



MARAKANDA MANAGEMENT HANDBOOK



May 2012

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1. ENPI MED BASIN PROGRAMME

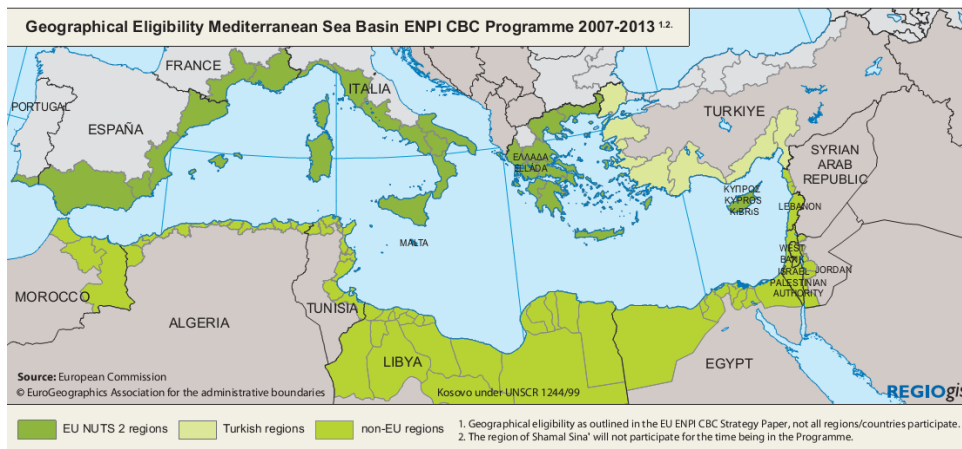
1.1 MAIN CHARACTERS OF THE PROGRAMME



The multilateral cross-border cooperation "Mediterranean Sea Basin Program" is part of the new European Neighborhood Policy (ENP) and of its financing instrument (European Neighborhood and Partnership Instrument - ENPI) for the 2007-2013 period: it aims at reinforcing cooperation between the European Union (EU) and partner countries regions placed along the shores of the Mediterranean Sea.

14 participating countries, which represent 76 territories and around 110 million people, are eligible under the Program: Cyprus, Egypt, France, Greece, Israel, Italy, Jordan, Lebanon, Malta, Palestinian Authority, Portugal, Spain, Syria and Tunisia.

MARAKANDA project was approved on the Priority 1) promotion of socio-economic development and enhancement of territories



1.2 LINK TO MAIN PROGRAMME'S OFFICIAL DOCUMENTS

JOINT OPERATIONAL PROGRAM	http://www.enpicbcmmed.eu/documenti/29_38_20090108120940.pdf
ENPI REGULATION	http://www.enpicbcmmed.eu/documenti/29_38_20090108121101.pdf
ENPI IMPLEMENTING RULES	http://www.enpicbcmmed.eu/documenti/29_38_20090108121213.pdf
ENPI STRATEGY PAPER	http://www.enpicbcmmed.eu/documenti/29_38_20090108121312.pdf
PRACTICAL GUIDE TO EU EXT.	
ACTIONS	http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

1.3 ENPI MED BASIN PROGRAMME- CONTACTS

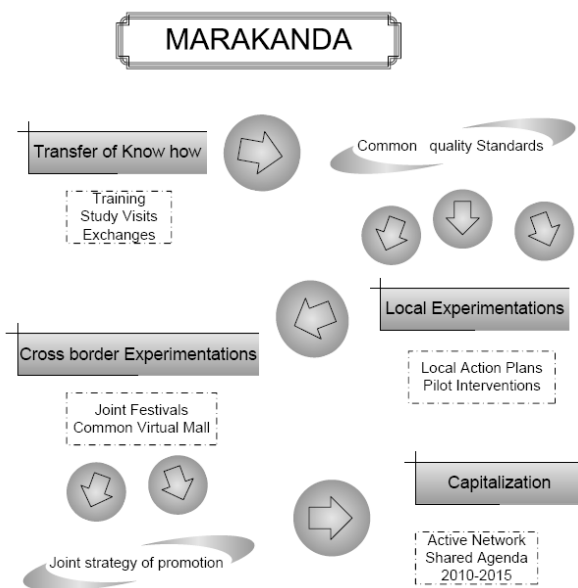
NAME	FUNCTION	PHONE CONTACTS	E-MAIL
ANNA CATTE	Managing Authority Director	Tel: +39 070/6067504 Fax: +39 070/400359	enpi.med@regione.sardegna.it
LUCIANO COSTANTINI	Financial officer	Tel: +39 070/6064687	lcostantini@regione.sardegna.it
SILVIA FRACCHIA	Project officer	Tel: +39 070 606 2450	sfracchia@regione.sardegna.it
RAFFAELLA SARDI	MARAKANDA desk officer	Tel: +39 070 606 2482	rsardi@regione.sardegna.it

1.4 ENPI NATIONAL CONTACT POINTS

COUNTRY	ADDRESS	PHONE CONTACTS	E-MAIL
EGYPT	Ministry of International Cooperation. 8 Adly Street, Downtown, Cairo	Tel: +202 2 392645 Fax: +202 2 3910344	mic-eu@hotmail.com
LEBANON	Ms Maha SIBLINI Project Coordinator – EU Programs; Presidency of Council of Ministers. Riad El Solh Square, Beirut	Tel: +961 1 971432/28 Fax: +961 1 971432/28	msiblini@pcm.gov.lb
SPAIN	Mr José Luis PARDO Deputy Director General for EU General Affairs. Ministry of Foreign Affairs and Cooperation. Serrano Galvache 26, 28071 Madrid	Tel: +34 91 379 84 07 Fax: +34 91 394 86 91	joseluis.pardo@ue.maec.es
CYPRUS	Ms Constantia CONSTANTINO Planning officer. Directorate of Structural Funds and Cohesion Fund, Planning Bureau. 29 Byronos Avenue, Nicosia	Tel: +357 22602949 Fax: +357 22666810	cconstantinou@planning.gov.cy
GREECE	Ms Aikaterini SAGONA Unit B2 – Management and Monitoring of Programmes in the Mediterranean and the Adriatic Sea	Tel: +30 2310 469659 Fax: +30 2310 469602	ksagona@mou.gr
ITALY	Mr Claudio POLIGNANO Region Puglia Task Force European Territorial Cooperation	Tel: +39 080 540 6552 Fax: +39 080 540 6554	c.polignano@regione.puglia.it enpimed@europuglia.it

