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## ***Rethinking Plastics: Circular Economy Solutions for Marine Litter***

### **Call for project proposals RP-R2-2020 & RP-R3-2020**

#### **Questions and answers**

##### **About this document**

This document lists questions and answers to points raised by applicants on the two calls for project proposals RP-R2-2020 and RP-R3-2020 led within the *Rethinking Plastics: Circular Economy Solutions for Marine Litter* project, funded by the European Union and German Ministry for Economic Development and Cooperation. It provides a series of related answers.

##### **Terminology commonly used**

- the Action = the proposed project
- the Coordinator = the lead applicant signing the contract with Expertise France, and representing the Consortium
- the Consortium = all parties that form a group of organisations applying to the call, including the lead applicant, co-applicants, and affiliated entities if there are any
- the Contracting Authority = Expertise France
- Description of the Action = an Annex to the contract signed between the grant beneficiaries and Expertise France outlining the activities to carry out, on the basis of the full project proposal submitted

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## 1. Consortium and human resources

Applicant & co-applicant: we need to have some precision regarding the level of applicant and co-applicant. For the University, can the co-applicant be directly a department of the University, the department having his own account and signature stamp?

Yes, the Department of the University may be a co-applicant so long as it meets the conditions presented in section 2.1.1 of the guidelines. These are the same conditions that apply to the lead applicant.

Affiliated entities, third parties. IRD is working in Vietnam with the local Universities under agreement, like MOU. so the universities working with IRD cannot be affiliated entities, is that correct? what can they be instead? Contractor? associates? or third parties? Knowing that external assistance contract is the usual contract that we are having with individuals partners from those entities (to conduct special tasks like surveys, studies, etc).

That is right, these local universities cannot be affiliated entities. If you have signed a Memorandum of Understanding with them, this means that you are not part of the same umbrella organisation, and therefore they are not affiliated entities. For them to be affiliated entities, there must be a structural relation between applicants (either lead applicant or co-applicant), in particular in capital or legal terms. For the definition of affiliated entities, please refer to page 7-8 of the Guidelines.

However, they may be considered as contractors with whom you would enter a contract in order to lead pre-identified tasks such as surveys, studies, among others. In this case, your contract would be concluded in accordance with the rules listed in Annex F-I 'Procurement rules applicable in the implementation's framework of grants awarded by Expertise France'. Their activity may be profit-driven, however, the following conditions apply:

- The activities financed should be primarily of public benefit and not primarily serve their core business interest.
- Transparent and strict tendering procedures need to be followed and documented according to the rules and procedures of Expertise France, and in coordination with the Expertise France contracts department. Sub-contractors cannot be named in the full project proposal.

With regards to associates, they participate in the Action but cannot claim any grant benefits, except for daily allowances and travel expenses. Please refer to p. 8-9 of the Guidelines and see <https://ec.europa.eu/europeaid/prag/document.do?nodeNumber=6.9.1>

With regards to third parties, these would be organisations that would benefit from a grant and call for project proposals run within the framework of your own pilot project. For example, if you decide to initiate a call for project proposals, then the organisation receiving the funding and signing the grant contract with you would be a third party. In this case, the third party can be considered as a beneficiary of the Action, as their activity is not profit-driven. Note that such an arrangement is possible up to 60,000 EUR only, and that other conditions apply. These are presented in the p.11-12 of the Guidelines, p.10 articles 10.4 to 10.8 of the Annex F-II General Conditions.

Please refer to <https://ec.europa.eu/europeaid/prag/document.do?nodeNumber=6.9.2>

It is not very clear who is the third party? are they as defined in the point 2.1.1. and include final beneficiaries?

Please see question above.

Can co-applicants be included as contractors?

Please see question above.

No, co-applicants are not contractors, but are members of the consortium. They must respond to the criteria as presented in 2.1.1 of the Guidelines. They participate in the definition and implementation of the Action with lead applicants and any affiliated entities. If awarded the grant, the co-applicants also become beneficiaries of the action, together with the coordinator. Please refer to p. 7 of the Guidelines.

There will be 1 or 2 affiliated entities to take part in our project. Do we have to include a paper with sign & stamp (hard copy) with the application or provide late?

Yes, please submit the signed and stamped (either electronically or in a hard copy) statements by 17 June 00h Hanoi time. Please note that each affiliated entity must sign the statement, so if you have two affiliated entities, you will need to submit two statements. Please refer to the template provided in the section 5.2 of Annex A, Grant Application Form.

The contract will be signed between the lead applicant and EF. If the Action has co-applicant, will EF sign the contract with the co-applicant?

The consortium partners must be listed in the contract, but only the lead applicant will sign the contract with Expertise France. Please refer to article 1.6 "Role of the Coordinator", Annex F-II General Conditions.

Does EF have regulations regarding the type of contractual arrangement between the lead and the co-applicant for disbursement of funds and reporting on activities (e.g. forwarding of funds arrangement, vs. sub-contract) - of course under the assumption the budget for the co-applicant's activities is clearly itemized in the project budget?

First, please note that the budget must present all costs incurred through activities carried out by the lead, co-applicant and other potential partners regardless of whom is leading them. An itemized budget, listing the co-applicant's activities for example, is not compulsory at this point. This level of detail may be discussed in a second stage.

