

**Contracting Authority:**  
**The Ministry of Industries of the People's  
Republic of Bangladesh**

**SME Competitiveness Grant Scheme**

Guidelines  
for grant applicants

Budget line: **BGUE-B2009-19.100101-C1-AIDCO**

Reference: <EuropeAid/133-587/C/ACT/BD>

Deadline for submission of concept notes: 31 January 2013

## **Notice**

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

# Table of contents

<b>1. SME COMPETITIVENESS GRANT SCHEME</b>	<b>4</b>
1.1 Background.....	4
1.2 Objectives of the programme and priority issues .....	6
1.3 Financial allocation provided by the Contracting Authority .....	6
<b>2. RULES FOR THIS CALL FOR PROPOSALS</b>	<b>9</b>
2.1 Eligibility criteria.....	9
2.1.1 Eligibility of applicants: who may apply?.....	9
2.1.2 Partnerships and eligibility of partners.....	10
2.1.3 Eligible actions: actions for which an application may be made.....	11
2.1.4 Eligibility of costs: costs which may be taken into consideration for the grant .....	15
2.2 How to apply and the procedures to follow.....	18
2.2.1 Concept Note content .....	18
2.2.2 Where and how to send concept notes .....	19
2.2.3 Deadline for submission of the Concept Notes .....	20
2.2.4 Further information for Concept Note.....	20
2.2.5 Full Application form.....	21
2.2.6 Where and how to send the Full Application form .....	21
2.2.7 Deadline for submission of the Full Application form.....	22
2.2.8 Further information for the Full Application form.....	22
2.3 Evaluation and selection of applications .....	23
2.4 Submission of supporting documents for provisionally selected applications .....	26
2.5 Notification of the Contracting Authority's decision .....	27
2.5.1 Content of the decision .....	27
2.5.2 Indicative time table .....	27
2.6 Conditions applicable to implementation of the action following the Contracting Authority's decision to award a grant .....	28
<b>3. LIST OF ANNEXES</b>	<b>29</b>

# 1. SME COMPETITIVENESS GRANT SCHEME

## 1.1 BACKGROUND

### The SME Environment in Bangladesh

In Bangladesh, micro and small and medium enterprises (MSME) play a significant role in the development of the economy, primarily by creating employment opportunities and producing important alternative mechanisms for accumulating foreign currency through exports. The ability of MSMEs to grow the industrial base and increase the volume of foreign trade has made them a national developmental priority, especially in terms of moving Bangladesh to a more sophisticated manufacturing and service base than currently exists. Given the pre-eminence of SMEs in terms of creating jobs in the country, there is an emphasis on selecting booster sectors which have high promise for growth and, within these, identifying sub-sectors which provide an overall impetus for economic growth.

The majority of MSMEs in Bangladesh are male-owned, family-run enterprises with a sole proprietorship. These businesses display features of traditional lifestyle SMEs of a low growth development pathway - providing their owner-managers with a day-to-day source of employment and income, but lacking innovative growth to withstand competitive pressures, both internationally and from large domestic enterprises.

### Problems/Constraints to Growth for MSMEs

The most commonly cited constraint to growth is inefficiency. This is an issue in terms of business management, low capital intensity, etc. Specific problems include the following.

- **Resource Scarcity.** In Bangladesh, scarcity of raw materials and inefficient human resources (particularly at management level) hinder the ability of MSMEs to be export-oriented and limits their ability to reach more advanced stages of international business.
- **Shortage of Skilled Workers.** Although Bangladesh is a labour abundant country, shortage of skilled workforce is perceived to be a constraint for larger SMEs. This problem is particularly acute for medium scale export oriented SMEs.
- **Absence of Modern Technology.** One of the main barriers for the development of MSMEs in Bangladesh is inadequate technology. Many have failed to adopt modern technology.
- **Poor Physical Infrastructure.** Inadequate supply of utilities such as electricity, water, roads and highways hinders the growth of the MSME sector. Moreover, unfavourable geographical conditions increase the transportation costs.
- **Financial Constraints.** Limited availability of finance hinders the growth of MSMEs in Bangladesh. Bangladeshi banks consider MSMEs to be high-risk borrowers because of their inability to comply with the bank's collateral requirements. Only about 15%-20% of MSME owners have the necessary collateral. Bankers issue loans on the basis of ownership of immovable property as collateral. This excludes 80% of MSMEs from receiving bank loans. Access to working capital loans from banks is therefore limited. Because of low access to institutional financing, MSMEs rely on inefficient financing services from informal sources.
- **Lack of Entrepreneurship Skills.** Conservative attitudes towards risk, lack of vision, and limited business planning skills hinder the growth of MSMEs in Bangladesh.
- **Lack of Best Practices.** MSMEs often follow traditional practices and are unfamiliar with the latest technology. The lack of uptake of innovations in technology can lead to inefficiency as opportunities are missed.
- **Lack of Commitment from Large Enterprises to Support MSMEs to Grow.** Large enterprises are, to some extent, dependent on MSMEs either for sub-contracting or backward linkage businesses. In some cases, large enterprises lack commitment in helping MSMEs to grow to the next level, often by not engaging MSMEs as partners for leveraging resources.

- **Limited Opportunities for Female Entrepreneurs.** Equality of opportunity is a major problem for MSMEs. Female entrepreneurs are not always treated equally and women are not well represented in business organisations.
- **Limited Access to Market information and Branding.** Many MSME owners are weak at establishing brands and do not adopt adequate marketing strategies to promote themselves.
- **Lack of Quality Assurance.** Due to the absence of a comprehensive national quality policy and adequate support systems such as a quality certification authority, MSMEs cannot ensure the quality of their products and services either in local or international markets. Investment in R&D is also negligible.
- **Competition with Cheaper Foreign Goods.** Strong competition from China, India, Thailand and Myanmar pose a serious threat to MSMEs in Bangladesh.

## SMEs and Clusters

A cluster is a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities. Because of the shared proximity - both in terms of geography and of activities - cluster constituents enjoy the economic benefits of several types of positive location-specific externalities. These externalities include access to specialised human resources and suppliers, knowledge spill-overs, pressure for higher performance in head-to-head competition and learning from the close interaction with specialised customers and suppliers.

## Clusters in Bangladesh

Cluster development is seen as a way of addressing the problems faced by the SME sector in Bangladesh and rapidly increasing their competitiveness. Cluster development is also defined as a priority area in the 2005 national SME policy of Bangladesh.. No comprehensive cluster mapping has been undertaken in Bangladesh, although some work has been undertaken on a limited number of sectors<sup>1</sup>.