2. MARAKANDA PROJECT DESCRIPTION

2.1 OBJECTIVES OF THE PROJECT



The Mediterranean area has a rich history of city markets which have for many centuries acted as focal points for social, commercial and cultural activities. Markets represent an important part of the Mediterranean heritage and are still catalysts for local development. However, the traditional functions of markets are currently being eroded raising concern over their future viability. MARAKANDA aims at preserving typical Mediterranean markets through the setting-up of a cross-border cluster to promote the integration of high quality agro-food/handicraft production chains and improve governance processes among private and public actors in city markets.

Specific objectives

1. To upgrade competencies and capacities of public officers and small entrepreneurs operating in city markets through the exchange of good practices
2. To achieve, share and enhance common quality standards for the efficient management of historic city markets
3. To cluster micro and small enterprises of high quality agro-food and artistic handicraft sectors operating in city markets in order to foster their internationalization



2.2 MARAKANDA PROJECT CONTACTS

	NAME	PHONE CONTACTS	E-MAIL
MUNICIPALITY OF FLORENCE	CARLOTTA VIVIANI	Tel. +39 0552625946 Fax +39 0552625949	carlotta.viviani@comune.fi.it marakanda@comune.fi.it
MUNICIPALITY OF GENOVA	GIANLUCA SABA	Tel +39 010/5577342 Fax: +39 010/5577330	gsaba@comune.genova.it
EED LACO	GEORGIA TSALIKI	Tel: 0030 25410 27470 Fax: 0030 25410 29466	tedk@xan.forthnet.gr epaota@gmail.com
MUNICIPALITY OF LIMASSOL	ANDREAS CHRISTOU	Tel: +35725884325 Fax: +35725362350	limassolmunicipal@cytanet.com.cy
UNIVERSITY OF GENOA- CRUIE	PIETRO UGOLINI	Tel: +39 0103532827 Fax: +39 0103532971	pietrou@unige.it
NATIONAL RESEARCH CENTRE EGYPT	MOSTAFA KAMEL ABDELDAYEM AHMED OMAR ISMAIEL	Tel: +20233370931 Fax: +20233371718	mostafakamel31@yahoo.com
MUNICIPAL INSTITUTE OF MARKETS OF BARCELONA	GERARD NAVARRO	Tel: +34 9348815 20 Fax: +34 9348827 90	gnavarro@dsae.cat
PLURAL - EUROPEAN STUDY CENTRE	FRANCESCO BARILLI	Tel: +393316446433 Fax: +39 0102510718	fbarilli@pluraleurope.net
SOUK EL TAYEB ASSOCIATION	KAMAL MOUZAWAK	Tel: +9613340198 Fax: +9613340198	info@soukeltayeb.com
MUNICIPALITY OF FAVARA	GIACOMO SORCE	Tel: +390922448246 Fax: +390922448211	giacomo.sorce@comune.favara.ag.it

2.3 MARAKANDA ASSOCIATED PARTNERS

FUTURE BUSINESS WOMEN ASSOCIATION IN FOWWA / KAHER EL SHIEK	HALA FAWZY ABO EL SAAD	Tel: +20123461084 Fax: +20 0472970930	halafawzy33@hotmail.com
ZAIRA CULTURAL ASSOCIATION	VETRO LORENA	Tel: +39 3281256168 Fax: +39092227401	associazionezaira@libero.it
DEVELOPMENT AGENCY GAL GENOVESE	ANNALISA CEVASCO	Tel: +39(0)10 8683242 Fax: +39 (0)108683249	info@appenninogenovese.it

2.4 FULL MAILING LIST OF THE PROJECT

marakanda@comune.fi.it, mariella.bergamini@comune.fi.it,
simone.tani@comune.fi.it, carlotta.viviani@comune.fi.it, laura.battaglia@unige.it,
ilaria.delponte@unige.it, pietrou@unige.it, herosde@cytanet.com.cy,
eurolemesos@cytanet.com.cy, tedk@xan.forthnet.gr, gsaba@comune.genova.it,
spiana@comune.genova.it, smasieri@comune.genova.it,
mostafakamel31@yahoo.com, gnavarro@dsae.cat, ncosta@mercatsbcn.cat,
fbarilli@pluraleurope.net, fcori@pluraleurope.net, fpizzanelli@pluraleurope.net,
pparrini@pluraleurope.net, kamal@soukeltayeb.com, christine@soukeltayeb.com,
info@soukeltayeb.com, giasorce@libero.it, a.bacchi.marakanda@gmail.com,
giacomo.sorce@comune.favara.ag.it, lia.bellavia@comune.favara.ag.it,
halafawzy33@hotmail.com, associazionezaira@libero.it, info@appenninogenovese.it