Second, with regards to the regulations underpinning the type of contractual arrangements between the lead and co-applicant, these are listed in Annex F-II General Conditions:

- article 1.5 'Role of the Beneficiary(ies)':

"The Beneficiary(ies) shall:

- a) carry out the Action jointly and severally vis-a-vis Expertise France taking all necessary and reasonable measures to ensure that the Action is carried out in accordance with the Description of the Action in Annex I and the terms and conditions of this Contract.
- b) to this purpose, the Beneficiary(ies) shall implement the Action with the requisite care, efficiency, transparency and diligence, in line with the principle of sound financial management and with the best practices in the field

- c) be responsible for complying with any obligation incumbent on them from this Contract jointly or individually;
- d) forward to the Coordinator the data needed to draw up the reports, financial statements and other information or documents required by this Contract and the Annexes thereto, as well as any information needed in the event of audits, checks, monitoring or evaluations, as described in Article 16;
- e) ensure that all information to be provided and requests made to Expertise France are sent via the Coordinator;
- f) agree upon appropriate internal arrangements for the internal coordination and representation of the Beneficiary(ies) vis-a-vis Expertise France for any matter concerning this Contract, consistent with the provisions of this Contract and in compliance with the applicable legislation(s)”

- article 1.6. ‘Role of the Coordinator’:

” The Coordinator shall:

- a) be the intermediary for all communications between the Beneficiary(ies) and Expertise France;
- b) be responsible for supplying all documents and information to Expertise France which may be required under this Contract, in particular in relation to the narrative reports and the requests for payment. Where information from the Beneficiary(ies) is required, the Coordinator shall be responsible for obtaining, verifying and consolidating this information before passing it on to Expertise France  
...
- g) have the full financial responsibility for ensuring that the Action is implemented in accordance with this Contract  
...
- j) be the sole recipient, on behalf of all of the Beneficiary(ies), of the payments Expertise France. The Coordinator shall ensure that the appropriate payments are then made to the Beneficiary(ies) without unjustified delay;
- k) not delegate any, or part of, these tasks to the Beneficiary(ies) or other entities.”

Please also note that a dedicated bank account must be set up for the project, as per article 4.2 of Annex F – Contract and Special Conditions:

”The Coordinator will open a bank account dedicated to the project to receive and manage the funds no more than three (3) months after the signing of this contract. ”

Will the lead applicant be responsible for disbursing funds to the co-applicant and consolidating all financial reporting to the EF or will EF disburse funds directly to the co-applicant? Will the co-applicant be required to submit their own financial reports?

Please see above.

Related to this, does the applicant need to collect and store all accounting records of expenditures of the co-applicant?

Please see above.

Can the co-applicant be a direct beneficiary of the grant? If not, can the lead applicant transfer money to the co-applicants and in what conditions?

Please see above.

What is your process of due diligence for co-applicants? Is it the same as for applicants?

Yes, that is right. This assessment is done according to section 2.2.1 and onwards of the guidelines.

In Annex A, notes no 18 mentioned about the Annex F – organization data form which is not relevant, please clarify.

Please read Annex A instead of Annex F. This footnote 18 aims simply to remind you to fill out this form a form for each consortium partner.

## 2. Financial issues

### 2.1. Budget

As mentioned during the webinar, the budget will be discussed between Expertise France and the successful applicant, before signing the contract. Some of these questions may be further clarified at that point if necessary. However, we strongly encourage you to refer to Annex F, F-II and F-VIII with regards to eligible vs non eligible costs in developing your budget.

Please also refer to Attachment 1: Explanatory note on co-financing.

For the sake of clarity, the section below provides a recap on Annex B, Budget of the Action, as presented during the webinar.

Annex B is split in four tabs:

- In tab 1 'Budget in EUR' and tab 1 'Budget in VND' (the "What/How much") you are asked to present the budget of the Action and the budget breakdown per type of cost (e.g. HR, Travel, etc.). Please note that the budget in VND is not compulsory, and can be provided if available. It is the budget in EUR that will be attached to the signed contract with Expertise France<sup>1</sup>.

**By 17 June**, you must estimate and include in Annex B all the envisaged costs necessary for the successful implementation of the proposed Action, regardless of the sources of funding i.e. EF contribution or other sources. At this point there is no need to separate these, as shown below:

Line	Item	Cost per unit	Number of units	Cost
2.3.2	Per diem	200 EUR	70	1400 EUR

Example of budget information required by 17 June!

<sup>1</sup> For the conversion from EUR to VND, or vice versa, the following website should be used, as indicated in Annex F: <http://ec.europa.eu/budg/infoneuro/index?lang=fr&target=iframe#!/convertor>

- **In tab 2 'Justification'** (the "Why"), you must include as many elements as possible to explain each budget item, demonstrate their necessity, how they relate to the Action, as well as the underpinning calculation. Note that the estimation should be based on real costs
- **In tab 3 'Expected sources of funding'** (the "From whom"), you are also asked to present the difference sources of funding, and to clearly separate the percentage of funding from EF contribution, and the percentage of funding from other sources. Note that the total of sources of funding must match the total of costs. Please add as many lines as necessary to the table, in order to list all sources of co-funding.

Budget breakdown: must the co-funding appear on budget breakdown? It's not clear if the budget breakdown must include EU contribution exclusively or also the budget from other sources of funding.

Please see question above.

At this stage, there is no need to separate in tab 1 the amounts supported by EF contribution and by other sources of funding.

However, in tab 3 'Expected sources of funding', you are asked to indicate the funding amounts coming from Expertise France and those from other sources.

How do we include the co-applicant in the budget? Is the budget for all activities, without regard to whether they are implemented by the applicant or the co-applicant?

Please see above.

Yes, the budget is for all activities, regardless of who implements the activities.

In the budget template, do we present the full budget including the matching funds or just the amounts that will be funded by the Expertise France grant?

Please see above.

The budget needs to include an estimation of all the costs that you judge as necessary for the Action to be successful. This should be entered in the first tab. This includes both costs supported by Expertise France and by other entities.

Please also make sure you include all sources of funding in tab 3.

Can you clarify the co-finance: What kind of budget would be considered as co-finance (salary for project coordinators, etc.)

Please see question above.

In one of our action, we would like to test the design of a recycler place, which mean we will need to buy many things to create and improve the design, like architectural materials, etc.. In which category shall we put the cost related to the buying of equipment for the design? Do we classify this budget in supplies (3.5)? If not, to what other cost services subcategory does it belong?

Yes, such equipment purchase would fall under budget line 3.5 as a material.

Justification of costs - is it correct to assume that justifications can be descriptive and that no verification (e.g. salary slips, rental contracts etc) need to be submitted together with the proposal. Referring to Annex F: Action Budget cost category: HUMAN RESOURCES; 3 "Examples: employment contracts, pay slips, information in project financial reports and in audit and evaluation reports."

