



European Commission



EU – ASIA PRO ECO PROGRAMME

Phase II

Guidelines for grant applicants
responding to the call for proposals 2005

Budget line 19.1002

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Please note: the “contracting authority” in all instances in this document refers to the European Commission (EC).

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1. THE EU-ASIA PRO ECO II PROGRAMME

1.1 BACKGROUND

Today's major environmental impacts in Asia often result from rapid urban expansion. The most pressing environmental problems in human settlements across Asia are:

a) Depletion or pollution of natural resources:

- Depletion/pollution of groundwater due to inadequate water management (e.g. inefficient water distribution and consumption; weak regulatory systems; contamination of groundwater systems; poor waste management and sanitation systems);
- Unsustainable use and overexploitation of urban and peri-urban resources which have negative impacts upon city dwellers (e.g. in wetlands, river-basin areas, coastal zones, protective vegetation belts, soil-related activities, settlements of environmentally sensitive areas etc.)

b) Increasing Environmental Degradation – Inadequate regulatory systems

- Inadequate waste management (e.g. poor or non-existent disposal/collection systems; inefficient treatment systems, lack of regulatory systems, human exposure to toxic waste, etc.)
- Uncontrolled greenhouse gas emissions (e.g. absence of clean transportation networks; rapidly expanding industrial activity; over-consumption of fossil fuels; little or no use of renewable energies; lack of awareness of Kyoto-related activities, etc.)
- Local & trans-boundary air pollution (e.g. sectoral activities and pollutants within the IPPC Directive and the Clean Air for Europe Initiative approaches which are rarely adapted for human settlements of Asia)
- Lack of sustainable urban planning and design (e.g. inadequate land-use and transport systems which favour poorly planned long-distance commuting/travelling, eco-design and construction, recycling of housing stock, reclaim of disused industrial 'brown field' sites).

c) Worsening poverty:

Poverty and environment are inextricably linked. Less well-off sections of the population often live in dilapidated settlements in unhealthy living environments, which are also often located in environmentally sensitive areas. Poverty directly influences environmental degradation, because sustainable alternatives for the urban environment are not sufficiently accessible to lower-income sectors of societies. Development policy must continue to support the sustainable management of the urban and peri-urban environmental conditions, the interaction between health, poverty and the urban environment as well as the access to clean water, air and transport, safe solid and liquid waste disposal, and renewable energy for the benefit of urban dwellers.

The problems cited above, call for improved policies, measures and technologies in preserving and improving the environment within urban areas. Improved coordination between different levels of government, and between civil society and the private sector can also help in improving policy cohesiveness. It also calls for steps to increase greater awareness and capacity-building amongst the public and practitioners of environment impacts of the above.

The "*Strategy Paper and Indicative Programme for Multi-country Programmes in Asia 2005-2006*", adopted by the Commission on 7 April 2004, proposed a new, streamlined "Environmental Management" programme focussed on establishing and strengthening sustainable networks of institutions, including local authorities, working on the environment, to facilitate, among others, the transfer of environmental technology. The main area of intervention intends to facilitate short-term solutions to major, immediate, pressing urban pollution problems in Asia –i.e. an agenda of "brown" environmental issues-. Improved environmental performance in providing market-guided solutions to harmful pollution is one of the expected results of such programme. Since "EU-Asia Pro Eco", an ongoing programme, had objectives similar to those of the Paper's response strategy, and "Asia Urbs", a phased out programme, also contained elements of it, the Indicative Programme laid the foundations for the merger of the two into a single, more focussed, new environmental programme: "EU-Asia Pro Eco II" to prioritise projects that offer solutions to major environmental problems with a negative impact on the quality of life and living conditions in Asian cities.

The decision to launch the EU-Asia Pro Eco II programme stems from the recognition that European local governments, NGOs, academics and other stakeholders have built up considerable expertise in coping with these issues and can share it with their Asian counterparts through EU-Asia joint-projects co-financed by the Programme. The European Commission co-finances the projects with the objective of providing 'seed money' and a catalyst for future activities to be continued outside the framework of the Asia Pro Eco II Programme. **Projects to be financed by the Programme are therefore expected to be sustainable and to lead to durable EU-Asia exchange and joint-initiatives.**

The Programme will favour projects where local government partners play a key role, in association with civil society actors (e.g. Non Governmental Organisations; Community-Based Organisations etc.) and, as necessary, research and technical non-profit institutions, which will provide the necessary technical inputs.

1.2 OBJECTIVES OF THE PROGRAMME AND PRIORITY ISSUES FOR 2005

The overall objectives of the EU-Asia Pro Eco II programme are as follows:

- To improve mutual awareness and understanding of the EU's environmental agenda in Asia and of Asia's environmental agenda in the EU.
- To achieve high environmental standards in towns, cities and mega cities through the exchange of best-practise, expertise and information between the European Union and Asia.

In practical terms, **the programme purpose** is:

- To strengthen links between EU and Asia to share good practice, policies, systems and technologies to improve the environmental quality in urban contexts, particularly for the benefit of the most vulnerable populations in Asia.

The expected results include the following:

- Enhanced capacities to improve the existing environmental quality in urban contexts, and to plan for new or expanding settlements in a sustainable way;
- Enhanced mutual understanding and awareness of environmental issues by and between stakeholders and local urban communities in Europe and Asia;
- Improved environmental co-operation between the EU and Asia, particularly in the urban areas of the least developed countries;
- The local implementation of international environmental agreements in different urban contexts;
- Solutions for improved living conditions for vulnerable Asian city dwellers identified and provided;
- Involvement of local urban populations in environmental management and planning;
- Implementation and networking of innovative technologies, policies, measures and techniques to address existing environmental problems that affect city or town dwellers in Asia.

The attention of applicants is drawn to the need to consider the following points when drawing up their proposal:

- **innovative** solutions – i.e. remedial actions that address environmental problems present in urban contexts which are being applied for the first time or are not optimally utilised in the proposed project area.
- **gender and minority groups issues and participatory approaches** – i.e. the practical involvement of women and minority-groups in the proposed activities, and in the policies to be developed/tested through the proposed project;
- the **added value** to be brought by the project – i.e. the Programme is designed to co-finance **pilot** activities, which will induce **positive** environmental change in urban **contexts**, which can be then be replicated within and without the country of implementation;
- **sustainability**, which can be expected from the proposed project: see heading “Sustainability” under section 3.0 below. This includes consideration that the proposed project activities are appropriate to local institutional, social and economic conditions. It is also important to describe follow-on activities, which can be realistically expected to derive from the projects: e.g. future practical realisations to be self-financed, or to be funded through external donors (non-EC) by the end of the Pro Eco II project, impacts on legislation, improved expertise.

1.3 FINANCIAL ALLOCATION PROVIDED BY THE CONTRACTING AUTHORITY

1.3.1 Available funds

Under the programme, the Commission intends to fund approximately **20** Partnership Projects and **6** projects on Capacity Building.

The overall indicative amount made available under this call for proposals is EUR 9.400.000. However, the contracting authority reserves the right not to award all available funds.

1.3.2 Size of grants

Any grant awarded under this programme must fall between the minimum and maximum amounts as stated in the Table below.

COMPONENT I: PARTNERSHIP PROJECTS

Grants to partnership projects, that is pilot projects implemented by a group of partners, and geared to solve local development issues through activities which are innovative because they have not yet been, or have been insufficiently, utilised locally, and have a potential for replication (they can be replicated elsewhere) in the region or the country (see description of eligible activities and themes below).

Eligibility And Financing Criteria For Partnership Projects

Asian partner	Minimum	Maximum
Grant size (EUR)	200.000	750.000
Co-financing (%)	-	75 (or 90 for LDCs ¹)
Duration (months)	12	36

¹ Afghanistan, Bangladesh, Bhutan, Cambodia, East Timor, Laos, Maldives, Nepal

COMPONENT II: CAPACITY-BUILDING PROJECTS

Support to projects in the field of capacity-building will be awarded for the organisation and implementation of workshops and/or other training activities and tools in eligible Asian countries - particularly LDCs, in support of a selection of priority themes (see description of eligible activities and themes below).

