



NEGOTIATED PROCEDURE FOR THE AWARD OF GRANTS

Collaboration in Cross-Border Areas of the Horn of Africa Region: the Southwest Ethiopia- Northwest Kenya border

**Funded by The European Union Emergency Trust Fund for Stability and
Addressing the Root Causes of Irregular Migration and Displaced Persons
in Africa**

Ref: T05 – EUTF – HoA - REG - 26

Contracting Authority: The European Union Delegation to Ethiopia

<h3>GUIDELINES FOR APPLICANTS</h3>

Deadline for submission of full applications: 30th May 2017

IMPORTANT NOTICE

In accordance with the EU Financial Regulation¹ and the Constitutive Agreement of the EU Emergency Trust Fund for Africa², flexible procedures apply for the conclusion of grants for the implementation of activities approved by the EU Trust Fund Operational Committee.

This is a negotiated procedure for the award of grants whereby, following submission, full applications will be evaluated on the basis of the eligibility and selection criteria outlined in these guidelines. A negotiation will subsequently take place with the lead applicant together with its co-applicants.

¹ Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the 11th European Development Fund

² Agreement establishing The European Union Emergency Trust Fund For Stability and Addressing Root Causes of Irregular Migration and Displaced Persons in Africa, and its Internal Rules, to be found here: https://ec.europa.eu/europeaid/sites/devco/files/constitutive-agreement-annexe-2015-7293-20151020_en.pdf

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1. Collaboration in Cross-Border Areas of the Horn of Africa Region: the Southwest Ethiopia-Northwest Kenya border

1.1. BACKGROUND

The European Union Emergency Trust Fund for Africa

The European Commission Decision on the establishment of the European Union Emergency Trust Fund for stability and addressing the root causes of irregular migration and displaced persons in Africa (the 'Trust Fund') was adopted on 20 October 2015. The Trust Fund was formally constituted at the Valletta Summit on Migration held on 11-12 November 2015. The Trust Fund will provide funding to fulfil the objectives and implement the Valletta Action Plan and complement financial instruments available for cooperation with African partners by the EU, its Member States and associated countries.

The overall objective of the Trust Fund is to address crises in the regions of the Sahel and Lake Chad, the Horn of Africa and in parts of North Africa. It will support all aspects of stability and contribute to better migration management as well as addressing the root causes of destabilisation, forced displacement and irregular migration, in particular by promoting resilience, economic and equal opportunities, security and development, and addressing human rights abuses.

The Operational Framework³ for the Horn of Africa is based on a two-fold logic whose elements are strongly interconnected and feed into one another:

1. A migration and displacement logic, focusing on:

- Addressing root causes and improving conditions for refugees, internally displaced people (IDPs) and their host communities, and thereby starting to create the circumstances for situations of protracted displacement to evolve into durable solutions addressing refugees' long-term development needs, be that through return to their areas of origin, integration into their host communities or resettlement in a third country;
- Strengthening migration management in support of High Level Dialogues both at bilateral level and at regional level. This includes areas such as the fight and prevention of trafficking in human beings and smuggling of migrants, return and readmission, protection and asylum, or legal migration and mobility.

2. A stabilisation logic focusing on areas where interventions can:

- Act preventatively to curb the risk of potential future displacement, irregular primary movement and onwards secondary movement, particularly in areas prone to migration;
- Prevent and mitigate conflict, including that associated with violent extremism.

Collaboration in Cross-Border Areas of the Horn of Africa Region⁴

For many years the Horn of Africa has been facing challenges of extreme poverty, conflict, demographic pressure, environmental stress, weak institutions and infrastructure, and insufficient resilience to food crises. In some places this has led to displacement, criminality,

³ https://ec.europa.eu/europeaid/eu-trust-fund-horn-africa-window-operational-framework_en

⁴ For a full description of the programme, please see Action Document: http://ec.europa.eu/europeaid/trust-fund-projects/collaboration-cross-border-areas_en

radicalisation and violent extremism, as well as to irregular migration, trafficking in human beings and the smuggling of migrants.

These issues have been particularly acute in the borderland areas of the region. They represent a large proportion of the overall land area and have historically suffered from under-investment in basic services and infrastructure, such as roads and energy. They are often arid or semi-arid areas, scarcely populated⁵, although they are often host to significant displaced populations. It is estimated that they represent 30% of the overall population, yet 60-70% of the land area.

They have some of the highest poverty rates, with more than 80% of the population living below the poverty line in many areas, and with high gender inequality. They are extremely vulnerable to drought. This has become more frequent, resulting in high levels of food insecurity and dependence on humanitarian assistance, and the accelerated shift from traditional pastoralism, especially by young people⁶.

There are few government controls, making these areas fertile ground for criminal networks of traffickers and smugglers. The inequitable distribution of wealth to the detriment of peripheral areas and borderlands has resulted in a growing alienation between them and the central areas where power is concentrated. This tension between centre and periphery is at the root of the multiple political, economic, social and environmental vulnerabilities afflicting the region, whose effects transcend and spill over borders. As a result, these areas are often the most vulnerable to instability, due to conflict over natural resources, as well as grievances that fuel discontent, radicalisation and violent extremism.

Borderland areas also need to be seen as conduits and opportunities, recognising the existence of dynamic communities that are united by socio-economic and cultural realities. Cross-border socio-economic dynamics in the Horn of Africa, and particularly in the areas targeted by this action, have a potential for greater integration and an increase in sustainable human development. Enhancing trans-border trade and markets, and livelihood development, offers opportunities for building resilience and creating shared interests across communities. Localised cross-border collaboration and integration could also help in normalising relations between neighbouring states, including by capitalising on trade routes and the versatility and interconnectedness of their business communities. Economic exchanges could serve to strengthen governance and address instability.

It is with this in mind that, the EU Trust Fund Strategic Orientation Document for the Horn of Africa emphasises, as a priority action, the need for a new approach to peripheral and cross-border areas, providing a more targeted response to tackle the main determinants of vulnerability (marginalisation, exclusion, destitution) and targeting populations at risk (particularly youth) in particular where instability, forced displacement and irregular migration are playing out. It also commits to using an evidence-based approach that will ensure that decisions on the areas to be targeted, beneficiaries and implementing partners are founded on an in-depth understanding of local contexts. The importance of interventions in peripheral regions and across borders to respond to the various challenges facing the region is also underlined in the EU Horn of Africa Regional Action Plan, adopted in October 2015.

The regional response to these issues is centred on the activities and programmes of the Inter-

⁵ Some areas are experiencing very high population growth. For example, the population of Mandera has experienced more than seven-fold growth in the period 1989-2009 – the highest in Kenya.

⁶ IFRC, NRC Oxfam & SCF (2015) Change in the Arid Lands – the expanding rangeland-regional synthesis report and case studies from Kenya, Ethiopia and Somaliland.

Governmental Authority on Development (IGAD), notably the IGAD Drought Disaster Resilience and Sustainability Initiative (IDDRSI). This is IGAD's 15-year regional strategy (2012-2027) to reduce vulnerability and strengthen drought resilience in arid and semi-arid lands. It highlights the need for regional interventions to address regional issues. IDDRSI's seven priority areas of intervention⁷ cut across the four sector pillars⁸ of IGAD's overall strategy.

Finally, this focus on borders and borderland areas in the Horn of Africa has also translated into a number of bilateral agreements and initiatives between countries. One example is the Memorandum of Understanding between the Ethiopian and Kenyan Governments for a Cross-Border Integrated Programme for Sustainable Peace and Socio-Economic Transformation. This was signed in December 2015 through the support of IGAD and UNDP, and builds on the two countries' Special Status Agreement forged in 2012. This operates across the whole border area between the two countries, with a pilot phase in Marsabit County in Kenya and Borana and Dawa Zones in Ethiopia. Key elements of this include opportunities for trade, investment and tourism; use and effective management of tourism; improved infrastructure; facilitation of cross-border movement of people; and peacebuilding and conflict prevention.

