



**Contracting Authority: European Union represented by
the European Commission**

**Civil Society Organisations in Development
Actions in partner countries (India)**

Water for good health and sustainable livelihood

Restricted Call for Proposals 2010

Guidelines for grant applicants

Budget line 21.03.01

Reference: EuropeAid/130-166/L/ACT/TPS

Deadline for submission of the Concept Notes: 16.08.2010

Notice

This is a restricted Call for Proposals. In the first instance, only Concept Notes must be submitted for evaluation. Thereafter, applicants whose Concept Notes have been pre-selected will be invited to submit a Full Application Form. Further to the evaluation of the Full Applications, an eligibility check will be performed for those which are provisionally selected. This check will be undertaken on the basis of the supporting documents requested by the European Union, the signed "Declaration by the Applicant" sent together with the Concept Note and the second Declaration sent together with the Full Application.

All Internet links in the present document are valid at the time of publication of this Call for Proposals. Nevertheless, they may be subject to changes at a later stage.

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1. PROGRAMME

1.1 BACKGROUND

The European Union (EU) has a long-standing relationship and cooperation with civil society organisations as well as with local and decentralised authorities in the field of development. It is part of the EU's commitment to fight poverty, to promote the rule of law and to adhere to fundamental freedoms set out in **Article 21 of the Treaty on the European Union**.

Regulation (EC) n° 1905/2006¹ of the European Parliament and of the Council (OJ L 378, 27 December 2006), establishing a financing instrument for development cooperation, and more specifically its article 14 constitute the **legal basis for the thematic programme "Non-State Actors and Local Authorities in Development"**.

The overarching objective of the programme is **poverty reduction** in the context of sustainable development, including the pursuit of the Millennium Development Goals and other internationally agreed targets. The specific objective of this "actor-oriented" programme is to support "own initiatives" of Civil Society Organisations and strengthen their capacities to promote an inclusive and empowered society in partner countries, in close cooperation with local authorities, local communities and most vulnerable population groups. Besides, thematic programmes should **"add value to, be additional to and coherent with, actions funded under geographic programmes"**.

In the context of India "**geographic programme**" refers to bilateral funding agreed upon in the India Country Strategy Paper 2007-2013² which focus on social sector programmes of the Government of India, i.e. the Sarva Shiksha Abhiyan and the National Rural Health Mission. The EU State Partnership Programme with Rajasthan, programmed and still ongoing from the Country Strategy Paper 2002-2006, addresses the state's **water sector reforms** leading to sustainable and integrated water resources management, and in selected districts and blocks in Rajasthan it gives support to the Panchayati Raj Institutions (PRIs) in executing their responsibility on water related matters. The projects under this call must be coherent and complementary to the India bilateral programmes.

The **Eleventh Five-Year Plan** (2007-2012)³ of the Government of India is a key guiding document, which aims at ensuring not just economic growth but "inclusive growth". It acknowledges in particular that "far too many people still lack access to basic services such as health, education, clean drinking water and sanitation facilities". It also acknowledges that "Civil Society Organisations have gained strength and are trying new experiments to reach the unreached, often in partnership with PRIs". Other fundamental aspirations of the Plan are to "reduce disparities across regions and communities", in particular in "backward districts". Besides, the Plan highlights "quality service delivery", "focusing on outcomes" and "accountability" as key prerequisites for the successful implementation of the various schemes of the Plan.

¹ Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:378:0041:0071:EN:PDF>
See also the "Non-State Actors and Local Authorities in Development" Strategy Paper 2007–2010 at: http://ec.europa.eu/europeaid/what/civil-society/documents/nsa_la_strategy_paper_2007_2010_en.pdf

² Available at: http://ec.europa.eu/external_relations/india/csp/07_13_en.pdf

³ http://planningcommission.gov.in/plans/planrel/fiveyr/11th/11_v1/11th_voll.pdf

1.2 OBJECTIVES AND PRIORITY ISSUES OF THIS CALL FOR PROPOSALS

Water is a prime natural resource and access to water is a basic human need. Availability of water across India is highly uneven in both space and time, with precipitation limited to about 3 - 4 months in a year and variation from 100 mm in the western parts of Rajasthan to over 10000 mm in Meghalaya in the North East. Increasingly, water is becoming a scarce and precious resource to be planned, developed, conserved and managed in an integrated and environmentally sound way, keeping in mind the socio-economic needs of communities.

There is a strong link between water and poverty. Water plays an important role in supporting livelihoods by means of health (access to clean drinking water and sanitation), economic (production and income) and environmental (climate change, pollution, loss of bio-diversity) benefits. Inadequate sanitation, unsafe hygienic behaviour and poor health caused by poor water quality are both symptoms and causes of poverty. Water, in addition to its usage for domestic and human consumption, is also equally important for growing food. The estimated allocation to the agricultural sector which is considered to be the largest water consuming sector, is approximately 92% of the country's usable water reserves. Growing population pressures, increasing urbanisation and industrial development have led to higher pollution, over-exploitation and a degradation of the water resources in India. The increasing resource degradation problems such as groundwater depletion, water logging, salinity and land degradation, can be attributed to the challenges of meeting the food requirements of the country, and thereby exacerbate poverty.

Convergence of various programmes and schemes on water has been one of the greatest challenges e.g. water and sanitation programmes have operated largely in isolation from livelihood programmes. There is a need to bridge the gap that exists between irrigation use and water & sanitation sectors, so that water will be used in a more efficient and sustainable manner to reduce disease and poverty.

There is a need to optimize the use and distribution of water supplies to meet the needs of all users. The growing gap between availability and requirement of water necessitate switching from **supply-driven** to **demand-driven** approach to water management. This not only ensures community participation and ownership, but also empowers community in a decision making role to take control over water assets.

Water issues need to be discussed and resolved at a decentralized level. In India, water is a state subject and so are the aspects of environmental and irrigation management of the water resources. With the 73rd and 74th Constitutional amendments, the States have the authority to give the responsibility of local supply of water to PRIs and Urban Local Bodies (ULBs). At a macro level, the Government of India addresses this through its National Water Policy of 2002 and the National Water Mission under the National Action Plan on Climate Change (draft mission document of April 2009, still to be adopted).

FOCUS OF THIS CALL FOR PROPOSALS

The overall objective of this call is to promote integrated water management as a vital element for **poverty reduction and sustainable economic development**. This objective is in line with the National Water Policy which envisages that the water resources of the country should be developed and managed in an integrated manner.

The specific objectives of this call are to i) promote **water conservation**, ii) increase **water use efficiency** in agriculture and allied activities to enhance the income of the poor, and iii) promote **clean drinking water and sanitation** to reduce waterborne diseases and to help prevent malnutrition.