2.5 LINKS TO OFFICIAL PROJECT DOCUMENTS

<p><u>OFFICIAL DOCUMENTS</u></p> <p>GRANT APPLICATION FORM (GAF) GAF BUDGET PARTNERSHIP AGREEMENT PARTNERSHIP AGREEMENT (ANNEX 1, 2 & 3)</p> <p><u>MANAGEMENT</u></p> <p>STEERING COMMITTEE REGULATION SCIENTIFIC COMMITTEE REGULATION PROJECT HANDBOOK</p> <p><u>COMMUNICATION</u></p> <p>MARAKANDA LOGO ENPI LOGO EUROPEAN UNION EMBLEM COMMUNICATION PLAN VISIBILITY REQUIREMENTS</p> <p><u>RCBI PROJECT</u> IMPLEMENTATION MANUAL</p>	<p>http://medgov.net/toscana/pages/official-documents-1</p> <p>http://medgov.net/toscana/pages/management-1</p> <p>http://medgov.net/toscana/pages/communication-1</p> <p>http://medgov.net/toscana/pages/implementation-manual-rcbi-3</p>
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3. IMPLEMENTATION OF ACTIVITIES

3.1 PHASES, OUTPUTS

Phase	Outputs
Management and coordination	5 Meetings of the Steering Committee (1 during the Kick Off event) 1 Handbook of the project to support the effective implementation of the project activities by the partners. 3 Yearly activity plans 4 Progress reports verifying the technical and financial advancement of the project. 1 Mid-term and 1 final evaluation reports monitoring and evaluating the general progress of the project.
Transfer of good practices	1 draft methodology to analyze GP 1 assessed methodology to analyze GP 1 assessment of GP with regard to their applicability and potential impacts. 1 recommendation paper for local policy makers 4 thematic workshop reports. 4 study visit reports including transferability assessment. 15 Auto-assessment reports.
Local experimentations	1 Guidelines on the enhancement of competitiveness and attractiveness of the historic city markets. 9 Assessment document on the level of competitiveness and attractiveness of the historic city markets. 9 Action plans for sustainable historic city markets 9 Pilot actions 2 Training seminars
Cross-border experimentation	1 Clustering strategy 1 joint Database of micro and small enterprises 1 Internet-based platform 1 Analysis document on the future sustainability of the virtual marketplace 1 Mediterranean Fair of 9 joint festivals 1 Association of city historic markets and 1 joint calendar of events
Communication and Capitalization activities	1 Communication Plan, including measures of capitalization of the project results and follow-up 1 Publication on the good practices 1 Web site of the project 4 newsletters 4 thematic reports and/or publications 30 (at least) media and press conferences and interviews 1 cross-border conference 1 final publication 1 catalogue of artistic handicraft and high quality agro food products of historic markets

3.2 PROJECT BUDGET

	Human resources	Travel	Equipment and supplies	Subcontracted services	Administrative costs	TOTAL ELIGIBLE COSTS
Applicant Municipality of Florence	€ 79.000,00	€ 21.912,00	€ 1.800,00	€ 156.780,00	€ 10.508,00	€ 270.000,00
Partner 1 Municipality of Genoa	€ 55.100,00	€ 15.943,00	€ 1.200,00	€ 47.950,00	€ 4.807,00	€ 125.000,00
Partner 2 EED LACO	€ 45.200,00	€ 19.310,00	€ 1.200,00	€ 62.000,00	€ 2.290,00	€ 130.000,00
Partner 3 Municipality of Limassol	€ 24.600,00	€ 15.452,00	€ 1.200,00	€ 55.500,00	€ 3.248,00	€ 100.000,00
Partner 4 CRUIE	€ 44.100,00	€ 12.546,00	€ 0,00	€ 40.780,00	€ 2.574,00	€ 100.000,00
Partner 5 National Research Centre	€ 63.480,00	€ 20.940,00	€ 1.200,00	€ 89.300,00	€ 5.080,00	€ 180.000,00
Partner 6 Municipal Institute of Markets of Barcelona	€ 46.000,00	€ 17.206,00	€ 1.200,00	€ 61.400,00	€ 4.194,00	€ 130.000,00
Partner 7 Plural Study Centre	€ 24.000,00	€ 12.730,00	€ 1.200,00	€ 56.050,00	€ 6.020,00	€ 100.000,00
Partner 8 Souk El Tayeb	€ 36.000,00	€ 20.168,00	€ 1.200,00	€ 56.680,00	€ 5.952,00	€ 120.000,00
Partner 9 Municipality of Favara	€ 27.500,00	€ 16.276,00	€ 1.200,00	€ 51.600,00	€ 3.424,00	€ 100.000,00
TOTAL	€ 444.980,00	€ 172.483,00	€ 11.400,00	€ 678.040,00	€ 48.097,00	€ 1.355.000,00

The budget breakdown concerns three years of activities (30,13% foreseen in the first year, 38,06% in the second year, 31,82% in the third year, covered by ENPI Funds for 90% of Funds (the rest of co-financing is guaranteed by partners, except for Italian partners (IGRUE rotation fund n° 36/2007). At least the half of activities must be carried out for the benefit of MPCs.

3.3 MARAKANDA YEARLY ACTION PLAN 2012

PHASE 1: MANAGEMENT AND COORDINATION												
<i>ACTIVITY IMPLEMENTED</i>	2012											
	01	02	03	04	05	06	07	08	09	10	11	12
Signature of the Subsidy Contract												
Organization of Kick Off meeting												
Meeting of the project Committees												
Elaboration of the internal regulations												
Elaboration of the Project Handbook												
Contracting of auditors												
Transfer of pre-financing by JMA												
Distribution of pre-financing among partners												
Submitting of the Interim Report												
Possible first small amendment of the budget breakdown												

PHASE 1: The Grant Contract of the project was signed on 31 January 2012. Annexes to the Contract are the Inter partnership Convention, the Grant Application Form and the Action Plan for the first year. On March 2012 the Kick Off Meeting held in Florence, with the establishment of the project committees (Steering Committee and Scientific Committee) and the approval of their internal regulations. By May 2012 project tools as the present project Management handbook are created to support the consortium in the first phase of implementation. By June 2012, the individuation of First level auditors and the transfer of pre-financing funds by JMA are prerequisite to activate the financial flow of the project. By October 2012 the second meeting of the Steering Committee is foreseen in Egypt, as well as the first interim report including the certifications of expenditure for each partner.