To help shape the Action Document for this project, the Research and Evidence Facility (REF) of the Trust Fund carried out a study in July and August 2016 covering the targeted cross-border areas⁹. The aim of the study was to gain a better understanding of the drivers of instability and irregular migration, and the sources of resilience; other dynamics affecting the areas (such as strategic, security-and crime-related, economic, political etc.); and potential future scenarios. The research concluded that the initiatives and activities that have achieved the best results so far in these borderland areas tend to be those that adopt a cross-border approach; involve and build on traditional institutions and practices; balance commercial interests and community needs; integrate peacebuilding; take a market approach; and support already-existing mechanisms.

1.2. OBJECTIVES OF THE PROGRAMME AND PRIORITY ISSUES

The overall programme will take place in four cross-border areas:

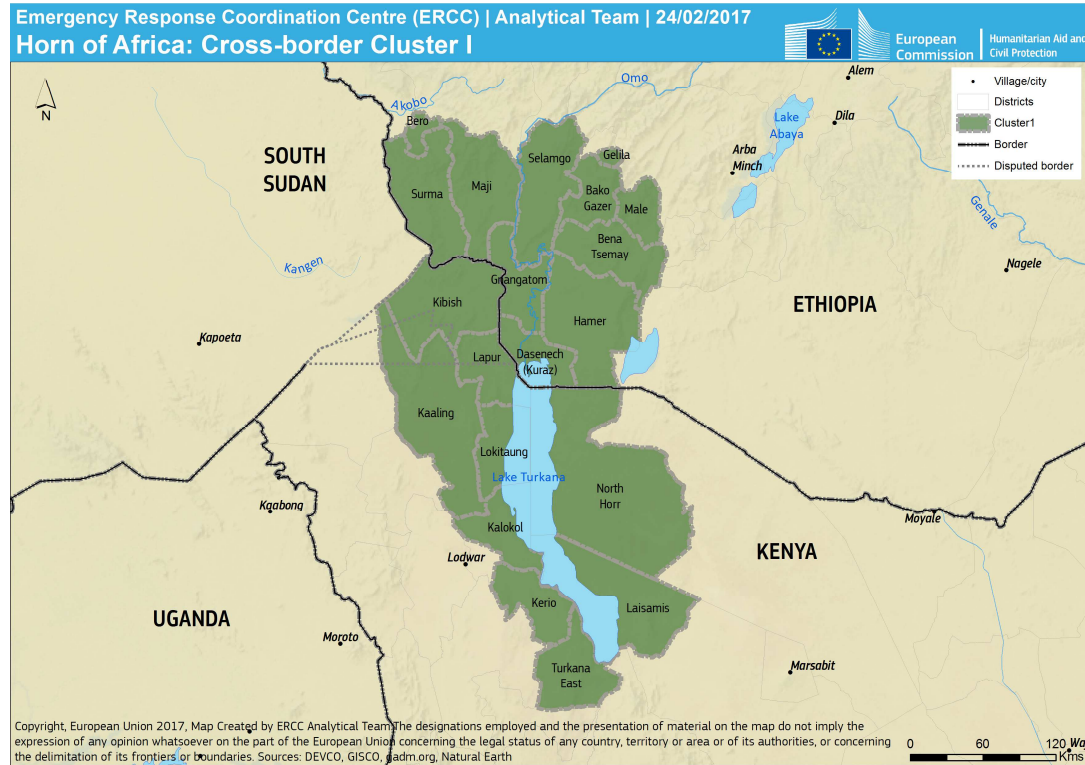
- Southwest Ethiopia and Northwest Kenya, covering South Omo Zone and parts of Bench Maji Zone in Ethiopia, and parts of Turkana and Marsabit Counties in Kenya (Cluster I);
- The Kenya-Somalia-Ethiopia border, covering Mandera County in Kenya, Gedo Region in Somalia, and Doolow County in the Somali Region of Ethiopia (Cluster II);
- Western Ethiopia and East Sudan, covering Benishangul Zone in Ethiopia and the Blue Nile State in Sudan (Cluster III);
- Marsabit County, Kenya and Borana and Dawa Zones, Ethiopia (Cluster IV).

⁷ The 7 priority intervention areas are: i) environment and natural resource management; ii) market access, trade and financial services; iii) livelihoods support and basic social services; iv) disaster risk management, preparedness and effective response; v) research, knowledge management and technology transfer; vi) conflict prevention, resolution and peace building; and vii) coordination, institutional strengthening and partnerships.

⁸ The 4 pillars are: i) agriculture, natural resources and environment; ii) economic co-operation and integration and social development; iii) peace and security and humanitarian affairs; iv) corporate development services.

⁹ <https://www.soas.ac.uk/ref-hornresearch/research-papers/>

This procedure covers activities under Cluster I of the Collaboration in Cross-border areas programme: the Southwest Ethiopia- Northwest Kenya border area, covering South Omo Zone and parts of Bench Maji Zone in Ethiopia, and parts of Turkana and Marsabit Counties in Kenya.



The overall objective of this procedure is to address the drivers of instability, irregular migration and displacement in cluster I: the Southwest Ethiopia-Northwest Kenya border.

The specific objectives are:

Specific Objective 1: To prevent local conflict and mitigate its impact;

Specific Objective 2: To promote economic and private sector development, and greater resilience, particularly among vulnerable groups (e.g. youth, women, displaced people);

The procedure is thus divided into **two lots** reflecting these specific objectives:

Lot 1, covering objective 1: to prevent local conflict or to mitigate its impact;

The expected result for this lot is the promotion of peace building, conflict management and resolution capacity at community and cross-border level.

Lot 2, covering objective 2: to promote economic development and greater resilience, particularly among vulnerable groups

Although closely interlinked and mutually reinforcing, the expected results for this lot are:

- (i) Reinforced resilience of the local population to shocks
- (ii) Improved livelihood opportunities
- (iii) Enhanced integrated Natural Resource Management

Applicants may apply for both lots (see section 2.1.4).

Key strategic considerations and guiding principles

Applications are expected to reflect the following strategic considerations and principles:

Cross-border nature of activities. This programme has been developed to focus specifically on addressing the drivers of instability in selected borderland areas. Activities should therefore focus on the cross-border socio-economic dynamics of these areas and help promote localised cross-border collaboration and integration. Activities in the two countries need to be clearly linked and the cross-border nature of activities should be made explicit in the application.

Private sector development. Particular attention will be given, under Lot 2, to strengthening the private sector and to cross-border trade. This will include improving access to market opportunities for new and existing businesses, leveraging private sector investment in specific value chains, diversifying economic activities, creating jobs and raising revenues for vulnerable populations, in particular women and youth, and enhancing economic integration and co-operation across borders. The fragility and complexity of these borderland areas make this a challenging proposition. However, taking a more **innovative approach** in these areas could make an important contribution to resilience and stability, and the opportunity to shift out of recurrent crises. Specific attention to how this will be approached and delivered will be considered during the evaluation phase.

Humanitarian and development nexus. This project is being taken forward as a major drought is having a profound impact in these borderland areas, which could be further intensified with successive poor rains. This is causing major humanitarian stress, and undermining development gains. For example, it may lead to an increased number of people that are forced to transition out of pastoralism, and so be in desperate search for alternative and diversified economic opportunities. At the same time, it has also to be noted that drought episodes are becoming recurrent in the area, therefore longer term resilience building interventions are essential. Although this project should not be drawn into providing immediate life-saving assistance, which is the mandate of others, there should be close links forged both with social protection¹⁰ and the humanitarian response in order to both reduce the impact of the drought, including displacement, as well as providing the means to accelerate recovery and the shift out of dependency. In doing so, it should avoid duplicating other resilience programmes in the area¹¹, unless there are clear gaps. In the case of drought or conflict induced displacement, this project could help support the integration of refugees within host communities, but not immediate assistance. Given this situation, there may be a need to accelerate specific actions.

Gender. The project gives particular emphasis to involving vulnerable and marginalised groups, especially women. The empowerment of women should be actively promoted in all activities and at all levels, that is, at governmental, regional, and local/community level. In

¹⁰ Such as the Hunger Safety Net Programme in Kenya and the Public Safety Net Programme in Ethiopia.