Priority will be given to projects which offer an **integrated approach to managing the water resources** within rural communities, suggesting a participatory community management strategy on water resources, and tackle both health issues as well as livelihood needs of the community.

In view of the relative limited resources made available under this call, the aim is to support **pilot projects** on water resources management in a community which can demonstrate solutions which use traditional practices as well as environmentally sound low cost new technology. In that context special attention should be paid to solutions which can be implemented by the community itself, eventually involving a component of skills training in the suggested techniques and technologies.

POTENTIAL STRATEGIES WHICH COULD BE PROMOTED

- Promote eco-friendly low cost technologies to conserve water such as green technologies for drinking water, eco-friendly sanitation system, use of solar energy, rain water harvesting mechanisms etc;
- Promote skills training in repair and maintenance of water technologies; communities, civil society, technology providers can form social enterprise for delivery of water services;
- Promote conservation of water resources to enhance percolation of rainwater, groundwater recharge, sub-surface moisture on farmland, and availability of drinking water for domestic use and for cattle;
- Promote most promising agricultural water management technologies and use of NRM practices such as diversified crops, improved seed varieties, planned water distribution systems, soil conservation etc., to economise the water resources;
- Foster optimum efficiency in utilisation of water for all diverse purposes and create awareness of water as a scarce resource;
- Promote conservation consciousness through awareness, regulation, incentives and disincentives;
- Build capacity of village development committees / water-user committees / village health and sanitation committees and link their work to the village panchayats (PRI) aiming to achieve self-governance and enhanced access to entitlements from government schemes (MGNREGS, drinking water programmes, total sanitation programmes, and other).

DESIRABLE CHARACTERISTICS IN PROPOSALS

Women have primary responsibility for management of household water supply, sanitation and health. Because of their dependence on water resources, women have accumulated considerable knowledge about water resources, including location, quality and storage methods. Therefore, women centered actions should be promoted, **involving women actively** in the solution finding to water issues.

In line with the Constitution (73rd Amendment) Act of 1992 the **Panchayati Raj Institutions** at the Village, Intermediate and the District levels as well as Municipalities constitute the backbone of local governance and any action must relate to their functions and involve them actively the PRIs.

The intervention should focus on processes such as **mainstreaming with government schemes**. As an overarching principle, they should support and strengthen services which are either explicitly complementary to or integrated into relevant government schemes and services. Innovative ideas in leveraging the government schemes will be an additional asset.

PRIORITY POPULATION GROUPS AND GEOGRAPHICAL LOCATIONS

Poor, vulnerable, marginalised and/or socially excluded population groups are relevant to this call. Within these populations those suffering the highest levels of poverty and socio-economic exclusion are priority targets.

In terms of geographical focus, this call for proposals proposes to use the 2009-2010 list of Backward Districts of the Backward Regions Grants Fund (BRGF) published on the website of the Ministry of Panchayati Raj, Government of India⁴. Intervention can take place in any of the districts on the list. There is no State restriction.

4 <http://brgf.gov.in>

PRIORITY CROSS-CUTTING THEME

The key priority cross-cutting theme of this call is **gender**. Fighting gender-based discrimination related to safe drinking water and sanitation, as well as health and livelihood should be addressed by the project strategies and tracked through gender-disaggregated data to demonstrate progress or recurrent challenges.

Additional **cross-cutting issues** contributing to the achievement of the global objective of poverty reduction are: promotion of human rights, democracy, good governance, the rights of children and indigenous peoples' rights, environmental sustainability and combating HIV/AIDS. **Wherever relevant**, actions have to clearly demonstrate how these issues have and will be taken into account in their design, implementation and monitoring. At the same time, principles such as empowerment, participation, non-discrimination of vulnerable groups and accountability must also be adequately taken into account.

All actions should be based on an **initiative of local partners** and should ensure their involvement during all stages of the implementation of the action. Actions proposed by organisations originating from the European Union must be based on an established and effective partnership with local organisations in India. Thus, both European and Indian organisations can apply under this call. Partnerships are encouraged and in order to maximise the contribution of both the main applicant and partner/s, a clear description per organisation of its role, contribution to the project implementation and value addition is requested.

All Indian registered organisations, main applicant and partners, must comply with the Indian legislation for civil society non-profit organisations, as well as registration under the Foreign Contribution (Regulation) Act 1976.

1.3 FINANCIAL ALLOCATION PROVIDED BY THE EUROPEAN COMMISSION

The overall indicative amount made available under this call for proposals from the 2010 budget is EUR 4,000,000 (subject to the decision of the Budgetary Authority and the subsequent approval of the 2010 action plan by the European Commission) plus an additional amount of EUR 348,905 from the 2009 budget.

The European Union reserves the right not to award all available funds. Equally, these amounts could be increased should more funds become available.

Where the financial envelopes indicated above cannot be used due to insufficient quality or number of proposals received, the European Union reserves the right to reallocate the remaining funds to another geographic area or to fund other components of the thematic programme "Non-State Actors and Local Authorities in Development".

Size of grants

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

- minimum amount: EUR 500,000
- maximum amount: EUR 1,000,000

A grant may not be for less than **50%** of the total eligible costs of the action.

For proposals submitted by civil society organisations from India the grant may not exceed **90%** of the total eligible costs of the action; for proposals submitted by European civil society organisations, the grant may not exceed **75%** of the total eligible costs of the actions (see also section 2.1.4). The balance (i.e. the difference between the total cost of the action and the amount requested from the EU) must be financed from the applicant's or partners' own resources, or from sources other than the European Union budget.

2. RULES FOR THIS CALL FOR PROPOSALS

These guidelines set out the rules for the submission, selection and implementation of actions financed under this call, in conformity with the provisions of the Practical Guide to contract procedures for EU external actions.

The majority of terms used in the present guidelines are explained in the Glossary to the Practical Guide to contract procedures for EU external actions.

The aforementioned Practical Guide and the Glossary can be consulted at the following Internet address: http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

In addition to the Glossary, the following definitions apply to the present guidelines:

Partnership	the grouping of organisations i.e. the main applicant and its partners for the purpose of implementing the proposed action
Applicant	the lead organisation within the partnership, responsible for submitting the application
Partner	member organisation of the partnership other than the applicant
Associate	organisation that plays an active role in the action but which cannot benefit from funding under the grant
Subcontractor	organisation identified and contracted by the beneficiary or its partner(s) in accordance with the appropriate procedures in order to execute specific tasks in implementing the action

2.1 ELIGIBILITY CRITERIA⁵

There are three sets of eligibility criteria, relating to:

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

2.1.1 Eligibility of applicants: who may apply?

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

- be legal persons **and**
- be non profit making **and**
- be nationals⁶ of a Member State of the European Union or of India **and**

⁵ Please note that **additional eligibility criteria and conditions will apply for actions in the field of microfinance**. There are specific requirements with regard to the applicant and the partner in the field as well as with regard to the types of action which can be funded under this programme. Please refer to annex H which regroups all additional criteria for actions in the field of microfinance.