Eligibility And Financing Criteria For Capacity-Building Projects

	Minimum	Maximum
Grant size (EUR)	100.000	200.000
Co-financing (%)	-	75 (or 90 for LDCs)
Duration (months)	6	18

Capacity-Building projects must be geared to improve the knowledge and skills of urban environment stakeholders in project design and project management and to improve capacity to develop and implement appropriate urban environmental policies, system of governance or techniques.

Relevant to both components :

No grant may exceed 75% of the total eligible costs of the action (see also Section 2.1.4) or 90% for projects based in the least developed of the eligible countries (LDCs) (see Section 2.1.3 (c)). The balance must be financed from the applicant's or partners' own resources, or from sources other than the European Community budget. If institutions from several Asian countries including both LDC(s) and non-LDC(s) are included in the project partnership, the rate of 90% will be applied only if 70 % of the proposed activities are to take place in the LDC(s).

No proposal will be considered where the request for funding is below the minimum value or where the percentage requested exceeds the maximum.

2. RULES OF THIS CALL FOR PROPOSALS

These guidelines set out the rules for the submission, selection and implementation of actions financed under the programme, in conformity with the provisions of the "Practical Guide to contract procedures financed from the General Budget of the European Communities in the context of external actions".

Available at: http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm.

2.1 ELIGIBILITY CRITERIA

There are three sets of eligibility criteria, relating to:

- organisations which may request a grant
- actions for which a grant may be awarded
- types of cost which may be taken into account in setting the amount of the grant

2.1.1 Eligibility of applicants: who may apply

Definitions :

- "Partnership"** refers to the grouping of organisations, i.e. the applicant and its partners;
- "Applicant"** refers to the lead organisation within the partnership that submits the proposal;
- "Partner"** refers to organisations - other than the applicant - that are members of the partnership;
- "Beneficiary"** is the term used (in the grant contract) to refer to an applicant with whom a grant contract has been signed.
- "Associate"** play a real role in the action but may not receive funding from the grant (see 2.1.2).
- "Subcontractor"** are neither partners nor associates, but are contracted by the applicant or partners using the relevant procurement procedures to carry out limited specific tasks within the project (see 2.1.2).

ELIGIBLE

VERY IMPORTANT:

Please note that eligibility for applicants and partnerships differ between the two EU-Asia Pro Eco II project types. Please carefully check that criteria for the component being applied for are met, and that the component itself is clearly indicated on the Application Form.

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

- a) be a non-profit-making legal entity: **local governments**, or other **non-profit-making organisations**
- b) have their headquarters within the European Union or an Asian eligible country (regarding international organisations, see below: "On the eligibility of international organisations")
- c) be directly responsible for the preparation and management of the action, not acting as an intermediary
- d) have stable and sufficient sources of finance to ensure the continuity of their organisation throughout the action and, if necessary, to play a part in financing it
- e) have been registered for a minimum of three years
- f) be experienced and able to demonstrate their capacity to manage large-scale activities corresponding with the size of the action for which a grant is requested

Applicant's full partners must satisfy the same eligibility criteria as applicants

The term "local government" refers to any legislative tier of government that is below the national level. This can include district or city municipalities, state or regional governments, and local/regional governmental agencies.

"Non-profit-making entities" refers to institutions/organisations, which can prove their not-for profit status, such as: local governments and other relevant governments, universities, research institutes, municipal associations, non-governmental organisations, relevant networks including urban/environmental networks, chambers of commerce, professional associations and federations, relevant international organisations, or other relevant non-profit institutions, which are located in one of the eligible countries.

INELIGIBLE

Potential applicants may **not** participate in calls for proposals or be awarded grants if:

- a) 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;
- b) they have been convicted of an offence concerning professional conduct by a judgement which has the force of *res judicata* (i.e., against which no appeal is possible);
- c) they are guilty of grave professional misconduct proven by any means which the contracting authority can justify;
- d) 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 contracting authority or those of the country where the action is to take place;
- e) they have been the subject of a judgement which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the Communities' financial interests;
- f) they have been declared to be in serious breach of contract for failure to comply with their contractual obligations in connection with a procurement procedure or other grant award procedure financed by the Community budget.

Applicants are also excluded from participation in calls for proposals or the award of grants if, at the time of the call for proposals, they:

- g) are subject to a conflict of interests;
- h) are guilty of misrepresentation in supplying the information required by the contracting authority as a condition of participation in the call for proposals or fail to supply this information;
- i) have attempted to obtain confidential information or influence the evaluation committee or the contracting authority during the evaluation process of current or previous calls for proposals.

In the cases referred to in points (a), (c), (d), (f), (h) and (i) above, the exclusion applies for a period of two years from the time when the infringement is established. In the cases referred to in points (b) and (e), the exclusion applies for a period of four years from the date of notification of the judgement.

Section IV of the Application Form represents the Sworn Statement that must be provided and signed in original by the applicant confirming that they do not fall into any of the above categories (a) to (f).

On the eligibility of international organisations

International organisations (such as UN, World Bank, etc.) are eligible to apply under either the partnership or capacity-building component on certain conditions.

The rule of nationality (section 6.1.4.1 of the *Practical Guide to EC external aid contract procedures* - http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm) must be met. In particular, "If the Contracting Authority suspects that an applicant has only a registered office in an eligible country or state and that the nationality of the applicant is ineligible, the applicant is responsible for demonstrating effective and continuous links with that country's economy. This is to avoid awarding contracts to organisations whose nationalities are ineligible but which have set up 'letter box' organisations in an eligible country to circumvent the rules on nationality."

It follows that the office of a relevant UN or World Bank institution is eligible if it is located in a country eligible under EU-Asia Pro Eco II and meets the above requirements including those set in the *Practical Guide to EC external aid contract procedures* (especially Section 7, "Relations with international organisations and other donors").

2.1.2 Partnerships and eligibility of partners

Applicants must act in consortium with partner organisations as specified hereafter.

Partnerships

The minimum requirement, partnership for **all** components must involve at least **three** institutions: at least **two organisations from different Member States of the European Union** and at least **one organisation from an eligible Asian country**.

Applicants' **partners** participate in designing and implementing the project activities. The costs they incur are eligible in the same way as those incurred by the applicant. **Each partner must satisfy the same eligibility criteria as the applicant.**

Each member of a partnership must have a precise and clearly identified role in the implementation of the project. There is no upper limit on the number of members in a partnership. A partnership should be composed in such a way as to allow for the achievement of project objectives in the most efficient manner.

Nonetheless, it is suggested that a fair balance between EU and Asian partners should be maintained. It may happen that the composition of a partnership includes a concentration of organisations from the same country. This is not excluded *a priori*, provided that it can be justified by the scope and objectives of the project.

Priority will also be given to proposals that involve:

- more than the minimum number of partners;
- partners from more than one eligible Asian country;
- partners from eligible Asian countries that are defined as Least Developed Countries²;
- institutions from less-developed regions within eligible Asian countries.

Applications for projects involving more than the minimum of three members will be particularly welcome. However, this does not mean however that very large partnerships are necessarily seen as preferable to smaller ones. The optimum size of a partnership is one which allows for the achievement of project objectives in the most cost-effective way.

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. Associates do not have to meet the eligibility criteria referred to in section 2.1.1.

These **associates** could be relevant commercial organisations that would not otherwise be eligible, such as individual companies or banks. They could also be organisations that could be eligible, but which remain outside the partnership, e.g. non-governmental organisations; think tanks; associations; foundations; charities, etc. Associates are not taken into consideration for the fulfilment of the minimum membership

² *Afghanistan, Bangladesh, Bhutan, Cambodia, East Timor, Laos, Maldives, Nepal.*

requirements of a partnership. Associates must not represent the majority of members in a partnership and must not undertake essential parts of the work, such as project management.