¹¹ For example, the EU funded RESET II programme in Ethiopia.

planning any activities under the project, the views and interests of women, especially those from vulnerable groups such as pastoralists, poor households, ethnic minorities, elderly, people with disabilities, refugee and host communities should be taken into account. Where relevant, the project must be sensitive to the protection needs of young girls (victims of early marriage, female genital mutilation, and forced prostitution). Breakdown of data should be provided by age and gender, and at least 40% of beneficiaries should be women. Applicants should ensure that their own staffing structures and procedures take gender empowerment into account.

Youth. Young people are particularly affected by the lack of opportunities in border areas. Applications should focus on activities that empower young people, by providing skills training and employment for vulnerable young people, especially those moving out of pastoralism, or migrating from rural to urban areas.

Environmental considerations. Environmental considerations, and the effect of drought in particular, must be mainstreamed into all interventions. Climate change underpins almost all the challenges in the region, either as a direct cause or as a contributor to conflict, poverty, unemployment, exclusion and migration. It is critical that all interventions take environmental considerations closely into account, both directly – in the form of activities that promote adaptation and resilience; and indirectly, where livelihood diversification into areas such as mining could exacerbate the situation.

Conflict sensitivity. There is a need to ensure that, at a minimum, this programme does no harm in terms of inflaming tensions and conflict. Conflict sensitivity therefore needs to be an integral part of the approach.

Sustainability. All proposed actions should seek to achieve long-lasting changes beyond the lifetime of the project itself. Applicants should be prepared to explain how this will be achieved.

Multi-level coordination. Coordination and cooperation between different stakeholders involved is fundamental for effective and efficient delivery of results for the beneficiaries. The applicants will need to make sure that their methodology explicitly states how these close links will be ensured:

- Coordination should take place **within the consortia** of partners to ensure the beneficiaries receive a full and integrated package of interventions and that monitoring of the action is done jointly.
- It is vital that partners work closely **with local authorities**: throughout the design and implementation process. Partners will be expected to communicate regularly with the pertinent local authorities, and consult them in the planning and monitoring of the action. As far as possible, existing structures should be used, and should be reinforced where needed. Working closely with local authorities is also expected to help better ensure ownership and sustainability of the action.
- Partners are encouraged to adopt a community-level approach in all phases of the intervention to ensure sustainability, ownership and continuation of services and management of activities and assets after the end of the project. Direct linkage with the private sector at the local level is also encouraged.
- As outlined in the Action Document (Annex L, particularly section 4.3), Delegation Agreements will be concluded with UNDP for the implementation of peacebuilding and conflict prevention activities in the Marsabit-Borana cluster,

and to implement component 3 of the overall programme: to ensure effective trans-boundary cooperation and coordination of cross-border initiatives in the following clusters: the Kenya-Ethiopia-Somalia border, Kenya-Somalia-Ethiopia, and Marsabit-Borana. UNDP will implement objective 3 in partnership with IGAD. Whilst the detailed activity description for these components is still under development, applicants will be expected to demonstrate how **complementarity** will be ensured between the actions to be implemented under this procedure and those which will be undertaken by **UNDP-IGAD**.

- Applicants should also demonstrate in their methodology how synergies and complementarity will be ensured **between lots and across clusters as well as with other EU and donor initiatives**.

Phased approach. In the absence of detailed assessment on some specific aspects of the targeted areas, a **six month inception phase** will be part of each contract. The inception phase will include activities such as local stakeholder engagement, further sectorial analysis e.g. detailed analysis of the specific value chains to be focussed on in the project, the potential market opportunities within each, the target beneficiaries and the approach and activities to be adopted to improve the access to markets by vulnerable groups. The inception phase could also include immediate action that could be undertaken, for which there is no need for further detailed assessment and design. The findings of the inception phase, as detailed in an inception report, should inform the implementation of the rest of the action and, if appropriate, could be integrated into the contract through an addendum. Each application should explicitly describe how the applicant(s) intend to ensure a successful inception phase.

Adaptability and flexibility. A flexible programming approach is needed, given the fragility of communities in the region and the repeated shocks they face, notably drought and insecurity. There is also a need to respond flexibly to emerging opportunities. This needs to be reflected in the management of the programme and through its approach to monitoring, evaluation and learning.

SMART indicators: although a common set of indicators will be used to monitor similar initiatives promoted under the Trust Fund, the applicants should propose other objectively verifiable indicators (to be included in the logical framework of the actions proposed).

1.3. FINANCIAL ALLOCATION PROVIDED BY THE CONTRACTING AUTHORITY

The overall indicative amount made available as an EU contribution under this negotiated procedure is **EUR 15 million**, distributed as follows:

Lot 1: EUR 3 million

Lot 2: EUR 12 million

The Contracting Authority reserves the right not to award all available funds.

The minimum amount for co-financing to be provided by the applicants is 5% of the eligible costs. The balance (i.e. the difference between the total cost of the action and the amount requested from the Contracting Authority) must be financed from sources other than the European Union Budget or the European Development Fund¹². The EU grant may cover the

¹² Where a grant is financed by the European Development Fund, any mention of European Union financing must be understood as referring to European Development Fund financing.

entire eligible costs of the action if a convincing and well-substantiated justification is provided in the grant application form.

Lot 1 and Lot 2 will be evaluated separately. However, applications that cover both lots are welcomed.

Size of grants

Any grant requested under this procedure must fall between the following minimum and maximum amounts:

Lot 1: minimum amount: EUR 2.5 million

 maximum amount: EUR 3 million

Lot 2: minimum amount: EUR 11 million

 maximum amount EUR 12 million

For each lot, only one application will be selected and awarded a grant. Therefore, applicants are encouraged to present ambitious proposals, aimed at exploiting the maximum amounts indicated above.

2. Rules for this Negotiated Procedure for the award of grants

These guidelines set out the rules for the submission, selection and implementation of the actions financed under this procedure.

2.1. ELIGIBILITY CRITERIA

There are three sets of eligibility criteria, relating to:

(1) The actors:

- The **'lead applicant'**, i.e. the entity submitting the application form (see section 2.1.1),
- Its **co-applicant(s)** (where it is not specified otherwise the lead applicant and its co-applicant(s) are hereinafter jointly referred as "applicant(s)") (see section 2.1.1),
- And, if any, **affiliated entity(ies)** to the lead applicant and/or to a co-applicant(s). (see section 2.1.2);

(2) The actions:

- Actions for which a grant may be awarded (see section 2.1.4);

(3) The costs:

- Types of cost that may be taken into account in setting the amount of the grant (see section 2.1.5).

2.1.1 Eligibility of applicants (lead applicants and co-applicants)

Considering the need for a wide variety of technical expertise applicants are encouraged to get organised in consortia, preferably including local partners who have good knowledge of the local context, specific technical expertise in one or more of the areas covered by this procedure, and sufficient management capacity. Diverse actors, including Private sector organisations are encouraged to apply. However, Private sector organisations are not allowed to make profit from activities in the project financed by the EU grant (see section 2.1.5, "Eligible Direct Costs").

A consortium will be made up of a lead applicant, one or more co-applicants, and, if any, affiliated entity(ies) to the lead applicant and/or co-applicant(s). The lead applicant and co-applicants working in a cluster should complement each other in terms of expertise and geographical presence in order to provide a comprehensive response to the needs in the overall cluster.

Lead applicants

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

- be a legal person **and**
- be established in¹³ a Member State of the European Union or any country considered eligible for less developed countries under the revised Annex IV to the Cotonou

¹³ To be determined on the basis of the organisation's statutes, which should demonstrate that it has been established by an instrument governed by the national law of the country concerned and that its head office is located in an eligible country. In this respect, any legal entity whose statutes have been established in

Agreement¹⁴. This obligation does not apply to international organisations as defined by Article 43 of the Rules of application of the EU Financial Regulation¹⁵ **and**

- be directly responsible for the preparation, management and implementation of the action with the co-applicant(s) and affiliated entity(ies), not acting as an intermediary **and**
- have operational presence¹⁶ in at least one of the countries covered by the action. In addition:
 - For **lot 1**, operational presence in the specified cluster will be considered as a strong advantage.

For **lot 2**, direct and recent operational presence in the cluster should be demonstrated¹⁷ **and**

- have proven competence in one or more of the thematic areas to be addressed under the relevant lot as demonstrated through a portfolio of at least three (3) projects.