- be Non-State Actors⁷ constituted in accordance with the legislation in force in the country concerned. NSA must have been registered for at least five years at the time of the submission of an application **and**
- be directly responsible for the preparation and management of the action with their partners, not acting as an intermediary **and**
- be able to demonstrate that they have regularly carried out activities in the field of development of the kind covered by this programme at least during the last three years at the time of the submission of an application.

(2) Potential applicants may not participate in calls for proposals or be awarded grants if they are in any of the situations which are listed in Section 2.3.3 of the Practical Guide to contract procedures for EC external actions (available at the address indicated at the beginning of section 2).

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

2.1.2 Partnerships and eligibility of partners

Partnerships:

All actions must be based on an initiative of local organisations (NSA) in India and should ensure their involvement during all stages of the implementation of the action.

For actions presented by a European NSA, partnership with local actors (NSA) in India is obligatory. Projects must respond to an initiative from at least one of these local partners.

Apart from these requirements, it is understood that more than one European partner (NSA) may participate in any given action. Equally, there may be more than one partner organisation (NSA) in India.

Eligibility of partners:

⁶ For NSA, the nationality is determined on the basis of the organisation’s statutes which should demonstrate that it has been established by an instrument governed by the law of the country concerned. In this respect, any legal entity whose statutes have been established in another country cannot be considered an eligible organisation, even if it is registered locally or accompanied by a “Memorandum of Understanding”.

⁷ Non-State Actors include: non governmental organisations, organisations representing indigenous peoples, organisations representing national and/or ethnic minorities, local traders' associations and citizens' groups, cooperatives, trade unions, organisations representing economic and social interests, organisations fighting corruption and fraud and promoting good governance, civil rights organisations and organisations combating discrimination, local organisations (including networks) involved in decentralised regional cooperation and integration, consumer organisations, women's and youth organisations, teaching, cultural, research and scientific organisations, universities, churches and religious associations and communities, the media and any non governmental associations and independent foundations, including independent political foundations.

Applicants' partners participate in designing and implementing the action, and the costs they incur are eligible in the same way as those incurred by the grant Beneficiary. **Non-State Actors**⁸ must therefore satisfy the same eligibility criteria as applicants.

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

- Associates

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

- Subcontractors

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

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

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

Definition:

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

Duration:

The initial planned duration of an action may not be lower than 48 nor exceed 60 months.

Sectors or themes:

See section 1.2 of the present Guidelines (Objectives and priority issues of this Call for Proposals).

Location:

Actions must take place in India.

Visibility:

Applications should include a communication and visibility plan, both in the Full Application and the budget, in line with the Communication and Visibility Manual for EU External Actions:

http://ec.europa.eu/europeaid/work/visibility/index_en.htm

Monitoring and Evaluation:

Applications should include appropriate measures and resources for monitoring the proposed action and to carry out external evaluation(s).

⁸ Exceptionally and when duly justified, entities based in the partner country concerned which do not have legal personality under the applicable national law may be considered eligible to participate in the Action as partner organisation, provided that the representatives of these entities have the capacity to undertake legal obligations on their behalf and assume financial liability.

Sub-granting

In order to **support the achievement of the objectives of the Action**, and in particular where the **implementation of the Action proposed by the Applicant requires financial support to be given to third parties**, the Applicant **may** propose awarding sub-grants. However, sub-granting may not be the main purpose of the Action and it must be duly justified.

In case where the Applicant foresees to award sub-grants, it has to specify in its application the total amount of the grant which may be used for awarding sub-grants as well as the minimum and maximum amount per sub-grant a list with the types of activity which may be eligible for sub-grants must be included in the application, together with the criteria for the selection of the beneficiaries of these sub-grants. The maximum amount of a sub-grant is limited to EUR 10.000 per third party while the total amount which can be awarded as sub-grants to third parties is limited to EUR 100.000.

Microfinance / Revolving Funds for microcredit initiatives

As pointed out under section 2.1, footnote 3, additional eligibility criteria and conditions apply to actions in the field of microfinance which can be found in annex H. Please read these criteria carefully and make sure that the application contains all relevant supplementary information and documents in order to allow for an easy assessment of the eligibility of the applicant, its partner(s) and the action as well as of the technical quality of the proposal.

With regard to microcredit initiatives including Revolving Funds please note that an end-of-project strategy must be presented (see the last paragraph on the second page of annex H).

The following types of action are ineligible:

- actions concerned only or mainly with individual sponsorships for participation in workshops, seminars, conferences, congresses;
- one-off conferences: conferences can only be funded if they form part of a wider range of activities to be implemented in the life-time of the action. For these purposes, preparatory activities for a conference and the publication of the proceedings of the conference do not, in themselves, constitute such "wider activities";
- actions concerned only or mainly with individual scholarships for studies or training courses;
- actions which consist exclusively or primarily in capital expenditure, e.g. land, buildings, equipment and vehicles, except in special circumstances;
- actions which discriminate against individuals or groups of people on grounds of their gender, sexual orientation, religious beliefs or lack of them, or their ethnic origin;
- actions supporting political parties;
- actions which include proselytism.

Number of proposals per applicant

The applicant may not submit more than one application under this call. There is no restriction with regard to the number of proposals in which a given actor (NSA) may participate as partner organisation.

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

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

Recommendations to award a grant are always subject to the condition that the checking process which precedes the signing of the contract does not reveal problems requiring changes to the budget (for instance arithmetical errors, inaccuracies or unrealistic costs and other ineligible costs). The checks may give rise to requests for clarification and may lead the Contracting Authority to impose modifications or reductions to address such mistakes or inaccuracies. The amount of the grant and the percentage of co-financing as a result of these corrections may not be increased. It is therefore in the applicant's interest to provide a **realistic and cost-effective budget**.

Eligible direct costs

To be eligible under the call for proposals, costs must respect the provisions of article 14 of the General Conditions to the Standard Grant Contract (see Annex F).

Contingency reserve

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

Eligible indirect costs (overheads)

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

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

Ineligible costs

The following costs are not eligible:

- debts and provisions for losses or debts;
- interest owed;
- items already financed in another framework;
- purchases of land or buildings, except where necessary for the direct implementation of the action, in which case ownership must be transferred to the final beneficiaries and/or local partners⁹, at the latest by the end of the action;
- currency exchange losses;
- taxes, including VAT, unless the Beneficiary (or the Beneficiary's partners) cannot reclaim them and the applicable regulations do not forbid coverage of taxes.

