

**HOUSING AND EMPOWERMENT FOR ROMA (HERO)
PILOT PROJECT**

SLOVAK REPUBLIC, BULGARIA AND ROMANIA

**Guidelines
for grant applicants**

Reference: 2021-09/CEB/TAM/P/LD

Deadline for submission of application: 30 September 2021 at 18h00 (Paris time)



NOTICE

This is an open call for proposals, where all documents are submitted together. After the evaluation of the applications, an eligibility check will be performed for those which have been provisionally selected. Eligibility will be checked on the basis of the supporting documents requested by the Council of Europe Development Bank and the signed 'declaration by the lead applicant' sent together with the full application.

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1. HERO PILOT PROJECT

1.1 BACKGROUND

Roma are Europe's largest ethnic minority and have for centuries formed an integral part of European society. However, despite efforts at national, European and international level to improve and advance their social inclusion, many Roma still face severe poverty, profound social exclusion, discrimination and barriers to decent living conditions.

The Council of Europe Development Bank (CEB) has been entrusted by the European Commission in March 2021 to manage the implementation of the Housing and Empowerment for Roma (HERO) Pilot Project for Slovakia, Romania and Bulgaria. The project is funded by the European Parliament.

The model of HERO will experiment with innovative approaches combining capacity building (such as employment support) and social support services for targeted Roma families with a mechanism mitigating the financial risks for financial intermediaries when granting housing micro-loans.

HERO is to be implemented by country partnerships according to a common methodology in three countries: Slovakia, Romania and Bulgaria. **The purpose of this Call for Proposals is the selection of one partnership to implement HERO per country, in close cooperation and coordination with the CEB.**

Pilot activities in the three countries are expected to run concurrently, benefit from transfer of experience between the three countries and generate joint learning to support further policy development at the EU level. Selected applicants in each country are expected to work in close collaboration with CEB and with social innovation experts contracted by CEB who will be lending support to the optimal implementation of the HERO Pilot Project.

1.2 OBJECTIVES

The overall objective of HERO is to reduce the socio-economic exclusion of disadvantaged people, such as the marginalized Roma, by strengthening their financial and technical capacities to secure ownership of housing and gainful employment. In doing so, HERO will aim to test innovative financing tools for social investment in the field of housing.

The specific objectives of HERO are:

- i) to decrease the rate of housing deprivation of marginalized Roma;
- ii) to improve the paid employment rate of marginalized Roma;
- iii) to increase the financial inclusion of marginalized Roma through financial literacy and life skills training;
- iv) to build cross-sectoral partnerships between social service organizations, financial intermediaries, NGOs, public authorities, private sector, Roma and non-Roma communities; and
- v) to increase awareness and knowledge on socially innovative ways on how to improve the employment situation and living conditions of marginalized Roma and on how to reduce housing exclusion on national and EU level.

The HERO country components for Slovakia, Bulgaria and Romania shall aim to achieve the overall objectives of HERO, contextualising them in each of the countries. The activities shall take place under an overall umbrella of the HERO Pilot Project, under the overall guidance of the CEB and contracted

(by CEB) experts who will ensure a common direction in all three countries of the Pilot Project implementation.

Local “task-forces” (composed of beneficiaries, local project staff, local authorities and relevant stakeholders) should be put into place in chosen pilot municipalities.

The CEB strongly encourages applications to have an integrated and inclusive approach (i.e. considering aspects such as gender equality and mainstreaming of gender issues) and a human rights-based approach (including equality and non-discrimination).

Applicants are encouraged to capitalise on previous achievements and on lessons learned from national and European experiences.

A participatory approach with the involvement of key stakeholders, including the participation of Roma and non-Roma communities, is also a key factor that should be considered in the preparation of the application.

1.3 FINANCIAL ALLOCATION PROVIDED BY THE CEB

The overall indicative amount made available under this call for proposals is 2,090,000.

This amount is broken down as follows:

- Component for Slovakia: EUR 1,020,000.
- Component for Bulgaria: EUR 490,000.
- Component for Romania: EUR 580,000.

The CEB reserves the right not to award all available funds.