In the consortium, there should be a clear thematic sharing of tasks among the lead applicant and the co-applicants. It is important to sign a partnership statement or agreement/MoU, upon submission of applications, which clearly reflects the sharing of project interventions including the respective roles and responsibilities.

The role of the lead applicant should not be limited to the overall coordination, management, monitoring and evaluation of the proposed project interventions. It needs to be involved in direct joint implementation of the proposed activities based on clear sharing of tasks with the co-applicant(s).

Partnerships with local organisations which have specific technical expertise in one or more of the areas covered by this procedure and which have sufficient management capacity are encouraged.

- 2) Potential applicants may not be awarded grants if they are in any of the situations listed in section 2.3.3 of the Practical Guide;

In Annex A section 5.1 of the grant application form ('declaration by the lead applicant'), the lead applicant must declare that the lead applicant himself, the co-applicant(s) and affiliated entity(ies) are not in any of these situations.

If awarded the grant contract, the lead applicant will become the beneficiary identified as the Coordinator in Annex E3h1 (Special Conditions). The Coordinator is the main interlocutor of the Contracting Authority. It represents and acts on behalf of any other co-beneficiary (if any) and coordinate the design and implementation of the action.

another country cannot be considered an eligible local organisation, even if the statutes are registered locally or a 'Memorandum of Understanding' has been concluded.

¹⁴ http://www.europarl.europa.eu/intcoop/acp/03_01/pdf/mn3012634_en.pdf

¹⁵ International organisations are international public-sector organisations set up by intergovernmental agreements as well as specialised agencies set up by them; the International Committee of the Red Cross (ICRC) and the International Federation of National Red Cross and Red Crescent Societies are also recognised as international organisations.

¹⁶ Operational presence here means current established presence (office, field office, staff presence) in one of the countries covered by the action.

¹⁷ Operational presence here requires that the lead applicants must demonstrate that they have implemented at least one action within the cluster within the last five years in order to be considered eligible.

Co-applicants

In order to be eligible for a grant, each co-applicant must satisfy the following eligibility criteria:

- be a legal person **and**
- be established in¹⁸ a Member State of the European Union or any country considered eligible for less developed countries under the revised Annex IV to the Cotonou Agreement¹⁹. This obligation does not apply to international organisations as defined by Article 43 of the Rules of application of the EU Financial Regulation²⁰ **and**
- be directly responsible for the preparation, management and implementation of the action with the lead applicant, other co-applicant(s) and affiliated entity(ies), not acting as an intermediary **and**
- have operational presence²¹ and experience in at least one of the countries covered by the action. Operational presence in the specified cluster will be considered as a strong advantage for both lots, **and**
- have proven competence in one or more of the thematic areas to be addressed under the relevant lot as demonstrated through a portfolio of at least three (3) projects.

The number of co-applicants should be manageable. The minimum recommended is 1 and the maximum is 5.

As a whole, the consortia must:

- include at least a consortium member (lead applicant or co-applicant) who is allowed to work on conflict prevention and resolution in Ethiopia. The application should include a proof from the competent government body of the member's exemption to the 2009 Charities and Societies Proclamation (CSP) provisions. (**Applicable to lot 1 only**)
- demonstrate proven competence in the thematic areas to be addressed under the relevant lot, experience, direct operational presence and authorisation to operate on both countries concerned (Kenya and Ethiopia)²².

Previous experience implementing cross-border projects will be considered an advantage.

18 To be determined on the basis of the organisation's statutes, which should demonstrate that it has been established by an instrument governed by the national law of the country concerned and that its head office is located in an eligible country. In this respect, any legal entity whose statutes have been established in another country cannot be considered an eligible local organisation, even if the statutes are registered locally or a 'Memorandum of Understanding' has been concluded.

19 http://www.europarl.europa.eu/intcoop/acp/03_01/pdf/mn3012634_en.pdf

20 International organisations are international public-sector organisations set up by intergovernmental agreements as well as specialised agencies set up by them; the International Committee of the Red Cross (ICRC) and the International Federation of National Red Cross and Red Crescent Societies are also recognised as international organisations.

21 Operational presence here means current established presence (office, field office, staff presence) in one of the countries covered by the action.

22 Not necessarily in the specific cluster.

Private sector organisations may apply. However, they are not allowed to make profit from activities in the project financed by the EU grant.

Co-applicants participate in designing and implementing the action, and the costs they incur are eligible in the same way as those incurred by the lead applicant.

Co-applicants must sign the mandate in Annex A section 5.2.

If awarded the grant contract, the co-applicant(s) (if any) will become beneficiary(ies) in the action (together with the lead applicant).

The lead applicant and all co-applicants proposed must be fully aware of the security challenges and difficult working environment prevailing in the cluster and only propose field level staff who are willing and able to work and perform in this environment.

2.1.2 Affiliated entities

The lead applicant and its co-applicant(s) may act with affiliated entity(ies).

Only the following entities may be considered as affiliated entities to the lead applicant and/or to co-applicant(s):

Only entities having a structural link with the applicants (i.e. the lead applicant or a co-applicant), in particular a legal or capital link.

This structural link encompasses mainly two notions:

- (i) Control, as defined in Directive 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings:

Entities affiliated to an applicant may hence be:

- Entities directly or indirectly controlled by the applicant (daughter companies or first-tier subsidiaries). They may also be entities controlled by an entity controlled by the applicant (granddaughter companies or second-tier subsidiaries) and the same applies to further tiers of control;
- Entities directly or indirectly controlling the applicant (parent companies). Likewise, they may be entities controlling an entity controlling the applicant;
- Entities under the same direct or indirect control as the applicant (sister companies).

- (ii) Membership, i.e. the applicant is legally defined as a e.g. network, federation, association in which the proposed affiliated entities also participate or the applicant participates in the same entity (e.g. network, federation, association) as the proposed affiliated entities.

The structural link shall as a general rule be neither limited to the action nor established for the sole purpose of its implementation. This means that the link would exist independently of the award of the grant; it should exist before this procedure and remain valid after the end of the action.

By way of exception, an entity may be considered as affiliated to an applicant even if it has a structural link specifically established for the sole purpose of the implementation of the action in the case of so-called “sole applicants” or “sole beneficiaries”. A sole applicant or a sole beneficiary is a legal entity formed by several entities (a group of entities) which

together comply with the criteria for being awarded the grant. For example, an association is formed by its members.

What is not an affiliated entity?

The following are not considered entities affiliated to an applicant:

- Entities that have entered into a (procurement) contract or subcontract with an applicant, act as concessionaires or delegates for public services for an applicant,
- Entities that receive financial support from the applicant,
- Entities that cooperate on a regular basis with an applicant on the basis of a memorandum of understanding or share some assets,
- Entities that have signed a consortium agreement under the grant contract (unless this consortium agreement leads to the creation of a "sole applicant" as described above).

How to verify the existence of the required link with an applicant?

The affiliation resulting from control may in particular be proved on the basis of the consolidated accounts of the group of entities the applicant and its proposed affiliates belong to.

The affiliation resulting from membership may in particular be proved on the basis of the statutes or equivalent act establishing the entity (network, federation, association) which the applicant constitutes or in which the applicant participates.

If the applicants are awarded a grant contract, their affiliated entity(ies) will not become beneficiary(ies) of the action and signatory(ies) of the grant contract. However, they will participate in the design and in the implementation of the action and the costs they incur (including those incurred for implementation contracts and financial support to third parties) may be accepted as eligible costs, provided they comply with all the relevant rules already applicable to the beneficiary(ies) under the grant contract.

Affiliated entity(ies) must satisfy the same eligibility criteria as the lead applicant and the co-applicant(s). They must sign the affiliated entity(ies) statement in Annex A, section 5.3.

2.1.3 Associates and Contractors

The following entities are not applicants, nor affiliated entities and do not have to sign the "mandate for co-applicant(s)" or "affiliated entities' 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. Associates must be mentioned in section 4 of Annex A — 'Associates participating in the action' — of the grant application form.

- **Contractors**

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

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

Definition

An action is composed of a set of activities.

Duration

The initial planned duration of an action may not be less than 36 months nor exceed 40 months, including a six (6) month inception phase.