Organisations from Hong Kong, Macau, Brunei Darussalam and Singapore can fully participate in projects as associates, provided that they do not receive Commission funding.

Even though the contracting authority concludes a contract with the Beneficiary only (i.e. the applicant), all partners should be shown to actively contribute to the implementation of the project. It is strongly recommended that the applicant and its partners draw up an agreement defining the technical and financial rights and obligations of each partnership member. A clear written allocation of responsibilities and a balanced distribution of costs will contribute to the partnership's success.

The role of each partnership member organisations must be clearly explained in the proposal. The applicant **and** all partners must **sign** the **Partnership Statement** annexed to the Application Form (Annex A, section III, 2).

a) Partnership projects³

Eligible organisations	<u>Non-profit-making</u> organisations, which can prove their not-for profit status, such as: local governments and other relevant government agencies, universities, research institutes, municipal associations, non-governmental organisations, relevant networks including urban/environmental networks, chambers of commerce, professional associations and federations, relevant international organisations, or other relevant non-profit institutions, <u>which are located in one of the eligible countries</u>
Minimum partnership requirement	2 European organisations/local authorities from different EU Member States and 1 Asian organisation/local authority
Thematic areas eligible	Project proposals can cover, or be cross-cutting between, the areas mentioned below in section 2.1.3. NB: eligible thematic areas are not the same for partnership and capacity-building projects.

b) Capacity-building Projects

Eligible organisations	<u>Non-profit-making</u> organisations, which can prove their not-for profit status, such as: local governments and other relevant government agencies, universities, research institutes, municipal associations, non-governmental organisations, relevant networks including urban/environmental networks, chambers of commerce, professional associations and federations, relevant international organisations, or other relevant non-profit institutions, <u>which are located in one of the eligible countries</u>
Minimum partnership requirement	2 European organisations/local authorities from different EU Member States and 1 Asian organisation/local authority
Thematic areas eligible	Project proposals can cover, or be cross-cutting between, the areas mentioned below in section 2.1.3. NB: eligible thematic areas are not the same for partnership and capacity-building projects (see below). Thus, <u>the range of thematic areas eligible is narrower as far as the capacity-building projects are concerned.</u>

³ Project types are explained in [Section 2.1.3](#)

During the selection process, priority will be given to partnerships involving partners from the least developed of the eligible countries (see Section 2.1.3 (c)).

Subcontractors are neither partners nor associates, but are contracted by the applicant or partners to carry out specific tasks within the project.

Any sub-contracting carried out as part of a project must be subject to Commission rules, as set out in Annex IV of the standard grant contract. This document sets out rules on nationality and origin, and determines the procedures to be followed when tendering, according to the value of the contract. This document can be consulted on the EuropeAid Co-operation Office website:

http://europa.eu.int/comm/europeaid/tender/gestion/cont_typ/st/ppm_en.pdf

Experts in the project should hold the nationality of one of the eligible countries, or be permanently employed by an eligible organisation.

The amount of the subcontracted costs (including fees, travel and accommodation costs, etc.) **must not exceed 10% of project total eligible costs** (that is 10% of item 9. in the “Budget for the Action” table – Annex B). A fair amount of other costs for subcontracted services are acceptable in excess to the latter for the following: publications, standard computer services, travel arrangement and other costs related to logistics. Overall project management – for which, the Applicant will be responsible cannot be subcontracted, although some limited management activities at the field level can. **The Contracting Authority suggests that the involvement of contractors only take place if necessary for the implementation of the project and, which cannot be secured through the not-for-profit partners. No projects should be controlled by contractors or be driven by commercial purposes. Proposals which fail to comply with these principles will be rejected by the Programme’s Evaluation Committee.**

The costs for subcontracted services – including consultancy services – must be listed under item 5. in the “Budget for the Action” table – Annex B. In addition, financial details concerning the subcontracted activities (rates, number of days/months, outputs, etc.) must be developed as necessary in the budget justification section to be attached to the budget tables and highlighted in the “Budget for the Action” table (Annex B).

The Applicant and its Partners should ALL contribute to the budget. However, the Asian partner(s) is (are) not necessarily expected to contribute as much as the European ones.

2.1.3 Eligible actions: actions for which an application may be made

a) Size

Amount	The Community grant applied for must fall within the minimum and maximum amounts set out in Section 1.3.2 above.
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Minimum duration	The duration of an action may not be less than the following (see also Section 1.3.2.) - Partnership projects: 12 months Capacity-building projects: 6 months
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Maximum duration	The duration of an action may not exceed the following (see also Section 1.3.2.) - Partnership projects: 36 months Capacity-building projects: 18 months
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b) Sectors or Themes

Applicants should bear in mind that eligible themes are different for each of the two project types, that is for partnership and capacity-building projects respectively. Such themes are highlighted below.

b.1) Eligible themes for partnership projects

As far as partnership projects are concerned, four cross cutting issues are eligible: *poverty, gender, healthier environment for urban dwellers and community participation*. These will span the following urban environmental themes:

- waste management
- water management
- air quality/greenhouse gas emissions
- urban environmental planning (i.a. land use; heritage conservation that uses traditional environmental know-how, etc.)
- coastal zone management
- sustainable transport
- sustainable energy
- sustainable production and consumption – clean production
- other environmentally focussed activities in line with the principle of improved environmental quality and types of interventions determined for the programme.

Project proposals can be cross-cutting between the areas mentioned above.

b.2) Eligible themes for capacity-building projects

As far as capacity-building projects are concerned, only the three following urban environmental themes are eligible:

- waste management
- water management
- air quality/greenhouse gas emissions (including, but not limited to, the ushering in of sustainable transportation policies)

Nota bene: Giving the size of the needs for capacity-building in environmental policies and the limited resources available through the Programme, it was decided to concentrate efforts on a well-focused and limited number of topics.

For both Partnership and Capacity-building projects, the submission of proposals for projects which are geared to the local implementation of international agreements while relating to one or several of the above theme(s) is encouraged (e.g. local agenda 21 project proposals, etc.).

The submission of project proposals which aim to improve existing systems of governance to address eligible urban environmental themes set out in these guidelines are also encouraged. For example, proposals including capacity-building activities which address the improvement of the working relations between the various levels of government (e.g. local/provincial/national) with an aim to solving urban environmental problems in thematic areas, eligible under the Programme.

c) Location

Actions must take place in one or more of the following eligible countries:

European Union		Asia	
Austria	Latvia	<u>Afghanistan</u>	Malaysia
Belgium	Lithuania	<u>Bangladesh</u>	<u>Maldives</u>
Cyprus	Luxembourg	<u>Bhutan</u>	<u>Nepal</u>
Czech Republic	Malta	<u>Cambodia</u>	North Korea
Denmark	Netherlands	China*	Pakistan
Estonia	Poland	<u>East Timor</u>	Philippines
Finland	Portugal	India	Sri Lanka
France	Slovak Republic	Indonesia	Thailand
Germany	Slovenia	<u>Laos</u>	Vietnam
Greece	Spain	Mongolia	
Hungary	Sweden		
Ireland	United Kingdom		
Italy			

Within the eligible Asian countries, those underlined are considered as Least Developed countries (LDCs). Projects targeting these countries are therefore eligible for higher grant rates.

Organisations from Hong Kong, Macao, Brunei Darussalam and Singapore may participate in projects as Associates, provided they do not receive funding from the grant.

d) Type of actions

The Asia-Pro Eco II Programme will provide grants for the following type of activities:

PARTNERSHIP PROJECTS

Applicants are reminded that projects in this component should aim to fulfil at least one of the following provided they focus on one or several of the urban environmental theme(s) which is/are highlighted above - 2.1.3 (b.1):

- Support the drawing up and implementation of new policies, techniques and approaches to govern aspects of the urban environment
- Improve local environmental urban management and planning capabilities
- Improve the local environment, including neighbourhood services and facilities
- Contribute environmental solutions to stimulate socio-economic development at a local level and contribute towards poverty alleviation
- Foster a strong partnership approach between local government, civil society, and the private sector to tackle environmental problems

Partnership projects will form the major part of the EU-Asia Pro Eco II Programme and are intended to be implemented in Asia for the direct benefit of the local populations. They should be sustainable, innovative, and replicable, and should enable the design and implementation of solutions to clearly identified local problems. Because partnership projects are intended to be replicable, it is essential that beyond their core development activities they include dissemination/communication activities.

