneficiary in the Monitoring Framework**

| Communication and Correspondence | • To correspond at all times without delay  
• To timely inform of:  
  • serious project implementation related issues  
  • tender related mandatory site visits and tender opening sessions  
  • significant visibility events so that Contracting Authority participation may be possible  
  • main project monitoring or evaluation activities  
• To keep records of correspondence |
| Monitoring Information System (MIS) | • To effectively use the system for communication (for example, using the Questions and Answers module) |
| First Monitoring Visit | • To establish the project office (if any)  
• To ensure the availability of key project staff during visit  
• To provide real, up-to-date relevant information on the grant project with supporting documents |
| Regular Monitoring Visits | • To make key project staff, records and other documentation available during the visit  
• To inform on project needs or problems |
| Contracting Authority Interim, Ex-Post or Monitoring Mission | • Provide the documents or information necessary for the mission  
• Invite the Contracting Authority to participate in the main monitoring and evaluations undertaken by the Beneficiary  
• Provide the Contracting Authority with a copy of any evaluation report undertaken by the Beneficiary |
| Interim & Final Reports | • To prepare interim procurement, interim and final reports according to the terms and conditions of the Contract and standard templates  
• To submit reports on time  
• In case of any delay in submitting contractual reports, to transmit a written explanation to the Contracting Authority |
| Minor Changes to the Grant Contract – A Notification Letter (If Needed): | • To timely consult the Contracting Authority and/or its representatives on the necessity of a minor change [letter of notification]  
• To revise the letter of notification according to the feedback provided by the Contracting Authority |
| Major Change To The Grant Contract – A Contract Addendum (If Needed): | • To timely consult the Contracting Authority and/or its representatives on the necessity of a contract addendum  
• To revise the request according to the feedback provided by the Contracting Authority  
• To submit the revised request to the Contracting Authority at least one month before the date on which the amendment should enter into force and before the end of the project  
• To wait for the signed addendum by the Contracting Authority in order to implement the requested contract amendment[s] |
| Documentation and Archiving | • To keep accounts and records as outlined in the grant contract  
• To keep technical and financial documentation  
• To make technical and financial documents available whenever requested by the Contracting Authority and/or its representatives  
• To keep all documents and records related to the Contract Authority for a period of five years following the final payment and for three years for grants not exceeding €60,000, and in the case of an ongoing audit, verification, appeal, litigation or pursuit of claim, until the matter is resolved |
CHAPTER 8: QUALITY ASSURANCE AND MANAGING RISK

Outline

• Development of a quality management system
• Project controlling mechanisms
• Production of a quality plan
• Development of a risk management system

Introduction

Grant Beneficiaries are obliged to apply the highest professional standards in implementing grant projects, following the terms and conditions of the Contract and adhering to EU procurement and visibility principles and rules.

Quality management processes

<table>
<thead>
<tr>
<th>Quality Planning</th>
<th>Quality Assurance</th>
<th>Quality Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>• analysis of grant contract requirements, constraints, and measures to be taken to meet these requirements</td>
<td>• regular evaluation of the overall implementation to satisfy quality requirements</td>
<td>• monitoring compliance of activities against performance indicators</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• identifying ways to eliminate causes of unsatisfactory performance</td>
</tr>
</tbody>
</table>

Project controlling mechanisms

Set up mechanisms to control the quality management system.

<table>
<thead>
<tr>
<th>Ensure</th>
<th>Organise</th>
<th>Designate</th>
</tr>
</thead>
<tbody>
<tr>
<td>• all members of the project team are completely clear on the project objectives, the organisation of the project, the time-schedule, project activities, expected results</td>
<td>• regular project team and Steering Committee meetings to discuss project progress and proactively undertake any corrective actions as required</td>
<td>• technical experts to specialised project activities, in order to provide the final quality control of deliverables</td>
</tr>
</tbody>
</table>

Production of a quality plan

<table>
<thead>
<tr>
<th>Project organisation and management</th>
<th>Project planning</th>
<th>Checking and approval of results</th>
<th>Document control</th>
</tr>
</thead>
<tbody>
<tr>
<td>a structured system of project organisation, with tasks and clearly defined responsibilities, and effective internal and external lines of communication</td>
<td>a systematic and disciplined framework for activities and setting out specific deadlines and milestones, as well as inter-relations between activities</td>
<td>checking and approval procedures of all reports and documents produced by the project team</td>
<td>a protocol for the preparation, checking, approval, transmission, use, correction and filing of documents, including correspondence and minutes of meetings, held in a master file, registered and labelled for easy retrieval</td>
</tr>
</tbody>
</table>
Development of a risk management system

Grant Beneficiaries should also implement processes for an efficient risk management as part of project quality management.

**Objective of risk management:**

- to identify and quantify potential risks and then agree and undertake the necessary mitigating actions before the risk is realised.

**Potential risks may include:**

- problem with required authorisation to implement a particular project activity
- problem with land/building title
- project management team inexperienced and not available for the required level of inputs
- key stakeholders not cooperating
- political or institutional background playing an important role in the achievement of project objectives
- structure of the action is complex in terms of planning, activities, inter-relationships
- the need to re-launch a tender(s)
- problem in provision of co-financing
- seasonality and climactic factors dictating the project schedule

**EXERCISE** List the risk elements in your project. What have you done to minimise/eliminate these risks?

**DON’T FORGET** The Grant Beneficiary has an obligation to inform the Contracting Authority of any risks as early as possible so that the necessary actions are taken in order to mitigate against any potential risks.
Procurement is the timely acquisition of goods, services and works while addressing:

- the objectives of a grant project
- fairness, integrity, transparency and accountability through competition
- efficiency and effectiveness
- compliance with Technical Specifications/Terms of Reference
- in the case of supplies and works, recommendation of award of tender to the lowest priced administratively, technically and financially compliant offer
- in the case of services, recommendation of award of tender to the most technically and economically advantageous offer.

Grant Beneficiaries are obliged to adhere to the procurement principles and specific rules for service, supply and works contracts detailed in the Contract Award Procedures Annex to a grant contract (normally Annex IV of a grant contract).

To ensure efficient project management, and avoid any mistakes possibly resulting in ineligible expenditure, Grant Beneficiaries are strongly advised to follow the tender procurement formats for service, supply and supply procedures, based on the Practical Guide for Contract Procedures for EU External Actions (PRAG).

**Terminology specific to “Procurement by Grant Beneficiaries” or secondary procurement**

| Procurement or tender procedure | Timely acquisition of goods, services or works by the Grant Beneficiary, in line with EU procurement principles and specific rules. |
| Contracting Authority for secondary procurement | The Grant Beneficiary |
| Tenderer | Natural or Legal person interested and reacting to the procurement activity launched by the Grant Beneficiary. |
| Contract | Supply, service and works contracts awarded by the Grant Beneficiary as a result of procurement activities. It should not be confused with the “Grant Contract” signed between a Grant Beneficiary and the European Commission services on behalf of the European Union. |
| Contractor or Sub-Contractor | The legal person who provides supplies, services or undertakes works. |
Procurement Plan

Upon signature of a grant contract each Beneficiary should prepare an updated procurement plan for all tenders providing a list of tenders, types of tenders [supplies, services, works], type of procurement procedure [single, competitive negotiated, local open, international] and indicating the individual dates for:

<table>
<thead>
<tr>
<th>1. tender preparation</th>
<th>6. evaluation report preparation and approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. tender launch</td>
<td>7. signature of contract</td>
</tr>
<tr>
<td>3. receipt of offers</td>
<td>8. delivery of supplies/services</td>
</tr>
<tr>
<td>4. opening of offers</td>
<td>9. provisional acceptance date</td>
</tr>
<tr>
<td>5. evaluation of tenders</td>
<td></td>
</tr>
</tbody>
</table>

Principles of good procurement

Procurement principles and specific rules need to be strictly followed in each tender procedure as outlined in a Contract Award Procedures Annex in each grant contract. The following principles should be taken into account for a good procurement:

<table>
<thead>
<tr>
<th>1. Transparency</th>
<th>6. Adequate Timescales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. No Discrimination</td>
<td>7. Use of relevant objective criteria</td>
</tr>
<tr>
<td>3. Fair Competition/avoiding conflict of interest</td>
<td>8. Best value for money</td>
</tr>
<tr>
<td>5. Effective Publicity</td>
<td>10. Proportionality</td>
</tr>
</tbody>
</table>

1. Transparency

- All the information and documentation relevant to the tender must be published in the tender dossier.
- Dissemination of the tender dossier and any subsequent communications must be at the same time to the potential tenderers.