Location

As specified in section 1.2, this procedure covers activities under Cluster I of the Collaboration in Cross-border areas programme: the Southwest Ethiopia- Northwest Kenya border area, covering South Omo Zone and parts of Bench Maji Zone in Ethiopia, and parts of Turkana and Marsabit countries in Kenya²³.

The activities which will be considered eligible under this procedure will have to be implemented within these geographical boundaries²⁴. It is not expected that the proposed activities would be implemented across the whole geographical area covered but it is crucial that they reflect the cross border nature of this procedure. Therefore they must encompass areas and beneficiaries within the 2 countries. It is recommended that the applicants define their intervention areas (within the geographical boundaries of the cluster) and expected beneficiaries according to the intervention logic of their application.

Types of action

The following types of action are **eligible**:

- Construction of and management of installations and infrastructure and provision of supplies, equipment and goods (including access to financial services) linked to and necessary for the achievement of the results of the action;
- Technical assistance and provision of training, expertise, advice, workshops, community dialogues and awareness raising linked to the achievement of the results of the action;
- Data collection, analysis and research if directly required and linked to improve the evidence-base for the achievement of the results of the action.

The following types of action are **ineligible**:

- actions concerned only or mainly with individual sponsorships for participation in workshops, seminars, conferences and congresses;
- actions concerned only or mainly with individual scholarships for studies or training courses.

²³ See map in section 1.2 of these guidelines

²⁴ In exceptional circumstances, activities could be undertaken outside these geographical boundaries where there is strong case for doing so (e.g. value chain activities that fall outside the cluster).

Types of activity

Specific to Lot 1:

Under the expected result mentioned in section 1.2, the following illustrates the kinds of activities that could be proposed which are indicative and non-exhaustive²⁵:

- Conduct conflict analysis and mapping of local drivers of conflict and existing conflict management/dispute resolution mechanisms (a key requirement of the inception phase, though will need to be kept updated);
- Revitalisation, strengthening and facilitation of existing community level and cross-border peace initiatives and fora for dialogue, dispute resolution and mediation (e.g. establishing and strengthening local peace committees, cross-border cultural festivals and mutual trust/cohesion building events, social media) and dissemination of best practice;
- Conduct conflict sensitivity awareness activities and capacity building in crisis prevention, conflict management and resolution within local institutions
- Support conflict-sensitive approaches to development and formulation of local level and cross-border peace policies and implementation of national policies at local level.

Specific to Lot 2:

Under **expected result (i)**, mentioned under section 1.2, the following illustrates the kinds of activities that could be proposed, which are indicative and non-exhaustive:

- Conduct a resources baseline study and analysis and comparison of traditional and new coping mechanisms;
- Support to the implementation of best practices from community resilience actions and cross-border joint planning;
- Improving local population responsiveness to food insecurity and other shocks.

Under **expected result (ii)**, mentioned under section 1.2, the following illustrates the kinds of activities that could be proposed, which are indicative and non-exhaustive:

Activities related to **agriculture and food security**, such as:

- Promotion of rain-fed or flood-based farming;
- Support to the introduction of more drought-resistant and nutritious species;
- Promotion of climate smart conservation agriculture practices;
- Support to small-scale horticulture schemes.

Activities related to **livestock** and fishing such as:

- Capacity building on agro-pastoral systems;
- Improve livestock health and cross-border harmonisation on livestock movements ;
- Promotion of sustainable fisheries, including developing local enterprises, skills training and infrastructure, and the potential creation of a joint (cross-border) fish resources development zone;

²⁵ Please refer also to the logical framework included in the Action Document (Annex L).

- Integrate nutrition-sensitive interventions in agriculture and livestock activities;

Diversification of income sources and promotion of cross-border trade and, linked to the above or other value chains, private sector development, such as:

- Support to trans-boundary markets and linkages for cross-border trade;
- Promotion of tourism;
- Improved access to finance, skills training, advisory services and technical assistance for emerging businesses, giving particular focus to youth and women;
- Supporting the non-timber forest sector;
- Improvements to shared infrastructure.

Under **expected result (iii)**, mentioned under section 1.2, the following illustrates the kinds of activities that could be proposed, which are indicative and non-exhaustive²⁶:

Activities related to **rangeland management** such as:

- Rehabilitation of rangelands;
- Promotion of rangeland management, grazing and dry-season grazing reserves;
- Promotion of alternative utilisation of invasive species (Prosopis).

Activities related to **integrated water resources management** (particularly relevant in the current context) such as:

- Promotion of water harvesting and development or rehabilitation of water points;
- Improved local water management and irrigation;
- Local government natural resource management planning and capacity building.

Applicants can include additional relevant and complementary actions, in line with the objectives of this procedure, according to their analysis and their assessment of the needs within the cluster.

Financial support to third parties²⁷

Applicants may propose financial support to third parties in order to help achieve the objectives of the action.

The maximum amount of financial support per third party is EUR 60 000.

Under this procedure, financial support to third parties may not be the main purpose of the action.

In compliance with the present guidelines and notably of any conditions or restrictions in this section, the lead applicant should define mandatorily in section 2.1.1 of the grant application form (Annex A):

- (i) the objectives and results to be obtained with the financial support
- (ii) the different types of activities eligible for financial support, on the basis of a fixed list

²⁶ Activities under this result area will need to be closely linked to activities focussed on transboundary water management and diplomacy foreseen to be undertaken in the UNDP Delegation Agreement.

²⁷ These third parties are neither affiliated entity(ies) nor associates nor contractors.

- (iii) the types of persons or categories of persons which may receive financial support
- (iv) the criteria for selecting these entities and giving the financial support
- (v) the criteria for determining the exact amount of financial support for each third entity, and
- (vi) the maximum amount which may be given.

In all events, the mandatory conditions set above for giving financial support (points (i) to (vi)) have to be strictly defined in the grant contract as to avoid any exercise of discretion.

- Eligible third parties may be a legal person. They may include community based organisations, grass roots organisations, professional organisations, women or refugee associations, etc. This list is not exhaustive.
- Eligible third parties may also be natural persons if they are the direct beneficiaries of activities falling within the objectives and priorities listed in section 1.2 above
- Financial support to third parties under this procedure must be aimed at supporting action in line with the objectives and priorities listed in section 1.2 above and may, *inter alia*, include support in the form of start-up capital to activities falling within the scope of this procedure.

Visibility

The applicants must take all necessary steps to publicise the fact that the European Union has financed or co-financed the action. As far as possible, actions that are wholly or partially funded by the European Union must incorporate information and communication activities designed to raise the awareness of specific or general audiences of the reasons for the action and the EU support for the action in the country or region concerned, as well as the results and the impact of this support.

Applicants must comply with the objectives and priorities and guarantee the visibility of the EU financing (see the Communication and Visibility Manual for EU external actions specified and published by the European Commission at http://ec.europa.eu/europeaid/funding/communication-and-visibility-manual-eu-external-actions_en).

Number of applications and grants per applicants / affiliated entities

- The lead applicant may submit more than one application(s) under this procedure.
- The lead applicant may be a co-applicant or an affiliated entity in another application at the same time.
- A co-applicant/affiliated entity may be the co-applicant or affiliated entity in more than one application under this procedure.

2.1.5 Eligibility of costs: costs that can be included

Only 'eligible costs' can be covered by a grant. The categories of costs that are eligible and non-eligible are indicated below. The budget is both a cost estimate and an overall ceiling for 'eligible costs'.

The reimbursement of eligible costs may be based on any or a combination of the following forms:

- actual costs incurred by the beneficiary(ies) and affiliated entity(ies)
- one or more simplified cost options.

Simplified cost options may take the form of:

- **unit costs:** covering all or certain specific categories of eligible costs which are clearly identified in advance by reference to an amount per unit.
- **lump sums:** covering in global terms all or certain specific categories of eligible costs which are clearly identified in advance.
- **flat-rate financing:** covering specific categories of eligible costs which are clearly identified in advance by applying a percentage fixed ex ante.

