



EUROPEAN COMMISSION

**Program on Environment in Developing  
Countries**

**Program on Tropical Forests and other  
Forests in Developing Countries**

Guidelines  
for grant applicants  
responding to the call for proposals  
for 2003

**Budget line B7-620 (21 02 05 as from 2004)**

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# 1. 'ENVIRONMENT IN DEVELOPING COUNTRIES' AND 'TROPICAL FORESTS AND OTHER FORESTS IN DEVELOPING COUNTRIES'

## 1.1 BACKGROUND

Significant changes have been under way in the past decade, as environmental sustainability has become a main policy issue around the world. Environmental problems continued to escalate in most countries, triggering an increase in awareness of the magnitude of the problem and of the need for action. The European Commission (EC) has an active environmental policy within its own sphere and supports developing countries in their efforts towards integrating the environmental dimension into their development process. One instrument of the EC's development co-operation policy in this field is the Budget line B7-620 "Environment in Developing Countries". This budget line complements the main funding instruments for development co-operation, for which the environment is a crosscutting issue. These are in particular the European Development Fund (EDF) for the developing countries in Africa, the Caribbean and Pacific (ACP) countries as well as South Africa and Cuba, and the bilateral technical and economic co-operation of the European Community with the developing countries in Asia & Latin America (ALA) and the Mediterranean (MEDA) and with countries in Transition (TACIS).

The historical background of the budget line can shortly be summarised as follows:

In 1991, at the initiative of the European Parliament, budget line B7-6201 '**Tropical Forests**' was created with the aim of contributing to the preservation of tropical forests. Since 1995 a specific legal framework for financing forest related development activities was provided by a Council Regulation (n° 3062/95). This was replaced in the year 2000 by the Regulation of the European Parliament and the Council, n° 2494/2000 (Official Journal L 288 of 15 November 2000). The latter regulation aims at supporting the conservation and sustainable management of tropical forests and other forests in developing countries. The financial framework for implementing this Regulation during the period 2000 to 2006 is 249 million EUR.

Budget Line B7-620 '**Environment in Developing Countries**' was created in 1992 as a specific instrument to implement pilot actions and strategic studies with the broad aim of contributing to the environmental component of sustainable development. EC Regulation 722/97 provided a specific legal framework for financing environmental activities in developing countries. The current Regulation of the European Parliament and the Council n° 2493/2000 (Official Journal L 288 of 15 November 2000) aims at supporting developing countries in their efforts to integrate the environmental dimension into their development process. The financial framework for implementing this Regulation during the period 2000 to 2006 is 93 million EUR.

As from 2001 the two budget lines have been merged into B7-620 '**Environment in Developing Countries**'. This single budget line is now used to fund actions under the two Regulations referred to above and will be re-named as budget line 21 02 05 as from 2004. Notwithstanding this merger, the financial framework respectively available for 'Environment' and 'Forests' remains unchanged.

## 1.2 OBJECTIVES OF THE PROGRAMMES AND PRIORITY ISSUES FOR 2003

The objectives of the programmes are defined in the Regulations as follows:

**Environment:** The European Community supports developing countries in their efforts to integrate the environmental dimension into their development process. To this end, the Community provides financial assistance and appropriate expertise aimed at drawing up and promoting the implementation of policies, strategies, tools and technologies for the pursuit of sustainable development.<sup>1</sup>

**Forestry:** The European Community provides financial assistance and appropriate expertise to promote the conservation and sustainable management of tropical forests and other forests in developing countries, so as to meet the economic, social and environmental demands placed on forests at local, national and global levels.<sup>2</sup>

**Priority actions for the period 2002/2003 are identified in two programming documents:**

- (a) "Strategic guidelines and priorities for interventions to be financed in 2002 and 2003 under Regulation (EC) no. 2493/2000 of the European Parliament and of the Council on measures to promote environment in developing countries"<sup>3</sup>, and
- (b) "Strategic guidelines and priorities for interventions to be financed in 2002 and 2003 under Regulation (EC) no. 2494/2000 of the European Parliament and of the Council on measures to promote the conservation and sustainable management of tropical forests and other forests in developing countries."<sup>3</sup>

Activities to be funded from the 2003 budget are described in the **ANNUAL WORK PROGRAMME 2003 FOR GRANTS UNDER B7-620**<sup>4</sup>. They are limited to those priority actions foreseen for the period 2002/2003 that are not yet sufficiently addressed by actions funded from the 2002 budget. The call for proposals to which these guidelines refer is accordingly focussed (see point 2.1.3).