Contributions in kind

Contributions in kind are not considered actual expenditure and are not eligible costs. The contributions in kind may not be treated as co-financing by the Beneficiary. However, contributions in kind is encouraged as a methodology to engage and involve the target populations to sustain project interventions.

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

⁹ For Actions presented by NSA from a partner country and if duly justified, this obligation can be waived.

2.2 HOW TO APPLY AND THE PROCEDURES TO FOLLOW

This is a restricted Call for Proposals. **In the first instance, only Concept Notes must be submitted for evaluation.** Thereafter, applicants whose Concept Notes have been pre-selected will be invited to submit a Full Application Form.

Phase 1, The concept note

Registration in PADOR (Potential Applicant Data On-Line Registration)¹⁰ is obligatory for the applicants of grants.

Phase 2, The full proposal

Registration in PADOR is obligatory for all pre-selected applicants and all their partners.

PADOR is an on-line database in which organisations register themselves and update regularly their data, through the EuropeAid website: http://ec.europa.eu/europeaid/work/onlineservices/pador/index_en.htm

Before starting the registration of your organisation in PADOR, please read the "Quick guide" available on the website. It explains the registration process.

You have to indicate on the paper version of the proposal the EuropeAid ID (EID). To get this identification, your organisation must register, save and "sign" (committing your responsibility) in PADOR obligatory data (on each screen the fields written in orange) and the related documents (see section 2.4).

Notwithstanding the above, the applicant can submit a request for derogation concerning its registration in PADOR. A reasoned request for derogation should be sent to the Contracting Authority at the address as indicated in these Guidelines 21 days before the deadline for submission at the latest. The Contracting Authority needs to reply at the latest 11 days before the deadline for the submission. The justification for a derogation must be based on the objective impossibility of the applicant to have access to the technology required to register in PADOR. This objective impossibility should go beyond the control of the applicant and, in principle, be of a general nature (i.e. not attributable to the specific circumstances of the applicant itself). The applicant should provide, where possible, supporting documents substantiating its request. The Contracting Authority shall reason its reply. The derogation applies to the applicant requesting the derogation and only in the context of a specific call for proposals, unless the Contracting Authority see grounds for a general derogation for that call for proposals. In this case, data will be introduced in PADOR by the European Commission. If, at a later stage, the organisation wishes to update itself its data, an access request is needed.

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

2.2.1 *Concept Note content*

Applications must be submitted in accordance with the guidance on the Concept Note in the Grant Application Form annexed to these Guidelines (Annex A, Part A) taking care to use the correct application documents for this Call (to be downloaded from the EuropeAid website at <https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome>. Any Concept Note using the format relating to any other Call may be rejected.

Concept Notes must be submitted in English.

¹⁰ http://ec.europa.eu/europeaid/work/onlineservices/pador/index_en.htm

In the Concept Note, the applicants must only provide an estimate of the total eligible costs of the action together with the amount of contribution and percentage requested from the Contracting Authority. Only the applicants invited to submit a full proposal in the second phase will be required to present a detailed budget. This detailed budget may not vary from the initial estimate by more than 20%. The applicant is free to adapt the percentage of co-financing required as long as it does not exceed the maximum percentage of co-financing and as long as the minimum and maximum amount of co-financing, as laid down in the present Guidelines, is respected (see section 1.3).

Any error or major discrepancy related to the points listed in the guidance on the Concept Note may lead to the rejection of the Concept Note.

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

Hand-written Concept Notes will not be accepted.

Please note that only the Concept Note form will be evaluated. It is therefore of utmost importance that this document contain ALL relevant information concerning the action. No additional annexes should be sent.

2.2.2 Where and how to send Concept Notes

The Concept note together with the Checklist for the Concept Note (Part A section II of the grant application form) and the Declaration by the applicant for the Concept Note (Part A section III of the grant application form) must be submitted in one original in A4 size, bound.

Concept Notes must be submitted as well in electronic format (CD-Rom). The electronic format must contain **exactly the same** application as the paper version enclosed.

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

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

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

Postal address

Delegation of the European Union to India
Finance, Contracts and Audit Section
65 Golf Links
110003 New Delhi, India

Address for hand delivery or for delivery by courier service

Delegation of the European Union to India
Finance, Contracts and Audit Section
65 Golf Links
110003 New Delhi, India

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

Applicants must verify that their Concept Note is complete using the Checklist for Concept Note (Part A section II of the grant application form). Incomplete Concept Notes may be rejected.

2.2.3 Deadline for submission of the Concept Notes

The deadline for the submission of Concept Notes is **16.8.2010** (date at place of dispatch) as evidenced by the postmark or the date of the deposit slip. In case of hand-deliveries, the deadline for receipt is **16.8.2010 at 16:00 hours** (New Delhi date and time), as evidenced by the Contracting Authority's signed and dated acknowledgement of receipt.

Any Concept Note sent after the deadline or, in case of hand-deliveries, received after the stipulated time will be rejected.

Any Concept Note received by the Contracting Authority on or after the effective date of completion of the evaluation of the Concept Notes will be treated as having been submitted after the deadline and, therefore, rejected.

The applicant is solely responsible for the choice of means of expedition amongst those indicated in section 2.2.2 and for following-up the delivery.

2.2.4 Further information for Concept Notes

Questions concerning this Call for Proposals (except those related to registration in PADOR) may be sent by e-mail no later than 21 days before the deadline for the submission of Concept Notes to the below address, indicating clearly the reference of the Call for Proposals:

E-mail address: NSA-INDIA@ec.europa.eu

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

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

Questions that may be relevant to other applicants, together with the answers as well as other important notices to applicants during the course of the evaluation procedure, may be published on the internet at the EuropeAid web site

<https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome>

as the need arises. It is therefore highly recommended to regularly consult the abovementioned website in order to be informed of the questions and answers published.

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

2.2.5 Full Application Form

Applicants invited to submit a full application form following the pre-selection of the Concept Note must do so by using the Part B of the application form annexed to these Guidelines (Annex A). Applicants should keep strictly to the format of the application form and fill in the paragraphs and the pages in order.

The elements contained in the concept note cannot be modified in the full application form. The detailed budget (please provide budget without decimals) may not vary from the initial estimate by more than 20%, while the applicant is free to adapt the percentage of co-financing required as far as the minimum and maximum amount of co-financing, as laid down in this application form, is respected.

Applicants must submit their applications in the same language as their concept note.

Please complete the full application form carefully and as clearly as possible so that it can be assessed properly.

Any error related to the points listed in the Checklist (Part B, Section V of the Grant Application form) or any major inconsistency in the full application form (e.g. the amounts mentioned in the budget are inconsistent with those mentioned in the full application form) may lead to the rejection of the application.