PHASE 2: TRANSFER OF KNOW HOW												
<i>ACTIVITY IMPLEMENTED</i>	2012											
	01	02	03	04	05	06	07	08	09	10	11	12
Drawing up a methodology to analyze best practice												
Methodology Guidelines												
Collection of relevant Best Practice												
1 publication on best practices												
1 analysis on applicability and potential impact												
1 recommendation for local policy makers												
Organization of 1 cross-border thematic workshop in PMCs territories												
Deliverables: 4 thematic workshop reports												

PHASE 2: Under the coordination of the Markets Institutes of Barcelona, the methodological guidelines about the component are elaborated by June 2012, while the first thematic workshop will be held in Egypt by October 2012, in parallel with the meeting of the Steering Committee.

PHASE 3: LOCAL EXPERIMENTATION												
<i>ACTIVITY IMPLEMENTED</i>	2012											
	01	02	03	04	05	06	07	08	09	10	11	12
Creation of Local Action Groups												
Local event to involve stakeholders organized in Beirut												
Local event to involve stakeholders organized in Favara												
Local event to involve stakeholders organized in Limassol												
Joint Local event to involve stakeholders organized in Florence and Genoa												
Local event to involve stakeholders organized in Barcelona												

The creation of Local Action Groups will be developed during local promotional festivals organized to involve the local stakeholders. Five happenings involving six partner territories are foreseen during the year. By May 2012 in Lebanon, by June 2012 in Favara, By August 2012 in Limassol. In September 2012 a joint event will be held in Florence and Genoa, and finally the last event in Barcelona

PHASE 4: CBC EXPERIMENTATION												
<i>ACTIVITY IMPLEMENTED</i>	2012											
	01	02	03	04	05	06	07	08	09	10	11	12
Definition of a shared calendar of the events 2012-2015												
International events with Cross-Border value, open to wider issues in the Mediterranean debate in Barcelona and Egypt												

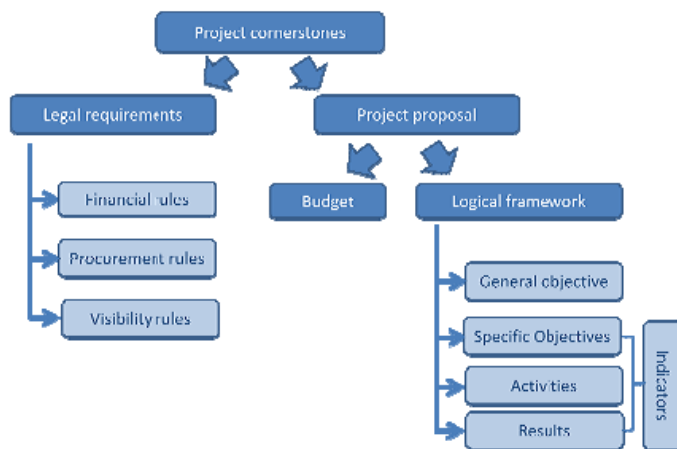
The establishment of a common calendar of events is pre requisite in order to allow the participation of each partners to festivals and meetings at cross border level. The first two project festivals are foreseen in Barcelona and in Egypt, during the meeting of the Steering Committee.

PHASE 5: COMMUNICATION AND CAPITALISATION												
<i>ACTIVITY IMPLEMENTED</i>	2012											
	01	02	03	04	05	06	07	08	09	10	11	12
Elaboration of the Communication Plan												
Dissemination of Good Practice identified by partners												
Creation of Project web site												
Six months release of newsletters												
Six months release of thematic reports and/or publications												

The Communication Plan is the first output of the project, including the strategy of dissemination developed by the project, delivered by May 2012. The project web site will be articulated as a portal for all the partner areas. It will be realized together with a technological project in order to allow the linking to the different web instruments to promote local historical markets. In the second part of the year, focused actions of dissemination will be addressed to good practices identified in the phase 3.

4. TECHNICAL AND FINANCIAL MANAGEMENT

4.1 INTRODUCTION



The management of MARAKANDA project is relatively simple, whereas some technical rules are respected. First of all, the financial aspects regard a certain number of issues that has to be faced. As you know, the financing of a project is not an amount of money fallen from sky to support whatever activity of a body. On the contrary, there is a direct linking between objectives, actions developed to achieve results in the partner areas and the sources to finance those activities.

When funds are utilized:

- directly by the project partner
- in the ENPI MED area
- within the time framework of the project

- not already funded by other initiatives
- for actions that are coherent to the objectives of the project
- for actions that are made for public interest

the expenditure will be always eligible, respecting the following simple conditions:

1. The internal resources of the body were formally devoted to the project activities
2. The external resources were individuated following a public evidence
3. The communication resources are published according to the ENPI CBC Med Basin Program's rules.

Secondly, as the other programs financed by EU, also ENPI CBC Med Basin Program provides for basic internal regulations, formats and documents to define the technical implementation. What is important to understand is that : a rule is a guide to support you, not an obstacle to make heavier your work. Take in mind this consideration before going through the following descriptions.

4.2 PRE-FINANCING AND FINANCIAL FLOWS

Step 1 Individuation of the Auditor by each partner

Each MARAKANDA partner have to individuate an external Auditor as pre requisite to receive the pre-financing.

