

# CO-OPERATION PROGRAMME WITH CENTRAL AND EASTERN EUROPE

## **Guidelines for promoters: Pillar I** (new member states: Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia, Slovakia, the Czech Republic)

### **2005 CALL**

#### **Introduction**

Through the budget of the Administration of Foreign Affairs of Flanders an amount of EUR 670,000.00 can be granted for Pillar I for the financing of projects for 2005. Pillar I concerns the new member states (Estonia, Hungary, Latvia, Lithuania, Poland, Slovenia, Slovakia, the Czech Republic).

Like in the past Flemish promoters can submit project proposals for co-operation with partners from these Central and Eastern European (CEE) countries. No specific amount has been fixed for the individual new member states. The focus is on those countries with which a joint committee is planned in the course of the year. In 2005, priority will be given to project proposals for Poland, Hungary, Estonia and Slovenia. In 2006, other countries will be considered. After a comparative evaluation the most valuable projects will be selected which can be financed with the available amount of EUR 670,000.

The guidelines below are intended to help promoters to draw up a project proposal. Further information can be obtained from the Administration of Foreign Affairs of Flanders.

#### **1. Project registration**

In order for it to be submitted in a valid way and for it to be registered, the project must be submitted:

- on the application forms for 2005, made available to this end, in English (except for the data and the address of the promoter) and with the amounts expressed in Euro. The promoter himself shall fill out the partner country on the cover page;
- in three copies: two (loose) paper copies – signed by the main Flemish promoter – and one electronic copy (to be sent by e-mail to [projecten-bcoe@vlaanderen.be](mailto:projecten-bcoe@vlaanderen.be));
- accompanied by a recent letter of intent of the CEE partner explicitly showing the partner's commitment to implement and financially support the project. In the letter of intent the partner shall declare having taken note of and being in agreement with the full project description and the regulations. The original letter of intent MUST be available at the time of the evaluation of the proposal, under penalty of being inadmissible;
- to the Administration of Foreign Affairs of Flanders (to Mr Freddy Evens, Administratie Buitenlands Beleid, Afdeling Buitenlands Beleid binnen Europa, Boudewijngebouw, Boudewijnlaan 30, 1000 Brussel), before the final submission date has expired.

Projects that do not meet these conditions shall not be taken into account. Projects submitted through the CEE partner country must meet the same conditions (which means being submitted by the partner country to the Administration of Foreign Affairs of Flanders in a timely and complete manner).

Within the framework of the CEE co-operation programme, only three project proposals can be submitted per promoter per year, irrespective of the fact whether the person submitting the proposal is acting as a promoter, a co-promoter or an expert.

## 2. Eligibility

The following projects shall automatically be rejected on **formal** grounds (and not evaluated):

- projects in which the amount requested from the Flemish Community exceeds the pre-established maximum amounts (EUR 150,000.00 for a project of 12 months, EUR 300,000.00 for a project running 36 months);
- projects that exceed the maximum duration of 3 years;
- projects which do not mention any Flemish promoter (signing the application) or Central European partner (the name of the institution as well as the person in charge and his contact data);
- projects in which the promoters and/or foreign partners are exclusively individuals acting in their own name;
- projects in which the minimum contribution of 50% of the promoter and partners is not clearly indicated in the financial tables;
- projects which do not contain a fully completed and detailed budgetary plan.

Projects can also be rejected for reasons related to the **content**. The following projects shall not be eligible for subsidisation:

- projects that are mainly limited to the supply of materials or goods or the execution of infrastructure or construction activities;
- projects mainly implying the supply of humanitarian aid;
- projects that largely consist of providing grants to Eastern European students or experts;
- research projects, in which Flemish educational or research institutions carry out their own research, in co-operation with a CEE partner, and the main objective of which is therefore not the transfer of Flemish knowledge to the partner country, but rather the exchange or joint development of knowledge;
- feasibility studies; Studies shall only be eligible for (co-)financing if the study is an indispensable part of a larger concrete project. Furthermore, the execution of the feasibility study must be guaranteed. Applications which only aim at conducting a study or general exploratory studies shall be excluded.
- commercial projects (An appeal can be made, however, to financing for the training of staff, provided that Flanders' contribution is limited to 50% and the training is given by a non-commercial Flemish partner. In case it is a commercial Flemish partner, training must be provided by an external Flemish organisation);
- projects which do not obtain an average score of 50% in the Flemish Advisory Committee;
- projects which are vetoed by the functionally responsible administration.