That is right.

Please note the correct reference is not Annex F, which is an example of the draft contract and Special Conditions, but [Annex F-VIII 'Guidelines and checklist for assessing action budgets'](#).

As indicated in Annex F-VIII, Expertise France will use the guidance and checklist included in the document to assess the proposed budgets at the stage of proposal. It is not a formal approval document, rather a supporting tool to determine whether the proposed budget is plausible and reasonable. Consequently, it serves as a basis for deciding whether the budget is acceptable.

However, tab 2 "Justification of the estimated costs" of Annex B is compulsory. You must use this tab to explain the assumptions used to draw up the budget, as well as the methods and sources used to:

- quantify the project inputs (e.g. number of assets to be acquired, staff numbers to be employed / allocated and time period).
- value action inputs (e.g. prices of assets to be acquired, salaries of staff, fees of consultants)

Please note that in addition to the budget and the justification sheet, and upon request of Expertise France, you should be able to provide further explanations, documents and sources used to draw up the budget. Failure to do so casts doubt on the reliability and plausibility of the budget.

What costs are to be presented under the Line 6: Results? Are these costs that are not included in lines 1-5 or do we allocate the costs in lines 1-5 to activities?

The costs to be presented under line 6 include the costs associated with the activities as defined in your proposal, result per result and activity per activity. These are costs that can be easily attributed to execution of one stand-alone activity. This could include for example the cost of organising a two-week communication campaign in a supermarket to limit the use of plastic bags.

The costs from line 1 to line 5 usually include for example the cost of staff working on the project, the cost of travel expenditures of staff working on the project and for participants, the cost of purchasing materials and goods required for the project, or the cost of the office that is required for the implementation of the activity in the country of operation. These tend to be cross-cutting costs, spread among different elements of the project, and not solely attached to one single activity/result.

Please send us a new budget form presented in the Webinar's presentation since the form in the guideline is different (Annex B. Budget)

The budget shown during the webinar was for information purposes only. Please see the updated template attached to this document. Please note this includes only very minor updates to tab 3.

Regarding to break down budget in each Activity, one activity may have the same category with the budget category from Human Resources; Travel; and Cost for conference/seminars... (i.e. consultancy services, travelling and meetings/workshops), please clarify whether we put in budget category from Human Resources; Travel; and Cost for conference/seminars or keeping in the activity cost:

We suggest you keep in the budget heading 6, 'Activities'.

Travel costs for project team (will be allocated in heading line 2. "Travel" under budget form)  
This is correct, we suggest you keep it in the budget heading 2, 'Travel'.

Travel costs for consultants?

We suggest you include travel costs for consultants it in the budget heading 5, 'Other costs, services' and add a dedicated line to make appear clearly costs related to such travel.

Travel costs for participants?

We suggest you include travel costs for it in the budget heading 2, 'Travel' under 2.3.3. 'Seminar/conference participants'.

Meetings/workshops: how about the heading line 5.7. Costs of conferences/seminars? Could this cost is allocated in this budget line or others?

This question is not clear, however, under this budget line you could include for example the hosting of a launch event. Again, this would be discussed and confirmed when discussing the budget with Expertise France.

Consultancy fee: could it is allocated in the budget line under human resources? Which unit cost could be applied for consultancy fee (per day or per month)?

If fully subcontracted, consultancy fees may appear under '5. Other costs, services'.

You may decide on the unit depending on your needs, so long as the calculations for the cost estimations are clear.

Please refer to Annex F-I 'Procurement rules applicable in the implementation's framework of grants awarded by Expertise France' to ensure these rules are respected.

Please explain more on the bases on calculating the salary for experts.

Please refer to tab 2 'Justification' of Annex B and Annex F-VIII that provide guidance on the calculation of 'expert' salaries. It is not clear, from the question, if such experts refer to staff assigned to the project or short-term experts.

## 2.2. Co-financing

Should evidence of funding confirmation from the Donor be supplied?

No, you may simply advise us of such co-funding in Annex B, tab 3 'Expected sources of funding'.

Please note however, that such Donor may not be the European Union.



Please refer to the Grant Application Form Annex A, [Section 8 “Declaration by the lead applicant”](#). In this section, you are asked to list any other sources of EU funding and associated amounts, indicating the status of such funding (i.e. applied for or awarded). Please note that any false declarations may lead to the rejection from this procedure, exclusions, or financial sanctions.

What is the difference between financial co-financing and in-kind?

Financial co-financing refers to the [funds](#) that support the costs occurred under the project. In-kind co-financing refers to the [human resources](#) and estimated corresponding financial amount, which are made available for the purposes of the project. It is important to note that [in-kind co-financing is not allowed under this call for proposals](#).

### *[2.3. Eligible vs. non-eligible direct costs](#)*

Are the external assistance contract eligible direct cost? eligible indirect cost? In which cost category do they have to appear?

Yes, external assistance contracts may be considered as [eligible direct costs](#), under line 5 ‘Other costs, services’ depending on the type of assistance sought, [provided the rules laid out in the Annex F-I ‘Procurement rules applicable in the implementation’s framework of grants awarded by Expertise France’ are respected](#).

In the annex F VI: human resources 1.2. salaries for international staff/expat. Is the bonus of expatriate included in salary related cost?

Yes, expatriation bonuses may be included as eligible direct costs. Please refer to article 14.2. Annex F – II General Conditions:

“Subject to Article 14.1 and, where relevant, to the provisions of Annex IV being respected, the following direct costs of the Beneficiary(ies) shall be eligible:

- a) the cost of staff assigned to the Action, corresponding to actual gross salaries including social security charges and [other remuneration-related costs](#); salaries and costs shall not exceed those normally borne by the Beneficiary(ies), unless it is justified by showing that it is essential to carry out the Action;”

Participation fee to the Workshops (as the Action activities) can be considered as eligible cost?