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

Hand-written applications will not be accepted.

Please note that only the full application form and the published annexes which have to be filled in (budget, logical framework) will be transmitted to the evaluators and assessors. It is therefore of utmost importance that these documents contain ALL relevant information concerning the action. **No supplementary annexes should be sent.**

2.2.6 Where and how to send the Full Application Form

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

Postal address

Delegation of the European Union to India
Finance, Contracts and Audit Section
65 Golf Links
110003 New Delhi, India

Address for hand delivery and for delivery by courier service

Delegation of the European Union to India
Finance, Contracts and Audit Section
65 Golf Links
110003 New Delhi, India

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

Applications must be submitted in one original in A4 size, bound. The full application form, budget and logical framework must also be supplied in electronic format (CD-Rom) in a separate and unique file (e.g. the full application form must not be split into several different files). The electronic format must contain **exactly the same** application as the paper version.

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

The outer envelope must bear the **reference number and the title of the call for proposals**, together with the number and title of the lot the full name and address of the applicant, and the words "Not to be opened before the opening session".

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

2.2.7 Deadline for submission of the Full Application Form

The deadline for the submission of applications will be indicated in the letter sent to the applicants whose application has been preselected.

However, for reasons of administrative efficiency, the Contracting Authority may reject any application received after the effective date of approval of evaluation report for full applications (see indicative calendar under section 2.5.2)

2.2.8 Further information for Applicants

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

E-mail address: NSA-INDIA@ec.europa.eu

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

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

Questions that may be relevant to other applicants, together with the answers, will be published on the internet at website

<https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome>

It is therefore highly recommended to regularly consult the abovementioned website in order to be informed of the questions and answers published.

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

2.3 EVALUATION AND SELECTION OF APPLICATIONS

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

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

(1) STEP 1: OPENING SESSION AND ADMINISTRATIVE CHECK OF THE CONCEPT NOTE

The following will be assessed:

- The deadline has been respected. If the deadline has not been respected the Concept Note will automatically be rejected
- The Concept Note satisfies all the criteria mentioned in the Checklist (section II of part A of the Grant Application Form). If any of the requested information is missing or is incorrect, the proposal may be rejected on that sole basis and the proposal will not be evaluated further.

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

(2) STEP 2: EVALUATION OF THE CONCEPT NOTE

The evaluation of the Concept Notes that have passed the first administrative check will cover the relevance of the action, its merits and effectiveness, its viability and sustainability. The Contracting Authority reserves the right not to undertake the evaluation of the Concept Notes whenever considered justified (for example when fewer than the expected number of proposals are received) and to directly send invitations to the applicants to submit a full proposal.

The scores awarded to the Concept Note are completely separate from those given to the Full Application.

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

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

	Scores	
1. Relevance of the action	Sub-score	15
1.1 Relevance of the action to needs and constraints of the countries/region to be addressed in general, and to those of the target groups and final beneficiaries in particular.	5	
1.2 Relevance to the objectives and priorities of this Call for Proposals. Note: A score of 5 (very good) will only be allocated if the action takes place, at least partly, in LDCs not covered by an in-country intervention (see point 1.2 of the present Guidelines)	5(x2)*	
2. Effectiveness and Feasibility of the action	Sub-score	25
2.1 Assessment of the problem identification and analysis	5	
2.2 Assessment of the proposed activities (practicality and consistency in relation to the objectives, purpose and expected results).	5(x2)*	
2.3 Assessment of the role and involvement of all stakeholders and proposed partners.	5(x2)*	
3. Sustainability of the action	Sub-score	10
3.1 Assessment of the identification of the main assumptions and risks, before the start up and throughout the implementation period.	5	
3.2 Assessment of the identification of long-term sustainable impact on the target groups and final beneficiaries.	5	
TOTAL SCORE		50

* the scores are multiplied by 2 because of their importance

Once all Concept Notes have been assessed, a list will be established with the proposed actions ranked according to their total score, taking into account the indicative financial envelopes foreseen (by geographic area – see point 1.3.)

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

Secondly, the list of Concept Notes will be reduced in accordance with the ranking to those whose sum of requested contributions amounts to at least two times the available budget for this Call for Proposals, taking into account the indicative financial envelopes foreseen. Applicants whose proposals have been pre-selected will subsequently be invited to submit Full Application Forms.

(3) STEP 3: OPENING SESSION AND ADMINISTRATIVE CHECK OF THE FULL APPLICATION FORM

The following will be assessed:

- The deadline has been respected. If the deadline has not been respected the proposal will be rejected.
- The Full Application Form satisfies all the criteria mentioned in the Checklist (Section V. of part B of the Grant Application Form). If any of the requested information is missing or is incorrect, the proposal may be rejected on that sole basis and the proposal will not be evaluated further.

Following the opening session and the administrative check, the Contracting Authority will send a letter to all applicants, indicating whether their application was submitted prior to the deadline, whether their application has satisfied all the criteria mentioned in the checklist and whether their application has been recommended for evaluation.

(4) STEP 4: EVALUATION OF THE FULL APPLICATION FORM

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

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

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

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

Scoring:

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

Evaluation Grid

Section	Maximum Score
1. Financial and operational capacity	20
1.1 Do the applicant and partners have sufficient experience of project management ?	5
1.2 Do the applicant and partners have sufficient technical expertise (notably knowledge of the issues to be addressed)?	5
1.3 Do the applicant and partners have sufficient management capacity (including staff, equipment and ability to handle the budget for the action)?	5
1.4 Does the applicant have stable and sufficient sources of finance ?	5
2. Relevance	25
2.1 How relevant is the proposal to the objectives and to one or more priorities of the call for proposals? Note: A score of 5 (very good) will only be allocated if the action takes place, at least partly, in LDCs not covered by an in-country intervention (see point 1.2 of the present Guidelines)	5 x 2
2.2 How relevant to the particular needs and constraints of the target country/countries or region(s) is the proposal (including avoidance of duplication and synergy with other EC initiatives)?	5
2.3 How clearly defined and strategically chosen are those involved (final beneficiaries, target groups)? Have their needs been clearly defined and does the proposal address them appropriately?	5 x 2
3. Methodology	25
3.1 Are the activities proposed appropriate, practical, and consistent with the objectives and expected results?	5
3.2 How coherent is the overall design of the action (in particular, does it reflect the analysis of the problems involved, take into account external factors and anticipate an evaluation)?	5
3.3 Is the stakeholders' and proposed partners' level of involvement and participation in the action satisfactory?	5
3.4 Is the action plan clear and feasible?	5
3.5 Does the proposal contain objectively verifiable indicators for the outcome of the action?	5
4. Sustainability	15
4.1 Is the action likely to have a tangible impact on its target groups?	5
4.2 Is the proposal likely to have multiplier effects (including scope for replication and extension of the outcome of the action and dissemination of information)?	5
4.3 Are the expected results of the proposed action sustainable : - financially (<i>how will the activities be financed after the funding ends?</i>) - institutionally (<i>will structures allowing the activities to continue be in place at the end of the action? Will there be local "ownership" of the results of the action?</i>) - at policy level (where applicable) (<i>what will be the structural impact of the action — e.g. will it lead to improved legislation, codes of conduct, methods, etc?</i>)	5
5. Budget and cost-effectiveness	15
5.1 Is the ratio between the estimated costs and the expected results satisfactory?	5
5.2 Is the proposed expenditure necessary for the implementation of the action?	5 x 2
Maximum total score	100

Note on Section 1. Financial and operational capacity

If the total average score is less than 12 points for section 1, the Evaluation Committee will reject the proposal.