Examples of project proposals which shall be eligible:

- the development of networks between Flanders and the partner countries, among other things through co-operation between intermediaries (Chambers of Commerce, federations,...);
- the organisation of promotional actions which increases Flanders' presence in the partner country (for instance, the Flemish Week in co-operation with various actors such as the Flanders Tourist Office, Flanders Investment and Trade, the Culture Administration,...);
- the establishment of relations between cities or between provincial and regional authorities through the intermediary organisations or the organisation of joint actions (for instance co-operation between the Association of Flemish Cities and Municipalities and similar partners abroad or associations between cities, such as Hanseatic towns, a seminar of municipal treasurers,...). Individual twinings between cities shall not be financed;

- the valorisation of projects that were developed in the past (such as the submission of project applications to the EU as a result of a Flemish project) or the adoption of these results and Flemish policy models in the partner country's national policy or action plans;
- actions within the framework of interregional co-operation (INTERREG) for which additional funds must be found. However, the financial burden of the participation of Flemish partners in such projects must not be shifted on to the Flemish government just like that. The Flemish partner too must make a substantial contribution;
- the promotion of bilateral co-operation between chambers of commerce, possibly after preliminary co-operation within the framework of a PLATO project or clubs of countries;
- trilateral co-operation with countries of the outer belt (bringing together expertise from Flanders, a new member state and a new neighbouring country – the Ukraine, Croatia,... – with regard to the preparation of subsidy dossiers, legislation, etc., for instance support of the democratization process in Croatia in co-operation with Hungarian partners, cross-border co-operation from Poland with border regions in the Ukraine, transposition of former projects from Central Europe to the outer belt: extending co-operation of Flanders with Hungary to the Ukraine, for instance);
- bilateral film festivals or promotional cultural events;
- conferences and co-operation on the regional reality in Europe.

### 3. Evaluation

- 3.1. When evaluating the application, importance will be attached to the following **formal** aspects:
- The annexes must be limited to the letters of intent of the partners and the letters of the partner authorities. This means that other annexes will not be taken into account for the evaluation (may be taken into account in the composition of the dossier: for instance, the articles of association).
  - The application form provided by the Flemish government must be used as a basis and none of the text elements (therefore no questions either) must be removed. All questions must be answered. If the exact scope of certain questions is not clear, further details can be obtained from the Administration of Foreign Affairs of Flanders.
  - The form is to be completed in Times New Roman 12. It must not count more than 22 pages.
- 3.2. The Flemish Advisory Committee will use the following **thematic** criteria to draw up a ranking of the different projects:
- Does this project correspond to the Flemish priorities in terms of content? (Flanders will try to valorise its previous efforts and existing networks and focus on those domains in which it has a comparative advantage. Through this project Flanders can disseminate its democratic society model and promote a dynamic knowledge-based society and a model for administrative policy and set up projects in those domains that will result in a win-win situation);
  - Does it involve the transfer of knowledge in a domain which Flanders has acquired great expertise in?
  - To what extent has the government in the partner country (in first instance the ministry, the local authorities involved,...) been involved in the start-up of the project and how much importance does it attach to its realisation?
  - Is the Flemish promoter capable and able to implement this project? Does the project meet the promoter's abilities in terms of content? Has he already demonstrated before that he is able to deliver such results?
  - Is the CEE partner the (most) suitable one? Can this project be (best) realised through this partner?
  - Will the CEE partner guarantee the multiplication and dissemination of the results? Will it be supported by the central government?
  - Will all parties involved be sufficiently informed about the Flemish government's contribution? Will account be taken of the communication duty?
  - Will this project result in concrete, provable results, the effects of which will be measurable and demonstrable?