Preference will be given to projects with a participatory approach, and where **local governments are applicants or partners and include the level of local government that is closest to the citizen, and will play an active role in the proposed activities.**

Practical tips to design good project proposals are available on the programme's website at:
http://europa.eu.int/comm/europeaid/projects/asia-pro-eco2/apply_en.htm

For your information, a selection of projects conducted within the framework of the Asia Pro Eco I and Asia Urbs programmes (the latter already phased out and the former closer to an end -) are at the origin of the new Pro Eco II programme) in the area of the urban environment are described on the Programmes' website at:

http://europa.eu.int/comm/europeaid/projects/asia-pro-eco/index_en.htm

http://europa.eu.int/comm/europeaid/projects/asia-urbs/projects_en.htm

CAPACITY-BUILDING PROJECTS

Applicants are reminded to refer to the themes eligible to capacity-building projects 2.1.3 (b.2).

Projects in this component should aim to fulfil at least one of the following:

- Identify and share solutions to urban environmental problems through workshops and conferences with a thematic, national or regional focus
- Initiate a broad dialogue for Asian communities to improve access to know-how and international assistance (including liaison with European initiatives and programmes)
- Provide an enabling environment for seeking and finding appropriate partners for decentralised co-operation
- Improve capacities of local governments to identify, formulate and manage appropriate projects

Project format for a capacity-building project

- Training activities, including up to three small workshops involving small groups of participants (male/female) from both Asia and Europe, balancing senior experts and promising junior researchers; the establishment of a website is strongly encouraged.
- As part of possible training activities under a capacity-building project, the Commission encourages the setting of vocational training activities, such as the organisation of internships. The basic idea is to provide the internees, who will be Asian local officers and technicians with the possibility of participating in working/training exchanges with relevant institutions in Europe, with a real learning-by-doing practical training. To prove effective, such internships should not be too short in duration.
- The expected outcome of the activities shall be: staff trained in specific and clearly focused policies/technologies, policies/technologies discussed with emphasis given to "good practices", which can be shared between Asia and Europe, training materials produced, relevant knowledge about Asia disseminated in Europe towards well-targeted audiences, and vice versa.
- Capacity-building projects are expected to focus on innovative approaches/technologies. Technologies can be either high tech or low tech, provided they are highly relevant and will bring an added value in the concerned Asian country(ies).
- The workshop(s) and training activities should be jointly organised by European and Asian partners, and should not be part of a larger conference or entity (or should have its own identity if implemented in parallel with a larger conference).

- Participants to the workshop(s) and training activities should be from the professional and scientific/technical domain but not exclusively. Contributions from other actors/stakeholders (politicians, journalists, corporate staff) are encouraged; a number of participants should come from local governments.
- Proposals for projects that aim for disseminating the outcome of their activities, and **designing/testing/disseminating training manuals** (e.g. production of CDs), will be favoured (the Commission should be provided with a number of free copies of the manuals to be produced).

Special requirements

- The proposal must demonstrate that the multinational participation in workshop(s)/training activities **will generate added value**.
- The intended project should make use of existing infrastructure (major infrastructure costs not allowed).

See How to Apply section on web page for TIPS on preparing a project proposal:

http://europa.eu.int/comm/europeaid/projects/asia-pro-eco2/apply_en.htm

See also the Frequently Asked Questions posted (FAQ) on, the Programme website at:

http://europa.eu.int/comm/europeaid/projects/asia-pro-eco2/faq_en.htm

e) The following types of activities are ineligible:

- Individual sponsorships for participation in workshops, seminars, conferences, congresses, etc, outside the framework of approved partnership projects;
- Research activities per se. They may however be a research component in projects;
- Public relations and sales promotional activities;
- Activities that conflict, either directly or indirectly, with the policies of the European Union or which may be linked with a prejudicial image.

f) Number of proposals and grants per applicant

Applicants may submit only one proposal with the same partner institutions within one type of actions under this Call for Proposals. However, they may submit more than one proposal if they have been formulated with different partners (at least one partner must be different) AND different content. Please note that in this case, each proposal must be submitted in a separate envelope. Partners should be careful to avoid claims for double funding if they are working on more than one Pro Eco II (or other) project at the same time.

Where a partner has already gained financial support under the Asia Urbs or Asia Pro Eco I programmes, subsequent proposals will only be accepted if, at the time of submitting the new proposal, the institution/organisation is up to date with all reporting obligations as identified by the grant contract.

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

Only "eligible costs" can be taken into account for a grant. These are detailed below. The budget is therefore both a cost estimate and a ceiling for "eligible costs". Note that the eligible costs must be based on real costs, not lump sums (except for subsistence costs and indirect costs).

Recommendations to award a grant are always subject to the condition that the checking process which precedes the signing of the contract does not reveal problems requiring changes to the budget. The checks may give rise to requests for clarification and may lead the contracting authority to impose reductions.

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

a) Eligible direct costs

To be eligible under the call for proposals, costs must:

- be necessary for carrying out the activities, be provided for in the contract annexed to these Guidelines and comply with the principles of sound financial management, in particular value for money and cost-effectiveness;
- have actually been incurred by the beneficiaries or their partners during the implementing period for the action as defined in Article 2 of the Specific Conditions, whatever the time of actual disbursement by the Beneficiary or a partner; this does not affect the eligibility of final audit costs;
- be recorded in the Beneficiary's or the Beneficiary's partner's accounts or tax documents, be identifiable and verifiable, and be backed by originals of supporting documents.

Subject to those conditions and where relevant to the contract-award procedures being respected, eligible direct costs include:

- the cost of staff assigned to the action, corresponding to actual salaries plus social security charges and other remuneration-related costs; salaries and costs must not exceed those normally borne by the Beneficiary or his partners, as the case may be;
- travel and subsistence costs (per diems)⁴ for staff taking part in the action, provided they do not exceed those normally borne by the Beneficiary or his partners, as the case may be; any flat-rate reimbursement must not exceed the scales approved twice a year by the European Commission;
- the cost of purchasing equipment (new or used) and services, provided they correspond to market rates;
- the cost of consumables and supplies;
- subcontracting expenditure;
- costs arising directly from the requirements of the contract (dissemination of information, evaluation specific to the action, audit, translation, printing, insurance, etc.) including financial service costs (in particular the cost of transfers and financial guarantees).

b) Ineligible costs

The following costs are not eligible:

- debts and provisions for losses or debts;
- interest owed;
- items already financed in another framework;
- purchases of land or buildings, except where necessary for the direct implementation of the action, in which case ownership must be transferred to the final beneficiaries at the end of the action;
- currency exchange losses;

⁴ An updated list of maximum per diem rates can be found on: http://europa.eu.int/comm/europeaid/perdiem/index_en.htm

- taxes, including VAT, unless the Beneficiary (or the Beneficiary's partners) cannot reclaim them and the applicable regulations authorise coverage of taxes.

c) Eligible indirect costs (overheads)

A lump sum **not exceeding 7%** of the direct eligible costs of the Action may be claimed as indirect costs to cover the **administrative overheads** incurred by the Beneficiary for the Action.

Indirect costs are eligible provided that they do not include costs assigned to another heading of the contract budget.

Indirect costs are ineligible if the Beneficiary receives in other respects an operating grant from the European Commission.

This does not apply in the case of an operating grant.

d) Contributions in kind

Any contributions in kind made by the Beneficiary or the Beneficiary's partners, which must be listed separately at Annex B, do not represent actual expenditure and are not eligible costs. They may not be treated as co-financing by the Beneficiary.