## 1.3 FINANCIAL ALLOCATION PROVIDED BY THE EC

The overall indicative amount made available from the 2003 budget for this call for proposals is 30.81 million EUR i.e.:

- 25.25 million EUR for project proposals concerning tropical forests and other forests in developing countries and
- 5.56 million EUR for project proposals concerning environment in developing countries.

Subject to approval by the Commission, additional funds for this call may be made available from the 2004 budget. In that case there will be no new call for proposals in 2004. Information on this will be provided as soon as possible but at the latest with the

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<sup>1</sup> Regulation 2493/2000 Art 1;  
Internet [http://europa.eu.int/eur-lex/pri/en/oj/dat/2000/l\\_288/l\\_28820001115en00010005.pdf](http://europa.eu.int/eur-lex/pri/en/oj/dat/2000/l_288/l_28820001115en00010005.pdf)

<sup>2</sup> Regulation 2494/2000 Art 1;  
See Internet [http://europa.eu.int/eur-lex/pri/en/oj/dat/2000/l\\_288/l\\_28820001115en00060010.pdf](http://europa.eu.int/eur-lex/pri/en/oj/dat/2000/l_288/l_28820001115en00060010.pdf)

<sup>3</sup> Com Dec C(2002) 4578 of 12/12/2002; See Internet  
[http://europa.eu.int/comm/development/body/theme/environment/b7-6200/doc/guidelines\\_2002\\_environment\\_en.pdf](http://europa.eu.int/comm/development/body/theme/environment/b7-6200/doc/guidelines_2002_environment_en.pdf) and [http://europa.eu.int/comm/development/body/theme/environment/b7-6200/doc/guidelines\\_2002\\_forests\\_en.pdf](http://europa.eu.int/comm/development/body/theme/environment/b7-6200/doc/guidelines_2002_forests_en.pdf)

<sup>4</sup> Com Dec C(2003) 3845 of 22/10/2002, see Internet [http://europa.eu.int/comm/europeaid/projects/index\\_en.htm](http://europa.eu.int/comm/europeaid/projects/index_en.htm) (12/2003)

publication of the Annual Work Programme for Grants to be funded from the 2004 budget foreseen for January 2004<sup>5</sup>.

The EC reserves the right not to award all available funds.

### Size of grants

Any grant awarded under this programme must fall between the following minimum and maximum amounts:

<b>Program</b>	<b>Minimum size of an individual Grant</b>	<b>Maximum size of an individual Grant</b>
Environment	500.000 EUR	Less than 2.500.000 EUR
Forests	1.000.000 EUR	Less than 3.500.000 EUR

In addition, no grant may exceed **80%** of the total eligible costs of the action (see also section 2.1.4). The balance must be financed from the applicant's or partner's own resources or from sources other than the European Community budget or the European Development Fund.

## **2. Rules of this call for proposals<sup>6</sup>**

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 EC general budget in the context of external actions"<sup>7</sup>.

### **2.1 ELIGIBILITY CRITERIA**

There are three sets of eligibility criteria, relating to

- the organisations (applicant and project partners), which may request and/ or benefit from a grant (2.1.1 and 2.1.2), and
- the actions for which a grant may be awarded (2.1.3), and
- the types of cost that may be taken into account in setting the amount of a grant (2.1.4).

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<sup>5</sup> See Internet [http://www.europa.eu.int/comm/europeaid/index\\_en.htm](http://www.europa.eu.int/comm/europeaid/index_en.htm)

<sup>6</sup> Throughout this document the term "action" is used as a synonym to the widely used term "project". Accordingly an action is implemented by "activities".

<sup>7</sup> Available on the Internet: [http://europa.eu.int/comm/europeaid/tender/gestion/index\\_en.htm](http://europa.eu.int/comm/europeaid/tender/gestion/index_en.htm).

### 2.1.1 Eligibility of applicants<sup>8</sup>: who may apply

1) In order to be eligible for a grant, an applicant must:

- be non-profit-making legal persons;
- belong to one of the following categories: international organisations<sup>9</sup>, regions and regional bodies, public agencies, co-operatives, local communities, non-governmental organisations and associations representing local people;
- **not be a direct part of a national government;**
- have, with the exception of international organisations and other fully justified cases, their registered office and significant activities in the European Union<sup>10</sup> or an eligible developing country under this call for proposals (see list of eligible developing countries in Annex F to these Guidelines);
- have, if the applicant (other than an international organisation) is not based in an eligible developing country, at least one co-operating partner that is based in an eligible developing country and who contributes significantly to the action. The latter must be adequately reflected in the proposal;
- be directly responsible for the preparation and management of the action, not acting as an intermediary.