2. No discrimination

- There should be no discrimination against products, services, suppliers, contractors or service-providers on the grounds of nationality.
- There may be, however, disqualifications based on technical grounds, or against quality and/or safety factors, but these should be objectively assessed.

3. Fair competition/avoiding any conflict of interest

- There should always be a competition for the award of contracts, unless there is a strong and objective reason for not holding a competition.
- There must be no distortion of competition in discussions with actual or potential participants in contract award procedures. This means that all tenderers must be provided with the same information and the same opportunities to come up with winning bids.
- Any firm or expert who has participated in the preparation of a project or in drafting the tender file must be excluded from participating in tenders based on this preparatory work, as this would constitute unfair competition.
- Restrictions also include family and/or business connections with the Grant Beneficiary influencing the capacity of a tenderer or contractor to give an objective and impartial professional opinion, or preventing it, at any moment, from giving priority to the interests of the Grant Beneficiary. These restrictions also apply to any sub-contractors and employees of the tenderer or contractor. Overall, contracts may not be awarded to tenderers which during the procurement procedure are subject to a conflict of interest.
• All evaluators (and observers) of any tender must also be free from any conflict of interest. Each participant in a tender evaluation must sign a Declaration of Impartiality and Confidentiality.

► 4. Clear specifications
• Tenderers cannot compete effectively unless they know precisely the requirements of the purchaser.
• Specifications of requirements should be referenced to recognised technical specifications and, where required, quality assurance standards, with appropriate levels of certification.

► 5. Effective publicity (announcement)
• Any tendering process is unlikely to be successful if the best potential tenderers do not get to hear of requirements, all at the same time. Effective publicity will ensure the dissemination of this information.
• It is also necessary to publish details of the decisions on contracts awarded.
• To improve the skills and efficiency of tenderers, those who request should be debriefed on why they were, or were not, selected to bid, and why they were successful or unsuccessful in winning the contract.
• For publications of tender notifications the EU guidelines on visibility should be followed (see EU Communication and Visibility Manual).

► 6. Adequate timescales
• Another vital principle is that bidders are given sufficient time to respond to advertisements expressing an interest in the purchaser’s requirement, to respond to invitations to participate in the bidding and to prepare and submit their offers.
• Under the PRAG, for example, local open tenders [those advertised in the northern part of Cyprus] require at least 30 calendar days between the date of publication of the advertisement and the submission deadline for tenders. For international supply tenders, following a forecast period of 30 days, there must be a minimum 60 day submission time.

► 7. Use of relevant objective criteria
• It is vital that the selection criteria (economic and financial capacity; professional capacity; and technical capacity) used for the elimination of unsuitable candidates, the selection of participants in contract award procedures and the award of contracts on the basis of the offer(s), are both objective and relevant to the requirement.
• These requirements are defined in the “Terms of Reference” (in the case of service contracts) or the “Technical Specifications” (for supply and works contracts).
• Evaluation criteria must be included in tender dossiers.

► 8. Best value for money
• There is an obligation to use EU taxpayer funds in the most efficient way. It is of utmost importance that the relevant selection criteria for the award of a contract include the capacity to measure quality against price in a way that it is guaranteed that the minimum quality requirements are met, and only then the cheapest price is considered.

► 9. Observation of procurement thresholds
• There must be no artificial splitting of contracts to avoid thresholds outlined below (for example, splitting a local open procedure for a supply contract with a value between €100,000– 300,000 into single negotiated procedures).

► 10. Proportionality
• Requirements for the supplier and requirements in the specification must have an obvious link with and be proportionate in relation to the subject matter of the contract. The requirements imposed must be both appropriate and necessary to achieve the aim of the procurement. If there are several alternatives, the alternative chosen should be the one which is the least intrusive or onerous for the suppliers. On the other hand, fair competition should not be prevented, restricted or distorted. Closed, negotiated or restricted procurement procedures based on less than three candidates or tenderers should, in principle, be limited to reasonable amounts or be otherwise duly justified.
Basic rules for procurement

Along with the need to always respect the principles of good procurement there are strict rules governing the way in which contracts are awarded. These help to ensure that suitably qualified contractors are chosen without bias, with the full transparency appropriate to the use of public funds.

<table>
<thead>
<tr>
<th>Eligibility criteria and other essentials</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nationality rule</strong></td>
</tr>
<tr>
<td>Participation in tendering is open to all legal persons participating either individually or in a grouping (consortium) or tenderers which are established in a Member State of the European Union or in a country or territory of the regions covered and/or authorised by the specific instruments applicable to the Instrument of EU support programme for the economic development of the Turkish Cypriot community. All supplies and services must originate in one or more of these countries. Participation is also open to international organisations. Tenderers must state in the tender the country of which they are nationals by presenting the usual proof of nationality under their national legislation. This rule does not apply to the experts proposed by service providers taking part in tender procedures or service contracts financed by the grant. They can be of any nationality.</td>
</tr>
<tr>
<td><strong>Rule of origin</strong></td>
</tr>
<tr>
<td>• All supplies and materials purchased must originate from an eligible country.</td>
</tr>
<tr>
<td>• The country of origin is the country in which the goods have undergone their last, economically justified, substantial transformation and the provisions of Articles 23 and 24 of the Community Customs Code must, therefore, be applied on a case by case basis to those goods.</td>
</tr>
<tr>
<td>• Certificates of Origin must be provided by competent authorities of the supplies’ or supplier’s country of origin and comply with the international agreements to which that country is a signatory.</td>
</tr>
<tr>
<td><strong>Exclusion from award of contracts</strong></td>
</tr>
<tr>
<td>Contracts may not be awarded to candidates or tenderers which, during the procurement procedure are:</td>
</tr>
<tr>
<td>• subject to a conflict of interests</td>
</tr>
<tr>
<td>• guilty of misrepresentation in supplying the information required by the Grant Beneficiary as a condition of participation in the contract procedure or fail to supply this information</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Grounds for exclusion from participation in procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Candidates or tenderers will be excluded from taking part in a procurement procedure if:</td>
</tr>
<tr>
<td>1. they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangement with creditors, have suspended business activities, are the subject of proceedings concerning those matters, or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations.</td>
</tr>
<tr>
<td>2. they or persons having powers of representation, decision-making or control over them have been convicted of an offence concerning their professional conduct by a judgment of a competent authority which has the force of res judicata;</td>
</tr>
<tr>
<td>3. they have been guilty of grave professional misconduct proven by any means which the Beneficiary(ies) can justify.</td>
</tr>
<tr>
<td>4. they have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the Beneficiary(ies) or those of the country where the contract is to be performed;</td>
</tr>
<tr>
<td>5. they are not in compliance with their obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established or with those of the country of the contracting authority or those of the country where the contract is to be performed.</td>
</tr>
<tr>
<td>6. they or persons having powers of representation, decision making or control over them have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such illegal activity is detrimental to the EU’s financial interests.</td>
</tr>
<tr>
<td>7. they are currently subject to an administrative penalty referred to in section 2.3.4 of the Practical Guide.</td>
</tr>
</tbody>
</table>
| **Conflict of interest** | • EU procurement principles and specific rules need to be strictly followed in each tender procedure. The procurement principle of fair competition/avoiding of any conflict of interest must be taken into account for an acceptable procurement.
• All tenderers must be provided with the same information and the same opportunities to come up with winning bids.
• Contracts may not be awarded to tenderers which during the procurement procedure are subject to a conflict of interest. |
| **Award of contract principles** | • In relation to supply and works tenders the contract must be awarded to the lowest priced administratively, technically and financially compliant tender in accordance with the procurement principles outlined above.
• For service tenders the contract must be awarded to the most technical and economically advantageous administratively, technically and financially compliant tender in accordance with the procurement principles outlined above. Service contract award criteria cover both the technical quality and price of the tender. |
| **No retroactive awards** | • Contracts are considered to take effect from the date of signature of the last signatory.
• Contracts or contract addenda are not awarded retroactively (i.e. after the end of the execution period) under any circumstances.
• No disbursements can be affected and no goods and services provided prior to the signature of the contract and/or addendum.
• All contracts must show the true dates of signature of the contracting parties. |
| **Visibility** | • The necessary measures to ensure the visibility of the EU grant funding must be taken.
• Such measures must be in accordance with the rules set out in the EU Communication and Visibility Manual available at: https://ec.europa.eu/europeaid/funding/communication-and-visibility-manual-eu-external-actions_en |
| **Administrative and financial penalties** | • Candidates, tenderers and applicants, who have made false declarations, made substantial errors, committed irregularities or fraud may face severe financial penalties and possible exclusion from future procurement procedures financed by the EU.
• Where the award procedure proves to have been subject to substantial errors, irregularities or fraud, the Contracting Authority (the Grant Beneficiary in the case of secondary procurement) must suspend the procedure and may take whatever measures are necessary, including cancellation.
• Where such errors, irregularities or fraud are attributable to the Grant Beneficiary or contractor, the European Commission may also refuse to make payments, may recover amounts already paid or may terminate all the contracts concluded with this contractor or Beneficiary, in proportion to the seriousness of the errors, irregularities or fraud. |