Note on Section 2. Relevance

If the total average score is less than 20 points for section 2, the Evaluation Committee will reject the proposal.

Provisional selection

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

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

(5) STEP 5: VERIFICATION OF ELIGIBILITY OF THE APPLICANT AND PARTNERS

The eligibility verification, based on the supporting documents requested by the Contracting Authority (see section 2.4) will only be performed for the proposals that have been provisionally selected according to their score and within the available financial envelopes, and will be done in the following way:

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

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

2.4 SUBMISSION OF SUPPORTING DOCUMENTS

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

Required supporting documents¹¹ for APPLICANTS

- The **statutes or articles of association** of the **organisation**. Such documents must prove that the organisation in question meets all the eligibility criteria indicated in section 2.1.1 (i.e. legal existence, category of organisation and objectives, nationality, etc.). They must bear the stamp of the appropriate authorising body (ministry, lawyer, etc.) or be accompanied by relevant registration documents or other appropriate documentation. Any such accompanying documentation must be uploaded into PADOR in the same electronic file as the statutes or articles of association or, when derogation from registration in PADOR is being requested, must be sent together with the supporting documents
- Where the grant requested exceeds EUR 500.000, an **external audit report** produced by an approved auditor, certifying the accounts for the last financial year available.
- Copy of the **latest accounts** (the profit and loss account and the balance sheet for the last financial year for which the accounts have been closed)¹²
- The most recent **annual activity report**.
- **Legal entity sheet** (see annex D) duly completed and signed by the **applicant**, accompanied by the justifying documents which are requested therein. If the applicant has already signed a contract with the European Union, instead of the legal entity sheet and its supporting documents the legal entity number may be provided, unless a change in its legal status occurred in the meantime.
- **Foreign Contribution Regulation Act (FCRA) Registration** for Indian based organisations only.

Required supporting documents for PARTNER ORGANISATIONS

- The **statutes or articles of association** of the **organisation**. Such documents must prove that the organisation in question meets all the eligibility criteria indicated in section 2.1.1 (i.e. legal existence, category of organisation and objectives, nationality, etc.). They must bear the stamp of the appropriate authorising body (ministry, lawyer, etc.) or be accompanied by relevant registration documents or other appropriate documentation. Any such accompanying documentation must be uploaded into PADOR in the same electronic file as the statutes or articles of association or, when derogation from registration in PADOR is being requested, must be sent together with the supporting documents.
- The most recent **annual activity report**.
- **Foreign Contribution Regulation Act (FCRA) Registration** for Indian based organisations only.

Requirements for all supporting documents:

Where the required supporting documents are not uploaded in PADOR, they must be supplied in the form of originals, photocopies or scanned versions (i.e. showing legible stamps, signatures and dates) of the said originals.

¹¹ **For actions in the field of microfinance**, the supporting documents must demonstrate that the applicant and/or the partner organisation(s) fulfil the required additional eligibility criteria and conditions as set out in annex H attached to these Guidelines for grant applicants.

¹² This obligation does not apply when the accounts are de facto the same documents as the external audit report.

Where such documents are not in one of the official languages of the European Union, a translation into the language of the Call for Proposals (see Section 2.2.1) of the relevant parts of these documents, proving the applicant's and partner's (s') eligibility, must be uploaded into PADOR in the same electronic file as the original language version (or, in the case of derogation from PADOR registration having been requested, be sent with the supporting documents) and will prevail for the purpose of analysing the proposal.

Where these documents are in an official language of the European Union other than the languages of the Call for Proposals, it is **strongly** recommended, in order to facilitate the evaluation, to provide a translation of the relevant parts of the documents, proving the applicant's and partner's (s') eligibility, into the language of the Call for Proposals. Where such translation is provided, it must be uploaded into PADOR in the same electronic file as the original language version (or, in the case of derogation from PADOR registration having been requested, be sent with the supporting documents).

If the supporting documents are not provided within the deadline above the application may be rejected.

2.5 NOTIFICATION OF THE CONTRACTING AUTHORITY'S DECISION

2.5.1 Content of the decision

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

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

2.5.2 Indicative time table

	DATE
Publication of the Calls for Proposals	1/6/2010
Deadline for submission of Concept Notes	16/8/2010
Notification of results of the opening & administrative check of the Concept Notes (Step 1)	30/9/2010*
Notification of results of the evaluation of the Concept Notes (Step 2)/ Invitations for submission of the Full Application Forms	30/9/2010*
Deadline for submission of the Full Application Forms	15/11/2010*
Notification of results of the opening & administrative check of the Full Application Forms (Step 3)	1/1/2011*
Notification of results of the evaluation of the Full Application Forms (Step 4)	1/1/2011*
Notification of award (after Step 5 - the eligibility check)	20/1/2011*

* indicative dates

2.6 CONDITIONS APPLICABLE TO IMPLEMENTATION OF THE ACTION FOLLOWING THE EUROPEAN UNION'S DECISION TO AWARD A GRANT

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

Implementation contracts

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

3. LIST OF ANNEXES

DOCUMENTS TO FILL IN

ANNEX A: GRANT APPLICATION FORM (WORD FORMAT)

ANNEX B: BUDGET (EXCEL FORMAT)

ANNEX C: LOGICAL FRAMEWORK (EXCEL FORMAT)

ANNEX D: LEGAL ENTITY SHEET (EXCEL FORMAT)

See documents **E3e** at

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

DOCUMENTS FOR INFORMATION (AVAILABLE AT THE INTERNET ADDRESSES INDICATED)

ANNEX E: FINANCIAL IDENTIFICATION FORM

See document **E3f** at

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

ANNEX F: STANDARD CONTRACT (WORD FORMAT) See documents from **E3h_1 to E3h_9** at