However, the Beneficiary must undertake to make such contributions as stated on the application form if the grant is awarded.

2.2 HOW TO APPLY, AND THE PROCEDURES TO FOLLOW

2.2.1 *Application form and supporting documents*

a) Application form

Proposals must be submitted on the application form annexed to these Guidelines (Annex A). The application form is also available on the Asia Pro Eco II website web site:
http://europa.eu.int/comm/europeaid/projects/asia-pro-eco2/index_en.htm.

Applicants and all partners **must** use and respect the templates provided in the Application Form and Annexes.

The application package **must** consist of the following:

- **One (1) original hard copy** that contains a full set of documents as defined above in this section (**NOTE:** Keep strictly to all the templates provided in the application form):
 - Originally signed Application Form (Annex A),
 - Budget (Annex B) and Budget Justification,
 - Logical Framework (Annexes C),
 - Curriculum Vitae of Key Project Staff (Annex D)
 - Project summary sheet (Annex J),
 - Original certified copy of Statutes or Articles of Association of the applicant,
 - Original certified copy of most recent annual report of the applicant
 - Original certified copy of most recent annual accounts of the applicant,
 - Original certified copy of Statutes or Articles of Association of all involved partners,
 - Partnership Statement signed in original by the applicant,
 - Partnership Statement signed in original by all partner organisations involved,

- Sworn Statement signed in original by the applicant.
- **Two (2) hard copies** of the following documents:
 - Application Form (Annex A),
 - Annex B (Budget and Expected Sources of Funding + Budget Justification),
 - Annex C (Logical Framework),
 - Annex D (Curriculum Vitae of Key Project Staff),
 - Annex J (Project Summary Sheet).
- **Two (2) electronic versions** in the form of a diskette or CD-ROM containing:
 - Application Form (Annex A as MS-Word document),
 - Plan of action (MS-Word or MS-Excel document),
 - Budget and Expected Sources of Funding (Annex B as MS-Excel document)
 - Budget Justification (MS-Word or MS-Excel document)
 - Logical Framework (Annex C as MS-Excel),
 - Curriculum Vitae of Key Project Staff (Annex D as MS-Word document),
 - Project Summary Sheet (Annex J as a MS-Word document).

Applicants are reminded of the following:

- Include **original signature** from the applicant on the Application Form in Annex A, section IV 'Sworn Statement by the Applicant',
- Include **original signature** from the applicant and all involved partners on the Application Form in Annex A, section III.2 'Partnership Statement'.

In the absence of original signatures on these documents, the application will be considered ineligible.

Applications must be in English.

The application form should be completed as carefully and as clearly as possible, so that it can be assessed properly. Applicants should be precise and provide enough detail to ensure the application is clear, particularly as to how the aims of the action will be achieved, the benefits that will flow from it and the way in which it is relevant to the programme's objectives.

Hand-written applications will not be accepted. The Application form and its annexes must be bound.

b) Supporting documents

Applications **must** be accompanied by the following **supporting documents**:

1. Statutes and/or articles of association of the applicant organisation and for each of its partners⁵.
 - *This document should be a public act, issued on the occasion of the formal establishment of an institution and describing the scope and objectives of its activities. This is necessary to prove that an institution satisfies all the eligibility criteria set out in section 2.1.1 above;*

To facilitate the evaluation of these documents, please highlight the relevant sections of the statutes and/or articles of association that relate to the eligibility requirements. It is recommended that an authentic English translation of the related sections of the above-mentioned documents is attached.

⁵ Not required for official government bodies, such as ministries and local governments.

2. All applicants must provide their most recent annual report **and** accounts (the profit and loss account and the balance sheet for the previous financial year):
- *The **annual (activity) report** should give an overview of the main activities carried out during the previous year or another recent year of reference. This is necessary to prove that an applicant institution is active in the relevant field, and to be aware of the type of activities with which it is involved;*
 - *The **annual accounts** represent the consolidated financial balance sheet and the income statement for the last available fiscal year of an applicant institution. They are necessary to prove that an institution has stable and sufficient sources of finance for the implementation of a project.*

Please note: Should for legal reasons your organisation **not** be in the position to provide any of the above-mentioned documents, please include a declaration by a competent legal authority confirming that the concerned organisations meet all the eligibility criteria.

3. Where the grant request exceeds EUR 300.000, an external audit report produced by an approved auditor, certifying the accounts for the last fiscal year available and stating to what extent, in the auditor's opinion, the applicant has stable and sufficient sources of finance to maintain its activity throughout the period of implementation of the action and, where appropriate to participate in its funding.

IMPORTANT NOTICE

The documents referred to above under points 1 and 2 are not required in a specific format, but should follow that which is used in the country concerned. The supporting documents requested must be supplied in the form of **originals or copies certified as true by an authorised independent body** (ie. a body, other than the applicant or any partners within the project partnership, which is officially recognised as having the authority to certify documents). Please note that copies of officially published government notices such as those published by official government journals will be accepted. Downloads of web site pages are not accepted unless certified as true by an authorised independent body. Self-certification is not acceptable.

Other annexes provide information that is important for the completion of the application, and hence **are not required to be completed** by applicant:

- E Standard grant contract – *For information only*
- L Daily allowance rates (For information only)- *web site address link for current per diem rates (please consult the website on a regular basis as per diem rates may change more than once a year)*

All forms and documents requiring a signature **must CARRY AN ORIGINAL SIGNATURE**. Photocopies and faxes cannot be accepted. In the absence of the requested original signatures the application will be considered administratively non-compliant.

Note that the absence of any of the above-mentioned items will result in a proposal being administratively non-compliant and thus automatically rejected during the first phase of the evaluation procedure (administrative compliance check). Please note that – in contrast to previous years – there is no grace period for applicants to supply documents that have not been included. Be sure to use the checklist that is annexed to the application form. The checklist is provided to assist applicants but is not exhaustive or binding in its content. The documents indicated in 2.2.1 are binding.

2.2.2 *Where and how to send the applications*

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

Postal address

European Commission
EuropeAid Co-operation Office
Directorate D, Asia
Unit D5, Finances, Contracts and Audits
Office: L41 3/80
B-1049 Brussels, Belgium

Address for hand delivery

European Commission
EuropeAid Co-operation Office
Directorate D, Asia
Unit D5, Finances, Contracts and Audits
Office: L41 3/80
Rue de Genève 1
B-1140 Brussels, Belgium

Delivery by private courier service

European Commission
EuropeAid Co-operation Office
Directorate D, Asia
Unit D5, Finances, Contracts and Audits
Office: L41 3/80
Rue de Genève 1
B-1140 Brussels, Belgium

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

Applications (application form, budget, logical framework and supporting documents) must be submitted in one (1) original and two (2) copies. "Original" should be indicated on the cover page of the original dossier, and each copy should be numbered respectively Copy 1, Copy 2. In addition, two (2) electronic versions in the form of a diskette or CD-ROM of the complete Application Form including all relevant annexes must be submitted.

NOTE:

The outer envelope must bear (see Annex K for envelope labels):

- the reference number of the call for proposals
- the full name and address of the applicant
- and the words "Not to be opened before the opening session"

If an applicant is submitting more than one proposal under this Call for Proposals, each proposal must be sent separately.

2.2.3 *Deadline for receipt of applications*

There will be **ONE deadline** in the year 2005 for the receipt of applications:

05 April 2005 at 16.00 Brussels time

Any application received after the deadline will be automatically rejected even if the postmark indicates a date preceding the deadline or if the delay is due to the private or public courier service.

2.2.4 *Further information*

Queries

Questions may be sent by e-mail or by fax no later than 21 days before the deadline for the receipt of proposals to the addresses listed below, indicating clearly the reference of the call for proposals:

E-mail address: europaaid-asia-pro-eco@cec.eu.int

Fax: +32 (0)2 298 4863

They will receive a reply no later than 11 days before the deadline for the receipt of proposals. Questions that may be relevant to other applicants, together with the answers, will be published on the internet at http://europa.eu.int/comm/europaaid/projects/asia-pro-eco2/index_en.htm.