### Preparation of tender documentation

**Market research studies**

Market research is one of the preliminary steps in the preparation of technical specifications, aiming to arrive at the most suitable approach to the acquisition of supplies.

DON’T FORGET Market research is required at the outset to ensure that at least three different examples of each item can be obtained that meet the rule of origin, and all the required supplies can be obtained within the proposed budget.
Market research results are used to:

- Determine if commercial items are available that meet project requirements, and the cost of those items.
- Determine the practices of suppliers, such as terms for warranties, buyer financing, maintenance, packaging, etc.
- Determine if there is any training need for end users.
- Determine if consumables and/or testing kits are necessary during the testing and inspection.
- Ensure maximum use of recovered materials and promote energy conservation and efficiency.

TIP

When estimating the market prices for items being procured, consider not only Total Cost of Acquisition (TCA) but also Total Cost of Ownership (TCO) or total cost of operation.

DON’T FORGET

When conducting market research, care needs to be taken in communicating with potential suppliers. The title of the project and whole text of the technical specifications must not be shared potential suppliers as well as other unauthorised persons.

How to undertake a market research study

- Contact knowledgeable individuals in local responsible bodies and industry regarding market capabilities to meet requirements.
- Review the results of recent market research studies undertaken to meet similar or identical requirements.
- Query local responsible body and commercial databases that provide information relevant to public procurement.
- Obtain source lists of similar items from other contracting activities or agencies, Chambers of Commerce/Industry and trade associations or other sources.
- Review catalogues and other generally available product literature published by manufacturers, distributors, and dealers or available on-line.
- Special consideration should be given to the difference between Commercially Available off-the-shelf goods (COTS) and “custom-designed” goods in cost estimation. COTS is a subset of a commercial item and means any item of supply that is a commercial item that is sold in substantial quantities in the commercial marketplace. Without modification it is sold in the same form in the commercial marketplace.
- Brand names are important in verifying the availability of the goods to be procured. At least three brand names with models meeting technical requirements should be indicated in the market research. Those preparing the market research study are expected to make sure these are currently available in the market.
- Cost estimation should be based on list-prices or other official prices for the products.
- Contact potential suppliers by phone or email to obtain relevant information, always ensuring the title of the grant project and the whole text of the technical specifications is never discussed.

Technical Specifications and Terms of Reference

**Purpose of Technical Specifications [supply and works contracts] and Terms of Reference [service contracts]**

To give instructions and guidance to contractors at the tendering stage and to serve as the contractor’s mandate during project implementation. The Technical Specifications or Terms of Reference must be included in the Tender Dossier and will become an annex of the eventual contract awarded as a result of the tender.
• Thorough preparation of Technical Specifications and Terms of Reference is extremely important for the ultimate success of the project.

• Technical Specifications and Terms of Reference should be clear and non-discriminatory, must afford equal access for tenderers and not have the effect of creating unjustified obstacles to competitive tendering.

• It is the responsibility of the Grant Beneficiary to prepare the Technical Specifications and/or Terms of Reference. When preparing it is helpful to consult all parties involved in the project to improve both the quality of the project as well as the commitment of all key stakeholders.

• Given the technical complexity of many contracts, the preparation of the tender dossier - particularly the Technical Specifications/Terms of Reference - may require the assistance of one or more external technical specialist(s).

• Technical Specifications and Terms of Reference must not be disclosed to any third party and must be kept confidential until they are made simultaneously available to tenderers.

**Technical specifications – supplies**

Technical Specifications indicate - where applicable, lot by lot - the exact nature and performance characteristics of supplies. Where applicable, they also specify delivery conditions and installation, training and after-sales service.

It is essential that the performance characteristics correspond to the intended purpose. If there needs to be an information meeting or site visit to clarify technical requirements at the site where supplies are to be installed, this should be specified in the Instructions to Tenderers, together with details of the arrangements.

<table>
<thead>
<tr>
<th>Technical specifications define the required characteristics of supplies including:</th>
<th>As well as the technical specifications of the supplies, various other requirements need to be specified, such as:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• a clear definition of the tasks to be performed;</td>
<td>• maximum delivery period</td>
</tr>
<tr>
<td>• minimum quality levels;</td>
<td>• warranty</td>
</tr>
<tr>
<td>• performance characteristics;</td>
<td>• maintenance and support (before and after provisional acceptance)</td>
</tr>
<tr>
<td>• environmental performance;</td>
<td>• the need to provide all accessories necessary for proper operation</td>
</tr>
<tr>
<td>• dimensions of equipment;</td>
<td>• required documentation</td>
</tr>
<tr>
<td>• fitness for use;</td>
<td>• acceptance procedure</td>
</tr>
<tr>
<td>• safety requirements;</td>
<td>• recommended consumables</td>
</tr>
<tr>
<td>• dimensions of available space for the equipment;</td>
<td>• delivery address</td>
</tr>
<tr>
<td>• equipment layout;</td>
<td>• delivery conditions and installation</td>
</tr>
<tr>
<td>• training and after-sales service;</td>
<td>• background information</td>
</tr>
<tr>
<td>• spare parts; and</td>
<td>• the levels and procedures of conformity assessment</td>
</tr>
<tr>
<td>• terminology, symbols, testing and test methods, packaging, marking and labelling, production procedures and methods.</td>
<td></td>
</tr>
</tbody>
</table>

**Technical specifications – construction works**

Generally for construction works architectural, structural, mechanical and electrical specifications need to be considered.