As it is not clear what such ‘participation fees’ may entail, it is hard to provide a final answer.

If such participation fees include for example the support provided to key attendees to allow them to participate in your workshops (e.g. per diems, travel costs), then these may be eligible. However, if such participation fees include for instance a compulsory registration fee for participating in the workshop, this would not be eligible.

It is key that such costs meet the eligibility criteria defined in Annex F, Annex F-II, and Annex F-VIII that provide further guidance on eligible and non-eligible costs.

Is it acceptable if the lead applicant sign a contract to a service supplier to provide logistics to the workshop(s) proposed in the Action (hire conference room, refreshment, facilities,...). The service fee is eligible? and can be online in the item (6) in the budget, or it must be in other line? please advise? the same with a contract to hire a consultant doing some work under specific activity of the project.

Yes, in accordance with Annex F-I Procurement Rules applicable in the implementation's framework of grants awarded by Expertise France, the lead applicant may sign a contract with a service supplier, to provide logistical support for the hosting of a workshop or other tasks related to a specific activity. Such service fees are eligible costs.

An estimation of such costs can appear either under item 6 (Activities) or item 5 (for example under 5.7 for room rentals, or under 5.5 for translation and interpretation costs) depending on the type of services sought. Please see question above.

In the budget there is a line for local office costs. Does this mean only office costs in VN or can it also be from an EU country?

The call for proposal aims to support projects - and associated costs - realized in Vietnam, and not in the EU. Hence, the cost for an office in an EU country would not be considered as an eligible direct cost, but rather as an eligible indirect costs, which have been revised upwards from 5% to 7% to provide you with a greater buffer for such costs. Please refer to section 2.2. below.

Annex F-II 14.2 Regarding a, b, and c

...do not exceed those normally borne by the Beneficiary(ies) according to its rules and regulations, or the rates published by the European Commission at the time of such mission if reimbursed on the basis of simplified cost options

Please explain more on this? Is it 60 000 EUR according to Annex F-II 14.5

Let us clarify Article 14.2 of Annex F-II General Conditions:

“Subject to Article 14.1 and, where relevant, to the provisions of Annex IV being respected, the following direct costs of the Beneficiary(ies) shall be eligible:

- a) the cost of staff assigned to the Action, corresponding to actual gross salaries including social security charges and other remuneration-related costs; salaries and costs shall not exceed those normally borne by the Beneficiary(ies), unless it is justified by showing that it is essential to carry out the Action”

This means that if the costs you are submitting meet all the criteria laid out in article 14.1 (e.g. they occur during the implementation period, are necessary for the implementation of the project, are identifiable and verifiable, are reasonable and justified, etc.), then such human resources costs are eligible, so long as the remuneration provided to the staff does not exceed the usual salary that the staff would receive.

Said simply, you are not entitled to pay staff more than their usual salary, unless - as an exception - you can demonstrate why a higher salary is necessary for the implementation of the project. This, however, will be reviewed and may potentially be challenged by Expertise France in the assessment of the budget.

“Subject to Article 14.1 and, where relevant, to the provisions of Annex IV being respected, the following direct costs of the Beneficiary(ies) shall be eligible:

- b) travel and subsistence costs for staff and other persons taking part in the Action, provided they do not exceed those normally borne by the Beneficiary(ies) according to its rules and regulations, or the rates published by the European Commission at the time of such mission if reimbursed on the basis of simplified cost options;”

In the same vein as above, travel costs are eligible if they meet the criteria set out in article 14.1, so long as they do not exceed usual travel costs, as defined in the internal rules of the beneficiary.

Please note that the simplified cost option is not authorised under this call for proposals.

“Subject to Article 14.1 and, where relevant, to the provisions of Annex IV being respected, the following direct costs of the Beneficiary(ies) shall be eligible:

- c) purchase costs for equipment (new or used) and supplies specifically for the purposes of the Action, provided that ownership is transferred at the end of the Action when required in Article 7.5”

In the same vein as above, costs for equipment and supplies are eligible if they meet the criteria set out in article 14.1, and so long as the ownership of such assets is transferred to Expertise France.

Please suggest the requirements for bills in purchasing goods or equipments.

Please refer to Annex F-VIII ‘Guidelines and checklist for assessing action budgets’ that provides extensive guidance on the type of proofs of payments that can be shared with Expertise France when purchasing goods and equipment. Annex F-VIII also provides underpinning questions that Expertise France may consider when assessing the submitted budget.

#### 2.4. Eligible indirect costs

Annex F 7.1.2 The Contracting Authority's contribution set out in Article 3.2 is further limited to 7% of the estimated total accepted costs. Please explain what this refers to.

These eligible indirect costs represent all the costs that arise as a consequence of implementation of the project. While they are costs that are necessary to support the implementation of the project, they are not considered as part of the activities. Therefore, they are qualified as ‘indirect’ vs ‘direct’ costs. This may include for example, costs associated with the management of the grant, including corporate management costs, horizontal and support staff, office or equipment costs. The total amount of indirect eligible costs is set 7%.

Please refer to article 14.7 of the General Conditions:

“Indirect costs

14.7. The indirect costs for the Action are those eligible costs which may not be identified as specific costs directly linked to the implementation of the Action and may not be booked to it directly according to the conditions of eligibility in Article 14.1. However, they are incurred by the Beneficiary(ies) in connection with the eligible direct costs for the Action. They may not include ineligible costs as referred to in Article 14.9 or costs already declared under another costs item or heading of the budget of this Contract.

A fixed percentage of the total amount of direct eligible costs of the Action not exceeding the percentage laid down in Article 3 of the Special Conditions may be claimed to cover indirect costs for the Action. Flat-rate funding in respect of indirect costs does not need to be supported by accounting documents.”

**What does Overhead cost include?**

Please see above. Overhead costs are costs associated with the costs associated with the management of the grant, including corporate management costs, horizontal and support staff, office or equipment costs. Said otherwise, indirect eligible costs.