- Are there any guarantees for the sustainability of the project after Flanders will have stopped financing it, or after the Flemish promoter will have withdrawn from it? Are there any guarantees that a structure will have been set up which will continue to function and be financed in the future?
- Can this project be transferred to other cities, regions, ... by the CEE beneficiaries themselves (not by repeating the Flemish project in other locations!)?
- Projects which do not obtain the average score of 50% in the evaluation by the Flemish Advisory Committee, shall not be presented for selection to the joint committee Flanders-partner country. This shall not be done either for projects which are vetoed by the functionally responsible administration.

### 3.3. The **form and clarity** of the project description will also be evaluated.

- To this end it is particularly important to show that:
  - it concerns a project for which there is a mutual interest in co-operation and for which both partners are prepared to make financial efforts;
  - both partners (and both partner countries) will benefit from the action taken;
  - both parties have something to offer to one another and it does not only concern a Flemish transfer;
  - a network is established with many branches in both partners (for instance between similar umbrella organisations in Flanders and in the new member states);
  - contacts that have been established during previous co-operation projects, exchanges, etc. may be possibly built on;
  - an exchange is taking place between organisations, institutions and administrations which provides promotional opportunities for both parties and can be financially supported by them, etc...
- The long-term goals and the concrete final position one wants to achieve at the end of the project must be concretely demonstrable, measurable for outsiders! It must be shown (by means of indicators) which way will be followed between the initial phase and the final phase of the project. It must be clearly indicated what exactly will be achieved, what quantities are involved (the number of trainees for instance), what change will have been realised (which precise knowledge will be present), by which date the different stages will have been completed, etc...In other words, the indicators must be quantified.

Thus, a clear work plan/step-by-step plan – with strategic and operational objectives, a division of tasks, an agenda, ... – must also be drawn up which must be verifiable by the Administration at any time. The work plan must always contain quantitative indicators. It is of the utmost importance that a clear distinction is made between the actions in the step-by-step plan and the indicators through which these actions can be evaluated!

### 3.4. As for the **budget** that will be used, the following criteria shall apply:

#### 3.4.0. In General

- The action plan and the budget must be put in line with one another.
- In the evaluation of the budget the clarity of the provided information and the reasonableness of the charged costs will be of decisive importance.
- The budget must be in proportion to the results aimed at. It must be made sure that the travel expenses, among other things, remain limited (and that the partner also pays part of them). A project must not mainly consist of travel and accommodation expenses. Travelling to Flanders must be kept within reasonable bounds.

#### 3.4.1. Preparation costs

- Preparation costs can be taken into account, provided they were incurred no longer than six months before the submission of the project and can be justified, and provided they are necessary for reaching the goals and can be fully attributed to this project. They must be calculated in a realistic way. A maximum amount of EUR 2,500 shall be considered acceptable for planning and preparation.  
Costs of previously submitted projects shall not be acceptable.

#### 3.4.2. Staff costs

- Staff costs (of promoters) shall be calculated by means of the pay slips: the percentage of time spent on the project compared to the overall set of tasks and preferably converted to monthly wages. All wages must be useful and necessary. Promoters must make economical use of resources, especially when they involve expensive external experts in the project. The promoter and his partner must be able to implement the principal part of a project themselves. In the advice, the ‘economical’ approach of the promoter, who also proves his value by having in-house basic expertise for the project, will also be taken into account. Wages of local collaborators/partners must also be substantiated by means of pay slips and will be evaluated on their reasonableness. It is unacceptable, for instance, to mainly justify the contribution of the partners with artificially forced up wages. Pay slips of project collaborators must not be appended to the project proposal, but may be requested during the budget negotiations (phase 5 of the procedure – see below) or to check the payment.