The amounts or rates have to be based on estimates using objective data such as statistical data or any other objective means or with reference to certified or auditable historical data of the applicants or the affiliated entity(ies). The methods used to determine the amounts or rates of unit costs, lump sums or flat-rates must comply with the criteria established in Annex K, and especially ensure that the costs correspond fairly to the actual costs incurred by the beneficiary(ies) and affiliated entity(ies), are in line with their accounting practices, no profit is made and the costs are not already covered by other sources of funding (no double funding). Refer to Annex K for directions and a checklist of controls to assess the minimum necessary conditions that provide reasonable assurance for the acceptance of the proposed amounts.

Applicants proposing this form of reimbursement, must clearly indicate in worksheet no.1 of Annex B, each heading/item of eligible costs concerned by this type of financing, i.e. add the reference in capital letters to "UNIT COST" (per month/flight etc.), "LUMPSUM", "FLAT RATE" in the Unit column. (see example in Annex K)

Additionally in Annex B, in the second column of worksheet no.2, "Justification of the estimated costs" per each of the corresponding budget item or heading applicants must:

- describe the information and methods used to establish the amounts of unit costs, lump sums and/or flat-rates, to which costs they refer, etc.
- clearly explain the formulas for calculation of the final eligible amount²⁸
- identify the beneficiary who will use the simplified cost option (in case of affiliated entity, specify first the beneficiary), in order to verify the maximum amount per each beneficiary (which includes if applicable simplified cost options of its affiliated entity(ies))

At contracting phase, the Contracting Authority decides whether to accept the proposed amounts or rates on the basis of the provisional budget submitted by the applicants, by analysing factual data of grants carried out by the applicants or of similar actions and by performing checks established by Annex K.

The total amount of financing on the basis of simplified cost options that can be authorised by the Contracting Authority for any of the applicants individually (including simplified cost

²⁸ Examples: for staff costs: number of hours or days of work * hourly or daily rate pre-set according to the category of personnel concerned;- for travel expenses: distance in km * pre-set cost of transport per km; number of days * daily allowance pre-set according to the country;- for specific costs arising from the organization of an event: number of participants at the event * pre-set total cost per participant etc.

options proposed by their own affiliated entities) cannot exceed EUR 60 000 (the indirect costs are not taken into account).

Recommendations to award a grant are always subject to the condition that the checks preceding the signing of the grant contract do not reveal problems requiring changes to the budget (such as arithmetical errors, inaccuracies, unrealistic costs and 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. It is not possible to increase the grant or the percentage of EU co-financing as a result of these corrections.

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

The simplified cost option may also take the form of an apportionment of Field Office's costs.

Field Office means a local infrastructure set up in one of the countries where the action is implemented or a nearby country. (Where the action is implemented in several third countries there can be more than one Field Office). That may consist of costs for local office as well as human resources (excluding any costs related to the construction of field offices).

A Field Office may be exclusively dedicated to the action financed (or co-financed) by the EU or may be used for other projects implemented in the partner country. When the Field Office is used for other projects, only the portion of capitalised and operating costs which corresponds to the duration of the action and the rate of actual use of the field office for the purpose of the action may be declared as eligible direct costs.

The portion of costs attributable to the action can be declared as actual costs or determined by the beneficiary(ies) on the basis of a simplified allocation method (apportionment).

The method of allocation has to be:

1. Compliant with the beneficiary's usual accounting and management practices and applied in a consistent manner regardless of the source of funding and
2. Based on an objective, fair and reliable allocation keys. (Please refer to Annex K to have examples of acceptable allocation keys).

A description prepared by the entity of the allocation method used to determine Field Office's costs in accordance with the entity's usual cost accounting and management practices and explaining how the method satisfy condition 1 and 2 indicated above, has to be presented in a separate sheet and annexed to the Budget.

The method will be assessed and accepted by the evaluation committee and the Contracting Authority at contracting phase. The applicant is invited to submit (where relevant) the list of contracts to which the methodology proposed had been already applied and for which proper application was confirmed by an expenditure verification.

At the time of carrying out the expenditure verifications, the auditors will check if the costs reported are compliant with the method described by the beneficiary(ies) and accepted by the Contracting Authority.

Adequate record and documentation must be kept by the beneficiary(ies) to prove the compliance of the simplified allocation method used with the conditions set out above. Upon request of the beneficiary(ies), this compliance can be assessed and approved ex-ante by an

independent external auditor. In such a case, the simplified allocation method will be automatically accepted by the evaluation committee and it will not be challenged ex post.

When costs are declared on the basis of such allocation method the amount charged to the action is to be indicated in the column "TOTAL COSTS" and the mention "APPORTIONMENT" is to be indicated in the column "units" (under budget heading 1 (Human resources) and 4 (Local Office) of the Budget).

Eligible direct costs

To be eligible under this procedure, costs must comply with the provisions of Article 14 of the General Conditions to the standard grant contract (see Annex G of the guidelines). The grant may not produce a profit for the Beneficiary(ies), unless specified otherwise in Article 7 of the Special Conditions. Profit is defined as a surplus of the receipts over the eligible costs approved by the Contracting Authority when the request for payment of the balance is made.

Contingency reserve

The budget may include a contingency reserve not exceeding 5 % of the estimated direct eligible costs. It can only be used with the **prior written authorisation** of the Contracting Authority.

Eligible indirect costs

The indirect costs incurred in carrying out the action may be eligible for flat-rate funding, but the total must not exceed 7 % of the estimated total eligible direct costs. Indirect costs are eligible provided that they do not include costs assigned to another budget heading in the standard grant contract. The lead applicant may be asked to justify the percentage requested before the grant contract is signed. However, once the flat rate has been fixed in the Special Conditions of the grant contract, no supporting documents need to be provided.

If any of the applicants or affiliated entity(ies) is in receipt of an operating grant financed by the EU, it may not claim indirect costs on its incurred costs within the proposed budget for the action.

Contributions in kind

Contributions in kind mean the provision of goods or services to beneficiaries or affiliated entities free of charge by a third party. As contributions in kind do not involve any expenditure for beneficiaries or affiliated entities, they are not eligible costs.

Contributions in kind may not be treated as co-financing.

However, if the description of the action as proposed includes contributions in kind, the contributions have to be made.

Ineligible costs

The following costs are not eligible:

- debts and debt service charges (interest);
- provisions for losses or potential future liabilities;
- costs declared by the beneficiary(ies) and financed by another action or work programme receiving a European Union (including through EDF) grant;

- purchases of land or buildings, except where necessary for the direct implementation of the action, in which case ownership must be transferred in accordance with Article 7.5 of the General Conditions of the standard grant contract, at the latest at the end of the action;
- currency exchange losses;
- credit to third parties;
- salary costs of the personnel of national administrations.

2.2. HOW TO APPLY AND THE PROCEDURES TO FOLLOW

To apply for this procedure for the award of grants the lead applicants need to:

I. Provide information about the organisations involved in the action. Please note that the registration for co-applicant(s) and affiliated entity(ies) is obligatory²⁹ for this procedure. Lead applicants must make sure that their PADOR profile is up to date

PADOR is an on-line database in which organisations register and update information concerning their entity. Organisations registered in PADOR get a unique ID (EuropeAid ID) which they must mention in their application. PADOR is accessible via the website: http://ec.europa.eu/europeaid/pador_en

It is strongly recommended to register in PADOR well in advance and not to wait until the last minute before the deadline to submit your application.

If it is impossible to register online in PADOR for technical reasons, the applicants and/or affiliated entity(ies) must complete the "PADOR off-line form"³⁰ attached to these guidelines. This form must be sent together with the application, by the submission deadline (see sections 2.2.3 and 2.2.4).

Before using PADOR, please read the user guides available on the website. All technical questions related the use of the PADOR system should be addressed to the IT helpdesk at europeaid-it-support@ec.europa.eu.

2.2.1 APPLICATION FORM

Applications must be submitted in accordance with the instructions in the grant application form annexed to these guidelines (Annex A).

Applications must be in the English language.

Any major inconsistency in the application e.g. if the amounts in the budget worksheets are inconsistent may lead to the rejection of the application.

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

Hand-written applications will not be accepted.

²⁹ Natural persons who apply for a grant (if so allowed in the guidelines for applicants) do not have to register in PADOR. In this case, the information included in the grant application form is sufficient.

³⁰ Annex F.