Please note however that the point h) in article 14.7 applies to operating grants, and that the conditions applying to the acceptance of overhead costs are defined in the Guidelines under 2.1. ‘Eligible indirect costs’.

## 2.5. VAT/indirect tax costs

With regards to VAT/indirect tax costs, there are two existing procedures: one relating to the refund of VAT costs, and one to its exemption. The next sections cover VAT exemptions, only.

On the first stage of the call, VAT were ineligible cost. Now, on the second stage and on Annex F, VAT are not anymore listed in this category so they became eligible, can you confirm? are they direct or indirect cost?

No, VAT/indirect taxes, including custom taxes, are still treated as ineligible costs. They may appear in the budget of the Action, line 12 of Annex B, as accepted costs, provided you are not exempt of these and they are co-financed by another source of funding.

Please refer to:

- Annex G on ‘Information on the tax regime applicable to grant contracts signed under “Rethinking Plastics – Circular Economy Solutions to Marine Litter”’.
- Guidelines, p. 15, “Ineligible costs: VAT and other national taxes.”
- Annex F ‘Contract and specific conditions’, p. 7, article 7.1.2.: “VAT/ taxes, duties and charges are not eligible for the activities as described in Annex I.”
- Annex F – II ‘General conditions’, p. 16: “duties, taxes and charges, including VAT, paid and not recoverable by the Beneficiary(ies), unless otherwise provided in the Special Conditions”

However, please note that including VAT/indirect taxes costs as ‘accepted costs’ mechanically diminishes the share of Expertise France’s contribution. Please see example below:

- Before including VAT/indirect tax costs, EF’s contribution is at 91%
- After including VAT/indirect tax costs, EF’s contribution is at 87%, which means that a greater share of co-financing is required to support the total cost of the Action.

3. Expected sources of funding & summary of estimated costs <sup>1</sup>			
		Amount	Percentage
		EUR	%
<b>A. Expected sources of funding</b>			
EF contribution sought in this application <b>(A)</b>		100	
Other contributions (Applicant, other Donors etc)			
<i>Name</i>	<i>Conditions</i> <sup>6</sup>		
<i>Entity A</i>		10	
Expected TOTAL CONTRIBUTIONS		110	
<b>B. Estimated Costs</b>			
Estimated TOTAL ELIGIBLE COSTS <sup>2</sup> <b>(B)</b>		110	
EF contribution expressed as a percentage of total eligible costs <sup>4</sup> <b>(A/B x 100)</b>			91
Taxes <sup>5</sup>		5	
Estimated TOTAL ACCEPTED COSTS <sup>3</sup> <b>(C)</b>		115	
EF contribution expressed as a percentage of total accepted costs <sup>4</sup> <b>(A/C x 100)</b>			87

Taxes exemption: can you please explain us the procedures to obtain the taxes exemption refusal?

Please refer to Annex G:

**“2. How can the beneficiary(ies) (or, where applicable, its affiliated entity(ies)) show that it is not tax-exempted and that it cannot recover taxes?”**

The beneficiary(ies) (or, where applicable, its affiliated entity(ies)) must show that it is not tax exempted and that it cannot recover taxes under the applicable national law. The beneficiary(ies) (or, where applicable, its affiliated entity(ies)) will have to prove that it has undertaken the necessary steps to obtain an exemption or the recovery of paid taxes vis-à-vis the relevant authorities.

This evidence may take the following forms:

- An official document from the competent tax authority stating that the entity is not entitled to reclaim taxes incurred for the activities in question (and that this does not depend on the simple fact that it does not wish to be subject to VAT). This official document may be a specific declaration or a refused claim for reimbursement by the competent tax authority.
- The absence of a reply by the competent tax authority within the legal deadline set by the applicable national law to a request submitted in due time (or 6 months in the absence of a legal deadline).
- The entity’s annual accounts complemented, if deemed necessary by the contracting authority, for example by an extract of the national VAT tax law showing that the entity does not have to account for VAT, a declaration of honour from the entity concerned accompanied by an expert statement (e.g. by a lawyer, auditor etc.).

The beneficiary(ies) (or, where applicable, its affiliated entity(ies)) shall provide the evidence at the latest when submitting the final report.”

In practical terms, to obtain a tax exemption refusal, you need to undertake three main steps.

1. First, you need to identify the competent Authority and the underlying regulation. This will be a Vietnamese authority that will have the authority to examine your request, and to decide if it can be acceptable, or not.
2. Second, you need to write to this Authority seeking such an exemption. The attached letter provides an example that you may use as a basis for such a letter.
3. Third:
  - a. Either your ask is accepted and then you become exempt of such VAT/tax costs, and there is no need to include these in the budget of the action.
  - b. Or, your ask is refused. Then, the first letter seeking an exemption and the letter of refusal (or other available proof of refusal) are submitted to Expertise France. These documents are required to justify why you are including VAT/indirect tax costs in the budget as an accepted cost, in line 12. Please note that this diminishes the share of EF contribution and that VAT/indirect tax costs still remain ineligible under this call and cannot be charged to Expertise France, but they may be supported by other sources of funding as part of co-financing.

To note also that:

- You can start spending the grant money, including VAT/indirect taxes before the process of examination by the authorities has reached its conclusion.
- It is the date on the letter sent to the national tax authorities that represents the start of the exemption procedure, and the date after which such taxes may supported by co-funding.

Please note that this is a time-consuming process that has not yet been fruitful for Expertise France in Vietnam for the VAT exemption of the global *Rethinking Plastics* project.

In this Action, we need to fill the taxes in the line 11. Please advise which kind of documents we have to show EF so that the tax can be co-financed.

Please see question above.

Please note it is line 12, and not line 11.

If accepted, we understand the co-finance will be the same as of percentage of budget supported by EF (for example 90% and 10% respectively EF and the benefited organization).

This is correct. If EF’s contribution to total accepted costs amount to 80%, then the remaining 20% will need to be financed by another source of funding. Please refer to tab 3 of Annex B.

We would like to buy some equipment which must be imported and we might pay the custom tax. Are they eligible?