##### 3.4.2.1 Enterprises, organisations and institutions, other than educational and research centres, which do not operate in accordance with government wage scales:

- must mention the direct gross salaries of the white-collar workers involved and/or the gross salaries of the blue-collar workers including the legally obligatory employers’ and employees’ contributions. All staff costs of the staff members of the person in charge of the Flemish project and the partner involved in the project must be mentioned.
- That is why a description must be given on the application form of the number and the function (executive, middle management, white-collar worker or blue-collar worker) of the staff members who perform activities within the framework of the project. In addition, an estimate is to be made of the number of hours each staff member will spend on the project. To this end, the promoter shall keep a register in which the names of the people and the time each of them spent on the project are to be filled out.
- The following shall not be accepted as staff costs:
  - contributions for perks such as group insurance, extra-legal pension, ...;
  - labour costs for “supervision” (usually by the business manager).

##### 3.4.2.2 For organisations that already receive structural support from the Flemish Government:

- If the promoter is a research or educational institution which is granted allowances or other public support on a regular basis (for instance the financing of the operating costs of the universities to the debit of the Flemish Government’s Education budget), account must be taken of the following:
  - pay slips of staff that is already attached to these institutions can only be accepted if it can be proven that it concerns allowances for exceptional performance;
  - when a member of staff is hired temporarily as a replacement to perform the “non-project-related” tasks of a member of staff in salaried employment (educational or non-educational), the costs, related to this recruitment, plus the wage costs for this replacement can be charged;
  - only the wage of the replacement staff will be subsidised, so that there will be no double financing.

##### 3.4.2.3 With regard to remuneration, the administration will apply the following standards:

- There will be 251 productive working days (231 + 20 days of leave) in a 5 day working week and 303 working days (278 + 25 days of leave) in a 6 day working week. This results in the following diagram:

TABLE 1

	5 day working week	6 day working week
Number of productive days	251.00	303.00
Number of days of leave	20.00	25.00
Number of working days	231.00	278.00
Number of working days per month = Number of working days/12	19.25	23.17
Number of working hours per month = Number of working days per month*7.6	146.30	176.07

- The following Flemish gross wages are used by the Advisory Committee as maximum amounts that are considered acceptable:

TABLE 2

	Max. monthly wage	Max. daily wage	Max. hourly wage
Project management	EUR 7000	EUR 380	EUR 50
Experts	EUR 6000	EUR 325	EUR 43
Collaborators	EUR 5000	EUR 270	EUR 36
Secretariat	EUR 3000	EUR 163	EUR 21

The foreign gross wages must be realistic and be comparable to the local wage costs.

### 3.4.3. Operating costs

- Operating costs must not constitute the principal part of the project (this would mean the transfer of too much material). Costs for hardware do not belong here, software licences on the other hand do, for instance.

As operating costs only those costs shall be accepted that relate to the project and that are verifiable as well.

The following are regarded as operating costs:

- the expenditure directly linked to the project for consumables, materials and tools the expected life of which does not exceed the duration of the contract (such as paper, batteries,...);
- computer costs and costs for the use of other highly specialised equipment in Flanders: these will be calculated, taking account of the annual depreciation costs, on the basis of a minimum 3 year life and in proportion to the actual time of use and the percentage of material used in the project;
- rent to be paid to third parties for the use of buildings, premises, equipment and infrastructure;
- all kinds of non-recoverable taxes and customs duties to be paid within the framework of the project;
- rent paid to third parties for the use of vehicles that are proven to be indispensable for the functioning of the project.
  
- Note: Charging of VAT
- The Flemish government shall under no circumstances subsidise levies and taxes that are at the expense of the promoter and which the promoter can reclaim from any government. An obvious example in this respect is the VAT. To the extent that the VAT, which is paid by the promoter on his purchase invoices, is deductible or recoverable for the promoter, it shall not be subsidised.
- If reports, statements of account,...submitted by the promoter reveal that the total amount to be paid by the government is composed of an overall amount augmented by a fixed percentage of VAT, the amount exclusive of VAT shall be paid to the extent that the VAT is deductible or recoverable for the promoter.
- Neither can the promoter charge VAT to the government in addition to the amount laid down in the subsidy decree.
  