The competitive advantages of clusters can be seen in three broad areas:

- Scale economies and efficiency of local enterprises are increased, due to:
  - Shared use/purchase of equipment, facilities, human resources, specialization in complementary production stages, better access to investments, information, technology and support institutions, better access to staff and the labour market (especially for professional/qualified staff), better access to suppliers, easier and faster co-ordination of linked enterprises, and promoting improvement of the management of the business cycle and processes.
- Innovative abilities of enterprises are increased, accelerating the level of growth of their efficiency, due to:
  - The inclusion of specialised buyers into the cluster, the inclusion of knowledge agents, faster and constant exchange of information on new technologies, constituent parts, machines, markets, services etc, joint work of suppliers and buyers, increasing the level of buyers satisfaction;
- The creation of new enterprises is stimulated, which additionally increases innovation and efficiency and enhances the scope of the cluster, due to:
  - Lower admission barriers, availability of funds, skills, knowledge, investments, favourable disposition of financial institutions and investors, and possibility to constantly follow business opportunities.

---

<sup>1</sup> By the South Asia Enterprise Development Facility in the light engineering sector - which identified 24 mature and potential light engineering clusters - and by the Katalyst programme.

## **Business Intermediary Organisations**

There are no cluster associations in Bangladesh, only national trade bodies and local chambers of commerce which offer membership to companies in a cluster and may have cluster working groups. However, individual companies in a cluster may not always be members of the same trade body, as there can be more than one trade body representing a sector or sub-sector. Most national trade bodies are located in Dhaka, whereas many of the clusters operate in towns and cities outside of Dhaka, with minimal regional representation. Many of these business intermediary organisations are small and poorly funded, thus restricting their effectiveness to promote cluster development and coherence.

### **1.2 OBJECTIVES OF THE PROGRAMME AND PRIORITY ISSUES**

The global objective of the SME competitiveness grant scheme (SCGS) is to “Reduce poverty in Bangladesh by supporting the development of SMEs in the country”.

The immediate objective of the SCGS is “enhanced competitiveness and sustainable pro-poor growth of SMEs in Bangladesh”.

The **specific objective** is to support clusters within the priority sectors that have high growth potential

The SCGS will provide support for the following:

- 1: Support to cluster and value chain development projects that clearly seek the increase in SME competitiveness in priority sectors agreed between the EC and the GoB and in two stages of the cluster /value chain life cycle: (a) Early Growth and (b) Intensive growth and consolidation.
- 2: Support the skills development and capacity building of Business Intermediary Organisations in the priority sectors in lobbying, advocacy, networking, effective public-private sector dialogue and the provision of business development services to their members.

The **priority sectors** are the following; **agro-processing, natural fibres, leather, plastics, light engineering, electronics, furniture, textiles/crafts.**

### **1.3 FINANCIAL ALLOCATION PROVIDED BY THE CONTRACTING AUTHORITY**

The overall indicative amount made available under this call for proposals is EUR 6,500,000.

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

This Call for Proposals is subdivided into 2 Lots;

Lot 1 is focused upon **support to cluster and value chain development** and has two sub-lots; 1[a] and 1[b].

#### 1 [a]: Early Growth Stage

Actions under ‘*early growth*’ stage will support projects developing linkages between enterprises, R&D institutions and support organisations (training system, financial and micro-finance institutions, local administration, trade associations etc.). A cluster to be supported under 1[a] is defined as one with at least 20 enterprises, with representation of at least one sector association and which has been in existence for up to five years.

#### 1 [b]: Intensive growth and Consolidation Stage

Actions under the ‘*intensive growth and consolidation*’ stage will support cluster and value chain development projects, including supporting and promoting the induction of new products, technology and companies/spin-offs and the internationalisation of networks/clusters/value chains. A cluster to be supported under 1[b] is defined as one with at least 50 enterprises, with representation of a sector association, training, research or academic institution and which has been in existence for at least five years.

Lot 2 is focused on **support to skills development and capacity building of business intermediary organisations**

Actions under this heading will support Business Intermediary Organisations in developing:

- Lobbying, advocacy and networking skills
- Effective public-private sector dialogue
- Business development services for their members.
- Encouraging and providing services for social enterprises that introduce innovative models to address social and/or environmental objectives to improve the lives of the Bangladeshi poor through new or value-added economic opportunities which are also financially viable.

Both Lots address the same priorities but the actions they support are different in terms of complexity and scale. As a result, the size of the grants to be awarded under Lot 1 and Lot 2 are different.

Indicative allocation of funds by lot:

Lot 1. The overall indicative amount to be made available is EUR 4.500 000.

Lot 2. The overall indicative amount to be made available is EUR 2 000 000.

In the case where the amount foreseen for a specific lot cannot be used due to insufficient quality or number of proposals received, the Contracting Authority reserves the right to reallocate the remaining funds to another Lot.

Size of grants

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

**Lot 1: Support to cluster and value chain development**

*Lot 1 [a]: Early Growth Stage*

- The minimum grant size for the early growth stage is € 100,000.
- The maximum grant size for the early growth stage is € 175,000.

*Lot 1[b]: Intensive Growth and Consolidation Stage*

- The minimum grant size for the intensive growth and consolidation stage is € 150,000.
- The maximum grant size for the intensive growth and consolidation stage is € 750,000

**Lot 2: Support to skills development of Business Intermediary Organisations**

- The minimum grant size for skills development of Business Intermediary Organisations is € 100,000.
- The maximum grant size for skills development of Business Intermediary Organisations is € 200,000.

Any grant requested under this Call for Proposals must fall between the following minimum and maximum percentages of **total eligible costs** of the action:

- Minimum percentage: 50% of the total estimated eligible costs of the action.
- Maximum percentage: 100% of the total eligible costs of the action (see also Section 2.1.4).

Any grant requested under this Call for Proposal must further be limited to 90% of the estimated **total accepted costs**<sup>2 3 4</sup>.

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 the applicant's or partners' own resources, or from sources other than the European Union budget.

---

<sup>2</sup> Estimated total accepted costs = estimated total eligible costs + taxes, including VAT, where the beneficiary can show it cannot reclaim them (unless one of the exceptions to the proof obligation apply).

<sup>3</sup> Note that this percentage must be lower than the one fixed above referring to total estimated eligible costs. For more information on the new approach for co-financing, see [http://ec.europa.eu/europeaid/work/procedures/faq/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/faq/index_en.htm).