**Terms of Reference**

A general Terms of Reference for a specific service assignment within a grant contract includes:
1. Background (project and assignment within the grant project)
2. Objectives of the assignment (wider objective and specific objectives/purpose)
3. Expected results
4. Assumptions and Risks
5. Scope of Work/Activities (General, specific, project management)
6. Logistics and Timing (start/finish dates, level of inputs, location[s] of assignment).
7. Requirements:
   i. Staff/expert profile requirements – qualifications and skills, general professional experience and specific professional experience. (Company profile requirements to be instead inserted, where applicable);
   ii. office accommodation;
   iii. facilities to be provided by the Contractor;
   iv. equipment.
8. Reporting (reporting requirements, submission and approval of reports)
9. Special conditions (for example, need for treating all information and documentation received with the utmost confidentiality; immediate reporting of any potential conflict of interest; and the need to sign a declaration of impartiality and confidentiality).

Specific rules for supply, service and works contracts (according to PRA6 2014)

<table>
<thead>
<tr>
<th>Supply Contracts</th>
<th>Service Contracts</th>
<th>Works Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracts ≤ €60,000</td>
<td>Negotiated procedure on the basis of a single tender</td>
<td>Contracts ≤ €60,000</td>
</tr>
<tr>
<td>Between €60,000-€100,000</td>
<td>Competitive negotiated procedure (Request proposals from at least 3 suppliers)</td>
<td>Between €60,000-€300,000</td>
</tr>
<tr>
<td>Between €100,000-€300,000</td>
<td>Local open tender procedure</td>
<td>Contracts ≥ €300,000</td>
</tr>
<tr>
<td>Contracts ≥ €300,000</td>
<td>International open tender procedure</td>
<td>Between €300,000-€5,000,000</td>
</tr>
<tr>
<td>Contracts ≥ €5,000,000</td>
<td>International open tender procedure</td>
<td></td>
</tr>
</tbody>
</table>
Tender Evaluation

Composition of the Evaluation Committee

Tenders are opened and evaluated by an Evaluation Committee appointed by the Grant Beneficiary. The committee should consist of:

- a non-voting Chairperson
- a non-voting Secretary
- voting members (minimum of three)

WORKINGS OF AN EVALUATION COMMITTEE

- Members must possess the technical and administrative capacities necessary to give an informed opinion on the tenders.
- Members should attend all meetings.
- Members and any observers must sign a Declaration of Impartiality and Confidentiality. Any Evaluation Committee member or observer who has a potential conflict of interest due to a link with any tenderer must declare it and immediately withdraw from the Evaluation Committee. He/she will be excluded from participating further in any capacity in the evaluation meetings.
- No information about the examination, clarification, evaluation or decisions about the contract award can be disclosed before the signature of the contract by the Grant Beneficiary and the successful tenderer.
- Any attempt by a tenderer to influence the process in any way (whether by initiating contact with members of the Evaluation Committee or otherwise) may result in the immediate exclusion of its tender.
- Apart from the tender opening session, relevant only for supply and works tenders, the proceedings of the Evaluation Committee are confidential.
- Tenders should not leave the room/building in which the committee meetings take place before the conclusion of the work of the Evaluation Committee. They should be kept in a safe place when not in use.
- Any request for clarification requiring communication with the tenderers during the evaluation process must be conducted in writing. Copies of any such communication must be annexed to the Evaluation Report.
- If a tender infringes the formal requirements, the Evaluation Committee may use its discretion to decide whether or not it should still be considered during the rest of the evaluation process, while ensuring the equal treatment of tenders and in accordance with the principle of proportionality. Whatever the Evaluation Committee decides, this must be fully recorded and justified in the Evaluation Report.

Tenders falling, for example, in the following situations should not be rejected:

- tenders submitted in a fewer number of copies than required;
- tenders submitted with the correct templates and the requested information is provided, but the way in which the document has been filed is incorrect;
- tenders that the tenderer has failed to sign or contains a scanned signature (the signature can be requested subsequently - if not obtained, the tender must be rejected);
- tenderers that can demonstrate that a required document is not available, provided that an acceptable alternative is obtained;
- tenderers in a service contract procedure who have not submitted all the documentary evidence for the exclusion or the selection criteria together with the tender. The necessary documentary proof may be requested to the successful tenderer giving a reasonable delay;
- if information is made available to the evaluation committee that a key expert in a service tender procedure is no longer available. The evaluation committee should proceed with the evaluation and the awarded tenderer will be given a chance to replace the key expert.
CHAPTER 10: COMMUNICATION AND VISIBILITY

Outline
• Grant Beneficiary obligations
• Development of a Communication Plan
• Communication and visibility tools

Introduction
Each Grant Beneficiary and the sub-contractors for services, supplies or works must take the necessary measures to ensure the visibility of EU financing. Such measures must be in accordance with grant contract terms and conditions and the rules and templates set out in the EU Communication and Visibility Manual, available on:

Grant Beneficiary obligations

DON’T FORGET
The cost of incorrectly designed and worded printed materials may be determined as ineligible costs at the end of project implementation if not in compliance with EU Visibility Rules and Guidelines.

<table>
<thead>
<tr>
<th>Include Statement</th>
<th>Insert EU Logo</th>
</tr>
</thead>
<tbody>
<tr>
<td>Include the following statement in notices and all publications (including those on internet): &quot;This document has been produced with the financial assistance of the European Union. The contents of this document are the sole responsibility of &lt;beneficiary name&gt; and can under no circumstances be regarded as reflecting the position of the European Union&quot;.</td>
<td>Any supplies and equipment delivered, works undertaken and information and communications materials produced or created (e.g. posters, banners, display panels, brochures, leaflets, newspaper advertisements, newsletters, websites, etc.) must visibly carry the EU logo and appropriate wording.</td>
</tr>
</tbody>
</table>

EU Visibility after project completion
Six months after the grant project funded by the EU has finished, no EU symbol may be included in any communication tools of the action, with the exception of commemorative plaques. However, the following sentence should be included on materials, with the same prominence as was given to the EU flag: “The initial phase <dates> of this project/programme was supported by the European Union”.

Development of a Communication plan
Communications and visibility activities need to be planned like any other project activity.
In order to maximise the impact of communication efforts:
• Activities need to be timely;
• Information used must be accurate;
• Activities should be coordinated closely with the Contracting Authority and/or its representatives;
• The right audience[s] should be targeted;
• Messages should interest the target audience[s]; and
• Activities should be appropriate in terms of resources spent and expected impact.
## Contents of a Communication Plan

### Communication Plan

**Objectives**

1. Overall communication objectives
2. Target groups
3. Specific objectives for each target group, related to the project objectives.

Examples of communication objectives:

- Raise awareness of the identified core project problem
- Raise awareness in the target population of the new product(s)/service about to be launched/issue being addressed/construction being undertaken, etc.
- Ensure the target group(s) is more aware of the company’s presence on the market.
- Ensure the general public is aware of the role of the EU in the activity.

**Communication Activities**

1. Main activities that will take place during the period covered by the communication plan
   - Include details of:
     - the nature of the activities
     - the responsibilities for delivering the activities
2. Communication tools chosen
   - Include details of advantages of particular tools (media, advertising, events, etc.) in the local context

**Success Indicators**

- Include some indicators that can be measured to see whether the communication and promotional activities are having any impact or not

**Resources**

- Ensure that the appropriate project resources are available (human and financial) to support the communication activities.

**Action Plan**

- Ensure that a costed action plan is drafted with timelines and an indication of who’s responsible for each activity.

### Steps in developing a communication plan

1. **Situation analysis**
   - Review of communications/visibility requirements of the project.
   - Review of the leading practices in public relations.
   - Understanding the problem: situation analysis to be conducted referring to available surveys, public polls, communication SWOT analysis and/or media monitoring.