Requirements: The ENPI CBC Mediterranean Sea Basin Program foresees the requirements for the external auditor in Annex VII "Expenditure Verification" to the Grant

Contract. In particular the external auditor must respect one of the following conditions:

- ✓ The Auditor and/or the firm is a member of a national accounting or auditing body or institution which in turn is member of the International Federation of Accountants (IFAC).
- ✓ The Auditor and/or the firm is a member of a national accounting or auditing body or institution. Although this organization is not member of the IFAC, the Auditor commits him/herself to undertake this engagement in accordance with the IFAC standards and ethics



Each partner will sign the contract with the external auditor only after the Grant Contract between the Beneficiary and the JMA has been signed (from 1 February 2012), because no preparation costs are foreseen.

Step 2 Transfer of first pre financing

In order to be able to forecast the global cash flow and the cash surplus or deficit in each moment of project implementation, it is necessary to link this expenditure forecast with the payment requests for the ENPI CBC grant contribution. To do so you need to:

- ✓ Take the amounts of the first pre-financing and estimate when it will arrive. The first pre-financing is normally transferred to the Beneficiary within 45 days of the JMA receiving the signed grant contract. In the case of MARAKANDA, it is expected the transfer from the JMA to the Applicant by the end of June 2012.
- ✓ The amount of the first pre-financing is the 80% of Year 1
- ✓ At least 70% of this amount must be paid to request further pre financing

Step 3 Interim Report and Financial plan

At the end of the year, the Applicant will produce an interim report about the projects, collecting reports from each member of the partnership. The reports will have to be accompanied by the expenditure verification report by each auditor.

When the interim report is ready to be delivered, the consortium have enough information about the state of the art and the progress of the activities (and their related financial flow).

So, a financial plan with the forecasted activities and payments regarding the next year may be set up, with an estimation of the further pre-financings must be set up according to a financial schedule.

Financial planning is the combination of expenditures occurrence with financial flows, distributed in time, i.e.:

1. allocating the occurrence of each single expenditure in a specific month
2. based on the above data, calculating the month when the total occurred expenditures reach the necessary threshold to claim the payment of co-funding
3. estimating the month when these new financial resources will be received by Beneficiary and by each PP

Step 4 Transfer of further pre financings

Further pre-financing is paid to the Beneficiary within 45 days of the approval of the interim report (both narrative/financial) by the JMA. The JMA also has 45 days maximum to review and approve the report (if there is no reply within this time the report is considered approved). So, you could estimate about 3 months for receiving your payment after you send the report. However: Be conservative in your estimation. The JMA may suspend the time-limit for approval of a report by notifying the Beneficiary that it finds it necessary to carry out additional checks (i.e. clarification or additional information) before approving the report.

- Remain ready to react quickly to JMA’s requests after you send your report so that your further pre-financing may be processed efficiently. The Beneficiary can request further pre-financing when the part of the expenditure financed by ENPI actually incurred (by applying the percentage set out in Article 3.2 of your grant contract Special Conditions) stands at 70% at least of the previous payment (and at 100% of any other previous payments). To request a second pre-financing, the Beneficiary must therefore report eligible expenditures equal to or above: $70\% \times (\text{advance payment} / \%ENPI \text{ co-financing})$.

Time table

		2012			2013		2014		2015	
		May	June	October	February	October	February	October	February	October
Step 1	Individuation of the Auditor by each partner									
Step 2	Transfer of first pre financing									
Step 3	Interim/ Final Report									
	Financial plan									
Step 4	Transfer of further pre financings									

4.3 FINANCIAL STATEMENTS

Ineligible costs:

According to the Art. 14.6 of the Grant contract General Conditions the ineligible costs are:

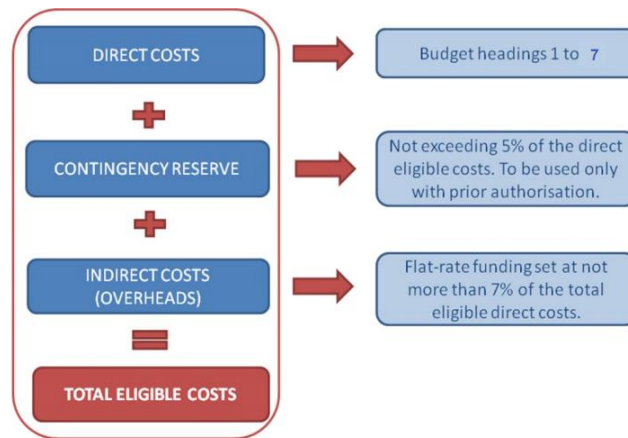
- ✓ *Debts and debt service charges;*
- ✓ *Provisions for losses or potential future liabilities;*
- ✓ *Interest owed (with the exceptions set in art. 15.9 of the Grant Contract "General Conditions");*
- ✓ *Costs declared by the Beneficiary or the Partners but covered by other EU funds;*
- ✓ *Purchases of land or buildings, except where necessary for the direct implementation of the project, provided that Special Conditions do not explicitly exclude this possibility;*
- ✓ *Currency exchange losses;*
- ✓ *Taxes, including VAT, unless the Beneficiary or Partners can show they cannot reclaim them and the applicable regulations do not exclude coverage of taxes. Governments do not consider as eligible VAT and other taxes, therefore beneficiaries and partners from aforementioned countries should ask to be exempted from VAT and other taxes related to project expenditures. Please consult your National Contact Point for exemption procedure.*
- ✓ *Credits to third parties unless otherwise specified;*
- ✓ *Fines, financial penalties and other expenditures on legal disputes;*
- ✓ *Contributions in kind because there is no cash-flow.*

Eligible costs:

The eligible costs have to meet all the following criteria:

- ✓ *have been incurred during the project implementation period: from 1 February 2012 (the day after the signature of the Grant Contract, occurred on January 31 2012) to the end of the project)*
- ✓ *are indicated in the estimated overall budget of the project: you cannot exceed the financing of the project, of course*
- ✓ *are necessary for the implementation of the action: whereas the creation of historical market network,*
- ✓ *are identifiable and verifiable, recorded in the accounting of Beneficiary and partners and backed-up by originals of supporting documents: you must collect documents of expenditure and the proofs of payments related to the project, using separate accounting systems.*
- ✓ *are reasonable, justified and complying with the requirements of sound financial management, in particular regarding economy and efficiency: the prices of purchased goods*

All the costs foreseen in a project are included within one of the three different types of eligible costs which are shown in the figure below.