<sup>4</sup> If there are no taxes or where they may be reclaimed, this percentage will apply to the total eligible costs to ensure the required co-financing. If there are no taxes or where they may be reclaimed, this percentage will apply to the total eligible costs to ensure the required co-financing.



## 2. RULES FOR THIS CALL FOR PROPOSALS

These guidelines set out the rules for the submission, selection and implementation of actions financed under this Call, in conformity with the provisions of the Practical Guide to contract procedures for EU external actions, which is applicable to the present call (available on the Internet at this address: [http://ec.europa.eu/europeaid/work/procedures/implementation/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/index_en.htm)).

### 2.1 ELIGIBILITY CRITERIA

There are three sets of eligibility criteria, relating to:

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

#### *2.1.1 Eligibility of applicants: who may apply?*

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

- be a legal person **and**
- be non profit making **and**
- be a sector-oriented trade association, chamber of commerce, business intermediary organisation or a sectoral business promotion council, or international (inter-governmental) organisations as defined by Article 43 of the Implementing Rules to the EC Financial Regulation<sup>5</sup> **and**
- be established in a Member State of the European Union<sup>6</sup> and/or Bangladesh<sup>7</sup> **and**
- be directly responsible for the preparation and management of the action with their partners, not acting as an intermediary **and**
- have stable and sufficient financial resources to ensure the continuity of their organisation throughout the project and, if necessary, to play a part in financing it **and**
- be able to demonstrate their experience and capacity to manage activities corresponding in scale and complexity with those for which a grant is requested.

---

<sup>5</sup> 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, European Investment Bank (EIB) and European Investment Fund (EIF) are also recognized as international organisations.

<sup>6</sup> 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. 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. This obligation does not apply to international organisations.

<sup>7</sup> In accordance with either Section 28 of the Bangladesh Companies Act 1994 (Associations not for profit) or the Societies Registration Act 1860 or the Cooperative Societies Act 2001.

(2) Potential applicants may not participate in calls for proposals or be awarded grants if they are in any of the situations which are listed in Section 2.3.3 of the Practical Guide to contract procedures for EU external actions (available from the following Internet address: [http://ec.europa.eu/europeaid/work/procedures/implementation/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/index_en.htm);

In part A section 3 of the grant application form (“Declaration by the applicant”), applicants must declare that they do not fall into any of these situations.

### 2.1.2 Partnerships and eligibility of partners

Applicants must enter into a partnership agreement or may act individually or with associates as defined below:

#### Lot1: Support to cluster and value chain development

##### *Lot1 [a]: For early growth stage clusters/value chains*

- There is no partnership requirement but the applicant must involve an existing cluster (as associates). A cluster must contain a minimum of twenty enterprises (associates) and be represented by one sector association (the applicant) from one of the priority sectors detailed in 1.2 above, and be able to demonstrate that the cluster has existed for up to five years
- The sector trade association if not the applicant must provide official endorsement of the cluster/value chain to demonstrate the support of the sector for it. Although there is no partnership requirement, proposals involving partners are encouraged.

##### *Lot1 [b]: Intensive Growth and Consolidation Stage*

- The application must involve a partnership of at least two institutions (the applicant and one partner) and an existing cluster (as associates). The partnership must include a Bangladesh sector-orientated association (as applicant or partner) from one of the priority sectors detailed in 1.2 above. A cluster must be from one of the priority sectors and must contain a minimum of fifty enterprises within a value-added chain or competitive cluster and must have existed for at least five years. The conditions may be relaxed in case of new innovative products (natural fibre).
- Proposals with more than two partner institutions are encouraged.

#### Lot 2: Support to skills development of Business Intermediary Organisations

Business Intermediary Organisations must be from one of the priority sectors detailed in 1.2 above. There are no partnership requirements but proposals involving partners are encouraged.

Applicants’ partners participate in designing and implementing the action, and the costs they incur are eligible in the same way as those incurred by the grant beneficiary. They must therefore satisfy the same eligibility criteria as applicable on the grant beneficiary himself.

In addition to the categories referred to in section 2.1.1, the following are however also eligible as **partners**: universities, research institutions, government and non-governmental organisations<sup>8</sup>.

Please note the following definitions:

**“Applicant”** refers to the lead organisation submitting the proposal;

---

<sup>8</sup> NGOs must be registered with the NGO Affairs Bureau of Bangladesh

- “Partnership”** refers to the grouping of organisations, i.e. the applicant and its partners; In this call for Proposals only lot 1[b] requires a partnership.
- “Partner”** refers to an organisation - other than the applicant - which is a member of the partnership. Partners must sign a partnership agreement
- “Beneficiary”** refers to the applicant (of the grant contract) with whom a grant contract has been signed.

**The following are not partners and do not have to sign the partnership agreement**

- “Associates”** refers to organisations which play a real role in the action, such as companies in a cluster, but may not receive funding from the grant, with the exception of per diem or travel costs. Associates are not partners and do not have to sign the “partnership statement” and do not have to meet the eligibility criteria referred to in section 2.1.1. The associates have to be mentioned in Part B section 5 - “Associates of the Applicant participating in the Action” of the Grant Application Form.
- “Contractors”** Grant beneficiaries have the possibility to award contracts. Contractors are neither partners nor associates and are subject to the procurement rules set out in Annex IV to the standard grant contract.

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

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

Definition:

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

Duration

The planned duration of an action under each Lot may not exceed 36 months.

Sectors or themes

The priority sectors to which the actions must relate are the following; agro-processing, natural fibres, leather, plastics, light engineering, electronics, furniture, textiles.

The application must be in respect of:

Lot 1 [a]: Early Growth Stage cluster/value chain project

**OR**

Lot 1 [b]: Intensive growth and Consolidation Stage cluster/value chain project.

**OR**

Lot 2: Support to skills development of Business Intermediary Organisations: the skills development of Business Intermediary Organisations

Location

Actions must take place in Bangladesh<sup>9</sup>.