2) 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 EC 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 EC 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.

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<sup>8</sup> The "applicant" is the organisation that sends in the proposal (the application), acting as the lead organisation if partners (see 2.1.2) are involved. If an application is selected, the applicant becomes the contracting party, the "Grant Beneficiary".

<sup>9</sup> This refers to international public sector organisations set-up by intergovernmental agreements, and specialised agencies set-up by such organisations

<sup>10</sup> 25 Member States

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 EC 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 EC 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.

Applicants must supply with their applications a sworn statement that they do not fall into any of the above categories (a) to (f).

**2.1.2 Partnerships and eligibility of partners**

Applicants may act individually or, preferably, together with other organisations. The following table summarises the partnership requirements:

Applicant is based in an eligible developing country	No partnership required, but preferred.
Applicant is not an international organisation and is not based in an eligible developing country	<b>Partnership mandatory</b> , except in duly justified cases
Applicant is an international organisation	No partnership required

**Partners**

Partners should contribute significantly to the proposed action both with regard to its design and implementation. This must be adequately reflected in the application. The costs they incur are eligible in the same way as those incurred by the Beneficiary. Partners must satisfy the same eligibility criteria as applicants, however, profit making legal persons may participate as **partner** provided that **they do not derive any direct profit from the grant.**

**Associates**

Other organisations, including national governments or direct parts of it, may be involved in the action as “associates”. Such associates play a real role in the action but may not receive funding from the grant with the exception of per diems and travel costs. Associates do not have to meet the eligibility criteria referred to in section 2.1.1. part 1.

**Subcontractors**

Subcontractors are neither partners nor associates, and are subject to the procurement rules set out in Annex IV to the standard grant contract (see Annex E).

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

**Amount:**

- There are no restrictions on the total costs of the action. However, the Community grant applied for, i.e. the amount requested from the EC, must be
  - equal to or greater than 500.000 € and lower than 2.500.000 € for **environment** related proposals, and
  - equal to or greater than 1.000.000 € and lower than 3.500.000 € for **forestry** related proposals.

**Duration:**

- The duration of an action may not exceed **60** months.

**Location:**

Actions to be funded under these programmes are implemented through activities.

- Field activities must take place in one or, preferably, more of the eligible developing countries, listed in Annex F;
- Overall any action must clearly benefit target populations in one or, preferably, more of the eligible developing countries, listed in Annex F.

**Type of actions:**

Only actions whose immediate objective is non-commercial are eligible. Under no circumstances may a grant, provided under these programmes, give rise to profit, neither for the beneficiary nor for his partners, i.e. it must be restricted to the amount required to balance income and expenditure for the action.

These programmes support development actions.

The following types of action are not eligible:

- supply and works;
- individual sponsorships for participation in workshops, seminars, conferences, congresses;
- individual scholarships for studies or training courses;
- research,
- revolving funds.

However, any action may contain minor<sup>11</sup> components of the above. With regard to “revolving funds” the applicants must clearly demonstrate that there is a gap in existing financing mechanisms and describe the award criteria guaranteeing the security of the public investment. In addition for the end of the action a clear exit strategy must be proposed with regard to the revolving fund from which credits were provided. Any surplus generated by a revolving fund must be re-invested and cannot be distributed to members or stakeholders of the fund.

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<sup>11</sup> A component cannot be regarded as “minor” if it is the principal element of an action.



## **Themes**

*Attention is drawn to the fact that applications that do not clearly refer to at least one of the themes outlined below will not be considered. Proposed actions should have the potential to be relevant beyond a limited geographical area, and should therefore include provisions for dissemination of lessons and findings which are aimed at making the experience gained available to all potential target groups. Actions involving several countries (regional actions) and inter-regional actions will be preferred.*

# **A) Programme on Environment in Developing Countries**

*All actions funded under this heading must contribute to the overall objective of the programme – to support developing countries in their efforts to integrate the environmental dimension into their development process and must not be suitable for funding under any other Community funding mechanism.*

## **A1. Actions to support developing countries' participation in and implementation of Multilateral Environmental Agreements (MEAs)**

