

SWMED PROJECT FINANCING ASPECTS

Legal sources and amendments, budget management and procurement,
financial audit and reporting, copyright and co-financing issues
(Giulio Ciotola – Environment Direction – Lazio Region)

KICK-OFF MEETING 3-4 NOVEMBER 2011
PARCO DELL'APPIA ANTICA
IN ROME



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PROJECT SWMED BI/2.1/548 – ENPI CBC Med PROGRAMME



<http://www.enpicbcmec.eu/>

SWMED

“Sustainable Domestic Water Use in Mediterranean Regions”



is financed from the

European Neighborhood and Partnership Instrument in the
framework of the Cross-Border Cooperation Programme for the
Mediterranean Sea Basin

(EC Regulation n. 1638/2006 e EC Regulation n. 951/2007)



EuropeAid



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Lead Partner: Lazio Region

Partners:

1. Iridra S.r.l. (Italy)
2. Euro-Mediterranean Centre for Sustainable Development no-profit organization (Svi.Med - Italy)
3. Maltese Resources Authority (MRA - Malta)
4. Ministry of Gozo (Malta)
5. Palestinian Hydrological Group on water Resources Development and environmental (PHG - Palestine)
6. Centre for Water Research and Technology (CERTe - Tunisia)
7. Palestinian Water Authority (PWA - Palestine)

The project duration is 36 months, from 01 September 2011 to August 30, 2014



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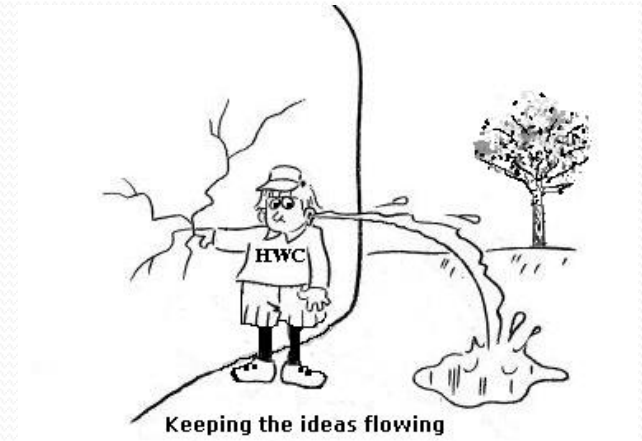


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The MISSION



is

To create a **New Water Policy** for domestic use and urban area of interest of partners and spread it on a national scale



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S.W.M.E.D.

can be described with a simple and useful
organizational tool

the

Logical Framework Approach

IF.....AND.....THEN



Foglio di lavoro di
Microsoft Excel



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**In order for the LFA to represent the real conditions
and objectives we are aiming at.....**

**.....it's important that the actors involved
perform activities planned correctly and on time
through the respect.....**



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..... of the legal sources

**Grant Contract
External Actions
of the European
Community
n. 10/2177**

**ANNEX II
General Conditions applicable to
European Community-financed grant
contracts for external actions**

Partnership Agreement



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From which emerges

that

the Beneficiary alone shall be accountable to the Joint Managing Authority (JMA) of the ENPI CBC MED

for the

- ✓ **implementation**
- ✓ **Overall coordination** (scientific and technical)
- ✓ **Management** (administrative and financial)

of the project



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Annex III “:Budget for the Project” of the “Grant Contract” Table A, B, C, D

The total cost of the Project is estimated at:

1.788.385,60 Euro



90% equivalent to **1.609.547,04 Euro**
financed by the ENPI CBC MED

10% equivalent to **178.838,56 Euro**
co-financed by the beneficiary and the partners



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Table A: Overall Budget1 – Annex III (1st Year by categories of expenses)