---

<sup>9</sup> Excluding external short-term study tours, training or trade fairs

## Types of action

### **Lot 1: Support to cluster and value chain development**

Actions under the '*early growth*' stage will support projects developing linking between enterprises and support organisations:

- Preparation and start-up implementation of the cluster strategy and the corresponding strengthening of the cluster's organisational and information management structures and arrangements (including the appointment and training of a cluster development agent and investment in ICT infrastructure).
- A Study involving cluster participants that analyses the cluster strategy and rationale, including the preparation and validation of cluster action plans
- Support to networking among associate companies and institutions, establishment of platform of dialogue and interaction inclusive of other cluster members. Also, technical support (research/analysis, technical assistance) and training support relating to the development of broker and network agencies: Special attention is paid to encouraging local people engaged in the same cluster to meet together to enable business development opportunities.
- Promotion of public-private dialogue and partnership and strengthening of linkages between cluster firms and support institutions with the objective to foster the emergence of an offer of services/assistance that matches the cluster needs.
- Technical support (technical assistance, research/analysis) and training support for promotional activities and marketing of the cluster. Once a cluster has been identified and it starts developing, there are opportunities to promote it and attract supporting investment as well as promoting business opportunities externally for cluster members.
- Technical support (feasibility study, technical assistance) relating to the development of potential projects of joint research and for joint production/purchase/retail and other business activities within the cluster,
- Technical support (feasibility study, technical assistance) relating to the further evolution of the strategy for cluster growth
- Investment in information and communication infrastructure.

### **Lot 1 [b]: Intensive growth and Consolidation Stage**

Actions under the '*intensive growth and consolidation*' stage will consist of projects supporting and promoting the induction of new products, technology and companies/spin-offs and the internationalisation of networks/clusters/value chains:

- Actions supporting the development of new products which allows firms in a cluster to expand beyond their local markets and increase their revenue and network. In ideal circumstances firms will take these products into export markets thereby utilizing standards and new technologies. In joining the global economy a firm opens up its opportunities many fold.
- Technical and training support relating to the development of broker and network agencies: Special attention is paid to encouraging local people engaged in the same cluster to meet together to enable business development opportunities.
- Technical and training support relating to the further expansion of the cluster strategy and its organisational/management structures and arrangements, including developing linkages between larger and local networks/clusters or vice versa and the internationalisation of networks/clusters.

- Technical and training support relating to joint research: institutions of higher learning can undertake research that benefit all in the cluster.
- Technical and training support relating to the development of cluster-focused public procurement and local purchasing agreements. The public sector is often the largest buyer in a city and as such there are opportunities to enable local businesses to access tender processes more easily. It is often difficult for small businesses in a cluster to bid for large government contracts.
- Technical and training support relating to providing cluster specific information: One of the most effective ways of developing a cluster is to gather information about businesses and institutional support systems in the cluster and then produce it so that it can be shared. Thereafter, with a small amount of effort, supplier linkages can be developed. These do not need to be sophisticated.
- Technical and training support relating to the development of demand-led skills and education training programmes and business development services: A significant benefit to developing a cluster initiative is that a key outcome of business networking will be an appreciation of skills needs in the sector. Skills development training can be done in situ or through workshops and seminars. The best training can be through informal apprenticeships or attachments, where small firms send workers to larger firms to be trained through on-the-job training.
- Technical support relating to specific joint research/Research and Technical Development Infrastructure (RTDI) and joint production projects and in support of promotional activities and the marketing of these projects. Too often firms produce only for a limited local market with little hope of expansion in income and employment. The development of new products allows firms to undertake market research on a local, regional and international level. With this comes an increase in revenues, innovation, technology and best practise.
- Technical and training support relating to improving the management and financial practises of firms, especially family-owned businesses. When firms make improvements through equipment and technology it is also essential that they improve the way they manage their operations through “best management practices” from personnel management, financial management, production scheduling, inventory control and product delivery.
- Technical and training support relating to the packaging and labelling of products in an appropriate manner so that they conform to international or at least national standards. This is essential for a firm to grow. Training programs are available for firms interested in upgrading this aspect of their operations.
- Investments in standards and certification: it is universally recognized that to gain entry to and expand in markets, especially overseas, standards and certification are essential. It is important for smaller firms, especially in sectors that are export orientated and extremely sensitive to quality, to have these standards in training and certification.
- Investment in information and communication infrastructure.

Activities that generate positive spill-overs for the cluster at large and that present the highest potential for replicability are encouraged.

### **Component 2: Support to skills development of Business Intermediary Organisations**

- Technical support and training support relating to the further development of the business/sector association with respect to its cluster brokering capacity as well as advocacy and lobbying actions to improve the regulatory and legislative business environment for their members.
- Technical support and training support relating to the further development of the business/sector association with respect to its networking capacity and the creation of information links and exchange of matchmaking opportunities with other national, regional and/or European business intermediaries.

- Technical and training support relating to the further development of the business/sector association with respect to its actions to achieve financial self-sustainability.
- Technical support training support relating to the further development of the business/sector association with respect to the development of effective public-private sector dialogues.
- Technical support and training support relating to the further development of the business/sector association with respect to its actions to develop business development services for its members.
- Technical support and training support relating to the further development of the business/sector association with respect to encouraging and providing services for social enterprises that introduce innovative models to address social and/or environmental objectives to improve the lives of the Bangladeshi poor through new or value-added economic opportunities which are also financially viable.

**NB:** When proposing any actions for financing, applicants must consider the following **obligations** in relation to some of the actions:

- (1) Applicants must demonstrate in their application that planned actions will create a **positive benefit (public value added) in terms of economic and social gains**, and that such benefits are substantive in relation to the amount of the planned investment (**cost-benefit assessment**). Please refer to the Project Cycle Management Guidelines annexed to these guidelines.
- (2) Any **(re)construction** should minimise **environmental impact** and consider best practice in terms of environmental standards, for example through: renewable energy sources, grey water and/or rain water utilisation, use of plants and trees to remediate soil and water contamination, sustainable urban drainage systems, energy target establishment for buildings in line with good practice EU standards, recycled or recyclable products utilisation, environmental management systems. Also, please indicate whether the type of (re)construction works proposed in the action requires a permit and if so please provide it as well as all the necessary documents for the execution of works (see **Section 2.4 of these guidelines “Submission of supporting documents for provisionally selected applications”**)
- (3) **A study** that is part of an action under Lot 1 or Lot 2, **cannot exceed EUR 50 000**. Actions proposing studies should focus on cluster strategy and rationale, as well as gaps and deficiencies which have hindered the optimization of cluster development.
- (4) The financing of **works infrastructure and equipment** cannot, together in total, exceed 70% of the total eligible project costs.