Size and number of grants

The CEB intends to award three grants under this call for proposals, one for each of the countries.

Slovakia Country Component

The maximum amount of any grant requested under this call for proposals is EUR 1,020,000.

The grant amount should be distributed as follows:

- Capacity building, social support and training services for beneficiaries of the project: maximum amount of EUR 760,000.
- Financial support for the purpose of mitigating risks relating to microloans (i.e. for the Risk Mitigation Mechanism described in Section 2.1.4): maximum amount of EUR 260,000.

Bulgaria Country Component

The maximum amount of any grant requested under this call for proposals is EUR 490,000.

The grant amount should be distributed as follows:

- Capacity building, social support and training services for beneficiaries of the project: maximum amount of EUR 340,000.

- Financial support for the purpose of mitigating risks relating to microloans (i.e. for the Risk Mitigation Mechanism described in Section 2.1.4): maximum amount of EUR 150,000.

Romania Country Component

The maximum amount of any grant requested under this call for proposals is EUR 580,000.

The grant amount should be distributed as follows:

- Capacity building, social support and training services for beneficiaries of the project: maximum amount of EUR 430,000.
- Financial support for the purpose of mitigating risks relating to microloans (i.e. for the Risk Mitigation Mechanism described in Section 2.1.4): maximum amount of EUR 150,000.

CEB financing rate

100% financing is to be provided by the CEB (using European Union funds which the CEB is administering).

2. RULES FOR THIS CALL FOR PROPOSALS

These guidelines set out the rules for the submission, selection and implementation of the actions financed under this call, in conformity with CEB Rule No. 01/2020 laying down the CEB's competitive procedures to award grants (see Annex G).

2.1 ELIGIBILITY CRITERIA

There are three sets of eligibility criteria relating to:

(1) the actors:

- The **'lead applicant'**¹, i.e. the entity submitting the application form (Section 2.1.1),
- and the **'co-applicant(s)'**² (**unless specified otherwise, the lead applicant and the co-applicant(s) are hereinafter jointly referred to as 'applicant(s)'**) (Section 2.1.1), and
- if any, **affiliated entity(ies)**³ to the lead applicant and/or to a co-applicant(s) (Section 2.1.2)

(2) the actions:

- actions for which a grant may be awarded (Section 2.1.4);

(3) the costs:

- types of cost that may be taken into account when determining the amount of the grant (Section 2.1.5).

1 Under the standard grant agreement, the lead applicant will be referred to as "Beneficiary".

2 Under the standard grant agreement, the co-applicant(s) will be referred to as "Co-Implementing Partner(s)".

3 Affiliated entities can be any entity with which the applicant establishes a cooperation for the execution of the grant while not being a joint applicant.

2.1.1 Eligibility of applicants (i.e. lead applicant and co-applicant(s))

The application must be submitted by a lead applicant and at least one co-applicant.

Lead applicant

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

- be a micro-finance institution or another financial intermediary established in Slovakia, Bulgaria or Romania that offers financing schemes targeted to disadvantaged social groups in the country concerned;

and

- be directly responsible for the preparation, management and implementation of the action (while some tasks under the action may be carried out by the co-applicant(s) and/or affiliated entity(ies), the direct responsibility always lies with the lead applicant).

(2) Financial intermediaries may not participate in this call for proposals or be awarded grants if they are in any of the following situations:

- a. have engaged in corrupt, fraudulent, coercive or collusive practices to obtain the award;
- b. have been convicted by a final court decision of one of the following acts: fraud, corruption, money laundering, participation in a criminal organisation or any other unlawful activity;
- c. are subject to bankruptcy or are being wound up, have suspended their business activities or are having their affairs administered by a court, have entered into an arrangement with creditors, or are in any analogous situation arising from a similar procedure under national laws or regulations;
- d. have been convicted of an offence concerning professional conduct by a judgment which has the force of res judicata,
- e. following another grant award procedure, have been declared by a court or an arbitration tribunal to be in serious breach of contract for failure to comply with their contractual obligations;
- f. have not fulfilled obligations relating to the payment of social security contributions or taxes in accordance with the legal provisions of the country in which they are established or those of the country where the contract is to be performed;
- g. are not eligible for financing pursuant to the CEB's Policy on Non-compliant/Uncooperative Jurisdictions; and/or
- h. have been cross-debarred by the Multilateral Development Banks having signed the Agreement for Mutual Enforcement of Debarment Decisions dated 9 April 2010, as amended from time to time.