ACTIVITIES		R. LAZIO	IRIDRA	SVLMED	MRA	MGOZO	PWA	CERTE	PHG	TOTAL
Attività 1.1	Project Management	47.686,00	14.196,00	14.594,00	6.990,00	3.750,00	3.130,50	16.597,33	3.130,50	110.074,33
Attività 2.1	Main Stakeholders identification for the stakeholders platform	6.840,00		3.000,00	6.380,00	1.540,00	4.783,75	11.786,64		34.330,39
Attività 2.1.1	Water Administration System's analysis	6.900,00	5.644,90	1.000,00	2.200,00	1.879,20	4.370,00	4.200,00		26.194,10
Attività 2.2	Creation of a Stakeholder database	2.500,00		3.407,79	7.181,67	1.142,40	905,14	7.323,08	3.458,33	25.918,41
Attività 2.3	National/regional multistakeholder table on water	1.000,00	3.000,00	1.000,00	1.000,00	500	500	1.125,00	3.365,67	11.490,67
Attività 3.1	Data collection on water water/wastewater systems and usages	3.500,00	7.000,00	3.072,53	5.000,00			6.000,00	1.230,00	25.802,53
Attività 5.1	Socio-economic analysis of water policies	2.500,00		3.312,36	5.000,00	687,5		6.000,00		17.499,86
Attività 6.1	management of the project website	1.000,00			10.000,00			5.000,00		16.000,00
Attività 6.3	National campaign (distribution of kit)					56.000,00		10.000,00	10.000,00	76.000,00
Attività 6.4	Administrative and legal permission to create SWM House	0					43.058,33	16.580,00	12.800,00	72.438,33
Risultato 1.2	Kick-off Meeting	4.000,00		1.904,00	1.904,00	1.904,00	1.904,00	1.904,00	1.904,00	15.424,00
Risultato 1.2.1	1 Project Meeting	2.388,00	1.592,00	1.592,00	1.592,00	1.592,00		1.592,00	3.000,00	13.348,00
Risultato 2.4	1st Technical meeting	3.924,00	2.616,00	2.616,00	4.000,00		3.924,00	2.616,00	2.616,00	22.312,00
FINAL COSTS	COSTO TOTALE	82.238,00	34.048,90	35.498,68	51.247,67	68.995,10	62.575,73	90.724,05	41.504,50	466.832,62
	Contingency (4,73%)	3.889,86	1.610,51	1.679,09	2.424,01	3.263,47	2.959,83	4.291,25	1.963,16	22.081,18
	TOTAL COST + Contingency	86.127,86	35.659,41	37.177,77	53.671,68	72.258,57	65.535,56	95.015,30	43.467,66	488.913,81
	Administrative costs (6,64%)	5.718,89	2.367,79	2.468,60	3.563,80	4.797,97	4.351,56	6.309,02	2.886,25	32.463,88
	TOTAL COST + Administrative costs	91.846,75	38.027,20	39.646,37	57.235,48	77.056,54	69.887,12	101.324,31	46.353,92	€ 521.377,69



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Table B: Expected distribution for partners and cost categories –Annex III

	TOTAL	Applicant	Partner 1	Partner 2	Partner 3	Partner 4	Partner 5	Partner 6	Partner 7	%
1. Human resources	€ 471.701,00	€ 97.968,00	€ 98.688,70	€ 56.449,38	€ 31.819,00	€ 20.916,00	€ 32.658,50	€ 101.791,92	€ 31.409,50	29%
2. Travel	€ 219.100,00	€ 30.997,20	€ 31.096,60	€ 26.624,00	€ 22.792,60	€ 21.892,00	€ 29.013,20	€ 28.565,20	€ 28.119,20	14%
3. Infrastructures	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 0,00	0%
4. Equipment and supplies	€ 400.100,00	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 119.000,00	€ 171.100,00	€ 110.000,00	25%
5. Offices	€ 30.640,00	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 8.500,00	€ 16.740,00	€ 5.400,00	2%
6. Subcontracted services	€ 479.689,00	€ 99.095,50	€ 4.200,00	€ 27.493,50	€ 68.200,00	€ 71.700,00	€ 60.000,00	€ 111.000,00	€ 38.000,00	30%
7. Other	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 0,00	€ 0,00	0%
8. SUBTOTAL DIRECT ELIGIBLE COSTS (1-7)	€ 1.601.230,00	€ 228.060,70	€ 133.985,30	€ 110.566,88	€ 122.811,60	€ 114.508,00	€ 249.171,70	€ 429.197,12	€ 212.928,70	100%
9. Provision for contingency reserve (maximum 5% of 8, subtotal of direct eligible costs of the Project)	€ 75.771,50	€ 10.970,90	€ 6.316,40	€ 5.527,40	€ 6.117,20	€ 3.494,61	€ 12.138,92	€ 21.264,60	€ 9.941,48	4,73%
10. TOTAL DIRECT ELIGIBLE COSTS (8+9)	€ 1.677.001,50	€ 239.031,60	€ 140.301,70	€ 116.094,28	€ 128.928,80	€ 118.002,61	€ 261.310,61	€ 450.461,72	€ 222.870,18	
11. Administrative costs (maximum 7% of 10, total direct eligible costs of the Project)	€ 111.384,10	€ 15.980,22	€ 9.285,10	€ 8.092,28	€ 9.019,28	€ 5.290,08	€ 17.844,21	€ 31.258,96	€ 14.613,97	6,64%
12. TOTAL ELIGIBLE COSTS (10+11)	€ 1.788.385,60	€ 255.011,82	€ 149.586,80	€ 124.186,56	€ 137.948,08	€ 123.292,69	€ 279.154,82	€ 481.720,68	€ 237.484,14	