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

- **E3h_1** SPECIAL CONDITIONS

E3h_2 - ANNEX II: GENERAL CONDITIONS APPLICABLE TO EUROPEAN UNION-FINANCED GRANT CONTRACTS FOR EXTERNAL ACTIONS

E3h_3 - ANNEX IV: CONTRACT AWARD PROCEDURES

E3h_4 - ANNEX V: REQUEST FOR PAYMENT

E3h_5 - ANNEX VI: INTERIM NARRATIVE REPORT

E3h_6 - ANNEX VI: FINAL NARRATIVE REPORT

E3h_7- ANNEX VI: FINANCIAL REPORT

E3h_8 - ANNEX VII: EXPENDITURE VERIFICATION

E3h_9- ANNEX VIII: FINANCIAL GUARANTEE

ANNEX G: DAILY ALLOWANCE RATES (PER DIEM)

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

ANNEXES ATTACHED TO THE PRESENT GUIDELINES FOR GRANT APPLICANTS

ANNEX H: ADDITIONAL ELIGIBILITY CRITERIA AND CONDITIONS FOR MICROFINANCE ACTIONS

ANNEX I: LIST OF BRGF DISTRICTS

ANNEX TO FILL IN CASE OF REQUEST FOR DEROGATION FROM PADOR REGISTRATION

ANNEX JA : PADOR APPLICANT DEROGATION PACK

ANNEX JB : PADOR PARTNER DEROGATION PACK

**ADDITIONAL ELIGIBILITY CRITERIA AND ADMINISTRATIVE CONDITIONS
FOR PROPOSALS INVOLVING MICROFINANCE ACTIONS**

In addition to the **eligibility criteria** set out under section 2.1 of the Guidelines for grant applicants, the following criteria and conditions apply for applications in the field of microfinance:

Additional eligibility criteria:

Ad 2.1.1 – Eligibility of applicants

The applicant must have sector-specific experience and expertise and must be able to provide evidence of:

- having supported at least 3 similar initiatives during the last three years preceding this application (see section 4 of the Full Application form) **and**
- having in-house technical staff with sufficient knowledge of microfinance good practice obtained through appropriate training and/or experience.

Ad 2.1.2 – Eligibility of partners

Except where the applicant is an NSA originating of the partner country in which the action takes place and which fulfils the above additional eligibility criteria, all actions in the field of microfinance must be implemented **in cooperation with a local partner** which fulfils the following additional criteria:

- be either an already established MFI¹³ and able to demonstrate that it has provided microfinance services on a sustainable basis (or approaching sustainability) for at least three years preceding the application **or**
- be able to demonstrate that it will be able to provide microfinance services following the strengthening of its capacity through the proposed action.

Ad 2.1.3 – Eligible actions

- Microfinance actions should be operationally and financially autonomous initiatives: either being entirely dedicated to microfinance (stand-alone) or, where it is part of a larger integrated development programme, the microfinance initiative has to be operated on a separate and clearly distinct basis (e.g. separate accounting and governance structures, dedicated management etc.) and have clear potential to become sustainable on its own and, to this extent, the action must foresee measures aiming at institutional development.

Funding can be provided for:

- Capacity building to strengthen institutional capacities (such as training, new technologies, management information systems, internal and financial control

¹³ For actions in the field of microfinance, the local partner can be an already established Microfinance-Institution (MFI) operating on a profit-making basis. However, any profits must clearly be used either for investment in further microfinance services or for the strengthening of the MFI's capacities. MFIs are not eligible as local partners, should their statutes foresee to use possible profits for any other purpose than those mentioned above (e.g. to share profits amongst shareholders).

mechanisms, social performance management systems, networking, adapting to government regulations etc.)

- Support to a start-up local MFI or for extension of services of existing MFIs into rural/remote areas (for example, in the form of seed capital, equity participation or debt financing) provided that
 - (i) the need for such support is demonstrated by an appropriate microfinance market analysis showing the lack of commercial supply of financial services in the areas concerned **and**
 - (ii) the financial injection of capital is accompanied by capacity building measures.

Moreover, please note that such funding can only be granted to organisations which have been in operation for no more than 3 years at the time of the submission of the application (in duly justified cases this period may be extended to 5 years for start-ups operating in exceptionally challenging conditions such as sparsely populated, remote, disaster or conflict-affected areas).

Additional conditions

Monitoring System and Performance Indicators:

Effective monitoring systems must be based on an appropriate definition of performance baseline, targets and key financial, social and efficiency indicators. These performance indicators should cover at least the five following core areas: breadth of outreach, depth of outreach, portfolio quality, efficiency and sustainability¹⁴. For all actions possibly co-financed by the European Union in the framework of this call for proposals, a monitoring system based on these five core areas must be established.

For an already existing microfinance institution, information about the institution's performance to-date (using the performance indicators as mentioned above) should be provided in the Grant application form. These indicators will also serve as baseline for measuring future performance.

End-of-project Strategy for Revolving Funds:

For initiatives including revolving funds an appropriate end-of-project strategy must be presented. Amongst others it should be demonstrated that clients who received financial services during the implementation period of the action will continue to have access to these services on a sustainable basis after the grant ends.

Standard Performance Indicators for Microfinance Institutions
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¹⁴ For further details please refer to the "Standard Performance Indicators for Microfinance Institutions" which are commonly used in the field of microfinance (see next page). While the five core areas are obligatory, the indicators may vary. Please note also that the European Union encourages grant applicants to use additional indicators beyond the standard ones listed in this overview, in particular with regard to social performance.

1. Breadth of Outreach – how many clients are being served?
 - Number of Active Clients *or* Accounts
2. Depth of Outreach – how poor are the clients?
 - Average Outstanding Balance per Client *or* Account
3. Portfolio quality/Collection performance – performance in terms of loan repayments to the MFI
 - Portfolio at Risk (PAR)
 - Loans at Risk (LAR)
 - Current Recovery Rate (CRR) *together with* Annual Loan-loss Rate (ALR)
4. Efficiency – how well does the MFI control its operating/administrative costs?
 - Operating Expense Ratio (OER)
 - Cost per Client
5. Financial sustainability (profitability) – is the MFI able to maintain its services without continued subsidies?
 - for commercial institutions:
 - Return on Assets (ROA)
 - Return on Equity (ROE)
 - for subsidized institutions:
 - Financial Self-Sufficiency (FSS)
 - Adjusted Return on Assets (AROA)
 - Subsidy Dependence Index (SDI)

ANNEX I

THE BACKWARD REGIONS GRANT FUND – list of most backward districts 2010-2011

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ANDHRA PRADESH

1	ADILABAD	2	ANANTAPUR
3	CHITTOOR	4	CUDDAPAH
5	KARIMNAGAR	6	KHAMMAM
7	MAHBUBNAGAR	8	MEDAK
9	NALGONDA	10	NIZAMABAD
11	RANGAREDDI	12	VIZIANAGARAM
13	WARANGAL		