MARAKANDA's **direct costs** are subdivided into **4 different headings**: *STAFF, TRAVEL & SUBSISTENCE, SUBCONTRACTED SERVICES, EQUIPMENT & SUPPLIES*. For each of budget categories, there are two main tasks of to do things

PREPARATION

The completion of administrative procedures to make effective and eligible this expenditure

REPORTING

The transparent collection and storage of documents supporting the auditing activities in order to make possible and concrete the verification of expenditure by independent subjects.

Rule of origin:

Both the ENPI Regulation (Article 21) and Annex IV (Section 2.2) of the grant contract oblige all Beneficiaries and Partners to respect the rule of origin when procuring supplies, regardless of the amount of equipment purchased

Supplies and materials affected by the rule of origin:

- ✓ Include the materials to be used in construction
- ✓ Do not include the Contractor's own equipment (machines, tools, etc.) to be used during construction.

For equipment and vehicles with a unit cost on purchase of more than €5,000, the contractors providing the supplies must present proof of origin no later than when they present their first invoice. The certificate of origin must be made out by the competent authorities in the country of origin for the supplies (e.g. Chamber of Commerce, Government Ministry etc.). Remember to request this certificate from your supplier and clearly insert it as a requirement in the tender dossier. For supplies with a unit cost on purchase of less than €5,000, a statement from your supplier specifying the origin of the equipment is enough.

'Rule of origin' countries listed in the ENPI Regulation	
EU Member States	Portugal, Spain, France, Italy, Malta, Greece, Cyprus, Bulgaria, Romania, Poland, Czech Republic, Slovakia, Hungary, Slovenia, Austria, Germany, Lithuania, Latvia, Estonia, Finland, Sweden, Denmark, The Netherlands, Belgium, Luxemburg, United Kingdom and Ireland
ENPI Partner Countries	Russia, Belarus, Ukraine, Moldova, Georgia, Armenia, Azerbaijan, Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Occupied Palestinian Territories, Syria and Tunisia

4.3.1 STAFF

It deals with the internal staff of an organization.

STAFF PREPARATION- TO DO LIST
✓ First of all, at the beginning of each year, please draw up a list of personnel, indicating each person to include in the work staff.
✓ Secondly, please draw up an Order of Service. The order of service concerns each person included in the list of personnel. In this Order, the daily/hourly costs (including taxes and social charges) are indicated by the project responsible, as well as the number of days/hours devoted to the project in the concerned period.
✓ Thirdly, each component of the work staff fill in a monthly timesheet, where the amount of days worked on the project are reported coherently to the Order of Service.

STAFF REPORTING - TO DO LIST
✓ Please collect the administrative documents (List of Personnel, Order of Service, Timesheets) with signature and stamp of your organization, printed on letterhead
✓ Please collect also the contracts as well as the procedures of personnel selection if developed within the time table of the project
✓ Please collect the original documents of expenditures (monthly pay packets) with the seal of the Program indicating the date of expenditure, the period of reporting and the amount financed indicated in the timesheet)
✓ Please collect the documents of payment (bank transfers regarding pay packets and social charges)
✓ Finally, please provide declarations explaining the rationale of expenditures, if necessary

4.3.2 TRAVEL & SUBSISTENCE

This budget categories deals with mission, travel and event occurred in the ENPI Med Basin Area by authorized personnel of MARAKANDA's partners within the timetable of the project (from 1 February 2012 to the end of activities).

Be careful in the choice of hotel accommodations, board and lodging, the air flights: the cheapest standard prices are recommended!!

TRAVEL PREPARATION - TO DO LIST
✓ For each mission/ travel/ event where expenditure related to travels and accommodation are foreseen, please draw up an written Authorization by the project responsible stating that the concerned worker is charged to represent the organization in the mission/ travel/ event, indicating period, place and objective of the mission.
✓ In case of meeting, a list of presences have to be prepared by the host partner
✓ After the travel, please collect all invoices and tickets and fill in a travel report, clearly indicating the list of expenditure made.

TRAVEL REPORTING - TO DO LIST
✓ Please collect the authorizations to participate to the mission
✓ Please collect also the documents concerning the meeting (invitations, programme, list of participants, etc.)
✓ Please submit the travel report including all the original documents of expenditures with the seal of the Program indicating the date of expenditure, the period of

reporting and the amount financed indicated)
✓ Please collect the documents of payment (bank transfers, proofs of reimbursement, etc.)
✓ Finally, please provide declarations explaining the rationale of expenditures, if necessary

4.3.3 SUBCONTRACTING SERVICES

An expenditure falls under the provision of subcontracted services when it deals with a service that is impossible to developed by the internal staff, for matter of expertise or due to the limited size of the personnel staff.

The traditional classification of subcontracted services regards:

- **Service contracts:**
 - Studies: identification and preparation of projects, feasibility studies, economic and market studies, technical studies, evaluations and audits
 - Technical assistance: advisory role, to manage or supervise a project, or to provide the experts specified in the contract
- **Supply contracts:**
 - Purchase, leasing, rental or hire purchase (with or without option to buy) of equipment
 - A contract for the supply of equipment and, incidentally, for installation
- **Works contract:**
 - The execution, or both the execution and design, of works
 - Outcome of building or civil engineering works

The main issue is the choice of the external expert (a company, or an individual expert) In general, this choice must have public evidence. All the partner organizations have internal procedures of transparency that guarantee this public evidence. So, we have only to take attention to the general EU rules about procurements to avoid conflict among different frameworks.