Please see question above.

Please also refer to Annex F-VII and Annex F-II, article 7.5 of the General Conditions, with regards to the transfer of the ownership of such equipment at the end of the Action:

“Unless otherwise clearly specified in the Description of the Action in Annex I, the equipment, vehicles and supplies paid for by the Budget for the Action shall be transferred to the final beneficiaries of the Action, at the latest when submitting the final report.

If there are no final beneficiaries of the Action to whom the equipment, vehicles and supplies can be transferred, the Beneficiary(ies) may transfer these items to:

- local authorities
- local Beneficiary(ies)
- local affiliated entity(ies)
- another action funded by the European Union or managed by Expertise France
- or, exceptionally, retain ownership of these items.

In such cases, the Coordinator shall submit a justified written request for authorisation to Expertise France, with an inventory listing the items concerned and a proposal concerning their use, in due time and at the latest with the submission of the final report.

In no event may the end use jeopardize the sustainability of the Action or result in a profit for the Beneficiary(ies)”

IUCN informed us that attempts to get a positive or negative response on exemption from VAT in VN has been unsuccessful in the past. Will the results of previous attempts to receive a determination from the VN tax authorities be accepted, i.e., that after due diligence no answer was provided. Based on this can it be assumed that VAT in VN will be accepted as an eligible cost?

No, it is required that you undertake the process for tax exemption for your particular project, and provide the associated proof of refusal/rejection for your project.

Please note that VAT is never an eligible cost, rather an accepted cost. This distinction is important, as eligible costs can be financed by EF contributions, while accepted costs are supported by other sources of funding. Such VAT costs cannot be charged to Expertise France.

At what point in the process of submitting the proposal for funding and contracting, if successful, do we need to provide the proof from the Sweden tax authorities of not being exempt from VAT to be able to include this in an eligible cost?

Please see above and Annex G ‘Information on the tax regime applicable to grant contracts signed under “Rethinking Plastics – Circular Economy Solutions to Marine Litter”’:

“The beneficiary(ies) (or, where applicable, its affiliated entity(ies)) shall provide the evidence at the latest when submitting the final report.”

However, it is highly important to understand that activities are to be realized first and foremost in Vietnam, and not Sweden. Thus, only a small part of the budget would be accepted as costs to support the work and missions of staff working from Sweden. Hence, we would expect VAT/indirect tax costs occurred in Sweden to represent only a marginal percentage of the total accepted budget.

As for other VAT/ indirect costs related to activities led in Vietnam, a proof from the Vietnamese, and not Swedish, tax authorities would be required. Please see question above.

## 2.6. Audit

Eligible costs are subject to audit, do we have budget for its costs in our proposal?

The costs of the audit are supported by Expertise France, by way of derogation to the General Conditions. Please refer to article 7.2.3 of Annex F – Contract and Special Conditions:

« The verification (s) of the expenditure concerned will be / will be carried out by the contracting authority or any external body designated by the contracting authority »

This means that Expertise France itself will not run the audit, rather contract an external audit firm to do so. Hence, there is no need to include a budget for such an audit and under line 5.4, it should appear: 0 EUR.

We understand EF will be evaluator at the end of the project? and for that, should we include auditing fee in the budget (line 5.4 in the budget). The evaluation by EF will be both for the project technical as well as financial issues?

Please see question above. The audit will cover first and foremost the financial aspects, but it may also be technical if deemed necessary.

How much the cost for the external auditing? or an estimate is appreciated.

Please see question above. There is no need for such an estimation, as such costs are not to be included in the budget.

Please re-confirm that we should not include in the budget costs for the audit of the final financial report. Reference is made to general conditions 15.7: The expenditure verification report shall conform to the model in Annex VII and shall be produced by an auditor approved or chosen by Expertise France.

Please see question above.

## 2.7. Budget variations

An adjustment of the proposed budget (in concept note) could be at max of 20%. In this case, should the applicant explain the reasons of adjustment? or should the action proposing more activities that have not been proposed in the CN to qualify/best achieve the overall objectives.

Yes, such an adjustment must be explained and backed with concrete and clear justifications. You may also propose additional activities in order to achieve the overall objectives sought.

When developing your budget, please refer to Annex F-VIII which details how such costs are evaluated. The accuracy of such costs will be carefully reviewed in light of such document.

Is there any chance for us to develop the full project proposal with new activities and budget as 98,300 EUR or shall we need to develop the full project proposal with the budget as 55,300EUR?

As per the Guidelines section 2.2.1, the maximum variation allowed between the budget submitted during the first phase of then Concept Note and the second phase of the full project proposal is 20%.



Hence if the first budget submitted was for example 55,300EUR then under the phase 2, the maximum budget allowed would be 66,360EUR.

Once the budget is approved, what amount (percentage) of deviation will be allowed between budget headings (e.g. Human Resource / Travel)?

Once the budget approved, a maximum of 25% variation between main budget headings may be accepted. Please see article 9.4 of Annex F – II General Conditions:

“Where the amendment to the Budget or Description of the Action does not affect the basic purpose of the Action and the financial impact is limited to a transfer between items within the same main budget heading including cancellation or introduction of an item, or a transfer between main budget headings involving a variation of 25% or less of the amount originally entered (or as modified by addendum) in relation to each concerned main heading for eligible costs, the Coordinator may amend the budget or Description of the Action and inform Expertise France accordingly, in writing and at the latest in the next report. This method may not be used to amend the headings for indirect costs.”

Please note therefore that discussions will be held between Expertise France and the selected lead applicant before signing the budget and contract, to make sure that it aligns as much as possible with the costs as they will be realized.

## 2.8. Financial reporting

Is it correct to assume that it suffices that all accounting records are kept and that samples can be produced in response to audits/similar? It is not custom to request all accounting data/verifications in electronic form as part of financial reporting.