#### Types of activity

The grant aid available can be used to support the following types of activities:

Technical assistance	Exchange of information and experience, expert counselling and advice, training, coaching, trade fairs and study tours
Procurement of services and equipment	Acquisition of information and materials, production of publications and visibility materials, organisation of seminars, conferences, <b>purchase of equipment</b>
Infrastructure	Infrastructure works contracts and equipment and <b>materials procurement</b> , supervision and site monitoring, planning documentation
Project & partnership Management	Provision of staff for project management and monitoring, planning and coordination; publicity and visibility management; partnership formation and development and management

A strong application is likely to **combine a number of the above mentioned activities** in a clear and consistent manner and in varying combinations. (See also Project Cycle Management Guidelines at; [http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101\\_en.htm](http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101_en.htm)).

Note that the applicant 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 laid down and published by the European Commission at (see [http://ec.europa.eu/europeaid/work/visibility/index\\_en.htm](http://ec.europa.eu/europeaid/work/visibility/index_en.htm))).

### **Ineligible actions**

The following types of action are ineligible:

- Actions concerned only or mainly with individual sponsorships for participation in workshops, seminars, conferences, congresses;
- Actions concerned only or mainly with individual scholarships for studies or training courses;
- Actions which are likely to give rise to benefit to a single commercial enterprise, i.e. rather than benefit to the cluster;
- Actions concerned with public relations and sales promotional activities other than as permitted under eligible activities;
- Actions which fall within the scope of another EU-Bangladesh or EU-Asia regional cooperation programme under implementation.

### **Number of proposals and grants per applicant**

- An applicant may submit up to 2 applications per Lot under this call for proposals.
- An applicant under Lot 1 may submit an application under Lot 1[a] or 1[b] but not Lot 1[a] and 1[b].
- An applicant may not be awarded more than 2 grants (1 grant per Lot) and these may not cover the same type of actions under Lot 1 and Lot 2.
- An applicant may at the same time be partner in other applications.
- Partners may take part in more than one application.

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

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

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

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

### **Eligible direct costs**

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

The following types of activities are considered eligible for co-financed support under the grant scheme:

**Lot 1: Support to cluster and value chain development: both sub-lots 1 [a] and 1[b]**

- Costs of skills training and education of employees for clustering on competitiveness (training, consultancy, research);
- Costs of supporting value chain analysis, internationalising value chains and promoting forward and backward linkages between smaller and larger firms along a cluster value chain;
- Costs of promoting linkage between larger companies and local clusters (training, consultancy, information, promotional services, conferences, study visits, trade fairs, buyer-suppliers meetings);
- Costs incurred during the initial phase of creating internal communication and organisation of potential clusters (consultancy, information, promotional services, conferences, trade fairs, training of cluster and network brokers);
- Costs relating to improvements in the production process and in promoting new products and technologies;
- Costs relating to the improvement of inventory management, delivery and warehousing;
- Costs relating to the improvement of quality control;
- Costs relating to improvements in financial and general management;
- Costs of consultancy and guidance in running joint development projects;
- Costs of research (domestic and international), consultancy and other services connected to the preparation of the plan and implementation of joint RTDI project (research, consultancy, training, education, and information);
- Costs of testing clusters ideas and identifying clusters international partners;
- Costs of motivating international partners, preparing projects and common investment programs (Bangladeshi clusters, international partners/clusters).
- Investment/costs in the establishment of networks/partnerships between business and research institutes;
- Investment/costs in cluster communications/information infrastructure (hardware, software, databases);
- Investment/costs of common cluster RTDI and testing infrastructure (hardware, software, databases, plant, equipment, laboratory instruments, research);
- Investment/costs in the development of prototypes
- Dissemination of the results of the project (including translation into local language).

**Lot 2: Support to skills development of Business Intermediary Organisations**

- Costs of training and education of employees of the association (training, consultancy, research, study tours, secondments, etc).
- Costs associated with establishing an operational twinning link with an EU business intermediary organisation (training, consultancy, information, communications, research, study tours, secondments, etc.).



- Costs incurred (technical assistance, promotional costs, research) in researching necessary changes in the regulatory and legislative business environment for their members and in lobbying and advocating for reform.
- Costs incurred in developing an effective public-private dialogue within the sector (consultancy, training, information, promotional services, workshops, conferences).
- Costs incurred in developing new and improving the quality of existing business development services for their members (training, consultancy, research, study tours, secondments, etc)
- Costs incurred in creating internal and external communication and organisation of the sector (consultancy, information, promotional services, workshops, conferences, trade fairs).
- Costs of consultancy and guidance in developing the membership of the association and achieving financial self-sustainability.
- Investment/costs in essential information and communications technology and other equipment deemed essential for the business/sector association's growth.
- Dissemination of the results of the project (including translation into local language).

Note that taxes, including VAT will only be accepted as eligible costs when the Beneficiary (or, where applicable, its partners) can show it cannot reclaim them. Taxes shall in such case be included in the Budget of the Action under each heading Information on taxes can be found in Annex J to these Guidelines.

#### Contingency reserve

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

#### Eligible indirect costs (overheads)

The indirect costs incurred in carrying out the action may be eligible for flat-rate funding fixed at not more than 7% of the total eligible direct costs. Indirect costs are eligible provided that they do not include costs assigned to another heading of the budget of the standard grant contract. The applicant may be asked to justify the requested percentage before contracting. However, once the flat-rate has been fixed in the special conditions of the standard grant contract, no supporting documents need to be provided.

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

#### Contributions in kind

The Contracting Authority may accept co-financing in kind, if considered necessary or appropriate. In such cases, the value of such contributions must not exceed:

- a) either the costs actually borne and duly supported by accounting documents;
- b) or the costs generally accepted on the concerned market of reference.

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

Contributions involving real estate shall be excluded from the calculation of the amount of co-financing.

If co-financing in kind is proposed, they have to be included in Annex B (worksheet 2) to the Guidelines for applicants related to the expected sources of funding for the action.

NB. Given the difficult evaluation of the contributions in kind if accepted as co-financing, the Contracting Authority should limit to accept the contributions in kind as co-financing to exceptional cases, subject to possible evaluation of such contributions.

### Ineligible costs

The following costs are not eligible:

- debts and debt service charges;
- provisions for losses or potential future liabilities;
- interest owed;
- costs declared by the beneficiary and covered by another action or work programme;
- purchases of land or buildings, except where necessary for the direct implementation of the action, in which case ownership must be transferred to the final beneficiaries and/or local partners, at the latest by the end of the action;
- currency exchange losses;
- costs incurred prior to the start of the grant contract;
- taxes, including VAT. Nevertheless, these may be considered as part of the estimated total accepted costs of the action for the purpose of co-financing where the Beneficiary (or the Beneficiary's partners) can prove it cannot reclaim them. In such cases, the cost should be included in the Budget under the heading "taxes". Please note however that for the purpose of co-financing, taxes are the only ineligible costs that will be considered within the total accepted costs of the action. Information on taxes can be found in Annex J to these Guidelines;
- credit to third parties.