*Proposed actions should aim at helping developing countries to effectively participate in, contribute to, or foster the implementation of one or several of the following MEAs:*

- A1(a)** UNCCD (United Nations Convention on Combating Desertification),
- A1(b)** UNCBD (United Nations Convention on Biological Diversity),
- A1(c)** the various Chemicals Conventions and processes (to be specified in the application), and
- A1(d)** UNFCCC (United Nations Framework Convention on Climate Change; incl. the Kyoto protocol).
  - *With regard to the UNCBD, priority will be given to actions that support the implementation of the EU Biodiversity Action Plan for Development and Economic Co-operation<sup>12</sup> (COM 2001/162 final of 27 March 2001, Vol. 5, actions 6, 8, 10, 12, 13 or 17) and of the Biosafety protocol.*
  - *For the latter, only capacity building actions will be supported. In line with the recent decision VI/23 of the UNCBD Conference of the Parties on alien species that threaten ecosystems, habitats or species, the prevention, early detection, eradication and/or control of alien species will be addressed.*
  - *With regard to the UNFCCC, priority will be given to activities that support the implementation of the Action Plan contained in the Commission Communication on Climate Change in the Context of Development Co-operation (COM(2003)85).*

*Actions proposed under theme A1(a, b, c, or d) should address one or several of the following types of action:*

### **A1.1 Capacity building**

*Actions should support developing countries in their efforts to improve their capacities to participate in the international dialogue linked to the above-mentioned MEAs and to implement the agreements into their national legislation, policy and action, in particular with regard to their national development strategies.*

### **A1.2 Promoting the role of civil society**

*Actions should support the involvement of civil society in elaborating national positions with regard to the above-mentioned MEAs and their implementation. To this end activities should enhance the ability of civil society to carry out consultation, mobilisation and awareness raising activities aimed at influencing the political debate on these issues in developing countries affected by the respective MEAs.*

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<sup>12</sup>See Internet <http://europa.eu.int/eur-lex/en/com/pdf/2001/act0162en02/5.pdf>

### **A1.3 Pilot actions**

*Pilot actions must relate to the implementation of the above-mentioned MEAs. They may, for example, develop economic opportunities for rural populations based on the sustainable exploitation of natural resources other than forests. The pilot actions should be relevant beyond the specific local situation and have the potential to demonstrate the applicability of innovative approaches.*

### **A2. Follow-up to the World Summit for Sustainable Development, Johannesburg, 2002**

*In Johannesburg the European Union undertook to address several issues and initiatives have been taken in the field of energy and water. This budget line cannot by itself respond to the various commitments undertaken but proposed actions should contribute to*

- A2(a)** *developing tools to promote sustainable consumption and production patterns adapted to the needs and capacities of developing countries; or*
- A2(b)** *promoting the implementation of Rio Principle 10 (access to information, public participation and access to justice in relation to environment); or*
- A2(c)** *support measures facilitating trade of products that are sustainably produced in developing countries, taking due account of the Doha Development Agenda.*

## **B) Programme on Tropical Forests and other Forests in Developing Countries**

*Actions funded under this heading must clearly contribute to the overall objective of the programme – the conservation and sustainable management of forests in developing countries.*

### **B1. Good governance in forests**

*Actions proposed under this heading should aim to help developing countries improve governance of their forest resources. These actions will most likely have to take into account the wider socio-economic context in target countries, since many reforms to improve governance cannot be addressed by working in the forest sector alone.*

#### **B1.1 Illegal logging and its underlying causes**

*The EC has recently proposed an Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT <sup>13</sup>) and international activities are under way to address the issue on a regional scale. Many of the underlying causes of illegal logging are linked to matters of governance.*

*Proposals are therefore invited that aim to support developing countries in their efforts to prevent illegal logging. Priority will be given to actions that contribute to implementing the European Union's FLEGT action Plan.*

*Actions should address one or more of the following issues:*

- B1.1(a)** *gathering of information on the scale and impact of illegal logging;*
- B1.1(b)** *improving understanding of the links between illegal logging, forest destruction and conflict;*
- B1.1(c)** *developing practical methods for timber tracking and establishing and monitoring chain of custody and of timber certification systems;*
- B1.1(d)** *identifying and disseminating good practice in forest law enforcement;*
- B1.1(e)** *providing information on and options for improved policy and practice in wood-producing and/or wood-consuming countries, such as measures to address trade in illegally harvested timber and timber products;*