- The following shall not be accepted as operating costs:
- depreciation costs for the use of existing infrastructure (buildings, material, installations, furniture and rolling stock,...);
- expenditure related to distribution, marketing and advertising, unless explicitly stipulated in the project;
- provisions for any future losses or commitments;
- bad debts;
- representation expenses of third parties that do not directly relate to the project;
- rent to oneself or “internal rental charge”. This means charging rent for making buildings and infrastructure available because they cannot be used for regular daily activities;
- computer costs for routine, small-scale (highly occasional) use. These are supposed to be part of the overhead costs;
- costs charged by educational or research institutions for the use of existing basic equipment if the beneficiary is the research institution itself.

The 14 July 1993 Decree governing compensation for central management and overall operation costs of the universities, related to carrying out scientific activities financed by the Flemish Community does not apply.

#### 3.4.4. Overhead costs

- The overhead costs must not exceed 15% of the staff and operating costs.
- This heading includes all kinds of fixed costs which are not included in the other cost headings:
- administration costs, internal rental charge, management costs...;
- maintenance costs;
- heating, lighting...;
- stamps, telephone, fax,...;
- insurance;
- minor travel and accommodation expenses,
- promotional gifts.

An allocation formula for the allocation of costs must be laid down in the budget estimate. It must also be possible to substantiate these costs afterwards by means of invoices and/or annual accounts.

#### 3.4.5. Investment costs

- The costs for the purchase of new equipment required for the execution of the project (e.g. demonstration material, start-up costs, basic equipment, software, rolling stock, etc.) and purchased for the implementation of the project are classified under this heading. Machinery, equipment etc. can only be charged if they are necessary to achieve the project's main goal (which must therefore be something else). The costs for these devices, ... can only be charged as depreciations. (For instance, PC and software packages or licences on three years, vehicles on five years, office furniture on 10 years...).
- A distinction is made between:
  - expenditure for durable material which is recorded as fixed assets in the promoter's books. For this expenditure the depreciation costs will be taken into account in proportion to the actual time of use and the capacity utilization in function of the project;
  - expenditure for investment or equipment goods for the benefit of the partner abroad. For these costs only the depreciation costs during the period of the project will be to the account of the project.

#### 3.4.6. Travel and accommodation expenses

- As for the travel and accommodation expenses, an economical solution must always be aimed at (no business class, APEX if possible, cheaper companies, longer stays,...).

##### 3.4.6.1 Travel expenses

- By travel expenses is meant: international travel expenses. Expenditure for national individual travelling falls under the heading of overhead costs. The rent of vehicles that are indispensable for the good implementation of the project falls under the heading of operating costs.
- Travels must be laid down in the step-by-step plan. The costs must be substantiated by means of invoices and proofs of payment.

##### 3.4.6.2 Accommodation expenses

- Accommodation expenses concern expenses abroad per person per night. Enclosed you will find the maximum amounts per country the Flemish government can accept. These amounts include the following costs: hotel costs, individual meals and the communication and transport costs within the area where one is staying. Note: These are absolute maximum amounts applied by the Federal Government Service "Foreign Affairs" for missions of Ministers, civil servants, etc. The maximum amounts must not be applied just like that. Reasonable prices of accommodation in hotels of an international standard must be charged. The same applies to restaurant costs, etc.
- These costs must also be substantiated by means of invoices. Only the accommodation expenses that relate directly to the project and where specific (and demonstrable) project activities took place (tourist trips shall not be paid) can be charged.
- Costs can only be charged once: If the partner pays for the accommodation, the promoter cannot partially charge these expenses again. If one is staying in private houses, half of the aforementioned maximum amounts can be charged, without any further substantiating documents. However, the number of nights spent abroad must be proven.
- For the stay of guests in Flanders, a maximum amount of EUR 150.00 per person per night can be provided, if the guests stay at a hotel. This amount includes the following costs: hotel expenses, individual meals, insurance and communication and transport expenses within Flanders. If the number of nights spent is certain (e.g. through the hotel bill), this amount can be charged without further substantiating documents. Nights spent in private houses can be charged at EUR 75.00.
- These maximum daily allowances apply to short stays of one month at most; for longer stays only substantially lower costs will be accepted.