What to do	What NOT to do
Do identify the applicable rules to your organization	Do not acquire services, supplies and works "as usual"
Do plan all procurement at the beginning of the project	Do not assume that procurement can be done quickly
Do be aware of the thresholds for all subcontracting	Do not split contracts (per years, per partners...). Artificial splitting of contracts is not allowed
Do consult the JTS/JMA and/or your auditor in case of doubt or just to double check	Do not trust only your experience, even if you had similar grants in the past – rules change

Do revise your usual procedures to verify that they are compliant with PraG (Annex IV)	Again do not do it "as usual "
Do prepare clear Terms of Reference and check-lists for tenderers	Do not assume that tenderers have enough experience to submit eligible bids

In practical terms, each partner is charged to choose among different procedures, according to EU National and internal rules. Four different kind of procedures are foreseen:

- 1) **Open procedure:** Calls for tenders are open where all interested economic operators may submit a tender. When the tenders received are examined, the contract is awarded by conducting: the selection procedure (i.e. verification of the eligibility and of the financial, economic, technical and professional capacity of tenderers) and the procurement procedure (comparison of tenders).
- 2) **Restricted procedure.** calls for tenders are restricted where all interested economic operators may ask to take part but only candidates satisfying the selection criteria may submit a tender. Therefore the contracting body examines all responses to the procurement notice by the selection procedure. The long list with all candidates is cut down to a short list drawn up as a result of their qualifications according to the selection criteria. The contracting body invites the shortlisted candidates to tender
- 3) **Competitive negotiated procedure:** The contracting body invites at least 3 candidates of its choice to submit tenders. At the end of the procedure, it selects the technically compliant tenders which offers: the best value for money in case of service tenders; the cheapest compliant offer in case of supplies or works tenders)
- 4) **Negotiated procedure:** The contracting body may exceptionally use the negotiated procedure on the basis of a single tender in cases such as extreme urgency in no way attributable to the Beneficiary or partner, or special conditions are present.

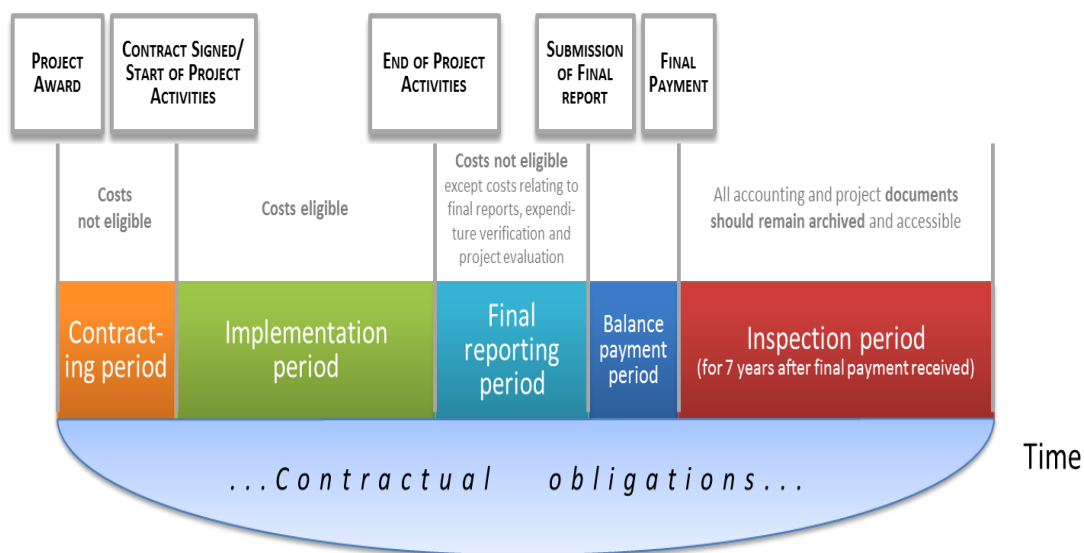
There are some recommendations, according to the nature of the partner organization, about the procedure to follow in relation to the financial size of each expenditure/investment, as detailed in the table below:

SERVICES	≥ € 200,000 International restricted tender procedure	< € 200,000 but > € 10,000 Competitive negotiated procedure		
	SUPPLIES	≥ € 150,000 International open tender procedure	< € 150,000 but ≥ € 60,000 Local open tender procedure	< € 60,000 but > € 10,000 Competitive negotiated procedure
WORKS		≥ € 5,000,000 International open tender procedure	< € 5,000,000 but ≥ € 300,000 Local open tender procedure	< € 300,000 but > € 10,000 Competitive negotiated procedure

MARAKANDA project is a complex project but relatively limited on the financial point of view, so most of the complex procedures are excluded. Anyway, for any kind of clarifications, please take contacts with the Applicant referring to PRAG rules.