Useful Web pages

Official Journal	http://europa.eu.int/eur-lex/en/search/search_oj.html
EU-Asia Pro Eco II Website	http://europa.eu.int/comm/europaaid/projects/asia-pro-eco2/index_en.htm
Current per diem rates	http://europa.eu.int/comm/europaaid/perdiem/index_en.htm
Standard grant contract	http://europa.eu.int/comm/europaaid/tender/gestion/cont_typ/st/index_en.htm

2.2.5 *Acknowledgement of receipt*

Following the proposal opening session, the Contracting Authority will send an acknowledgement of receipt to all applicants, indicating whether or not their application was received prior to the deadline and informing them of the reference number they have been allocated.

2.3 EVALUATION AND SELECTION OF APPLICATIONS

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

Administrative compliance

Verification that the application is complete in accordance with the checklist given in Annex A.

Eligibility of the applicants, partners and actions

Verification that the applicant, the partners (and the associates where applicable), and the action are eligible according to the criteria set out in section 2.1.1, 2.1.2 and 2.1.3.

Evaluation of the quality of the proposals and financial evaluation

An evaluation of the quality of proposals, including the proposed budget, will be carried out in accordance with the evaluation criteria set out in the Evaluation Grid shown on the next page. There are two types of evaluation criteria: selection and award criteria.

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

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

The award criteria allow the quality of the proposals submitted to be evaluated in relation to the objectives and priorities set, and grants to be awarded to actions which maximise the overall effectiveness of the call for proposals. They cover such aspects as the relevance of the action, its consistency with the objectives of the call for proposals, quality, expected impact, sustainability and cost-effectiveness.

Please note the following important information:

Scoring

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

Note on Section 1. Financial and operational capacity

If a total score lower than "adequate" (12 points) is obtained for section 1, the proposal will not be evaluated further.

Note on Section 2. Relevance

If a total score lower than "good" (20 points) is obtained for section 2, the proposal will not be evaluated further.

Evaluation Grid

Section	Maximum Score	Application form
1. Financial and operational capacity	20	
1.1 Do the applicant and partners have sufficient experience of project management ?	5	II.4.1 and III.1
1.2 Do the applicant and partners have sufficient technical expertise ?(notably knowledge of the issues to be addressed.)	5	II.4.1 and III.1
1.3 Do the applicant and partners have sufficient management capacity ? (including staff, equipment and ability to handle the budget for the action)?	5	II.4.2 and III.1
1.4 Does the applicant have stable and sufficient sources of finance ?	5	II.4.2
2. Relevance	25	
2.1 How relevant is the proposal to the objectives and one or more of the priorities of the call for proposals? Note: A score of 5 (very good) will only be allocated if the proposal specifically addresses at least one priority .	5	I.1.6(a)(b)
2.2 How relevant to the particular needs and constraints of the target country/countries or region(s) is the proposal? (including avoidance of duplication and synergy with other EC initiatives.)	5	I.1.6(c)
2.3 How clearly defined and strategically chosen are those involved (intermediaries, final beneficiaries, target groups)?	5	I.1.6(e)
2.4 Have the needs of the target groups proposed and the final beneficiaries been clearly defined and does the proposal address them appropriately?	5	I.1.6 (c)(f)
2.5 Does the proposal contain specific elements of added value , such as innovative approaches, models for good practice, promotion of gender equality and equal opportunities, environmental protection?	5	Passim
3. Methodology	30	
3.1 Are the activities proposed appropriate, practical, and consistent with the objectives and expected results?	5	I.1.7
3.2 How coherent is the overall design of the action? (In particular, does it reflect the analysis of the problems involved, take into account external factors and anticipate an evaluation ?)	5	I.1.8
3.3 Is the partners' level of involvement and participation in the action satisfactory? Note: If there are no partners the score will be 1.	5	I.1.8(e)
3.4 Is the target groups' and final beneficiaries' level of involvement and participation in the action satisfactory?	5	I.1.8(e)
3.5 Is the action plan clear and feasible?	5	I.1.9
3.6 Does the proposal contain objectively verifiable indicators for the outcome of the action?	5	Log frame
4. Sustainability	15	
4.1 Is the action likely to have a tangible impact on its target groups?	5	I.2.1
4.2 Is the proposal likely to have multiplier effects ? (including scope for replication and extension of the outcome of the action and dissemination of information.)	5	I.2.2 & I.2.3
4.3 Are the expected results of the proposed action sustainable : - financially (<i>how will the activities be financed after the EC funding ends?</i>) - institutionally (<i>will structures allowing the activities to continue be in place at the end of the action? Will there be local "ownership" of the results of the action?</i>) - at policy level (where applicable) (<i>what will be the structural impact of the action e.g. will it lead to improved legislation, codes of conduct, methods, etc?</i>)?	5	I.2.4
5. Budget and cost-effectiveness	10	
5.1 is the ratio between the estimated costs and the expected results satisfactory?	5	I.3
5.2 Is the proposed expenditure necessary for the implementation of the action?	5	I.3
Maximum total score	100	

2.4 NOTIFICATION OF THE CONTRACTING AUTHORITY'S DECISION

Applicants will be informed in writing of the contracting authority's decision concerning their application. A decision to reject an application or not to award a grant will be based on the following grounds:

- the application was received after the closing date
- the application was incomplete or otherwise non-compliant with the stated administrative conditions
- the applicant or one or more of its partners or subcontractors was not eligible
- the action was ineligible (e.g. the action proposed is not covered by the programme, the proposal exceeds the maximum duration allowed, the requested contribution is higher than the maximum allowed, etc)
- the proposal was not relevant enough or the applicant's financial and operational capacity was not sufficient, or the proposals selected were considered superior in these respects
- the proposal was considered technically and financially inferior to the proposals selected

The contracting authority's decision to reject an application or not to award a grant is final.

The dates on which the contracting authority plans to announce the decision following the completion of the award procedure are:

July 2005 for the 05 April 2005 deadline.

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

Following the decision to award a grant, the Beneficiary will be offered a contract based on the contracting authority's standard contract annexed to these guidelines (Annex E).

In case a proposal submitted by an international organisation applicant (e.g. UN, World Bank) is approved, a special contract template ("Contribution Agreement") will have to be used at negotiation stage. This is stated in the *Practical Guide to EC external aid contract procedures as follows*:

"If the successful applicant is an international organisation, the model Contribution Agreement [...] or any other contract template agreed between the international organisation concerned and the Contracting Authority, should be used instead of the standard grant contract."

The contract will, in particular, establish the following rights and obligations:

Final amount of the grant

The maximum amount of the grant will be stipulated in the contract. As explained in point 2.1.4, this amount is based on the budget, which is itself only an estimate. As a result, it will be final only once the action has ended and the final accounts have been presented (see Articles 17.1 and 17.2 of the General Conditions).

Failure to meet the objectives

If the Beneficiary fails to implement the action as undertaken and agreed in the contract, the contracting authority reserves the right to suspend payments, and/or to terminate the contract (see Article 11 of the General Conditions). The contracting authority's contribution may be reduced, and/or the contracting authority may demand full or partial repayment of the sums already paid, if the Beneficiary does not fulfil the terms of the contract (see Articles 11.4 and 17.4 of the General Conditions).

Amendments to the contract and variations within the budget

Any amendment to the contract must be set out in a written addendum to the original contract (Article 9.1 of the General Conditions). However, some amendments (addresses, bank account, etc.) may simply be notified to the contracting authority (see Article 9.2 of the General Conditions).

Variations within the budget during project implementation

Budget items may vary from the original figures provided that the following conditions are met:

- a) they do not affect the basic purpose of the action; and
- b) the financial impact is limited to a transfer within a single budget heading or to a transfer between budget headings involving a variation of less than 15% of the original amount of each relevant budget heading.