(Reference is made to the following statement in Annex F): The detailed breakdown of expenditure shall provide the following information for each cost heading in the financial report and for all underlying entries and transactions: amount of the entry or transaction, accounting reference (e.g. ledger, journal or other relevant reference) description of the entry or transaction (detailing the nature of the expenditure) and reference to underlying documents (e.g. invoice number, salary slip or other relevant reference), in line with Article 16.1. It shall be provided in electronic form and spread sheet format (excel or similar) whenever possible.

That is correct. Only the detailed breakdown, and not the proofs themselves of such expenditures, are to be submitted to Expertise France as part of the interim financial reporting.

However, please note that in accordance with:

- Article 4.5 Annex F Contract and Special Conditions:
  - o “Within 15 days following the project completion, a detailed financial report justifying the use of the funds according to the frameworks of Annex F-VI composed of:  
...
  - o The copy of all the accounting documents. Each supporting document will be numbered and the numbers will be included in the list of expenses.”

- [Article 4.6 of Annex F Contract and Special Conditions](#): “At the request of the European Union or the contracting authority, the Coordinator undertakes to provide Expertise France with the originals of the documents justifying the expenses incurred under this contract, translated into English, including:
  - Invoices, receipts, signed per diem lists, proof of payment of salaries (pay slips, time sheets, transfers, receipts etc.), participant lists if training / seminar, etc.,
  - Purchase files above the threshold for competitive tendering,
  - Work, service, rental contracts, etc., and their endorsements, at the first justified expense,
  - Donation certificates if applicable.”
  
- [Article 2.4 of Annex F – II General Conditions](#): “Expertise France may request additional information at any time. The Coordinator shall provide this information within 30 days of the request, in the language of the Contract”.

Please also refer to the article 16.6-16.9 of Annex F-II General Conditions which lay out [general requirements for record-keeping](#), including of accounting documents.

Please suggest some explanations for this:

Annex F-II 17.4: The receipts to be taken into account are the consolidated receipts on the date on which the payment request for the balance is made by the Coordinator that fall within one of the two following categories:

- a) income generated by the Action, unless otherwise specified in the Special Conditions;
- b) financial contributions specifically assigned by the donors to the financing of the same eligible costs financed by this Contract and declared by the Beneficiary(ies) as actual costs under this Contract. Any financial contribution that may be used by the Beneficiary(ies) to cover costs other than those eligible under this Contract or that are not due to the donor where unused at the end of the Action are not to be considered as a receipt to be taken into account for the purpose of verifying whether the grant produces a profit for the Beneficiary(ies).

Income and receipts generated by the Action are [not](#) eligible under this call for proposal. Please ignore.

### [2.9. Operating grant](#)

Annex F-II 14.7 This Article 14.7 does not apply in the case of an operating grant. What is Operating grant?

This grant is an [action grant](#), and not an operating grant.

An operating grant aims to support the operational and regular activities required for running an entity, while this grant is turned towards concrete, tangible pilot projects. Hence, article 14.7 applies.

Please explain more on what is the operating grant?

Please see question above.

Annex F-II: In case of an operating grant, amounts dedicated to the building up of reserves shall not be considered as a receipt

Please see question above and please ignore.

### 2.10. Other budget questions

What is mean for simplified cost option?

Simplified cost options are not allowed in this call for proposals, therefore please ignore.

For further information on the simplified cost option, you may refer to: <https://ec.europa.eu/europeaid/prag/document.do?nodeNumber=6.11>

What is “contracting authority’s contribution” in Annex G 3.1?

The “contracting authority’s contribution” refers to Expertise France’s contribution to the financing of the project, set at a minimum 80% and maximum 90% of the total eligible costs. See item ‘A’ under tab 3 of Annex B.

In the checklist for full application, the budget should be stated in EUR (point 7), but in the Budget for the Action (Annex B), note number 3 (at the bottom of the table) stated that the budget is established in euro and in VND.

As mentioned during the webinar, ideally the budget in Annex B would be submitted in both EUR and VND. However, if this is not possible, only a budget in EUR will suffice, noting that this will be the agreed and signed budget, attached to the contract between the beneficiary and Expertise France.

For the conversion from EUR to VND, or vice versa, the following website should be used, as indicated in Annex F: <http://ec.europa.eu/budg/inforeuro/index?lang=fr&target=iframe#!/convertor>

### 3. Technical issues

Should we consider at least 2 months of Vietnam TET festival as "idle slots) but counting to the total duration. In fact, the duration in concept note was not counted this "idle slot" (most of Vietnamese people would not working during TET)

The pilot projects should last at least 12 months, and finish by 28 February 2022. It is up to applicants to define the best way to optimize the project duration in order to achieve the sought results.

We strongly encourage you consider evaluation criteria 3.3 listed with regards to this item in the Guidelines (e.g. Is the action plan for implementing the action clear and feasible? Is the proposed timeline of the project realistic, including in the current COVID-19 crisis?).

Can we rearrange the components in the Concept Note (the proposed activities keep the same)

Yes, these may be rearranged, so long as it does not change the essence of then objectives and activities pursued.

International Organization and NGOs should be fill up the form D1 or D2?

You need to refer to your status to confirm the exact nature of your organisation, but typically an NGO created under private law would fill out form D1 and an International Organization created through public law (e.g. international treaty or national public law), would fill out form D2.

The area for studying and implementing the pilot can be changed? The new area is a tourism city which is next to the original location. It is an ancient tourism city which recognized a world cultural heritage by UNESCO. Also, solid waste and plastic pollution now is an urgent problem. The government strongly supports environmental activities. I hope that this project may significantly help them improve the environment quality and plastic waste management.

No, the area for studying and implementing the pilot project not may be changed, but new areas can be added and justified.

#### 4. Selection process

For our information, can you give an indication of the number of full proposals you have requested vs. the number that you expect to be able to finance?

We have asked four applicants to submit full project proposals, per each call for proposal.

Out of these, one applicant / consortium will be selected according to the criteria laid out in the Guidelines, and having ranked the highest score in line with these. This applicant / consortium becomes a potential grant beneficiary. If the applicant / consortium accepts the proposed grant funding, they receive the amount of budget agreed to with Expertise France on the basis of the submitted and discussed budget.