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Table C Expected year distribution – Annex III

	Year 1	Year 2	Year 3	Year 4	Total Cost
Project costs	€ 521.377,69	€ 875.310,32	€ 391.697,60		€ 1.788.385,60
% per year	29,2%	48,9%	21,9%		100,0%



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Table D Sources of funding - Annex III

Programme contribution sought in this application¹		€ 1.609.547,04	90,00%
PARTNERS' FINANCIAL CONTRIBUTION		€ 125.960,05	7,04%
Partner 3's financial contribution		€ 13.794,81	0,77%
Partner 4's financial contribution		€ 12.329,27	0,69%
Partner 5's financial contribution		€ 27.915,40	1,56%
Partner 6's financial contribution		€ 48.172,17	2,69%
Partner 7's financial contribution		€ 23.748,40	1,33%
			0,00%
Contribution from other European Institutions or EU Member States (add as many rows as necessary)		€ 52.878,51	2,96%
For the Applicant	Ministero Economia Finanze - Italy - CIPE n. 36 del 15/06/2007	€ 25.501,18	1,43%
For Partner 1	Ministero Economia Finanze - Italy - CIPE n. 36 del 15/06/2007	€ 14.958,68	0,84%
For Partner 2	Ministero Economia Finanze - Italy - CIPE n. 36 del 15/06/2007	€ 12.418,65	0,69%
TOTAL CONTRIBUTIONS²		€ 1.788.385,60	100,00%
Direct revenue from the Project			0,00%
OVERALL TOTAL³		€ 1.788.385,60	100,00%



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Article 5 of the Grant Contract

The transfer of the first pre-financing will be suspended until the copy of the contract signed by the Auditor and/or the Audit Firm and the models undersigned by the Beneficiary and partners (1. External auditor declaration and 2. Legal representative declaration on external auditor) have been provided to the

Joint Managing Authority (JMA)



BENEFICIARY



Beneficiary



PARTNERS



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this is an
OBBLIGATION



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The Auditor and/or Audit Firm



should meet at least one of the specific conditions mentioned in
article 1.1 of
Annex VII of the “Grant Contract”



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The Auditor and/or Audit Firm



“must produce a report on the verification of the Action’s expenditure, that shall be attached to every request for payment irrespectively of the Grant Contract value, with the exception of the first pre-financing.



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Article 4 – Grant Contract

The first installment of the pre-financing is equivalent to

375.391,94 Euro

(80% of 90% of 521.377,69 Euro – Total project costs year 1 - Table C – Annex III)



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divided as follows:

Lead Partner e Partners	Project costs year 1	80% del 90% Project costs year 1
LEAD PARTNER (LAZIO REGION)	€ 91.846,75	€ 66.129,66
PARTNER 1 (IRIDRA - ITALY)	€ 38.027,20	€ 27.379,58
PARTNER 2 (SVI.MED - ITALY)	€ 39.646,37	€ 28.545,39
PARTNER 3 (MALTA RESOURCES AUTHORITY - MALTA)	€ 57.235,48	€ 41.209,55
PARTNER 4 (MINISTRY OF GOZO - MALTA)	€ 77.056,54	€ 55.480,71
PARTNER 5 (PALESTINIAN HYDROLOGY GROUP FOR WATER AND ENVIRONMENTAL RESOURCES - PALESTINE)	€ 69.887,12	€ 50.318,73
PARTNER 6 (CENTRE OF WATER RESEARCH AND TECHNOLOGIES - TUNISIA)	€ 101.324,31	€ 72.953,50
PARTNER 7 (PALESTINIAN WATER AUTHORITY - PALESTINE)	€ 46.353,92	€ 33.374,82
	€ 521.377,69	€ 375.391,94



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Article 4 – Grant Contract

Forecast final payment is equivalent to

160.954,70 Euro

(10% of 90% of € 1.609.547,04 – ENPI)



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Article 4 – Grant Contract

While the first installment and the last are established,

forecast further installments of pre-financing are equivalent to

€ 1.073.200,40

(€ 1.609.547,04 – € 375.391,94 - € 160.954,70)

are connected with the Partners expenditures incurred in Project activities



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Article 15 - Annex II of Grant Contract