In such instances, the Beneficiary may make alterations to the budget, and inform the contracting authority.

This method may not be used to amend the heading for overhead costs.

In all other cases, a written request must be made in advance to the contracting authority and an addendum is required.

Reports

Technical and financial reports are to be supplied together with payment requests (other than the first instalment of pre-financing). A work plan and budget for the next period of implementation must accompany reports submitted for further payments of pre-financing.

Reports will be submitted in English.

A guide on reporting requirements will be sent to all Beneficiaries after signature of the contract.

Additional information

In accordance with Article 2.1 of the General Conditions, the contracting authority may request additional information.

Payments

The Beneficiary will receive pre-financing. If the overall duration of the action does not exceed 12 months or if the grant does not exceed EUR 100 000, the pre-financing will be 80% of the grant.

If the overall duration of the action exceeds 12 months and if the grant exceeds EUR 100 000, the first pre-financing instalment will be 80% of the forecast budget for the first 12 months of the action financed by the contracting authority (see Article 15.1 of the General Conditions). In this case, subsequent pre-financing payments may be made upon submission by the Beneficiary, and approval by the contracting authority, of an interim report and a work plan and budget for the following period (see Article 15.1 of the General Conditions).

The final balance will be paid upon submission by the Beneficiary and approval by the contracting authority of the final report (see Article 15.1 of the General Conditions).

Bank account

Beneficiaries of a grant from the contracting authority need to clearly identify and segregate funds they receive from the Commission, so as to ensure that there is clarity in cases of audit, and that any interest accrued is reflected accurately. Beneficiaries are therefore required to open a project-specific bank account or sub-account. Payments will be made to this specific bank account (or sub-account), which identifies the funds paid by the Commission.

There may be cases where an applicant is not in a position to open a project-specific bank account or sub-account. In these cases, the applicant must justify why this cannot be done. The applicant should also demonstrate clearly how they intend to maintain a segregation of the funds from the moment of reception through to disbursement, and how they intend to accurately calculate and notify any interest accrued. The Commission will decide on the appropriateness of the demonstration provided.

Accounts of the action

The Beneficiary must keep accurate and regular records and dedicated, transparent accounts of the implementation of the action (see Article 16.1 of the General Conditions). It must keep these records for seven years after payment of the balance.

Audit

An external audit of the accounts of the action, produced by an approved auditor who is a member of an internationally recognised supervisory body for statutory auditing, must be attached to any request for payment of the balance in the case of a grant of more than EUR100 000.

In an audit certificate conforming to the model attached at Annex VI to the contract, the auditor will certify that the submitted accounts (income and expenditure) are accurate, reliable and justified by adequate supporting documents, and will identify the eligible expenditure incurred in accordance with the Contract.

The contract will permit the European Commission, the European Anti-Fraud Office and the European Court of Auditors to carry out both record-based and on-the spot inspections of the action (see Article 16.2 of the General Conditions).

Publicity

Appropriate visibility and credit must be given to the grant made by the European Union, for example, in reports and publications stemming from the action or during public events associated with the action, etc. (see Article 6 of the General Conditions of the standard grant contract).

Visibility guidelines can be found on the EU-Asia Pro Eco II Programme website:
http://europa.eu.int/comm/europeaid/projects/asia-pro-eco2/information_en.htm

Implementation of contracts

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

3. PREPARATION OF THE PROJECT PROPOSAL – TECHNICAL CONTENT

This section provides guidance on the formulation of a proposal and relates to specific sections in the application form (Annex A). Relevant and clear information provided under the following headings will help the application score well on the evaluation grid (see page 16).

Objectives (Application Form – Section 1.5)

For all types of project both overall and specific project objectives must be formulated. Objectives must be consistent with those indicated in the logical framework (Annex C).

Justification (Application Form – Section 1.6)

The justification relates to how well the proposal fulfils the objectives and fits into the priorities of the EU-Asia Pro Eco II Programme. It is also important to show in this section how the project will fit into the local context. How it relates to the local development plans, builds on previous initiatives, etc. It should be made clear that urban environmental issues are being addressed and the capacity of the local government partners is being strengthened. It should also be clear that, through improved management and planning, the quality of life of the ultimate beneficiaries, the residents, will be raised. The Pro Eco II Programme is more likely to support proposals which address issues with long-term solutions.

Detailed description of activities (Application Form – Section 1.7)

This section should form the heart of the project proposal and set out clearly what will be done, activity by activity. Each activity should correspond with those given in the plan of action and logical framework. It is also important to show which costs given in the budget, relate to which activities.

Pilot projects should focus on capacity building and planning rather than infrastructural works. Core activities therefore usually include, for example, management/development planning and tools, surveys, inventories, participatory work with local people, policy formulation, training courses and seminars, study tours.

It is essential that a Kick-off meeting between the partners be organised (finalising roles and responsibilities, validating the logical framework, possibly completing and signing a memorandum of understanding between all parties).

In addition to the above, the following elements, which have been found to be key to the operational success of many projects, are recommended:

- Communications strategy (between the partners for good project management, with the local community for support and ownership, and with other stakeholders and the European Commission)
- Travel to relevant Asia Urbs/Asia Pro Eco I/ or other Asia Pro Eco II Projects for the purpose of exchanging specialised knowledge, know-how and experience
- Monitoring and evaluation activities by the project managers
- An on-site project manager who can also to act as a permanent interface between the partners

Methodology (Application Form – Section 1.8)

Methods of implementation

Preference will be given to projects with a participatory approach.

For demonstration partnership projects the involvement in both project formulation and implementation of the following is encouraged:

- the beneficiary population
- civil society representatives (community-based or non-governmental organisations, etc.)
- academic and research institutions
- relevant institutions/organisations experienced in the project's sector of activity
- the private sector
- and the level of local government that is closest to the citizen

Procedures for internal monitoring and evaluation

Internal monitoring is the on-going verification of a project's physical achievements and financial progress as compared with those indicated in the original proposal. The logical framework and its 'objectively verifiable indicators' (OVIs) form an essential tool and should be used by the beneficiary to gauge progress and outputs. A method for an efficient monitoring system should be outlined.

An internal⁶ mid-term evaluation may be included but is not compulsory. It should be carried out by evaluators seconded from the applicant or one of the partner organisations, but not the project staff.

Level of involvement and activity of other organisations (partners and others)

The role of the applicant and each partner institution must be clearly explained. The European Commission concludes a contract with the Beneficiary only, but all partners should contribute actively to the implementation of the project. Although not requested in the application form, the partnership is strongly advised to draw up a "memorandum of understanding" defining the technical and financial rights and obligations of each partner. A clearly written allocation of responsibilities and an equitable distribution of costs will contribute to the partnership's success. This is often a useful document to complete during the project kick-off meeting.

Team proposed for implementation of the project

The project co-ordinator must be a member of staff of the applicant organisation. This role cannot be delegated to a sub-contracted non-local government partner. However, the on-site project manager could be a sub-contractor if justification is given.

Duration and Plan of Action (Application Form – Section 1.9)

This Table should include all activities plus an implementation-schedule. It must clearly reflect the activities presented in the logical framework, and described in Section 1.7 (Detailed description of activities)

Outputs (Application Form – Section 2.2)

For partnership projects list the physical outputs of the project (e.g. number of houses rehabilitated, number of houses provided with drinking water, training manuals etc.) as well as immaterial outputs (e.g. number of people trained, improved health care, etc.) which must reflect the verifiable indicators and results proposed in the logical framework.

For networking or capacity building projects list the number of people trained, publications, partnerships formed, database entries, etc. The topics should be specified, some indication of the syllabi for the training sessions, and intended participants.

⁶ As opposed to the external evaluation, which may be conducted by the European Commission.

Multiplier effects (Application Form – Section 2.3)

Multiplier effects can be seen through the project's contribution to the local policy framework and in its external communications activities.