The Grants may not have the purpose or effect of producing a profit for the applicant.

Civil servants or other public employees of central and local administrations which participate under this call for proposals may not receive fees for their contribution to the action other than their salaries in the respective institution. The salaries of the civil servants or other public employees of the central and local administrations may be presented as co financing contribution of the applicant.

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

Prior registration in PADOR for this Call for Proposals is not obligatory and information in PADOR will not be drawn upon in the present Call.

### **2.2.1** *Concept Note content*

Applications must be submitted in accordance with the instructions on the Concept Note in the Grant Application Form annexed to these Guidelines (Annex A).

Applicants must apply in English.

In the Concept note, the applicants must only provide an estimate of the amount of contribution requested from the Contracting Authority. Only the applicants invited to submit a full application in the second phase will be required to present a detailed budget. The elements assessed on the basis of the concept note may not

be modified by the applicant in the full application form. The EU contribution may not vary from the initial estimate by more than 20%. The applicant is free to adapt the percentage of co-financing required within the minimum and maximum amount and percentages of co-financing, as laid down in the present Guidelines under section 1.3.

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

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

Hand-written Concept Notes will not be accepted.

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

### 2.2.2 *Where and how to send concept notes*

The Concept Note together with the Checklist for the Concept Note (Part A section 2 of the grant application form) and the Declaration by the applicant for the Concept Note (Part A section 3 of the grant application form) must be submitted in one original and 2 copies in A4 size, each bound.

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

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

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

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

Postal address

Ministry of Industries,

SME Cell.

Room 534, 91Motijheel C/A, Dhaka 1000

Address for hand delivery or by private courier service

Ministry of Industries,

SME Cell.

Room 534, 91Motijheel C/A, Dhaka 1000

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

**Applicants must verify that their Concept Note is complete using the Checklist for Concept Note (Part A section 2 of the grant application form). Incomplete concept notes may be rejected.**

### 2.2.3 *Deadline for submission of the Concept Notes*

The deadline for the submission of Concept Note is 31<sup>st</sup> January 2013 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 16.00 as evidenced by the signed and dated receipt. Any Concept Note submitted after the deadline will automatically be rejected.

However, for reasons of administrative efficiency, the Contracting Authority may reject any Concept Note received after the effective date of approval of the Concept note evaluation (see indicative calendar under section 2.5.2)

### 2.2.4 *Further information for Concept Note*

Information sessions on this Call for Proposals will be held in Dhaka, Chittagong and Rajshahi as follows:

Dhaka:	4 November 2012
Rajshahi:	6 November 2012
Chittagong:	8 November 2012
Dhaka:	11 November 2012

The **time and location** for the information sessions will be announced on the EU Delegation, Ministry of Industries and INSPIRED programme websites as follows:

<http://www.eudelbangladesh.org/en/calltender/bangladesh.htm>

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

<http://www.moind.gov.bd>

<http://www.euinspired.org.bd>

Questions may be sent by e-mail or by fax no later than 21 days before the deadline for the submission of concept notes to the below address(es), indicating clearly the reference of the Call for Proposals:

E-mail address: [info@euinspired.org.bd](mailto:info@euinspired.org.bd)

Fax: (+88-02) 9567542

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

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

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

Questions that may be relevant to other applicants, together with the answers as well as other important notices to applicants during the course of the evaluation procedure, may be published on the internet at the EuropeAid and Delegation of the European Union, Bangladesh websites: <https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome> ; <http://www.eudelbangladesh.org/en/calltender/bangladesh.htm> as the need arises. It is therefore highly recommended to regularly consult the abovementioned websites in order to be informed of the questions and answers published.

### 2.2.5 *Full Application form*

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

The elements assessed on the basis of the concept note cannot be modified by the applicant in the full application form. The EU contribution may not vary from the initial estimate by more than 20%, while the applicant is free to adapt the percentage of co-financing required within the minimum and maximum amount and percentages of co-financing, as laid down in these Guidelines under section 1.3.

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

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

Any error related to the points listed in the Checklist (Part B, Section 6 of the Grant Application form) or any major inconsistency in the full application form (e.g. the amounts mentioned in the budget worksheets are inconsistent) may lead to the rejection of the application.

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

Hand-written applications will not be accepted.

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

#### 2.2.6 *Where and how to send the Full Application form*

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

Postal address

Ministry of Industries,

SME Cell,

Room 534, 91Motijheel C/A, Dhaka 1000

Address for hand delivery or by private courier service

Ministry of Industries,

SME Cell,

Room 534, 91Motijheel C/A, Dhaka 1000

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

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

The Checklist (Section 6 of part B of the grant application form) and the Declaration by the applicant (Section 7 of part B of the grant application form) must be stapled separately and enclosed in the envelope

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

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

**Applicants must verify that their application is complete using the checklist (Section 6 of part B of the grant application form). Incomplete applications may be rejected.**

#### 2.2.7 *Deadline for submission of the Full Application form*

The deadline for the submission of applications will be indicated in the letter sent to the applicants whose application has been preselected but is provisionally set for May 2 2013.

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

#### 2.2.8 *Further information for the Full Application form*

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

E-mail addresses: [info@euinspired.org.bd](mailto:info@euinspired.org.bd)

Fax: (+88-02) 9567542

Contracting Authority has no obligation to provide further clarifications after this date.

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

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

Questions that may be relevant to other applicants, together with the answers, will be published on the internet at the EuropeAid and Delegation of the European Union, Bangladesh websites: <https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome> and <http://www.eudelbangladesh.org/en/calltender/bangladesh.htm> and at the Ministry Of Industries website: <http://www.moind.gov.bd> and INSPIRED Programme website: <http://www.euinspired.org.bd>. It is therefore highly recommended to regularly consult the abovementioned websites 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 actions submitted by applicants will be assessed according to the following steps and criteria:

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

#### **(1) STEP 1: OPENING & ADMINISTRATIVE CHECKS AND CONCEPT NOTE EVALUATION**

The following will be assessed:

- The submission deadline has been respected. If the deadline has not been respected the application will automatically be rejected.
- The Concept Note satisfies all the criteria specified in points 1-5 of the Checklist (Section 2 of Part A of the grant application form). 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 evaluation of the Concept Notes that have passed the first administrative check will cover the relevance and design of the action.