2. **Establishment of objectives**
   - Identification of the target groups: analysis of the key target audiences is crucial for overall success. Target groups to be divided into three main groups, according to their significance, decision making abilities and influence.
   - Identification of the target group mindset and arguments: the two-type target group mindset could be used - rational and emotional - in order to change current mindset into desired mindset and motivate the target audience to change and act.

3. **Development of the key message**

4. **Preparation of the recommendations for the plan**

5. **Selection of communication and visibility tools**
   - Selection of the tools to be appropriate for designated audience.
   - Rough estimate of the costs of tools.
   - Priority setting.

6. **Preparation of the workplan**
   - Start and completion of the activities.

7. **Monitoring of implementation**
   - Development of realistic, credible, specific criteria to evaluate the success of the plan
Communication & Visibility Tools

Below is a list of communication tools to consider, some of which will be applicable to your project.

<table>
<thead>
<tr>
<th>tools for communication</th>
<th>tools for visibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>press releases</td>
<td>press conferences</td>
</tr>
<tr>
<td>brochures and booklets</td>
<td>newsletters</td>
</tr>
<tr>
<td>display panels</td>
<td>visibility on equipment</td>
</tr>
<tr>
<td>audiovisual products</td>
<td>visibility on vehicles and supplies</td>
</tr>
<tr>
<td>enterprise &quot;open days&quot;</td>
<td>articles in newspapers and magazines</td>
</tr>
<tr>
<td>website development</td>
<td>presentation of research findings in academic journals</td>
</tr>
<tr>
<td>stickers</td>
<td>media advisories</td>
</tr>
<tr>
<td>social media (facebook, twitter, youtube)</td>
<td>leaflets</td>
</tr>
<tr>
<td></td>
<td>ground-breaking and closing ceremonies</td>
</tr>
<tr>
<td></td>
<td>project reports</td>
</tr>
<tr>
<td></td>
<td>banners</td>
</tr>
<tr>
<td></td>
<td>photographs</td>
</tr>
</tbody>
</table>

**EXERCISE** List the communication tools relevant to your project. Have you mentioned these in the project proposal and allocated budgetary resources accordingly?

**DON’T FORGET** Grant Beneficiaries should not issue any press release, make public statement or produce other communication and information materials unless prior approved by the Contracting Authority and/or its representatives.
CHAPTER 11: SUSTAINABILITY OF A GRANT PROJECT

Outline
• Grant project sustainability
• Project replicability

Introduction
Whilst external EU (or other) funding will come to an end, positive outcomes of the project and the flow of benefits likely to continue after project expiry should not be forgotten.

Project sustainability:
Continuation or follow-up of activities undertaken in the grant project, including having the necessary conditions in place to build on results.

Are the results sustainable?
Is the achievement of the project purpose sustainable?

Building on results
In order to build on project activities and results, it is important to make sure that necessary conditions are in place. Such conditions may include (depending on the particular grant project):

• provision of funding (e.g., for activities; service and maintenance of new equipment, machinery, construction works; software licensing),
• change of legal status,
• organisational restructuring,
• establishment of a new legal structure external to the Grant Beneficiary (for example, support for the establishment of a new NGO)
• provision of staffing,
• development of new partnerships,
• development of a detailed business plan,
• fund-raising action programme and measures,
• development of related Corporate Social Responsibility projects,
• introduction of quality assurance standards.

In the end the question is whether the Grant Beneficiary is prepared to commit the financial (budgetary) and technical (human resources, know-how, experience, equipment, materials) resources to sustain the results and the achievement of objectives.

Sustainability related issues
• Can there be a follow-up to the project? Is it planned and what project activities will continue after EU funding of the project is finished?
• Is there an intention to define a sustainability or "exit" strategy (the way in which the Grant Beneficiary will ensure results are maintained and built upon after the end of the project)?
• Will there be evidence that the project has catalysed lasting collaboration between the proposed partnerships?
• Will the proposed activities carry on in informal ways?
• Will there be a wider impact of the project on the region, in terms of the economy and/or quality of life?
For training related project proposals issues to consider include: undertaking of proposed training measure demand analyses (i.e. undertaking of skills and training needs assessment in the locality/region), longer-term use and management of training facility(ies), undertaking of train-the-trainers programmes, and financial sustainability including detailed calculation of cost-recovery (involving also the ability of trainees to pay for training measures).

For building construction related project proposals, is there funding for service and maintenance of the building and other necessary activities to be undertaken to ensure regular and safe building use (e.g. security, parking facilities, landscaping);

**EXERCISE** List the issues that will contribute to making your project sustainable. Have you incorporated these into project design, project implementation?

**Project replicability:**

The potential for the application of the project results or elements such as methods, tools and training measures developed in other localities or regions, or in other areas of activity.

**Project replicability issues**

- Are individual elements or the whole project applicable in the wider locality or transferable to other regions?
- Consider transferability of both organisational practices applied to implementation and project results.

**EXERCISE** Describe which elements of your grant project could be applied elsewhere.
PART III

TECHNICAL AND FINANCIAL ADMINISTRATION OF A GRANT PROJECT
**CHAPTER 12: UNDERSTANDING GRANT CONTRACT OBLIGATIONS**

**Outline**
- General principles of the grant contract

**Introduction**
Understanding the general principles of your grant contract is crucial for the successful implementation of the project according to the terms and conditions of the contract and adhering to the EU procurement and visibility principles and rules.

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### Grant Contract

Legal, mutually agreed document between the Grant Beneficiary and the Contracting Authority that defines the responsibilities of the two contracting parties, the available budget, payments arrangements, reporting obligations, eligibility of costs, auditing, etc.

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### Contract Start
- The grant contract enters into force on the date when the last of the two parties signs.
- Implementation of the action begins on the day following that on which the last of the two parties signs, unless there is a specific conditionality clause that has to be met before the project will be allowed to start by the Contracting Authority.

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### No deviations from principles, rules and procedures
- Any deviations from the grant contract that do not follow the strict principles and rules are likely to result in the Grant Beneficiary losing parts of the funding.

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### Correspondence
- All contract related correspondence with and reporting to the Contracting Authority must be in the English language.
- It should be noted that any correspondence that the Grant Beneficiary has with third parties regarding contract implementation are not binding for the Contracting Authority.

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### Minor & Major Changes
- The grant contract is a legally binding document that can only be amended through written agreement with the Contracting Authority, usually categorised in the form of “minor” (e.g. a letter of notification) or “major” (e.g. a contract addendum) changes.

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### Eligibility of costs
- The European Union finances a specific percentage of the total eligible costs rather than a particular part of the action. If at the end of the action, actual eligible costs are lower than anticipated, then the grant amount will be proportionately reduced.

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### Financial Transactions
- It is strongly recommended that a specific project bank account is opened for all transactions, including the EU contribution.
- All payments should be made via transfers from the project bank account to supplier or service provider bank accounts.
- Transfers should be made from the project account only to parties integrally involved in the project such as project personnel, suppliers, service providers, etc. Cash payments are to be avoided, except for small amounts.

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### Expenditure Deadlines
- All expenditures included in the “Budget for the Action” must be incurred during project duration and all payments must be made before project end. All payments must have legitimate proofs.
| Bank Guarantee for Pre-financing | • In some Call for Proposals and depending on the grant amount the Contracting Authority may request that the initial pre-financing be covered with a bank guarantee.  

• If the grant contract is terminated for any reason whatsoever, the guarantee securing the pre-financing may be invoked forthwith in order to repay the balance of the pre-financing still owed by the Beneficiary, and the guarantor shall not delay payment or raise objection for any reason whatever. |
| Procurement Principles and Rules | • Grant Beneficiaries must comply with the procurement principles and specific rules applicable to the grant contract (normally detailed in Annex IV of the grant contract) in awarding any human resource, supply, service and works contracts required for the purposes of the action.  