Please note that only the grant application form and the annexes which have to be filled in (budget, logical framework) will be evaluated and might be considered for further negotiation. It is therefore of utmost importance that these documents contain ALL the relevant information concerning the action.

2.2.2 Where and how to send applications

Applications must be submitted in one original and four copies (1+4) in A4 size, each bound. The complete application form (full application form), budget and logical framework must also be supplied in electronic format (USB) in a separate and single file (i.e. the application must not be split into several different files). The electronic file must contain **exactly the same** application as the paper version enclosed.

The checklist (section 6 of the Instructions in Annex A) and the declaration by the lead applicant (section 5.1, Annex A) must be stapled separately and enclosed in the envelope.

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

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) to the following address:

Delegation of the European Union to Ethiopia

Att: Head of Cooperation

Cape-Verde Road, Addis Ababa

P.O. Box 5570

Addis Ababa

ETHIOPIA

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

Lead applicants must verify that their application is complete using the checklist (section 6 of the 'Instructions in Annex A). Incomplete applications may be rejected.

2.2.3 Deadline for submission of applications

The deadline for the submission of applications is **30th May 2017** as evidenced by the date of dispatch, the postmark or the date of the deposit slip. In the case of hand-deliveries, the deadline for receipt is at **15:00 hours** local time as evidenced by the signed and dated receipt. Any application submitted after the deadline will automatically be rejected.

2.2.4 Further information

An information session on this negotiated procedure for the award of grants will be held on 3rd April 2017. Kindly confirm your attendance to this information session to delegation-ethiopia-infra@eeas.europa.eu by 29th March 2017.

Questions may be sent by e-mail no later than **8th May 2017** indicating clearly the reference of the procedure to the following address: delegation-ethiopia-infra@eeas.europa.eu

The Contracting Authority has no obligation to provide clarifications to questions received after this date.

Replies will be given no later than 19th May 2017.

To ensure equal treatment of applicants, the Contracting Authority cannot give a prior opinion on the eligibility of lead applicants, co-applicants, affiliated entity(ies), an action or specific activities.

A document with all questions raised and relevant to all applicants, together with the answers, will be published on the websites of the EU Delegations to Kenya and Ethiopia:

<http://eeas.europa.eu/delegations/kenya>

https://eeas.europa.eu/delegations/ethiopia_en

It is therefore advisable to consult the above mentioned website regularly in order to be informed of the questions and answers published.

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 applications 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 section 2.1, the application will be rejected on this sole basis

(1) STEP 1: OPENING & ADMINISTRATIVE CHECKS

During the opening and administrative check the following will be assessed:

- If the deadline has been met. Otherwise, the application will be automatically rejected.
- If the application satisfies all the criteria specified in the checklist in the grant application form (Annex A). This includes also an assessment of the eligibility of the action. If any of the requested information is missing or is incorrect, the application may be rejected on that **sole** basis and the application will not be evaluated further.

(2) STEP 2: EVALUATION OF THE FULL APPLICATION

Firstly, the following will be assessed:

- If the full application satisfies all the criteria specified in the checklist in Annex A. If any of the requested information is missing or is incorrect, the application may be rejected on that **sole** basis and the application will not be evaluated further.

The full applications that pass this check will be further evaluated on their quality, including the proposed budget and capacity of the applicants and affiliated entity(ies). They will be evaluated using the evaluation criteria in the evaluation grid below. There are two types of evaluation criteria: selection and award criteria.

The selection criteria help to evaluate the operational capacity of the applicant(s) and affiliated entity(ies) and the financial capacity of the lead applicant and are used to verify that they:

- have stable and sufficient sources of finance to maintain their activity throughout the proposed action and, where appropriate, to participate in its funding (this only applies to lead applicants);
- have the management capacity, professional competencies and qualifications required to successfully complete the proposed action. This applies to applicants and any affiliated entity(ies).

For the purpose of the evaluation of the financial capacity, lead applicants must ensure that the relevant information and documents (i.e. accounts of the latest financial year and external audit report, where applicable) are up to date in their PADOR profile. If the information and documents in PADOR are outdated and do not allow for a proper evaluation of the financial capacity, the application may be rejected.

The award criteria help to evaluate the quality of the applications in relation to the objectives and priorities set forth in the guidelines, and to award grants to projects which maximise the overall effectiveness of the negotiated procedure. They help to select applications which the Contracting Authority can be confident will comply with its objectives and priorities. They cover the relevance of the action, its consistency with the objectives of the procedure, quality, expected impact, sustainability and cost-effectiveness.

Scoring:

The evaluation grid is divided into sections and subsections. Each subsection will be given a score between 1 and 5 as follows: 1 = very poor; 2 = poor; 3 = adequate; 4 = good; 5 = very good.

Evaluation Grid

The following evaluation grid will be used to evaluate both applications for Lot 1 and 2.

Section	Maximum Score
1. Financial and operational capacity	20
1.1 Do the applicants and, if applicable, their affiliated entity(ies) have sufficient experience of project management? Do they have sufficient management capacity? (Including staff, equipment and ability to handle the budget for the action)	5
1.2 Do the applicants and, if applicable, their affiliated entity(ies) have sufficient technical expertise in the thematic areas as well as in the development, humanitarian, governance and private sector development areas? (especially knowledge of the issues to be addressed)	5
1.3 Do the applicants have sufficient operational presence in the countries concerned?	5
1.4 Does the lead applicant have stable and sufficient sources of finance?	5
2. Relevance and design of the action	30

2.1 How relevant is the application to the objectives and priorities of the procedure (how effectively does the application support cross border co-operation, and in the case of lot 2, how does it stimulates private sector and livelihood development, and market access for vulnerable groups)?	10
2.2 How relevant is the application to the particular needs, constraints and opportunities of the target cluster and how it will effectively co-ordinate and complement its activities with those also delivered through the overall EU Trust Fund cross-border programme, with the respective governments and with other initiatives?	10
2.3 How clearly defined and strategically chosen are those involved (final beneficiaries, target groups)? Have their needs been clearly defined and does the application address them appropriately?	5
2.4 Does the application contain specific added-value elements, such as environmental issues, promotion of gender equality and equal opportunities, protection of vulnerable groups (e.g. youth, women, displaced people), rights of minorities and rights of indigenous peoples, as well as innovation and best practices and to what extent does the application meet the strategic considerations and guiding principles indicated under section 2.1 of the guidelines for applicants?	5
3. Effectiveness and feasibility of the action	20
3.1 Are the activities proposed appropriate, practical, and consistent with the objectives and expected results?	5
3.2 Is the action plan clear and feasible, including the proposed inception phase?	5
3.3 Does the application contain objectively verifiable indicators for the outcome of the action? Is any evaluation planned?	5
3.4 Is there a satisfactory level of involvement and participation in the action by the co-applicant(s) and affiliated entity(ies)? Is the management structure clear and sound? (including the interaction with the other lot and objective 3)	5
4. Sustainability of the action	15
4.1 Is the action likely to have a tangible impact on its target groups?	5
4.2 Is the application likely to have multiplier effects? (Including scope for replication, extension and information sharing.)	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>) - Environmentally (if applicable) (<i>will the action have a negative/positive environmental impact?</i>)	5

5. Budget and cost-effectiveness of the action	15
5.1 Are the activities appropriately reflected in the budget?	5
5.2 Is the ratio between the estimated costs and the expected results satisfactory?	10
Maximum total score	100

If the total score for section 1 (financial and operational capacity) is less than 12 points, the application will be rejected. If the score for at least one of the subsections under section 1 is 1, the application will also be rejected.

After the evaluation, applications will be ranked according to their score. The highest scoring application will be provisionally selected and, after passing STEP 3 (eligibility verification), will be retained for negotiation.

In addition, a reserve list will be drawn up following the same criteria. This list will be used if the negotiation with the highest scoring application will not be fruitful. In this case, the second highest scoring application passing STEP 3 (eligibility verification) will then be retained for negotiation and so forth.

(3) STEP 3: VERIFICATION OF ELIGIBILITY OF THE APPLICANTS AND AFFILIATED ENTITY(IES)

The eligibility verification will be performed on the basis of the supporting documents requested by the Contracting Authority (see section 2.6). It will only be performed for the applications that have been provisionally selected according to their score and within the available budget for this negotiated procedure.