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<sup>13</sup> Communication from the Commission to the Council and the European Parliament. Forest law enforcement, governance and trade (FLEGT) proposal for an EU action plan (com (2003)251final of 21 may 2003). See Internet [http://europa.eu.int/eur-lex/en/com/cnc/2003/com2003\\_0251en01.pdf](http://europa.eu.int/eur-lex/en/com/cnc/2003/com2003_0251en01.pdf)

- B1.1(f)** *building the necessary capacity in developing countries to tackle illegal logging;*
- B1.1(g)** *examining and improving the legal and administrative structures relating to forests, particularly as regards zoning, spatial planning and land rights;*
- B1.1(h)** *other issues of importance in the illegal logging context (to be specified and explained).*

## **B1.2 Forest ownership**

*In many developing countries unclear ownership and access rights for forest resources are (potential) sources of conflict and do not support sustainable forest management. Proposed actions should therefore aim to support development and implementation of more equitable arrangements and policies for forestland tenure and access rights, with a view to increasing local control on forests and hence boosting the interest in long-term safeguarding of forest resources. Particular emphasis should be put on the role of local communities.*

## **B1.3 Sustainable forest management**

*As indicated under B1.2, local communities living close to forests play an important role in ensuring sustainability of forest resources. This implies that successful schemes must be developed with and for local people, taking due account of the specificity of each individual case. Proposed actions should increase the capacity of local communities to manage and utilise forests sustainably through community-based management.*

- B1.3(a)** *With the full participation of local people, management models should be developed and tested that facilitate sustainable community-based management of forests, based on the exploitation of both timber and non-timber forest products.*
- B1.3(b)** *Proposed actions should also contribute to the development of policy frameworks conducive to community forest management, concerning, for example, fiscal issues, decentralisation, revenue sharing mechanisms, or the marketing of forest products.*

## **B2. Climate change and forests in developing countries**

*Forests play an important role in the context of climate change, not least as a potential carbon sink, reservoir, or source of carbon emissions: A growing forest acts as a carbon sink, a mature forest acts as a carbon-reservoir, and carbon is released into the atmosphere if forests are burnt or degraded.*

*Forests can also play a role when it comes to decreasing the vulnerability of humans and biological systems to the adverse effects of climate change. This is known as climate change adaptation and is of particular relevance to vulnerable developing countries.*

### **B2.1 Clean Development Mechanism (CDM)**

*The Clean Development Mechanism (CDM) was established under the Kyoto Protocol<sup>14</sup> with the dual purpose of helping developing countries achieve sustainable development and assisting developed countries meet their commitments to reduce emissions of greenhouse gases (GHGs).*

*For developed countries, the CDM makes use of the fact that since climate change is a global phenomenon, it doesn't matter geographically where GHG reductions take place, as long as they do take place. Thus in practice, the CDM allows developed countries with GHG reduction targets to invest in GHG reduction actions (CDM actions) in developing countries. In doing so developed countries acquire Certified Emission Reductions (CERs), which can be used to partly meet their own emission reduction targets. For developing countries, the CDM is expected to be a good vehicle for the transfer of clean and modern technologies, which will contribute to their development efforts. Furthermore, the CDM provides an additional incentive for Foreign Direct Investment, as it is primarily to be driven by the private sector.*

*In the forest context, afforestation and reforestation are the two possibilities under the CDM. However, these activities will have an impact not only on the forest itself but also on the socio-*

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<sup>14</sup> Article 12 of the Kyoto Protocol.

*economic and wider physical/biological environment. Since such impacts may be both of a positive or negative nature it is important to assist developing countries in analysing and evaluating such impacts, as part of assistance to implement the CDM.*

*Proposed actions should*

- B2.1(a)** *aim at developing and testing methodologies to analyse and understand the potential positive and negative consequences (short- and long-term) of forest - related CDM-measures for land use and sustainable socio-economic development in general;*
- B2.1(b)** *strengthen in-country capacity to implement such methodologies and carry out appropriate analyses of the short- and long-term impact of CDM actions;*
- B2.1(c)** *assess the impact on management of existing forests arising from the use of afforestation and reforestation to offset carbon emissions under the CDM;*
- B2.1(d)** *look into the CDM capacity of sustainable management forest systems;*
- B2.1(e)** *address other issues required to support developing countries implement forest-related CDM measures (to be specified).*

### **B2.2 Forest and Climate Change adaptation**

*Climate change is often first recognisable by an increase of the frequency and intensity of extreme weather conditions, leading to floods, erosion, landslides, dryness, etc. Forests are known to be able to provide a certain degree of protection against such events.*