### 3.4.7. External costs

3.4.7.1. This heading includes the costs of services performed by external organisations, agencies, enterprises, institutions, etc. within the framework of the project. The relation between the promoter and external parties will be strictly monitored. The basic expertise must be available with the promoter himself.

The following shall be accepted as external services:

- translations and the use of interpreters;
- fees for domestic and foreign experts and advisers;
- fees for research, engineering and consulting offices;
- fees for lawyers;
- expenses for collective transport (e.g. coach and driver rental);
- fees for third parties for the organisation of seminars, workshops, lectures, the participation in cultural activities,...(including the related fees for speakers, the rent of premises, costs for drinks and meals, documentation costs, etc.);
- fees for the external auditor.

Promoters must make economical use of resources, especially when they involve expensive external experts in the project. For the payment of experts, the paid wage cost must be substantiated by means of the proven expertise and relevant experience. The use of external specialised expertise must be strictly limited in time and be sufficiently substantiated in the application.

The following shall not be accepted:

- expenses for medical care;
- damages to be paid due to civil liability.

### 3.4.7.2 Co-financing of other organisations or authorities

All forms of co-financing in the execution of the project must be clearly specified in the budget items. It must be possible to prove this co-financing by means of substantiating documents, equivalent to those of the Flemish partners and promoters.

### 3.4.7.3. The external audit, the task of the auditor and the selection of the auditor/accountant

The task of the auditor shall be three-fold:

1. To examine, establish and confirm the fact that the figures and calculations recorded in the financial report are true and correct;
2. To examine, establish and confirm the fact that all the amounts, numbers and figures given are founded by means of valid substantiating documents (i.e. invoices, pay slips,...) and that these documents are genuine. This does not relieve the promoter of the obligation to append (copies of) all substantiating documents to the final financial report to be submitted;
3. To examine, establish and confirm the fact that the expenses were charged in agreement with the subsidy decree, the finally selected and approved project proposal and the financial provisions from the regulations.

The selection of the auditor:

As general principle it is stipulated that the external audit must be done by an accredited auditor. The data of this accredited auditor shall be included in the initial project application and be part of the project proposal.

Universities, colleges of higher education and Flemish public institutions are exempt from this obligation (see appended list of Flemish public institutions).

## 4. The procedure (Pillar I: the new member states)

- For projects in the new member states an advisory opinion is formulated by the Administration of Foreign Affairs of Flanders and the functional administration(s) involved. Action proposals are collected in consultation with the partner countries. The functional administration and the Administration of Foreign Affairs of Flanders give advice (both in terms of content and financing) to the Minister responsible for Foreign Policy, who decides on the selection of the projects and the allocated budget.
- In consultation with the administrations an adaptation is possibly made to the budget and the financial procedure is settled, after which the Minister signs the subsidy decree.
- The promoters shall be informed of the evaluation after the approval in principle. The budget of the project shall be discussed and possibly adjusted.  
Only when the subsidy decree has been signed by the Minister will the final decision to provide subsidies become official, after which the green light is given to start the project.
- During the evaluation period no interim information will be provided to the promoters. They are therefore called on to respect this agreement.
- Even after the subsidy has been granted, the promoter must be able to justify and substantiate the use of resources in a way that is acceptable to the government. An audit – in situ or at the promoter's – carried out by the administration, the Finance Inspectorate and the Belgian Court of Audit may result in unjustified costs being rejected and maybe even in pre-paid advancements being reclaimed.

**Note:** The Flemish government attaches great importance to building on previous collaborative ventures and to extending its co-operation through trilateral projects.

A trilateral project is to be understood as: a project in which a Flemish promoter and a co-promoter from a new member state combine their expertise and experience in order to realise a project (capacity building) with partners in another new member state, a candidate member state or a country from the outer belt.

For such a project the main beneficiary of which originates from a new member state, Flanders will pay 50% of the costs, whereas the partners and the Flemish promoter themselves shall pay the remaining costs.