ARUNACHAL PRADESH

1	UPPER SUBANSIRI		
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ASSAM

1	BARPETA	2	BONGAIGAON
3	CACHAR	4	DHEMAJI
5	GOALPARA	6	HAILAKANDI
7	KARBI ANGLONG	8	KOKRAJHAR
9	LAKHIMPUR	10	MARIGAON
11	NORTH CACHAR HILLS		

BIHAR

1	ARARIA	2	AURANGABAD
3	BANKA	4	BEGUSARAI
5	BHAGALPUR	6	BHOJPUR
7	BUXAR	8	DARBHANGA
9	GAYA	10	GOPALGANJ
11	JAMUI	12	JEHANABAD
13	KAIMUR (BHABUA)	14	KATI HAR
15	KHAGARIA	16	KISHANGANJ
17	LAKHISARAI	18	MADHEPURA
19	MADHUBANI	20	MUNGER
21	MUZAFFARPUR	22	NALANDA
23	NAWADA	24	PASHCHIM CHAMPARAN
25	PATNA	26	PURBI CHAMPARAN
27	PURNIA	28	ROHTAS
29	SAHARSA	30	SAMASTIPUR
31	SARAN	32	SHEIKHPURA
33	SHEOHAR	34	SITAMARHI
35	SUPAUL	36	VAISHALI

CHHATTISGARH

1	BASTAR	2	BILASPUR
3	DANTEWADA	4	DHAMTARI
5	JASHPUR	6	KABIRDHAM

7	KANKER	8	KORBA
9	KOREA	10	MAHASAMUND
11	RAIGARH	12	RAJNANDGAON
13	SURGUJA		
GUJARAT			
1	BANAS KANTHA	2	DAHOD
3	DANG	4	NARMADA
5	PANCH MAHALS	6	SABAR KANTHA
HARYANA			
1	MAHENDRAGARH	2	SIRSA
HIMACHAL PRADESH			
1	CHAMBA	2	SIRMAUR
JAMMU AND KASHMIR			
1	DODA	2	KUPWARA
3	POONCH		
JHARKHAND			
1	BOKARO	2	CHATRA
3	DEOGHAR	4	DHANBAD
5	DUMKA	6	GARHWA
7	GIRIDIH	8	GODDA
9	GUMLA	10	HAZARIBAGH
11	JAMTARA	12	KODERMA
13	LATEHAR	14	LOHARDAGA
15	PAKUR	16	PALAMU
17	RANCHI	18	SAHEBGANJ
19	SARAIKELA KHARSAWAN	20	SIMDEGA
21	WEST SINGHBHUM		
KARNATAKA			
1	BIDAR	2	CHITRADURGA
3	DAVANGERE	4	GULBARGA
5	RAICHUR		
KERALA			
1	PALAKKAD	2	WAYANAD
MADHYA PRADESH			
1	BALAGHAT	2	BARWANI
3	BETUL	4	CHHATARPUR
5	DAMOH	6	DHAR
7	DINDORI	8	GUNA
9	JHABUA	10	KATNI
11	KHANDWA	12	KHARGONE
13	MANDLA	14	PANNA

15	RAJGARH	16	REWA
17	SATNA	18	SEONI
19	SHAHDOL	20	SHEOPUR
21	SHIVPURI	22	SIDHI
23	TIKAMGARH	24	UMARIA

MAHARASHTRA

1	AHMEDNAGAR	2	AMRAVATI
3	AURANGABAD	4	BHANDARA
5	CHANDRAPUR	6	DHULE
7	GADCHIROLI	8	GONDIA
9	HINGOLI	10	NANDED
11	NANDURBAR	12	YAVATMAL

MANIPUR

1	CHANDEL	2	CHURACHANDPUR
3	TAMENGLONG		

MEGHALAYA

1	RI BHOI	2	SOUTH GARO HILLS
3	WEST GARO HILLS		

MIZORAM

1	LAWNGTLAI	2	SAIHA
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NAGALAND

1	MON	2	TUENSANG
3	WOKHA		

ORISSA

1	BALANGIR	2	BOUDH
3	DEOGARH	4	DHENKANAL
5	GAJAPATI	6	GANJAM
7	JHARSUGUDA	8	KALAHANDI
9	KANDHAMAL	10	KEONJHAR
11	KORAPUT	12	MALKANGIRI
13	MAYURBHANJ	14	NABARANGPUR
15	NUAPADA	16	RAYAGADA
17	SAMBALPUR	18	SONEPUR
19	SUNDARGARH		

PUNJAB

1	HOSHIARPUR		
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RAJASTHAN

1	BANSWARA	2	BARMER
3	CHITTORGARH	4	DUNGARPUR
5	JAISALMER	6	JALORE
7	JHALAWAR	8	KARALI
9	SAWAI MADHOPUR	10	SIROHI

11	TONK	12	UDAIPUR
SIKKIM			
1	NORTH DISTRICT		
TAMIL NADU			
1	CUDDALORE	2	DINDIGUL
3	NAGAPATTINAM	4	SIVAGANGA
5	TIRUVANNAMALAI	6	VILLUPURAM
TRIPURA			
1	DHALAI		
UTTAR PRADESH			
1	AMBEDKAR NAGAR	2	AZAMGARH
3	BAHRAICH	4	BALRAMPUR
5	BANDA	6	BARABANKI
7	BASTI	8	BUDAUN
9	CHANDAULI	10	CHITRAKOOT
11	ETAH	12	FARRUKHABAD
13	FATEHPUR	14	GONDA
15	GORAKHPUR	16	HAMIRPUR
17	HARDOI	18	JALAUN
19	JAUNPUR	20	KAUSHAMBI
21	KHERI	22	KUSHI NAGAR
23	LALITPUR	24	MAHARAJGANJ
25	MAHOBA	26	MIRZAPUR
27	PRATAPGARH	28	RAE BARELI
29	SANT KABEER NAGAR	30	SHRAVASTI
31	SIDDHARTH NAGAR	32	SITAPUR
33	SONBHADRA	34	UNNAO
UTTARAKHAND			
1	CHAMOLI	2	CHAMPAWAT
3	TEHRI GARHWAL		
WEST BENGAL			
1	24 PARAGANAS SOUTH	2	BANKURA
3	BIRBHUM	4	DINAJPUR DAKSHIN
5	DINAJPUR UTTAR	6	JALPAIGURI
7	MALDAH	8	MEDINIPUR EAST
9	MEDINIPUR WEST	10	MURSHIDABAD
11	PURULIA		