*Proposed actions should support the integration of climate change considerations into sustainable forest management practices and related policies. They should inter alia*

- B2.2(a)** *analyse the potential contribution of forests to climate change adaptation in developing countries,*
- B2.2(b)** *implement pilot actions,*
- B2.2(c)** *raise awareness.*

### **B3. Value of forests in developing countries**

*Forests yield a range of goods and services to both the formal and subsistence economies in developing countries. Many of these goods and services are under-valued or have no market value at all. Developing country governments thus fail to capitalise on the full range of benefits arising from their forest resources and land use and economic policies do not reflect the full value of the resource.*

*Proposed actions therefore should raise awareness of the total value of forests to developing countries, both within developing countries and the international donor community, and seek greater recognition for economic benefits derived from forests in Poverty Reduction Strategies and other similar planning processes.*

*Such activities may include:*

- B3(a)** *methodological and field work on indicators which better enable the multitude of goods and services offered by forests, in particular for the livelihood of the rural poor, to be taken into account in broader policies;*
- B3(b)** *capacity building to enable the development of economic incentives that better reflect the full value of forests as a provider of environmental services including bio-diversity conservation and the contribution of forests to the livelihoods of the rural poor;*
- B3(c)** *facilitation of participatory processes that allow the perspectives of different forest stakeholder groups to be developed and recognised;*
- B3(d)** *other (to be specified).*

#### 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 calculating the amount of a grant. These are detailed below. The budget of the proposal 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. Only travel and subsistence costs, and indirect costs may be based on lump sums.

The award of a grant is 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 EC to impose reductions.

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

##### Eligible direct costs

To be eligible costs must:

- be necessary for carrying out the action, be provided for in the contract template annexed to these Guidelines (annex E) and comply with the principles of sound financial management, in particular value for money and cost-effectiveness;
- be expected to actually be incurred by the Beneficiaries or their partners during the implementing period for the action, 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 partners' 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 costs 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 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 annually by the EC (See Annex D);
- the costs of purchasing or renting equipment (new or used), the costs of purchasing services, and the costs of renting offices or other infrastructures needed for the action, provided they correspond to market rates;
- the costs 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 costs of transfers and financial guarantees).

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

### 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 and its partners 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 not eligible if the Beneficiary receives in other respects an operating grant from the EC.

### Contributions in kind

Any contribution in kind made by the Beneficiary or the Beneficiary's partners, must be listed separately in the proposed budget (see annex B to these guidelines). In kind contributions do not represent actual expenditure and are not eligible costs. They may not be treated as co-financing by the Beneficiary.

However, the Beneficiary or the partner must undertake to make such contributions as stated in the application, should a grant be awarded.

## **2.2 HOW TO APPLY, AND THE PROCEDURES TO FOLLOW**

### *2.2.1 Application form and supporting documents*

Applications must be submitted on the application form annexed to these Guidelines (Annex A). Applicants should keep strictly to the application form and fill in the pages in order.

Applicants may apply in **English, French, or Spanish**.

It is essential to complete the application form carefully and as clearly as possible. The objectives of the action should be defined in sufficient detail and including verifiable indicators allowing measuring the degree to which they are realised. It is essential to explain clearly why and how reaching the objectives will contribute to the overall objectives of the programmes and the specific objectives defined in this call for proposals. The directly and indirectly targeted groups have to be identified and their direct and indirect benefit from the action must be shown.

Equally important in this context are the action outputs to be realised and their timetable. Particular effort should be given to the description of the activities (who is doing what,

when, and how). Milestones and indicators should be defined that will allow measuring the progress made. Risks that could prevent the execution of planned activities should be identified and measures to manage these risks be described.

A workplan (see application form in Annex A, point 1.9 “Duration and Action Plan”), a budget (see Annex B), and a Logical Framework (see Annex C) must be provided. Guidance in completing the Logical Framework can be found in the Project Cycle Management (PCM)-Manual, page 8ff, which is available at the following website: ([http://europa.eu.int/comm/europeaid/evaluation/methods/PCM\\_Manual\\_EN-march2001.pdf](http://europa.eu.int/comm/europeaid/evaluation/methods/PCM_Manual_EN-march2001.pdf))

**Hand-written applications will not be accepted.**

#### Supporting documents

Applications must be accompanied by the following supporting documents:

1. The articles of association of the applicant organisation and, where appropriate, of each partner organisation.
2. The applicant’s most recent annual report and accounts (the profit and loss account and the balance sheet for the previous financial year).
3. An external audit report produced by an approved auditor, certifying the accounts for the last financial 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 during which the proposed action is being carried out and, where appropriate, to participate in its funding.