The JMA shall pay the grant to the Beneficiary in the following manner:

- ✓ the first installment **within 45** days from the date of receipt by the Joint Managing Authority of the contract signed by the Auditor



LAZIO REGION



JMA



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Article 15 – Annex II of Grant Contract

The JMA shall pay the grant to the Beneficiary in the following manner:

- ✓ further pre-financing instalments of the amount specified in Article 4 of the Special Conditions and designed to normally cover the Beneficiary's financing needs for each twelve month period of implementation of the Action, **within 45** days of the Contract Authority approving an interim report (Annex VI) in accordance with Article 15.2, accompanied by:
 - a request for payment conforming to the model in Annex V;
 - an expenditure verification report under Article 15.6, produced by an Auditor and/or Audit Firm, according to the model in Annex VII - Grant Contract;
 - a financial guarantee if required under Article 15.7- Annex VIII;



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Article 15 - Annex II of Grant Contract

The JMA shall pay the grant to the Beneficiary in the following manner:

- ✓ the balance within 45 days from the date of approval by the JMA, the final consolidated report (Annex VI), accompanied by:
 - a request for payment conforming to the model in Annex V;
 - an expenditure verification report under Article 15.6, produced by an Auditor and/or Audit Firm, according to the model in Annex VII - Grant Contract;
 - a financial guarantee if required under Article 15.7- Annex VIII;



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Article 15 - Annex II of Grant Contract

✓ Further pre-financing may only be given if the part of the expenditure actually incurred which is financed by the JMA stands at 70% at least of the previous payment (and at 100% of any previous payments).

✓ Where the consumption of the previous pre-financing is less than 70%, the amount of the new pre-financing payment shall be reduced by the unused amounts of the previous pre-financing payment.



70%
Year 1



< 70% spent

≡

Reduction in next payment



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Article 12 – Partnership Agreement

The Beneficiary shall pay the part of co-financing to the Partners:

✓ **within 30** calendar days from the date of receipt of the pre-funding of the grant to the Beneficiary by the JMA, and in proportion to each partner's contribution to the achievement of the project activities.



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Article 6 – Partnership AGREEMENT

Obligation are expected for the:

BENEFICIARY



PARTNERS



Ministry
for Gozo



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The Beneficiary must among the other duties

- ✓ to appoint a Project Manager
- ✓ to appoint a Financial Manager
- ✓ to ensure the proper implementation of the project
- ✓ to guarantee the sound financial management of the funds allocated to the Project
- ✓ to prepare and submit to the JMA interim reports and a final report concerning the technical and financial implementation of the Project
- ✓ to prepare and submit to the JMA the consolidated expenditure verification report and the requests for payment



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The Partners must among the other duties

- ✓ to accept the technical, administrative and financial coordination of the Beneficiary
- ✓ to ensure the proper implementation of the project
- ✓ provide the Beneficiary with all the information and documents required to monitor the technical and financial coordination of the project
- ✓ to submit to the Beneficiary the expenditure verification report for the part of the Project implemented under its own responsibility
- ✓ guarantee the sound financial management of the funds allocated to the part of the Project implemented under its responsibility



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PROCUREMENT



- ✓ Practical Guide to Contract procedures for EC external actions (PRAG) which explains the contracting procedures applying to all EC external aid contracts financed from the European Communities general budget (Budget) and the European Development Fund (EDF).
- ✓ The countries not falling within the European community apply its own procurement rules if they offer guarantees equivalent to internationally accepted standards.



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PROCUREMENT



- ✓ The countries falling within the European community are required to the Community Directives applicable to procurement procedures and relevant national procurement rules, in preference to the rules set out in articles from 3 to 7 Annex IV.



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PROCUREMENT



- ✓ Still apply in all cases, the general principles and rules on nationality and origin.
- ✓ In specific cases, the Contracting Authority and the Beneficiary or partner agree on the use of other procurement procedures which offer such guarantees.
- ✓ Derogations are planned in the case of the unavailability of products and services in the markets of the countries concerned.



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Privacy



for the duration of the project (36 months)
The Beneficiary and Partners are required to guarantee

- ✓ the confidentiality
- ✓ the keeping of documents (for the period of seven years from the date of the payment of the balance of the Project)
- ✓ the industrial and intellectual property rights already existing
- ✓ a proper and up-to-date information and appropriate visibility measures
- ✓ to follow the rules of the “Communication and Visibility Manual for European Union External Actions”



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THANK YOU FOR YOUR ATTENTION



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