In the grant application form ('declaration(s) by the lead applicant'), the lead applicant must declare that none of the lead applicant, the co-applicant(s) and affiliated entity(ies) is in any of the situations listed above.

The lead applicant must act with co-applicant(s) and/or affiliated entity(ies) as specified hereafter and under the grant agreement to be concluded between the CEB and the lead applicant.

If awarded the grant, the lead applicant will become the "Beneficiary" under the grant agreement. The "Beneficiary" is the main interlocutor of the CEB. It represents and acts on behalf of the co-applicant(s) as co-beneficiary/ies and coordinates the design and implementation of the action.

Co-applicant(s)

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

Co-applicants must satisfy the eligibility criteria as applicable to the lead applicant himself.

Co-applicants must be organisations active in the social sector, especially in the area of social inclusion of vulnerable groups.

Co-applicants must sign the mandate in Section 4 of the grant application form.

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

EU restrictive measures

Applicants included in and/or concerned by the lists of EU restrictive measures at the moment of the award decision cannot be awarded the grant.⁴ EU restrictive measures are directly applicable in the European Union and must be given effect when implementing the EU budget. Implementing partners must ensure that funds are only disbursed in accordance with EU law, including therefore the implementation of EU restrictive measures. The obligation to ensure compliance with the EU restrictive measures applies down to the level of final beneficiary.

2.1.2 Affiliated entities

Affiliated entities

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

Only the following entities may be considered as affiliated entities to the lead applicant and/or to co-applicant(s): entities having a structural link with the applicants (i.e. the lead applicant or a co-applicant), in particular a legal or capital link.

This structural link encompasses mainly two notions:

- (i) Control on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings:

Entities affiliated to an applicant may hence be:

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

⁴ The up-to-date lists of sanctions are available at www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes.

The source of the sanctions stems from legal acts published in the Official Journal of the EU (OJ). In case of discrepancy between the legal acts published in the OJ and the sanctions map the OJ prevails.

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

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

By way of exception, an entity may be considered as affiliated to an applicant even if it has a structural link specifically established for the sole purpose of the implementation of the action in the case of so-called 'sole applicants' or 'sole beneficiaries'. A sole applicant or a sole beneficiary is a legal entity formed by several entities (a group of entities) which together comply with the criteria for being awarded the grant. For example, an association is formed by its members.

What is not an affiliated entity?

The following are not considered entities affiliated to an applicant:

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

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

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

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

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

Affiliated entity(ies) must satisfy the same eligibility criteria as the lead applicant and the co-applicant(s). They must sign the affiliated entity(ies) statement in Annex A, Section 3.3.

2.1.3 Associates and Contractors

The following entities do not qualify as ‘applicants’ or ‘affiliated entities’ and they do not have to sign the ‘mandate for co-applicant(s)’ or ‘affiliated entities’ statement’:

- **Associates**

Other organisations or individuals may be involved in the action as ‘associates’. Such associates may not receive funding from the grant, with the exception of *per diem* or travel costs. Associates do not have to meet the eligibility criteria referred to in Section 2.1.1. Associates must be mentioned in the grant application form.

- **Contractors**

The applicants and their affiliated entities are permitted to award contracts to ‘contractors’. Associates or affiliated entity(ies) cannot be contractors in the project. Contractors are subject to the procurement rules set out in appendix E (*Procurement Rules*) to the standard grant agreement (Annex E).

EU restrictive measures

Associates and contractors included in and/or concerned by the lists of EU restrictive measures at the moment of the award decision cannot be involved in the implementation of the action.⁵ EU restrictive measures are directly applicable in the European Union and must be given effect when implementing the EU budget. Implementing partners must ensure that funds are only disbursed in accordance with EU law, including therefore the implementation of EU restrictive measures. The obligation to ensure compliance with the EU restrictive measures applies down to the level of final beneficiary.