**Incomplete applications will be rejected.**

#### *2.2.2 How and where to send the applications*

Applications, consisting of application form, budget, and the logical framework must be submitted in one original and 4 copies.

In addition the supporting documents requested must be supplied in the form of originals or photocopies certified as true by an authorised independent body. One additional copy of each document is requested. Where such documents are in a language other than the languages of the call for proposals, a faithful translation into the latter must be attached and will prevail for the purpose of interpreting the proposal.

All documents must be sent together in one 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 Cooperation Office, Unit F-6  
Attn. Ms Lidia RODRIGUEZ MARTINEZ  
Office: J-54 01/45  
B-1049 Brussels  
(BELGIUM)

Address for hand-delivery or delivery by express messenger service:

European Commission  
EuropeAid Cooperation Office Unit F-6  
Attn. Ms Lidia RODRIGUEZ MARTINEZ  
J54 – 01/45  
Central Mail Service  
Rue de Genève, 1-3-5  
B-1140 Brussels  
(BELGIUM)

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

The outer envelope must bear 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".

The application form, budget and logical framework must also be supplied in electronic format (virus-free floppy disc or CD-Rom, preferably MS WORD / MS EXCEL compatible, format in any case clearly indicated).

Applicants should verify that their application is complete by comparing it with the checklist included with the application form.

#### *2.2.3 Deadline for receipt of applications*

The deadline for the receipt of applications is **9 March 2004 at 16.00 h 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 courier service.

#### *2.2.4 Further information*

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

E-mail address: "[EuropeAid-ENVFOR@cec.eu.int](mailto:EuropeAid-ENVFOR@cec.eu.int)"

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://www.europa.eu.int/comm/europeaid/cgi/frame12.pl> (FAQ)



### 2.2.5 Acknowledgement of receipt

Following the proposal opening session, the EC 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 EC with the assistance of external assessors and according to the following criteria:

### (1) Administrative compliance

- Verification that the application is complete in accordance with the checklist.

### (2) Eligibility of the applicants, partners and actions

- Verification that the applicant, the partners, and the action are eligible according to the criteria set out in section 2.1.1, 2.1.2 and 2.1.3 of these guidelines. Non-eligible applications will be rejected.

### (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 below. There are two types of evaluation criteria: selection and award criteria.

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

- stable and sufficient sources of finance to maintain their activity throughout the period during which the action is being carried out and, where appropriate, to participate in its funding;
- 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 those actions that maximise the overall effectiveness of the call for proposals. The award criteria cover such aspects as:

- the relevance of the action, its consistency with the objectives of the call for proposals,
- the technical quality in terms of appropriateness of activities and methods,
- expected impact on direct and indirect target groups,
- sustainability of the action beyond the funding period with regard to the objectives of the program and in particular to the objectives of the call for proposals,
- cost-effectiveness in terms of overall input/output relationship and the overall contribution of the action to the development process.

The Selection Committee may balance the geographical repartition if several proposals are of comparable quality.

**Please note the following important information:**

**Scoring:**

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

**Note on Section 1: Financial and operational capacity**

A minimum score of 12 points for the entire section 1 must be obtained.

**Note on Section 2: Relevance**

A minimum score of 20 points for the entire section 2 must be obtained.

**Note on Section 3: Methodology**

A minimum score of 20 points should be reached for section 3.

**Evaluation Grid**

Section	Maximum Score	Application form
<b>1. Financial and operational capacity</b>	<b>20</b>	
1.1 Do the applicant and partners have sufficient <b>experience of project management</b> ?	5	II.4.1 and III.1
1.2 Do the applicant and partners have sufficient <b>technical expertise</b> ? (notably knowledge of the issues to be addressed.)	5	II.4.1 and III.1
1.3 Do the applicant and partners have sufficient <b>management capacity</b> ? (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 <b>finance</b> ?	5	II.4.2
<b>2. Relevance</b>	<b>25</b>	
2.1 How relevant is the proposal to the <b>objectives</b> and one or more of the <b>priorities/themes</b> of the call for proposals? Note: A score of 5 (very good) can only be allocated if the proposal specifically addresses at least <b>one priority</b> .	5	I.1.5 & I.1.6(a)(b)
2.2 How relevant to the particular <b>needs and constraints</b> 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, <b>target groups</b> )?	5	I.1.6(e)
2.4 Have the <b>needs</b> of the <b>target groups</b> 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 <b>added value</b> ? E.g. innovative approaches, models for good practice, promotion of gender equality and equal opportunities, environmental protection, regional co-operation, publications etc.?	5	Passim