• It is strongly advised to follow PRAG formats when preparing a tender dossier.  

• All contracts related to the execution of project activities should bear in mind the procurement principles outlined in Chapter 9. |
| Record keeping | • All tendering procedures and all expenditures related to execution of the project must be recorded and carefully filed in original hardcopy and in electronic form, ready for inspection (monitoring, auditing) as required.  

• All documents and records related to the Contract must be kept for a period of five years following the final payment, and for three years for grants not exceeding €60,000, and in the case of an ongoing audit, verification, appeal, litigation or pursuit of claim, until the matter is resolved. |
| Reporting | • Depending on the grant scheme and the amount of the grant an interim report on procurement, interim report(s), and final report must be produced in the English language. |
| Visibility | • Grant Beneficiaries must take necessary measures to ensure the visibility of the EU financing or contribution to the financing. Such measures must be in accordance with the applicable rules on the visibility of external actions set out in the EU Communication and Visibility Manual for External Actions.  

• Each Grant Beneficiary has to submit a Communication Plan for Contracting Authority approval and report on its implementation. |
| Monitoring | • Grant Beneficiaries need to ensure a suitable project team and appropriate project management structures (e.g. a Project Steering/Management Committee) are promptly established, organise regular project progress meetings and prepare regular reports.  

• The grant contract will be externally monitored on a regular basis by the Contracting Authority and/or its representatives, acting on behalf of the Contracting Authority. |
| Auditing | • Depending on the grant scheme, either the Grant Beneficiary will appoint an independent auditor to verify expenditure or the Contracting Authority will contract an external auditor for expenditure verification purposes to audit all projects at the end of implementation. |

**DON’T FORGET** The Grant Beneficiary has the sole responsibility for actions arising from the implementation of projects.
CHAPTER 13: MODIFYING THE GRANT CONTRACT

Outline
• General principles
• Minor modifications to a grant contract – letter of notification
• Major modifications to a grant contract – contract addendum
• Approval processes

Introduction
Because there is always a difference in time between when a project proposal and grant application is made and when a grant is awarded and grant contract signed, it is usual for project design to be slightly modified during implementation. Indeed, good project management invariably involves a degree of managing changes to the project. The types of modifications which are made to grant contracts are usually categorised as being either ‘minor changes’ or ‘major changes’.

Letter of Notification for minor changes

Contract Addendum for major changes

Detailed justification must be provided in English for the Contracting Authority’s examination of a modification request. A request with little or no detailed justification will be rejected.

DON’T FORGET
The Contracting Authority may not approve changes in the activities, budget, bank account and auditor or in any other parts of the contract, if they threaten project financial stability, accountability or purpose.

General principles for modifying a grant contract
• For acceptance of a Grant Beneficiary’s request for grant contract modifications, the Grant Beneficiary must clearly substantiate its reasons in writing to the Contracting Authority. The Contracting Authority examines the reasons provided, and rejects requests which have little or no substantiation and/or merit.
• The modifications must not have the purpose of altering the objectives of the project, nor be contrary to the equal treatment of applicants.
• Grant contracts can only be modified within the lifetime of the contract. Modifications cannot be made retroactively.
• The maximum amount of the grant may not be increased and the Contracting Authority’s percentage contribution of the estimated total eligible cost of the Action may not be increased.
• Notifications/addenda only signed by the authorised person of your institution will be accepted. Change requests signed by project coordinators/secretaries, etc., will be rejected.
• Addendum requests must be submitted no later than one month before (preferably earlier) the date on which the amendment is planned to enter in force. Additionally, an addendum request should be submitted no later than 6 weeks before a grant contract expires.

Minor modifications to the Grant Contract – Letter of Notification

Examples of Minor Changes:
• Changes in activities or budget that do not affect the basic purpose of the project;
• Transfer between budget main headings involving a variation of 25% or less;
• Change of contact details,
• Change of bank account,
Major modifications to the grant contract require a formal addendum to the contract to be prior approved and signed by both contracting parties before it can be implemented. The addendum procedure can be long and complicated so you are advised to seek an addendum only if absolutely necessary. Following a fully justified Beneficiary written request the addendum will be prepared and signed by the Contracting Authority before taking effect on Beneficiary counter-signature.
### Additional documents to be attached to a contract addendum request:

<table>
<thead>
<tr>
<th>Major change</th>
<th>Annexes needed for the addendum request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project duration</td>
<td>Justification + revised activity plan [initialled].</td>
</tr>
<tr>
<td>Budget</td>
<td>Justification + revised budget [initialled].</td>
</tr>
<tr>
<td>Description of Action</td>
<td>Justification + revised Description of Action and revised activity plan</td>
</tr>
</tbody>
</table>

### Grant Beneficiary request process

1. **Grant Beneficiary** discusses the need for an addendum with the Contracting Authority (CA) or its representatives.
2. **GB** transmits a draft addendum request (with related Annexes) in English to the CA for feedback.
3. Based on the feedback received, the Grant Beneficiary modifies and re-sends the request to the CA.
4. CA prepares and signs three copies of the addendum and sends to the GB for counter-signature.
Eligible Costs

The Contracting Authority does not pay more than the stipulated proportion of a Grant Beneficiary’s total eligible costs. In other words, if total project expenses falls below what was estimated at the outset, then the grant amount will be proportionately reduced. (Example: the Contracting Authority undertakes to finance a maximum amount of €100,000. Total eligible costs during the project implementation period are assessed to be €90,000, grant percentage - 50%, then the grant amount will be €45,000).

Eligible Costs are costs actually incurred by you which meet the following criteria:

- must be included in the project budget,
- must be necessary for implementation of the Action;
- the activities for which payment requests correspond to those described in Description of Action of the contract;
- the relevant EU procurement principles and rules must have been followed for each procurement process;
- must be incurred during the project implementation period;
- must be real costs, i.e. actually incurred by the Grant Beneficiary (and partners, if applicable);
- expenditures not specifically mentioned in the grant contract or any subsequent agreed changes are ineligible;
- expenditures that do not clearly relate to project activities or are in excess to the reported activities will be ineligible;
- must be identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary (or its partners, if applicable), be backed up by supporting evidence, and be according to the usual cost accounting practices of the Grant Beneficiary;
- must comply with the requirements of applicable tax and social security legislation; and
- must be reasonable, justified and comply with value for money and cost-effectiveness.

The EU grant is awarded to a project on a cost-reimbursement basis. The Budget of the Action only provides an estimate of the project’s eligible costs.

At the end of the project the grant amount is calculated based on the equivalent of the EU percentage contribution of actual eligible costs, not on the estimated eligible costs of the action outlined in the budget of the grant contract.
### Budget Heading  | Eligible Expenditures
---|---
**1. Human Resources** | **Salaries**
- Payment of salaries and fees for staff contracted by the Grant Beneficiary.
- Sub-contracted services (payment to companies under the service contracts tendered following EU procedures) cannot be claimed under this budget heading.
- The cost of staff assigned must include actual salaries plus social security charges, pension fund, income tax and other remuneration-related costs.
- Salaries and costs must not exceed those normally borne by the Grant Beneficiary.

**Per diems**
- Per diems are calculated on an overnight basis.
- Per diems are allowed only for staff assigned to the project as long as they are envisaged in the project budget.
- Per diems cover all meal, hotel expenses and short distance travel (e.g. within a city).
- Per diems should be in-line with the budget and should not be higher than the EU maximum daily rates (EU website: [http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm)).
- Per diems are based either on actual costs or fixed rates, but in both cases maximum daily rates assigned for per diems apply.