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

2.1.4.1. Definition

The action must be aligned with the objectives of this Call for Proposals and include two main components: (i) provision of micro-grants to selected beneficiaries and (ii) capacity building and support activities, as described below. These two components must be complementary and inter-linked.

Relevant national stakeholders should be consulted in the preparation of the proposal, as well as in the arrangements for the implementation of the action.

2.1.4.2 Duration

The initial planned duration of the action may not exceed 29 months.

The completion of the activities and specifically the construction of all houses as described under section 2.1.4.5 below is estimated to be concluded outside of the contractual timeframe of the project to be implemented under this Call.

⁵ The up-to-date lists of sanctions are available at www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes.

The source of the sanctions stems from legal acts published in the Official Journal of the EU (OJ). In case of discrepancy between the legal acts published in the OJ and the sanctions map the OJ prevails.

2.1.4.3 Sectors or themes

Micro-loans; self-construction of housing; financial literacy and integration of minorities; employment training and support.

2.1.4.4 Location

The action must take place in Slovakia, Bulgaria or Romania.

The capacity building and housing construction activities shall take place in 2-5 municipalities in each of the countries. The success of the project will depend on the identification and selection of committed municipalities. The municipalities that will be targeted for participation in the project will be those that are active and successful, or at least trying, to gradually improve living conditions and social inclusion of Roma. Another aspect that will be considered is the preparedness of municipalities for the project implementation (i.e. availability of the land, good cooperation with NGOs, other stakeholders, etc.). Making use, to the extent possible, of the list of suggested municipalities (Annex D) already developed in preparation of HERO based on consultation with local stakeholders, applicants will propose the potential municipalities for involvement in the project, drawing on existing or potential new partnerships (with mayors, NGOs and the private sector) which can benefit from the project in the short time frame. Applicants may propose municipalities other than those listed in Annex D with a due explanation.

2.1.4.5 The action

The action shall consist of two distinctive and indispensable components:

1- Provision of micro-grants to selected beneficiaries.

(a) Savings Scheme

Families and individuals from marginalized Roma communities will apply to participate in the Pilot Project and, after an initial selection of eligibility, will receive financial literacy training and enter saving schemes (with assistance provided) which will last for 12 months. The savings scheme will need to be in place for 12 months in order for the micro-loans to be disbursed. The savings schemes serves as a mechanism to build long-term financial planning skills.

The savings scheme builds on the capacity building work, which accompanies the savings scheme and encompasses the whole action. *See component 2 below.*

(b) Risk Mitigation Mechanism

Support will be provided by the CEB to the selected lead applicant through a Risk Mitigation Mechanism (RMM) for developing a social banking product for the self-construction/renovation of houses by vulnerable persons, with emphasis on Roma. The RMM will mitigate the risk of defaults under micro-loans which the lead applicant has granted to marginalized Roma for the self-construction/renovation of houses.

The Risk Mitigation Mechanism (RMM) will take the form of a grant agreement concluded with the lead applicant. Funds disbursed under this grant agreement may be utilized by the lead applicant to cover capital and interest due and not paid under the micro-loans. Such funds would serve to (partially) satisfy the lead applicant's outstanding payment claims against a borrower if (i) the borrower is temporarily unable to comply with his/her (re-) payment obligations under the micro-loan due to unexpected circumstances (e.g. illness, transition between jobs, etc.) in order to proactively prevent his/her default under the micro-loan, or (ii) the borrower has already effectively defaulted

under the micro-loan. In case any borrower experiences financial hardship, the lead applicant might seek to restructure the loan and avoid foreclosure.

Given that provisions for loan losses do not typically occur in the early phase of the payment schedule, grants are not expected to be fully consumed by provisions at the completion date of the Pilot Project. Therefore, subject to the CEB's further assessment of the Pilot Project and in accordance with best practices in micro-lending, should the provisions not have consumed the entire grant amount by the completion date of the Pilot Project, the remaining funds would be granted in whole to the lead applicant for the support of borrowers during the entire payment schedule. The lead applicant is expected to submit to the CEB a summary report on the use of the funds on a yearly basis until the later of (i) 1 April 2029 and (ii) the maturity/write-off of all micro-loans provided to selected beneficiaries under the action.