<b>3. Methodology</b>	<b>30</b>	
3.1 Are the <b>activities</b> proposed appropriate, practical, and consistent with the objectives and expected results?	5	I.1.5 & 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 (risk) factors and anticipate an <b>evaluation</b> ?)	5	I.1.7 & I.1.8
3.3 Is the <b>partners' level of involvement and participation in the action</b> satisfactory? Note: If there are no partners the score will be <b>1</b> .	5	I.1.8(e)
3.4 Is the <b>target groups' and final beneficiaries' level of involvement and participation in the action</b> satisfactory?	5	I.1.8(e)
3.5 Is the <b>action plan</b> clear and feasible?	5	I.1.9
3.6 Does the proposal contain <b>objectively verifiable indicators</b> for the outcome of the action?	5	I.1.5 & Logframe
<b>4. Sustainability</b>		
4.1 Is the action likely to have a (tangible/measurable) <b>impact</b> on its target groups?	5	I.2.1
4.2 Is the proposal likely to have <b>multiplier effects</b> ? (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 <b>sustainable</b> : - financially ( <i>how will the activities be financed when the grant ends?</i> ) - institutionally ( <i>will structures allow 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 structural impact will the action have - e.g. will it lead to improved legislation, codes of conduct, methods, etc.</i> )?	5	I.2.4
<b>5. Budget and cost-effectiveness</b>		
5.1 Is the ratio between the estimated costs and the expected results satisfactory?	5	I.2. & I.3
5.2 Is the proposed expenditure <b>necessary</b> for the implementation of the action?	5	I.1.7 & I.3
<b>Maximum total score</b>	<b>100</b>	

## 2.4 NOTIFICATION OF THE EC'S DECISION

Applicants will be informed in writing of the EC'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 was not eligible;
- the action was ineligible (e.g. the action proposed is not covered by the topics included in this call for proposals, the proposal exceeds the maximum duration allowed, the requested contribution is higher than the maximum allowed or lower than the minimum allowed, etc);

- the proposed action was not relevant enough, the applicant's financial and operational capacity was not sufficient;
- the proposal was technically (methodology & sustainability) and/ or financially (budget) inferior to the proposals selected;

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

The date on which the EC plans to announce the decision following the completion of the award procedure is August 2004 — this date is indicative only.

## **2.5 CONDITIONS APPLICABLE TO IMPLEMENTATION OF THE ACTION FOLLOWING THE EC'S DECISION TO AWARD A GRANT**

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

If the successful applicant is an international organisation, the model Contribution Agreement with an international organisation or any other contract template agreed between the international organisation concerned and the EC will be used instead of the standard grant contract.

Templates for the various standard contracts can be found on the following website:  
[http://europa.eu.int/comm/europeaid/tender/gestion/cont\\_typ/index\\_en.htm](http://europa.eu.int/comm/europeaid/tender/gestion/cont_typ/index_en.htm)

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## **3. LIST OF ANNEXES**

**ANNEX A: GRANT APPLICATION FORM (WORD FORMAT) to be filled in**

**ANNEX B: BUDGET (EXCEL FORMAT) to be filled in**

**ANNEX C: LOGICAL FRAMEWORK (EXCEL FORMAT) to be filled in**

ANNEX D: DAILY ALLOWANCE RATES (PER DIEMS) FOR THE CURRENT YEAR (WORD FORMAT) for information; Updates see Internet [http://europa.eu.int/comm/europeaid/perdiem/index\\_en.htm](http://europa.eu.int/comm/europeaid/perdiem/index_en.htm)

ANNEX E: STANDARD CONTRACT (WORD FORMAT) INCLUDING THE GENERAL CONDITIONS (ANNEX II) FOR INFORMATION

[http://europa.eu.int/comm/europeaid/tender/gestion/cont\\_typ/index\\_en.htm](http://europa.eu.int/comm/europeaid/tender/gestion/cont_typ/index_en.htm)

ANNEX F: LIST OF ELIGIBLE DEVELOPING COUNTRIES (FOR INFORMATION)