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

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

Please note that the scores awarded to the Concept Note are completely separate from those given to the Full Application.

		<b>Scores</b>	
<b>1. Relevance of the action</b>		Sub-score	<b>30</b>
1.1	How relevant is the proposal to the objectives and priorities of the Call for Proposals?*	5x2**	
1.2	How relevant to the particular needs and constraints of the target country or region is the proposal? (including synergy with other EU initiatives and avoidance of duplication)	5x2*	
1.3	How clearly defined and strategically chosen are those involved (final beneficiaries, target groups)? Have their needs been clearly defined and does the proposal address them appropriately?	5	
1.4	Does the proposal contain specific added-value elements, such as environmental issues, promotion of gender equality and equal opportunities, needs of disabled people, rights of minorities and rights of indigenous peoples, or innovation and best practices and the other elements indicated under 1.2. of these guidelines?	5	
<b>2. Design of the action</b>		Sub-score	<b>20</b>
2.1	How coherent is the overall design of the action?  In particular, does it reflect the analysis of the problems involved, take into account external factors and relevant stakeholders?	5x2**	
2.2	Is the action feasible and consistent in relation to the objectives and expected results?	5x2**	
<b>TOTAL SCORE</b>			<b>50</b>

\* Note: A score of 5 (very good) will only be allocated if the proposal specifically addresses more than the required minimum number of priorities as indicated in Section 1.2 (Objectives of the programme) of these guidelines.

\*\* the scores are multiplied by 2 because of their importance

Once all Concept Notes have been assessed, a list will be established with the proposed actions ranked according to their total score.

First, only the Concept Notes which have been given a score of a minimum of 30 points will be considered for pre-selection.

Secondly, the list of Concept Notes will be reduced in accordance to the ranking to those whose sum of requested contributions amounts to at least twice the available budget for this Call for Proposals, taking into account the indicative financial envelopes foreseen by lot.

Following the Concept Note evaluation, the Contracting Authority will send a letter to all applicants, indicating whether their application was submitted prior to the deadline, informing them of the reference number they have been allocated and whether the Concept Note were evaluated and the results of that evaluation. The preselected applicants will subsequently be invited to submit full applications.

## **STEP 2: EVALUATION OF THE FULL APPLICATION**

First, the following will be assessed:

- The submission deadline has been respected. If the deadline has not been respected the application will automatically be rejected.
- The full application form satisfies all the criteria specified in points 1-8 of the Checklist (Section 6 of Part B of the grant application form). 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.

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

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

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

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

*Scoring:*

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

**Evaluation Grid**

<b>Section</b>	<b>Maximum Score</b>
<b>1. Financial and operational capacity</b>	<b>20</b>
1.1 Do the applicant and, if applicable, partners have sufficient experience of project management?	5
1.2 Do the applicant and, if applicable partners have sufficient technical expertise? (notably knowledge of the issues to be addressed.)	5
1.3 Do the applicant and, if applicable, partners have sufficient management capacity? (including staff, equipment and ability to handle the budget for the action)?	5
1.4 Does the applicant have stable and sufficient sources of finance?	5
<b>2. Relevance of the action</b>	<b>30</b>
<i>Score transferred from the Concept Note evaluation</i>	
<b>3. Effectiveness and feasibility of the action</b>	<b>20</b>
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?	5
3.3 Does the proposal contain objectively verifiable indicators for the outcome of the action? Is evaluation foreseen?	5
3.4 Is the partners' level of involvement and participation in the action satisfactory?	5
<b>4. Sustainability of the action</b>	<b>15</b>



4.1 Is the action likely to have a tangible impact on its target groups?	5
4.2 Is the proposal likely to have multiplier effects? (Including scope for replication and extension of the outcome of the action and dissemination of information.)	5
4.3 Are the expected results of the proposed action sustainable: - financially ( <i>how will the activities be financed after the funding ends?</i> ) - institutionally ( <i>will structures allowing the activities to continue be in place at the end of the action? Will there be local “ownership” of the results of the action?</i> ) - at policy level (where applicable) ( <i>what will be the structural impact of the action — e.g. will it lead to improved legislation, codes of conduct, methods, etc?</i> ) - environmentally (if applicable) ( <i>will the action have a negative/positive environmental impact?</i> )	5
<b>5. Budget and cost-effectiveness of the action</b>	<b>15</b>
5.1 Are the activities appropriately reflected in the budget?	5x2*
5.2 Is the ratio between the estimated costs and the expected results satisfactory?	5
<b>Maximum total score</b>	<b>100</b>

\*the scores are multiplied by 2 because of their importance

*Note on Section 1. Financial and operational capacity*

If the score is less than 12 points for section 1, the application will be rejected.

*Provisional selection*

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

### **(3) STEP 3: VERIFICATION OF ELIGIBILITY OF THE APPLICANT AND PARTNERS**

The eligibility verification, based on the supporting documents requested by the Contracting Authority (see Section 2.4) will only be performed for the applications that have been provisionally selected according to their score and within the available financial envelope.

- The Declaration by the applicant (Section 7 of Part B the grant application form) will be cross-checked with the supporting documents provided by the applicant. Any missing supporting document or any incoherence between the Declaration by the applicant and the supporting documents may lead to the rejection of the application on that sole basis.
- The eligibility of the applicant, the partners, and the action will be verified according to the criteria set out in Sections 2.1.1, 2.1.2 and 2.1.3.

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

#### **2.4 SUBMISSION OF SUPPORTING DOCUMENTS FOR PROVISIONALLY SELECTED APPLICATIONS**

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

1. The statutes or articles of association of the applicant organisation<sup>10</sup> and of each partner organisation. This obligation does not apply to international organisations which have signed a framework agreement with the European Commission. A list of the relevant framework agreements is available at the following

---

<sup>10</sup> Where the applicant and/or (a) partner(s) is a public body created by a law, a copy of the said law must be provided  
SCGS Guidelines

address:

[http://ec.europa.eu/europeaid/work/procedures/financing/international\\_organisations/other\\_international\\_organisations/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/financing/international_organisations/other_international_organisations/index_en.htm)

2. Where the grant requested exceeds EUR 500 000, an external audit report produced by an approved auditor, certifying the applicant's accounts for the last financial year available. This obligation does not apply to international organisations or to public bodies.
3. Copy of the applicant's latest accounts (the profit and loss account and the balance sheet for the previous financial year for which the accounts have been closed)<sup>11</sup>.
4. Legal entity sheet (see annex D of these Guidelines) duly completed and signed by the applicant, accompanied by the justifying documents which are requested therein. If the applicant has already signed a contract with the Contracting Authority, instead of the legal entity sheet and its supporting documents the legal entity number may be provided, unless a change in its legal status occurred in the meantime.
5. A financial identification form conforming to the model attached at Annex E of these Guidelines, certified by the bank to which the payments will be made. This bank must be located in the country where the applicant is registered. If the applicant has already signed a contract with the European Commission or where the European Commission has been in charge of the payments of a contract, a copy of the previous financial identification form may be provided instead, unless a change in its bank account occurred in the meantime. This bank account must yield interest or equivalent benefits. If the costs for opening and/or maintaining such an account equals or exceeds the expected interest, applicants may be exempted from this obligation by submitting a declaration of honour to this fact.
6. A copy of the cooperation agreement between the applicant, the partners and the associates.