Subject to the CEB's prior approval, it would be possible for the lead applicant to transfer the grant to a third-party guarantee entity, such as national guarantee schemes.

Any funds which have been disbursed under the grant agreement, but not fully utilized as at the maturity of the micro-loans, may be transferred to the co-applicant to cover costs of technical assistance (employment training, mentoring of borrowers) during the duration of the micro-loan cycle, including after the completion date of the project.

The lead applicant is invited to describe the institutional set-up and related procedures of the RMM in its proposal for CEB's review. **Lead applicants will be assessed on the most optimal and innovative use of the RMM.**

2- Capacity building and support activities

The rationale of the project allows for selected vulnerable beneficiaries, with focus on Roma, to construct or renovate their own houses themselves or to contract works or specialized services for which the beneficiaries have not received training and are not able to do themselves, such as installation of electricity or plumbing, to do so. The model of the housing will be preferably incremental housing, i.e., housing which can be enlarged in the future. The costs related to securing plots of land and to administrative procedures linked to housing legislation can be borne by the Roma families from their initial savings. Local municipalities may contribute to the project by providing land to the Roma families. The land and the houses will be the personal property of Roma families. Legal ownership of land and houses is a key incentive for long-term motivation and commitment of the beneficiaries to the Pilot Project.

The Roma families involved in the Pilot Project will build or renovate the houses themselves. In this process, they are expected to receive the guidance of a construction specialist under the Pilot Project (construction assistance is one of the expected activities of the Pilot Project).

The completion of the construction of all houses is estimated to be concluded outside of the contractual timeframe of the project to be prepared under this Call.

The housing support will be combined with other measures which help reduce social exclusion: counselling, social work, employment and life skills training. Families and individuals are expected to also receive targeted assistance in relation to employment (job skills, candidacy etc.) thereby improving their income generation capacities and ability to maintain their homes in the long run.

Vulnerable Roma are expected to participate in the preparation stage of the project. The process shall give significant importance to the Roma population involved to state their needs. The action should endeavor to meet these needs in an effective and sustainable way. The action is expected to apply the principle of working with the whole municipality, involving Roma as well as non-Roma.

As part of the action, local municipalities can be expected to benefit from training and knowledge sharing activities with the aim to increase their awareness on how to address social exclusion.

The following types of action are ineligible as capacity building and support activities:

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

2.1.4.6 Types of expected activities

The list of types of activities is not exhaustive:

- Cooperation with local authorities to identify and facilitate land ownership transfer to future Roma homeowners, legal permits, and connecting infrastructure.
- Establishment of “task forces” at project sites (composed of beneficiaries, local project staff, local authorities and relevant stakeholders).
- Support for savings scheme (eligibility of borrowers and assistance in micro-loans repayments).
- Selection of beneficiaries and distribution of micro-loans to be used for self-construction of incremental housing.
- Monitoring of micro-loans repayment.
- Support and advice on construction.
- Training in financial literacy, job assistance and life skills.
- Capacity building for local municipalities.
- Monitoring and reporting.
- Cooperation on visibility and communication activities.

2.1.4.7 Visibility

The applicants must take all necessary steps to publicise the fact that the project is funded and overseen by the European Union and implemented by the CEB. By the third month of the project, the implementing partner will prepare a brief communication plan which will cover the entire project period. The plan as well as subsequent major communication deliverables must be approved by the CEB prior to implementation / production and/or use.

2.1.4.8 Number of applications and grants per applicants / affiliated entities

The lead applicant may not submit more than one application under this call for proposals.

The lead applicant may not be a co-applicant or an affiliated entity in another application under this call for proposals.

A co-applicant/affiliated entity may not be the co-applicant or affiliated entity in more than one application under this call for proposals.