SUBCONTRACTED SERVICES PREPARATION - TO DO LIST	
✓	For each expenditure, please start a procedure of public evidence, making appropriate forms of publicity about the acts and respecting adequate timing for procedures
✓	Please, sign the contract with the awarded subject, also collecting the documents of procedures
✓	Please collect the progress reports about the service, or the deliverable object of the contract

SUBCONTRACTED REPORTING - TO DO LIST	
✓	Please submit the documents concerning the selection of services (Tender, CV, other CVs, etc.)
✓	Please submit all the original documents of expenditures with the seal of the Program indicating the date of expenditure, the period of reporting and the amount financed indicated)
✓	Please collect the documents of payment (bank transfers, proofs of reimbursement, etc.)
✓	Finally, please provide declarations explaining the rationale of expenditures, if necessary



4.3.4 EQUIPMENTS & SUPPLIES

About the public procurements, the rules and criteria are the same of Subcontracted services. Please, note the equipments are fully refundable only if the constitute a specific output of project, indicated in the Grant Application Form. For other equipments, instrumental to the development of the activities, their costs are refunded only partially, depending on the life time of the product,

EQUIPMENTS & SUPPLIES PREPARATION - TO DO LIST	
✓	For each expenditure, please start a procedure of public evidence, making appropriate forms of publicity about the acts and respecting adequate timing for procedures
✓	Please, sign the contract with the awarded subject, also collecting the documents of procedures
✓	Please collect the progress reports about the service, or the deliverable object of the contract

EQUIPMENTS & SUPPLIES REPORTING - TO DO LIST	
✓	Please submit the documents concerning the selection of equipments
✓	Please submit all the original documents of expenditures with the seal of the Program indicating the date of expenditure, the period of reporting and the amount financed indicated)
✓	Please collect the documents of payment (bank transfers, proofs of reimbursement, etc.)
✓	Finally, please provide declarations explaining the rationale of expenditures, if necessary

4.3.5 INDIRECT COSTS

Indirect costs are calculated considering the progress of the direct costs, and they don't need to be justified separately.

4.4 MONITORING ACTIVITIES

Organizational and monitoring activities are concerned by Phase 1 of the project and they have to be considered on two levels.

- A) Project level, concerning the steering, the monitoring and the project amendments
- B) Partner level, regarding the accountability system

STEERING OF THE PROJECT

At project level, an efficient system of management is established with the creation of two cross border bodies. The Steering Committee: charged of the main decisions about the project, headed by the Applicant and composed by one representatives of each partner. The working of the Steering Committee follows an internal regulation approved by the consortium during the kick off meeting.

The Scientific Committee is charged to verify the quality and the concrete character of project's outputs and methodologies. The cross border impact of deliverables is also to be monitored.

As regards of it, in addition to the monitoring activities provided by the Program, MARAKANDA project provides for an auto evaluation process, starting from Year 2, coordinated by Plural European Study Centre.

The project consortium is charged to develop a yearly plan, where a breakdown of activities is linked to the financial schedule for the forthcoming year. In order to make effective this kind of planning, it is recommended to have a three months review of activities coordinated by the Applicant to check the state of the art, identify possible difficulties and find joint solutions to overcome problems.

	Monitoring	Financial control and audit	Evaluation
Purpose	Performance review	Financial accountability	Performance assessment
Type of information	Structured - financial and operational	Structured – mainly financial	Semi-structured - mainly operational and strategic
Source of information	Mainly internal	Mainly internal	Mix of internal and external
Frequency of occurrence	Regular intervals	Regular intervals	Once-off, periodic intervals
Degree of judgment	Objective	Objective	Subjective

4.5 PROJECT AMENDMENTS

Project amendments are allowed once a year. They can be defined:

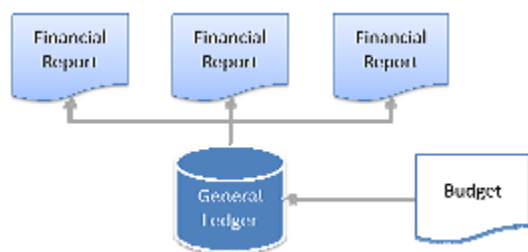
- **Major amendments** (requiring the approval of a Grant Contract Addendum by the Joint Monitoring Committee), for ex:
 - ✓ Changes in the partnership

- ✓ Involvement of additional associates
 - ✓ Modification of the Project duration (the request must be submitted no later than one month before it ends)
 - ✓ Change in the results and/or outputs
 - ✓ Budget transfer between main budget headings causing a variation (plus or minus) of more than 15%
- **Limited amendments** (not requiring an Addendum but only a "validation by the JMA), for ex:
 - ✓ changes in the action plan, in the description of the project activities or deliverables which do not affect the basic purpose of the project and which have a limited financial impact.
 - ✓ budget changes below 15% between budget heading
 - ✓ budget changes below 15% between partners;
 - ✓ budget changes within the same budget heading (sub-headings);
 - **Minor changes**

REVIEW ACTIVITIES - TIME TABLE

	Year 1				Year 2				Year 3				
	1	2	3	4	1	2	3	4	1	2	3	4	
Yearly plan													
Three months reviews													
Auto evaluation path													
Possible budget adjustments													

4.6 PARTNER'S ACCOUNTING SYSTEM



At partner level, each beneficiary has to establish a separate accounting system. As regards of it, accounting is not a list of expenditure and revenue. In other words, a simple excel file is not an accounting system. On the contrary, it is represented by a double-entry bookkeeping system.

It deals with an accounting technique which records each transaction in at least two different accounts, as a credit and as a debit. Credit entries represent the sources of financing, while debit entries represent the use of this financing.

Let's see an example of expenditure in a project-dedicated accounting:

- ✓ The debit will indicate to which category of expenditure the invoice has to be imputed
- ✓ The credit will indicate if the invoice was paid by the beneficiary or a partner. In case of non-dedicated bank accounts, the entry should also indicate which one was used

A control track is normally utilized as tool to give information about the subdivision of roles and tasks, as well as the archiving of supporting documents.

4.7 COMMUNICATION ACTIVITIES



All communication materiel must be published respecting the visibility requirements and the rules established by the Program. As regards of it, a MARAKANDA Communication Plan was set up as official project output in May 2012, including:

- ✓ Internal communication actions
- ✓ The list of the outputs, beneficiaries and target groups
- ✓ The subdivision of roles, tasks and responsibilities among partners