The potential for replication of activities and of lessons learned should be indicated for other cities or regions. Also the potential for strengthening policy and therefore creating lasting effects, for example, in the project's urban area, good governance, poverty alleviation, etc.

One of the key aims of the programme is to ensure that the best practices from the projects are disseminated to as wide an audience as possible, so that others can benefit from the lessons learned. It is therefore obligatory for each project to undertake the following activities:

- the development of a communications strategy that takes into account the local cultural context and the available local media (information on the human resources required should be included)
- the production of at least one project brochure, in English and in the local language(s), within the first six months
- a website which, at minimum, should be used to keep stakeholders informed of progress

Other activities may include:

- the preparation of publicity material, brochures and videos, etc. about the project, for local and international audiences
- visits to other EU-Asia Pro-Eco II projects with similar objectives (justification must be given)
- participation in, or organisation of, local, national or international workshops and seminars
- maintaining contacts with local media and providing information material concerning the project for dissemination to the national audience
- preparation of materials such as handbooks or pamphlets that would help other authorities improve implementation tools and methods

Sustainability (Application Form – Section 2.4)

The programme aims to support projects that are self-sustaining in the long term. A project is sustainable if it can deliver benefits to the target group for an extended period of time after financial assistance from the contracting authority has expired. During the initial two-year period of the project, grants from the contracting authority are provided as 'seed money', with the aim of fostering sustainable partnerships. Subsequently, the European and Asian Partners are expected to find their own resources to continue, and hopefully expand, their projects and co-operation activities. Projects must therefore be conceived with a view to sustainability in the long term, and applicants should demonstrate how sustainability would be achieved. **This is important for the selection of projects.**

Sustainability can be enhanced by ensuring that:

- the European know-how is appropriate and matches the Asian demand
- the partnership selected for the proposal is viable
- the network of partners is established and consolidated to last over time
- the activities meet the needs of the local population and the latter are involved in decision-making concerning the planning and implementation of activities

Experience has demonstrated that the longer-term sustainability of project benefits depend on gender equality and environmental protection. These must be taken into account when designing the project. 'Gender equality' relates to how the project will take into account the specific needs and interests of women and men and will lead to sustained and equitable access by women and men to the services and infrastructures, as well as contribute to reduced gender inequalities in the longer term. 'Environmental protection' relates to the extent to which the project will preserve or damage the environment and therefore support or undermine achievement of longer-term benefits.

It is important to demonstrate that the project, environmentwise, adheres to the major urban development concerns of various bodies at national and international levels, which could become possible co-financiers in the future. Similarly, synergies with other European Commission and non-European Commission Programmes could also develop into funding in the future. These aspects should be emphasised in the proposal.

Description of partners (Application Form – Section 3.1 (b))

The role and involvement of each partner should be described so that it is clear how they complement each other, and what skills and experience each partner will bring to the project. Contributions are expected from each partner.

Project budget (Annex B)

Beyond the feasibility of continuing the project and partnership, it is important that applicants demonstrate how the project will be financed in the long term, after the expiry of support from the Asia Pro Eco II Programme.

The Budget should be submitted as laid out in Annex B

The Budget form is composed of two sections, both of which must be carefully completed:

- Budget for the project,
- Expected sources of funding.

Please note the following:

- The budget must be completed in Euro with figures given to two decimal places and presented with a full point for thousands and a comma for decimal places e.g. : 20.250,00 (= twenty thousand two hundred and fifty).
- Section I, 2.1.4 of these Guidelines should be studied carefully to ensure only eligible costs are included. All items should be detailed where possible, with 'unit' and 'no. of units' presented throughout. Where this is not possible, a 'provision' may be given but this should be described.
- Some line items are for subcontracted activities only and footnotes to the budget should be carefully examined (see especially line items in section 5.0 of the budget).
- The 'internal monitoring' should be carried out by the project management and therefore presented under line item for human resources.
- There should be no line item 'contingency reserve'.
- If the project has a duration of over 12 months, all line items must be broken down into "All Years" and "Year 1".

In addition to the Budget form, Applicants are requested to include a separate document where justifications must be given for each budget item (also referred to as "**Budget Justification**"). It is important to note that the number of units and the unit rate applied must always be justified. For example, salary rates, number of per diem days, number of flights or other travel items, purchase of equipment, etc must all be explained and justified.

Examples of budget items:

- Item 1 (Human resources) and Item 2 (Travel) – a separate line should be used for each expert unless a group of experts are being allocated the same unit rates and undertaking the same activities.
- Item 5 (Other costs, services) – each item should be given a separate line, no. of units, and unit rate.

All items must be clearly detailed and can be presented on an explanatory sheet attached to the budget.

Logical framework (Annex C)

The Logical Framework is an instrument for both project design and project management. It should reflect the relationship between activities, results and objectives, and indicate how to verify whether these objectives have been achieved. It should also establish what assumptions outside the control of a project may influence its success. The importance of the Logical Framework should not be underestimated. The *Manual on Project Cycle Management*, available on the EuropeAid website, may be used to help prepare an effective Logical Framework: <http://europa.eu.int/comm/europeaid/evaluation/methods/pcm.htm>

Ideally the log frame should be no more than two pages and the titles of the activities should correspond clearly to those listed in the Application Form Section 1.7 (Detailed description of activities). It should be submitted in MS Excel and laid out in Annex C.

Attention must be paid to the assumptions column where risks should also be entered. In particular, it is imperative to avoid projects which may involve a serious displacement of population especially if adequate relocation alternatives are not provided, and which may entail environmental threats or other negative side-effects.

Curriculum vitae (Annex D)

A curriculum vitae for each key project team staff itemised in the budget should be included to justify the daily rate (honorarium) applied. The rate should depend on qualifications, number of years' experience, and the accepted local market rate. CVs must follow the format of the CV template (provided in Annex D). The proposed position of each key expert contributing to the project should be clearly defined.

Standard grant contract (Annex E)

This document is for information only.

Audit Firm (Annex F)

Please indicate the name and contact address of the audit firm, which will audit your project from its beginning to its end (if your proposal is approved and contracted) in using the appropriate Annex F.

Statement of Compliance – Declaration by Applicant (Annex G)

The Applicant should complete and sign the Statement of Compliance (Annex I-1) for all types of projects (partnership and capacity-building) to ensure all activities described in the project proposal comply with all relevant regulations within the local, regional and national context. The Statement of Compliance must be submitted with an **original signature** and not scanned, faxed or photocopied versions.

Environmental Impact Assessment form (Annex H)

In addition an Environmental Impact Assessment form (Annex I-2) must be completed.

Project Summary Sheet (Annex J)

The project summary sheet must be completed.

Envelope labels (Annex K)

Use these labels in preparing your application. If you do not use these labels, your application may get lost.

Daily Allowance Rates - Per Diems (Annex L)

Use the last updated ones for each concerned country, available at: http://europa.eu.int/comm/europeaid/perdiem/index_en.htm

4. LIST OF ANNEXES WITHIN THE APPLICATION FORM

- ANNEX A: GRANT APPLICATION FORM (WORD FORMAT) *to be filled in*
- ANNEX B: BUDGET AND SOURCES OF FUNDING (EXCEL FORMAT) *to be filled in*
- ANNEX C: LOGICAL FRAMEWORK (EXCEL FORMAT) *to be filled in*
- ANNEX D: LIST OF EXPERTS AND CV MODEL *to be filled in*
- ANNEX E: STANDARD CONTRACT (WORD FORMAT) *for information*
- ANNEX F: AUDIT FIRM
- ANNEX G: STATEMENT OF COMPLIANCE – DECLARATION BY APPLICANT *to be filled in*
- ANNEX H: ENVIRONMENTAL IMPACT ASSESSMENT FORM
- ANNEX J: PROJECT SUMMARY SHEET *to be filled in*
- ANNEX K: EXAMPLE OF ENVELOPE to be applied
- ANNEX L: DAILY ALLOWANCE RATES (PER DIEMS) FOR THE CURRENT YEAR (see website) for information