The requested supporting documents must be supplied in the form of originals, photocopies or scanned versions (i.e. showing legible stamps, signatures and dates) of the said originals. However, the Legal entity sheet and the financial identification form must always be submitted in original.

Where such documents are not in one of the official languages of the European Union or in Bangla, a translation into English of the relevant parts of these documents, proving the applicant's eligibility, must be attached and will prevail for the purpose of analysing the application.

Where these documents are in an official language of the European Union other than English or in Bangla, it is **strongly** recommended, in order to facilitate the evaluation, to provide a translation of the relevant parts of the documents, proving the applicant's eligibility, into English.

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

Based on the verification of the supporting documents by the Evaluation Committee it will make a final recommendation to the Contracting Authority which will decide on the award of grants.

## **2.5 NOTIFICATION OF THE CONTRACTING AUTHORITY'S DECISION**

### *2.5.1 Content of the decision*

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

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

---

<sup>11</sup> This obligation does not apply to public bodies nor 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.

**2.5.2 Indicative timetable BASED ON DATE OF CALL FOR PROPOSALS: 11 OCTOBER 2012**

	<b>DATE</b>	<b>TIME</b>
<b>Information meetings</b>	4, 6, 8 and 11 November 2012	10.00
<b>Deadline for request for any clarifications from the Contracting Authority</b>	3 January 2013	16.00
<b>Last date on which clarifications are issued by the Contracting Authority</b>	10 January 2013	-
<b>Deadline for submission of Concept Notes</b>	31 January 2013	16.00
<b>Evaluation of Concept notes</b>	3 to 21 February 2013	
<b>Information to applicants on the opening &amp; administrative checks and concept note evaluation (step 1)</b>	24 February 2013	-
<b>Invitations for submission of Full Application Form</b>	28 February 2013	-
<b>Deadline for submission of Full Application Form</b>	2 May 2013	16.00
<b>Evaluation of Full Proposals</b>	5 May to 24 May 2013	
<b>Information to applicants on the evaluation of the Full Application Form (step 2)</b>	26 May 2013	-
<b>Notification of award (after the eligibility check) (step 3)</b>	4 July 2013	-
<b>Contract signature</b>	5 September 2013	-

\* **Provisional date.** 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. In such case, the updated timetable shall be published on the internet at the EuropeAid web site <https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome>, the Delegation of the European Union, Bangladesh: <http://www.eudelbangladesh.org/en/calltender/bangladesh.htm>, the Ministry Of Industries: <http://www.moind.gov.bd> and the INSPIRED website: <http://www.euinspired.org.bd>.

After the Concept Note submission deadline, a detailed indicative calendar will be published on these websites.

**2.6 CONDITIONS APPLICABLE TO IMPLEMENTATION OF THE ACTION FOLLOWING THE CONTRACTING AUTHORITY'S DECISION TO AWARD A GRANT**

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

If the successful applicant is an international organisation, the model Contribution Agreement with an international organisation or any other contract template agreed between the international organisation concerned and the Contracting Authority will be used instead of the standard grant contract provided that the international organisation in question offers the guarantees provided for in the applicable Financial Regulation, as described in Chapter 6 of the Practical Guide to contract procedures for EU external actions

### Implementation contracts

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

### 3. LIST OF ANNEXES

#### DOCUMENTS TO BE COMPLETED

ANNEX A: GRANT APPLICATION FORM (WORD FORMAT)

ANNEX B: BUDGET (EXCEL FORMAT)

ANNEX C: LOGICAL FRAMEWORK (EXCEL FORMAT)

ANNEX D: LEGAL ENTITY SHEET

ANNEX E: FINANCIAL IDENTIFICATION FORM

#### DOCUMENTS FOR INFORMATION

ANNEX G: STANDARD GRANT CONTRACT

- ANNEX II: GENERAL CONDITIONS APPLICABLE TO EUROPEAN UNION-FINANCED GRANT CONTRACTS FOR EXTERNAL ACTIONS
- ANNEX IV: CONTRACT AWARD PROCEDURES
- 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 ACTIONS
- ANNEX VIII: MODEL FINANCIAL GUARANTEE
- ANNEX IX: STANDARD TEMPLATE FOR TRANSFER OF OWNERSHIP OF ASSETS

ANNEX H: DAILY ALLOWANCE RATES (PER DIEM), available at the following address:  
[http://ec.europa.eu/europeaid/work/procedures/implementation/per\\_diems/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm)

ANNEX I: STANDARD CONTRIBUTION AGREEMENT, APPLICABLE IN CASE WHERE THE BENEFICIARY IS AN INTERNATIONAL ORGANISATION  
[http://ec.europa.eu/europeaid/work/procedures/financing/international\\_organisations/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/financing/international_organisations/index_en.htm)

ANNEX J: INFORMATION ON THE TAX REGIME APPLICABLE TO GRANT CONTRACTS SIGNED UNDER THE CALL:  
[http://ec.europa.eu/europeaid/work/procedures/implementation/index\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/implementation/index_en.htm)

PROJECT CYCLE MANAGEMENT GUIDELINES

[http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101\\_en.htm](http://ec.europa.eu/europeaid/multimedia/publications/publications/manuals-tools/t101_en.htm)

NEW CO-FINANCING APPROACH IN GRANTS

[http://ec.europa.eu/europeaid/work/procedures/faq/documents/faqs\\_on\\_the\\_new\\_co\\_en.pdf](http://ec.europa.eu/europeaid/work/procedures/faq/documents/faqs_on_the_new_co_en.pdf)