**2. Travel**
- From the international travel sub-heading, transport expenditure of staff/experts who travel abroad from/to the implementation place of the action for the needs of the project may be covered.
- From the local transportation subheading, intercity transport expenditures linked to project activities may be covered.

**3. Equipment and Supplies**
- The procurement of equipment and supplies is eligible provided it is included in the budget and corresponds to market rates.
- The sole award criterion for supply contracts is price. The contract has to be awarded to the lowest priced administratively, technically and financially compliant offer.

**4. Local Office / Project Costs**
- These costs are eligible only if a new office/training facilities are opened for the needs of the implementation of project activities.
- These costs cannot be used for covering costs related to the main offices of the Grant Beneficiary.

**5. Other Costs, Services**
- Amounts budgeted may be used to cover costs for the items specified in the budget and sub-contracted services: construction, publications, translation, events, bank guarantee costs, visibility actions, etc.
- It is not appropriate to pay salaries of the project personnel from under these budget headings.
- The sole award criterion for works contracts is price. The contract has to be awarded to the lowest priced administratively, technically and financially compliant offer.
- For service tenders, recommendation of award of contract is to the most technically and economically advantageous offer, reflecting a combination of quality and price.

**6. Provision for Contingency Reserve**
The Contingency reserve can only be used for unexpected expenditures incurred during the implementation of the Grant Contract with the prior written approval of the Contracting Authority.

**7. Administrative Costs**
- A percentage of the final approved total direct eligible costs may be claimed as indirect costs to cover the administrative overheads incurred by the Grant Beneficiary. These costs are eligible provided that;
  - They do not exceed 7% of the direct costs;
  - They do not include costs assigned to another heading of the budget;
  - Their eligibility must confirm the conditions stated in the General Conditions of the grant contract (usually Annex II of the contract);
  - Items normally included under this heading include water, telephone, heating, electricity, security and cleaning bills, etc.
- The amount requested of the direct cost will be re-calculated at the end of the project based on actual costs.
Ineligible costs
Costs which are ineligible include the following:

- debts and provisions for losses or debts;
- provisions for losses or potential future liabilities;
- interest owed;
- costs declared by the Grant Beneficiary and covered by another project/own funds;
- purchases of land or existing buildings;
- new building related construction, existing building renovation/refurbishment where property rights of natural or legal persons have not been respected;
- currency exchange losses;
- credit to third parties;
- costs incurred prior to the signature of the contract;
- any leasing costs;
- purchase of second-hand equipment;
- depreciation costs;
- fines, financial penalties and expenses of litigation; and
- contributions in kind

DON’T FORGET
Where actual expenditure is incurred and paid in TL (or any other currency other than Euro), the conversion into Euro of the real costs borne in other currencies shall be done at the currency exchange rate made up by using the monthly rates published in InforEuro on the date of payment. These InforEuro rates can be found on the following website: http://ec.europa.eu/budget/inforeuro/

Accounting Requirements

- Keep all documents and records related to the Contract for a period of five years following the final payment, and for three years for grants not exceeding €60,000, and in the case of an ongoing audit, verification, appeal, litigation or pursuit of claim, until the matter is resolved.
- Keep accurate and regular financial accounts of project implementation using an appropriate accounting and double-entry book-keeping system. This system should be operated in accordance with the accounting and book-keeping policies and rules that apply in the northern part of Cyprus.

Accounts and expenditure relating to the project must be easily identifiable and verifiable. This can be done by using separate accounts for the project or by ensuring that project expenditure can be easily identified and traced to and within the Beneficiary’s accounting and book-keeping systems.
Administrative supporting documents
Main supporting documents that you should retain and present in formal reports and or in case of an audit and/or monitoring visit are:

<table>
<thead>
<tr>
<th>Type of Expenditure</th>
<th>Supporting Documents</th>
</tr>
</thead>
</table>
| All expenditure                          | • Proof of purchase such as invoices and receipts.  
• Proof of payment such as bank statements, debit notices, proof of settlement by the contractor.  
• Proof of delivery of services such as approved reports, proof of attending seminars, conferences and training courses [including relevant documentation and material obtained, list of attendees, certificates], etc.  
• The Grant Beneficiary accounting records of the [computerised or manual] such as general ledger, sub ledgers and payroll accounts, fixed assets registers and other relevant accounting information.  
• Proof that taxes and/or VAT that have been paid cannot actually be reclaimed.  
• Additional – specific to particular budget headings  
• Job descriptions  
• Selection process [should be transparent including advertisement, evaluation of CVs, interviews, where applicable]  
• Employment contracts  
• Staff and payroll records/contracts  
• Salary statements  
• Monthly timesheets [signed by the staff member and/or all project related expertise and Grant Beneficiary]  
• Bank statements/receipts for payments  
• Per diem ledgers  
• CVs of all experts  
• For local staff recruited on fixed-term contracts, details of remuneration paid, duly substantiated by the person in charge locally, broken down into gross salary, social security charges, pension fund, income tax and net salary.  
• For expatriate staff, analyses and breakdowns of expenditure per month of actual work, assessed on the basis of unit prices per verifiable block of time worked and broken down into gross salary, social security charges, pension fund, income tax and net salary.  
| Human Resources                          |                                                                                                                                                                                                                                                                                                                                                      |
| Travel                                   | • Tickets [paper tickets and boarding passes]  
• In case of a rented form of transport, an invoice from the supplier and summary list of distance covered  
• For cars, car and driver identification, date and purpose of trip, a summary of the distance covered [start and end locations].  

| Subcontracted supplies, services or works | • Forecasts, Procurement Notices.  
• Proof of procurement procedures such as tendering documents, invitations to tenders, bids from tenderers, tender opening report and evaluation reports.  
• Proof of commitments such as contracts and order forms.  
• Copies of all offers received.  
• Proof of receipt of goods such as delivery slips from suppliers.  
• Proof of completion of works, such as acceptance certificates.  
• Certificate of Origin or a Certificate from suppliers [declaration]. |
Technical Documentation

Separate from the procurement related documentation for each tender, you must provide project technical documentation that should be sufficiently detailed to prove proper implementation of activities, delivery of services, supplies, works and results.

Examples of documents and associated materials for some of the project activities are provided in the Table below:

<table>
<thead>
<tr>
<th>Project activity</th>
<th>Eligible Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surveys/Studies</td>
<td>• Detailed description of the methodology</td>
</tr>
<tr>
<td></td>
<td>• Sample surveys (with raw data, where applicable)</td>
</tr>
<tr>
<td></td>
<td>• Reports (with annexes and raw data, where applicable)</td>
</tr>
<tr>
<td></td>
<td>• Strategies (with annexes and raw data, where applicable)</td>
</tr>
<tr>
<td>Publications</td>
<td>• Copies of publications (books, strategies, newsletters, booklets, leaflets, flyers, posters, banners, etc.)</td>
</tr>
<tr>
<td></td>
<td>• Distribution lists</td>
</tr>
<tr>
<td>Seminars, conferences</td>
<td>• Programme/ agenda</td>
</tr>
<tr>
<td></td>
<td>• List of presentations / conference reports</td>
</tr>
<tr>
<td></td>
<td>• Handouts</td>
</tr>
<tr>
<td></td>
<td>• List of participants</td>
</tr>
<tr>
<td></td>
<td>• List of speakers</td>
</tr>
<tr>
<td></td>
<td>• Minutes (if applicable)</td>
</tr>
<tr>
<td></td>
<td>• Press clippings</td>
</tr>
<tr>
<td></td>
<td>• Feed-back questionnaires (if applicable)</td>
</tr>
<tr>
<td>Trainings</td>
<td>• A detailed description of the training – training modules, training hours per subject, methods, etc.</td>
</tr>
<tr>
<td></td>
<td>• Training schedule</td>
</tr>
<tr>
<td></td>
<td>• List of participants / attendance sheets</td>
</tr>
<tr>
<td></td>
<td>• List of trainers / lecturers</td>
</tr>
<tr>
<td></td>
<td>• Feed-back questionnaires</td>
</tr>
<tr>
<td></td>
<td>• Training evaluation report</td>
</tr>
<tr>
<td></td>
<td>• Photos</td>
</tr>
<tr>
<td>Study visits</td>
<td>• Programme/agenda</td>
</tr>
<tr>
<td></td>
<td>• Airtickets and boarding passes</td>
</tr>
<tr>
<td></td>
<td>• Study visit report</td>
</tr>
<tr>
<td></td>
<td>• Photos</td>
</tr>
<tr>
<td>Consultancy services</td>
<td>• Terms of Reference</td>
</tr>
<tr>
<td></td>
<td>• CVs of experts</td>
</tr>
<tr>
<td></td>
<td>• Timesheets</td>
</tr>
<tr>
<td></td>
<td>• Activity reports</td>
</tr>
<tr>
<td></td>
<td>• Copies of outputs</td>
</tr>
<tr>
<td>Visibility activity</td>
<td>• Programme/agenda</td>
</tr>
<tr>
<td>(e.g. project closing</td>
<td>• List of speakers</td>
</tr>
<tr>
<td>ceremony)</td>
<td>• Press clippings, photos</td>
</tr>
<tr>
<td>Visibility activity</td>
<td>• Programme/agenda</td>
</tr>
<tr>
<td>(e.g. press conference)</td>
<td>• Lists of invitees and participants</td>
</tr>
<tr>
<td></td>
<td>• Handouts</td>
</tr>
<tr>
<td></td>
<td>• Press clippings, photos</td>
</tr>
</tbody>
</table>

Financial Documentation

The form of the supporting evidence depends on the type and nature of the expenditure and the underlying actions or transactions. Generally the following should be noted:

- invoices and receipts should be addressed to the Grant Beneficiary and preferably be in the same currency, and this same currency should be in the financial report. If there are different currencies, the amounts should be indicated in the proper column;
- an invoice or receipt should preferably be for only one budget line and not for several;
- documents should be VAT exempted or the amount of VAT should be stated;
- the number of the budget line in Annex III of the grant contract [Budget for the Action] should be stated on each document; and
- in complicated project cases a list of receipts/invoices per budget line should be provided.

DON’T FORGET Financial documents must be in conformity with the technical documents.
Outline

- Interim procurement report
- Interim and final reports
- Financial reporting

Introduction

Instructions for reporting are provided in the Special Conditions of the grant contract, in the General Conditions, and templates are also usually provided in grant contract Annexes.

CHAPTER 15: REPORTING REQUIREMENTS

Grant Beneficiary reporting requirements

Depending on the conditions of a specific grant scheme, over the lifetime of a grant project, Grant Beneficiaries are obliged to submit the following narrative and financial reports:

- Interim Procurement Report for the first pre-financing;
- Interim Report[s] for further pre-financing - in case of request of further pre-financing if the project duration is more than 12 months and where the financing provided by the Contracting Authority is more than €100,000; and
- Final Report for the final payment.

**Interim Procurement Report**

- Immediately after signing human resource, supply, works and service contracts for 60% of total eligible costs.

- For each tendering procedure the following information needs to be included in the report:
  - Procurement procedure followed
  - For single tender and competitive negotiated tender procedures written justification for the selection of a supplier(s)
  - Publication date and means
  - Deadline for submitting offers
  - Selection and award criteria
  - List of offers received
  - List of offers administratively, technically and financially compliant
  - List of offers administratively, technically and financially non-compliant and reasons for their rejection
  - Justification why the winning offer was selected
  - Composition of the Evaluation Committee (Chairperson – non-voting; and a minimum of three voting evaluators)
  - Summary of the deliberations of the Evaluation Committee
  - Declarations on confidentiality, impartiality and the absence of any conflict of interest
  - Date of contract[s] signature

- Evaluation reports for each tender procedure must be annexed to the report.
- Declarations of Impartiality and Confidentiality to be signed for each single tender.

**Interim Report**

- In case of request of further pre-financing, within 60 days following the end of the 12 month reporting period or when more than 70% of the previous payment is actually disbursed.

**Final report**

- Within three months after the implementation period has ended.

**DON’T FORGET**

Financial documents must be in conformity with the technical documents.
Interim and Final Narrative and Financial Reports

- The Grant Beneficiary must produce an Interim Report(s) [if applicable] and a Final Report as a contractual obligation.
- These reports consist of narrative and financial sections and supporting documents.
- Based on the reports, the Contracting Authority examines the requests for payment and determines the interim [if applicable] and/or final payments based on the activities undertaken and the assessed eligible expenditures.

The narrative report

Provides information on implementation of project activities, expected results, progress on performance indicators, project management, participation of partners, relations with key stakeholders [local responsible bodies], visibility and notifications on minor contract changes and addenda, where applicable.

Payments will be suspended if the claim does not follow the provided template and all supporting documents are either not provided or unclear. In this case the Contracting Authority will request the necessary clarifications and the payment will be suspended until clarification is received and approved. The Grant Beneficiary should reply to clarification requests within 30 days from the Contracting Authority’s request.

Financial Reporting

Financial and administrative documentation outlined in Chapter 14 must always be in conformity with the technical documents.

The financial report should state the original budgets and modifications [if any], as well as expenditures incurred for the project duration. In case the Contracting Authority decides that some of the costs are not justifiable against the project objectives and activities, and budget, these costs will be declared ineligible and won’t be reimbursed, or will be recovered if already disbursed.
REFERENCES AND FURTHER READING

European Commission - Task Force for Turkish Cypriot community

http://ec.europa.eu/europeaid/prag/document.do

European Commission - Communication and Visibility Manual for EU External Actions

European Commission - Project Cycle Management Guidelines, Volume 1

European Commission – Directorate General for Regional Policy
http://ec.europa.eu/regional_policy/index_en.cfm

European Commission – Directorate General for Enlargement
http://ec.europa.eu/enlargement

European Commission – Directorate General for Enterprise and Industry
http://ec.europa.eu/enterprise/index_en.htm

European Commission – EuropeAid
https://ec.europa.eu/europeaid/home_en

European Commission - EuropeAid website for Calls for Proposals and clarifications:

European Commission – Representation Office in Cyprus
http://ec.europa.eu/cyprus/index_en.htm

European Union Coordination Centre (EUCC), northern part of Cyprus
http://www.eucoordination.org/

Organisation for Cooperation and Development (OECD) - Glossary of Key Terms in Evaluation and Results Based Management

Rural Sector Development Programme and Private Sector Development Programme, northern part of Cyprus, Programme Management Unit (PMU) - SME Call in Action III Grant Scheme Implementation Manual
www.tcceconomicdevelopment.eu

Rural Sector Development Programme and Private Sector Development Programme, northern part of Cyprus, Programme Management Unit (PMU)
www.tccruraldevelopment.eu

Technical Assistance for Civil Society Organisations (TACSO) – Developing and Managing EU-Funded Projects
Authors: S. Forrester, I. Sunar
http://www.tacso.org/documents/otherdoc/?id=4931

The Partnering Initiative - Partnership Toolkit [only available in English]
http://thepartneringinitiative.org

Turkish Cypriot Chamber of Commerce
http://www.ktto.net

Turkish Cypriot Chamber of Industry
http://www.kktcsanayiodasi.org

Turkish Cypriot Chamber of Shopkeepers and Artisans
http://www.ktezo.org
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