After this, should remaining funds be available, financing may be attributed to other projects, according to the process presented hereafter:

<https://ec.europa.eu/europeaid/prag/document.do?nodeNumber=6.5.10.2&direction=2&id=>

Expertise France reserves the right to not allocate all available funds, as per the Guidelines.

I wonder if you could explain how the score was added up in a more detailed manner?

Please refer to the Guidelines published under the phase 1 and the technical criteria listed in page 4 of these.

As a reminder the following criteria were each scored out of 5, according to the following scale 0 = very insufficient / absent; 1 = insufficient; 2 = acceptable; 3 = good; 4 = very good; 5 = excellent/outstanding.

- 1.1 To what extent is the proposal relevant to the objectives and priorities of the call for ideas?
- 1.2 Is the innovative nature (technical and organisational solutions and collaboration networks) of the proposal relevant and sufficient to the themes chosen? Is it well presented?
- 1.3 To what extent is the proposal relevant to the particular needs and characteristics of the country, area and beneficiaries of the intervention (environmental, social and economic aspects)?
- 1.4 To what extent can the project have bridges, both in terms of indirect impacts and capitalization, with other areas of intervention?
- 1.5 To what extent are the parties involved (end beneficiaries, target groups) clearly defined and strategically selected? Have their needs been clearly defined and are they adequately addressed in the proposal?

- 1.6 Will ownership of beneficiaries and durability of the action after completion of the project be sufficient?
- 1.7 To what extent is the proposal suitable to showcase concrete solutions for public communication and visibility?
- 1.8 To what extent is the proposal considering international best practices?

The following criteria were each scored out of 10, according to the following scale 0-1 = very insufficient / absent; 2-3 = insufficient; 3-4 = acceptable; 5-6 = good; 7-8 = very good; 9-10 = excellent/outstanding:

- Has the proponent demonstrated sufficient experience in the area of action, multi-stakeholder project implementation (coordination, financial management and monitoring / evaluation) and capitalization?
- Is the methodology for project implementation (coordination, financial management and monitoring / evaluation) and capitalization sufficiently described and appropriate?

## 5. Miscellaneous

The grant application is under on-going project in Vietnam. If we are granted, do we have to complete approval procedures for project implementation in the field or we can implement within your existing project framework and do not need to complete such procedures? If it is the case, it can help save great deal of time.

You can implement within the existing framework of the *Rethinking Plastics* project.

What is the difference between the intervention logic and the logical framework?

A “logical framework matrix” (or “logframe matrix”) is a matrix (the word document in Annex C) in which results, assumptions, indicators, targets, baselines, and sources of verification related to an action are presented.

The intervention logic tells how, in a given context, the activities will lead to the outputs, the outputs to the outcome(s) and the outcome(s) to the expected impact. The most significant assumptions developed in this thinking process are to be included in the logframe matrix.

The intervention logic and the logical framework are often used as interchangeable terms.

One question that would be relevant to get an answer to this week if possible is whether I can rename the project. Will that confuse your review system at all? The name change does not affect the meaning at all, just a nicer title: from Action and Accountability for Plastic Pollution Reduction to: DISAPPEAR - Dialogue for Shared Accountability for Plastic Pollution Eradication and Response.

Yes, a name change is possible at this stage, so long as it does not change the essence of the project, objectives, activities or other essential aspect of the project.

### Attachment 1: Explanatory note on representing co-financing in the Action budget

This note aims to explain how, if it is the case, co-financing may be included in a detailed budget breakdown. **Please note that this is for information purposes only, and that this level of detail is NOT required for the submission due 17 June.** However, it is included here in response to questions raised on this matter, and solely to facilitate applicants' understanding of this budgetary issue.

In a second stage, Expertise France may ask you make appear the split of funding between EF and other contributions. Two options are then possible:

- Option 1: The EF and other co-financing share the cost of one same budget item, and appear on the same budget line.
- Option 2: Co-funding is ear-marked to a specific budget item and is the only source of funding appearing on the budget line in question.

#### Option 1:

Line	Item	Cost per unit	Number of units	Cost	EF contribution	Other sources of contribution
2.3.2	Per diem	200 €	70	1,400 €	1,260 €	140 €

Not required now!

#### Option 2:

Line	Item	Cost per unit	Number of units	Cost	EF contribution	Other sources of contribution
6.1	Result 1, activity 1: field study	2000 €	2	4,000 €	0 €	4,000 €

Not required now!

Attachment 2: Example of letter requesting tax exemption

**To the attention of: Mr. / Mrs. X**

Tax Authority

Address

Town – Postal code

[address@domain.com](mailto:address@domain.com)

**Date**

**Subject:** Request for the exemption from value added tax and all other taxes and duties on the local purchases of goods and services for the international cooperation project «(insert the name of your project)», financed by Expertise France in the framework of the contract n° (insert contract number) dated (insert contract notification date).

Dear Madam, Sir,

According to the delegation/grant/other contract n°(insert contract number) between entre the donor et Expertise France, signed on (insert contract notification date) on the other hand:

I, undersigned, (insert name of the signatory of this form), (insert the title of the signatory Director/Head of Department Unit/other title), representing the following legal person “(insert the name of your organisation)”, responsible for implementing the international cooperation project (insert the name of your project), and headquartered in (insert the address of your organisation), am requesting the exemption from value added tax and all other taxes and duties on the local purchases of goods and services for the here above mentioned project (insert the name of the project), financed by Expertise France within the framework of the *Rethinking Plastics: Circular Economy Solutions to Marine Litter* project funded by the European Union and the German Federal Ministry for Economic Cooperation and Development, up to (insert amount) euros HT.

I remain available for providing further information, if necessary.

I thank you for your time and consideration.

Yours faithfully,

Mrs/Mr.Name XXXX

Suggested files to attach:

- Signed contract between Expertise France and signatory
- List of providers and others goods and services which implement the cooperation project