- The declaration by the lead applicant (section 8 of Part B of the grant application form) will be cross-checked with the supporting documents provided by the lead applicant. Any missing supporting document or any incoherence between the declaration by the lead applicant and the supporting documents may lead to the rejection of the application on that sole basis.
- The eligibility of applicants and the affiliated entity(ies) will be verified according to the criteria set out in section 2.1.

Any rejected application will be replaced by the next best placed application on the reserve list that falls within the available budget for this negotiated procedure.

2.4. SUBMISSION OF SUPPORTING DOCUMENTS FOR PROVISIONALLY SELECTED APPLICATIONS

A lead applicant whose application has been provisionally selected or placed on the reserve list will be informed in writing by the Contracting Authority. It will be requested to supply the following documents in order to allow the Contracting Authority to verify the eligibility of the lead applicant, of the co-applicant(s) and of their affiliated entity(ies).

Supporting documents must be provided through PADOR (see section 2.2):

1. The statutes or articles of association of the lead applicant, of each co-applicant and of each affiliated entity³¹.
2. An external audit report produced by an approved auditor, certifying the lead applicant's accounts for the last financial year available where the total amount of the grant exceeds EUR 3 000 000. The external audit report is not required from the co-applicant(s).
3. A copy of the lead applicant's latest accounts (the profit and loss account and the balance sheet for the last financial year for which the accounts have been closed)³². A copy of the latest account is neither required from the co-applicant(s) nor from affiliated entity(ies).
4. Legal entity sheet (see Annex D of these guidelines) duly completed and signed by each of the applicants (i.e. by the lead applicant and by each co-applicant), accompanied by the justifying documents requested there. If the applicants have already signed a contract with the Contracting Authority, instead of the legal entity sheet and supporting documents, the legal entity number may be provided, unless a change in legal status occurred in the meantime.
5. A financial identification form of the lead applicant (not from co-applicant(s)) conforming to the model attached as Annex E of these guidelines, certified by the bank to which the payments will be made. This bank should be located in the country where the lead applicant is established. If the lead applicant has already submitted a financial identification form in the past for a contract where the European Commission was in charge of the payments and intends to use the same bank account, a copy of the previous financial identification form may be provided instead.

The requested supporting documents (uploaded in PADOR or sent together with the PADOR offline form) must be supplied in the form of originals, photocopies or scanned versions (i.e. showing legible stamps, signatures and dates) of the said originals.

Where such documents are not in the language of the of the procedure (English), a translation into the language(s) of this procedure (English) of the relevant parts of these documents proving the eligibility of the lead applicant and, where applicable, co-applicants and affiliated entity(ies), must be attached for the purpose of analysing the application.

If the abovementioned supporting documents are not provided before the deadline indicated in the request for supporting documents sent to the lead applicant by the Contracting Authority, the application may be rejected.

Applicants have to take into consideration the time necessary to obtain official documents from national competent authorities and to translate such documents in the authorised languages while registering their data in PADOR.

If the abovementioned supporting documents are not provided before the deadline indicated in the request for supporting documents sent to the lead applicant by the Contracting Authority, the application may be rejected.

³¹ Where the lead applicant and/or co-applicant(s) and/or affiliated entity(ies) is a public body created by a law, a copy of the said law must be provided.

³² This obligation does not apply to natural persons who have received a scholarship or that are in most need in receipt of direct support, nor to public bodies and to international organisations. It does not apply either when the accounts are in practice the same documents as the external audit report already provided pursuant to section 2.4.2

After verifying the supporting documents, the evaluation committee will make a final recommendation to the Contracting Authority, which will decide on the award of grants.

NB : In the eventuality that the Contracting Authority is not satisfied with the strength, solidity, and guarantee offered by the structural link between one of the applicants and its affiliated entity, it can require the submission of the missing documents allowing for its conversion into co-applicant. If all the missing documents for co-applicants are submitted, and provided all necessary eligibility criteria are fulfilled, the above mentioned entity becomes a co-applicant for all purposes. The lead applicant has to submit the application form revised accordingly.

2.5. NOTIFICATION OF THE CONTRACTING AUTHORITY'S DECISION

2.5.1 Content of the decision

The lead applicants will be informed in writing of the Contracting Authority's decision concerning their application and, if rejected, the reasons for the negative decision.

An applicant believing that it has been harmed by an error or irregularity during the award process may lodge a complaint. See further section 2.4.15 of the Practical Guide.

2.5.2 Indicative timetable

	DATE	TIME
Information meeting*	3 rd April 2017*	11:00 at the EU Delegation to Kenya (Nairobi) 15:00 at the EU Delegation to Ethiopia (Addis Ababa)
Deadline for requesting any clarifications from the Contracting Authority	8 th May 2017	
Last date on which clarifications are issued by the Contracting Authority	19 th May 2017	
Deadline for submission of full applications	30 th May 2017	
Information to lead applicants on the evaluation of the full applications*	19 th June 2017 onwards*	
Notification of award (after the eligibility check)*	June-July 2017*	
Contract signature*	July 2017*	

* Provisional dates and times (please refer to the EU delegations' websites for updates)

All times are in the time zone of the country of the Contracting Authority.

This indicative timetable may be updated by the Contracting Authority during the procedure. If so, the updated timetable will be published on the website of the contracting authority.

2.6. CONDITIONS FOR IMPLEMENTATION AFTER THE CONTRACTING AUTHORITY'S DECISION TO AWARD A GRANT

Following the decision to award a grant, the beneficiary (ies) will be offered a contract based on the standard grant contract (see Annex G of these guidelines). By signing the application form (Annex A of these guidelines), the applicants agree, if awarded a grant, to accept the contractual conditions of the standard grant contract. Where the Lead Applicant is an organisation whose pillars have been positively assessed, it will sign a PA Grant Agreement based on the PAGoDA template. In this case references to provisions of the standard grant contract and its annexes shall not apply. References in these guidelines to the Grant Contract shall be understood as references to the relevant provisions of the PA Grant Agreement.

Implementation of contracts

Where implementation of the action requires the beneficiary (ies) and its affiliated entity(ies) to award procurement contracts, those contracts must be awarded in accordance with Annex IV to the standard grant contract.

2.7. EARLY DETECTION AND EXCLUSION SYSTEM (EDES)

The applicants and, if they are legal entities, the persons who have powers of representation, decision-making or control over them, are informed that, should they be in one of the situations mentioned in section 2.3.3.1 or 2.3.3.2 of the Practical Guide their personal details (name, given name (if natural person), address, legal form and name and given name of the persons with powers of representation, decision-making or control (if legal person)) may be registered in EDES. For further information see section 2.3.3 and 2.3.4 of the Practical Guide.

3. List of annexes³³

Documents to be completed

Annex A : Full Application Form (Word format)

Annex B: Budget (Excel format)

Annex C: Logical Framework (Word format)

Annex D: D.1 Legal Entity Sheet (individual)

D.2 Legal Entity Sheet (private companies)

D.3 Legal Entity Sheet (public bodies)

Annex E: Financial identification form

Annex F: PADOR off-line form (*ONLY IF IMPOSSIBLE TO REGISTER IN PADOR*)

Documents for information

Annex G: Standard Grant Contract

- Annex II: general conditions

³³ Applicants should disregard any reference in the attached annexes that refer to a procedure (e.g. Call for Proposals) other than the one that has been detailed in these guidelines

- Annex IV: contract award rules
 - Annex V: standard request for payment
 - Annex VI: model narrative and financial report
 - Annex VII : model report of factual findings and terms of reference for an expenditure verification of an EU financed grant contract for external action
 - Annex VIII: model financial guarantee
 - Annex IX: standard template for transfer of ownership of assets
 - Appendix I: Derogations for International Organisations
- Annex H: Daily allowance rates (per diem), available at the following address:
http://ec.europa.eu/europeaid/applicable-rates-diems-framework-ec-funded-external-aid-contracts-05072013_en
- Annex J: Information on the tax regime applicable to grant contracts signed under the procedure
- Annex K: Guidelines and Checklist for assessing Budget and Simplified cost options.
- Annex L: Action Document "Collaboration in Cross-Border Areas of the Horn of Africa Region"