2.1.5 Eligibility of costs: costs that can be included

2.1.5.1 Types of eligible costs

Only 'eligible costs' can be covered by a grant. The categories of costs that are eligible and non-eligible are indicated below. The budget is both a cost estimate and an overall ceiling for 'eligible costs'. The reimbursement of eligible costs may be based on any or a combination of the following forms:

- actual costs incurred by the beneficiary(ies) and affiliated entity(ies); and/or
- simplified cost option in the form of a lump sum for the Risk Mitigation Mechanism grant (covering in global terms all of eligible costs which are clearly identified in advance and which are linked to the specific output of de-risking micro-loans provided by the lead applicant)

This type of simplified cost option for the Risk Mitigation Mechanism can be proposed by the lead applicant at application stage.

The milestones for the disbursements of the RMM funds are established in the standard grant agreement. The pace of these disbursements effectively depends on the capacity of the lead applicant to build a portfolio of eligible micro-loans to final borrowers.

Applicants will need to be able to provide statistical data or any other objective means or with reference to certified or auditable historical data of the applicants or the affiliated entity(ies) and proof documents with regards to usual cost accounting practices of the beneficiary are compliant with the conditions applicable to simplified cost options. The CEB may consider that the usual cost accounting practices of the lead applicant are compliant with the conditions applicable to simplified cost options, if they are accepted by national authorities under comparable funding schemes. In this case the lead applicant shall demonstrate that the national authority accepted the cost accounting practices and will have to specify in which context this acceptance is given. The evaluation committee and the CEB will assess if the funding scheme is comparable and in case of positive outcome will consider these practices as if they were ex-ante assessed by an external auditor.

In case the evaluation committee and the CEB are not satisfied with the quality of the justification provided, the reimbursement on the basis of actually incurred costs is always possible. The methods used to determine the amounts of the lump sums must ensure that the costs correspond fairly to the actual costs incurred by the lead applicant and affiliated entity(ies), are in line with their cost accounting practices, no profit is made and the costs are not already covered by other sources of funding (no double funding).

Recommendations to award a grant are always subject to the condition that the checks preceding the signing of the grant agreement do not reveal problems requiring changes to the budget (such as arithmetical errors, inaccuracies, unrealistic costs and ineligible costs). The checks may give rise to requests for clarification and may lead the CEB to impose modifications or reductions to address such mistakes or inaccuracies.

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

2.1.5.2 Conditions for the eligibility of costs

Eligible costs are costs actually incurred by the applicant and which meet the following criteria:

- they are incurred within the implementation period;
- they are indicated in the estimated budget;

- they are incurred in connection with the action as described in and are necessary for its implementation;
- they are identifiable and verifiable, in particular they are recorded in the applicant's accounting records and determined according to the applicable accounting standards of the country where the applicant is established and according to the applicant's usual cost accounting practices;
- they comply with the requirements of applicable tax and social legislation; and
- they are reasonable, justified and comply with the principle of sound financial management, in particular regarding economy and efficiency,

it being understood that certain of the above-listed criteria do not apply to costs which have been declared under and in accordance with the Risk Mitigating Mechanism (as set out further in sub-clause 3.1(b) of the standard grant agreement).

2.1.5.3 Eligible direct costs

To be eligible under this call for proposals, costs must comply with the provisions of sub-clause 3.1(b) of the standard grant agreement (see Annex E).

In particular, the following categories of costs are eligible direct costs:

(a) Personnel Costs:

- The costs of personnel working under an employment contract with the applicant and assigned to the action, provided that these costs are in line with the applicant's usual policy on remuneration. Those costs include actual salaries and social security contributions and other statutory costs included in the remuneration.
- The costs of Consultants working under a contract with the applicant may also be included under personnel costs, provided that the following conditions are fulfilled:
 - (i) the person works under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed);
 - (ii) the result of the work belongs to the applicant (unless exceptionally agreed otherwise);
 - (iii) the costs are not significantly different from the costs of staff performing similar tasks under an employment contract with the beneficiary;

(b) Costs of travel and related subsistence allowances, provided that these costs are in line with the applicant's usual practices on travel

(c) Equipment, assets:

- The depreciation costs of equipment or other assets (new or second-hand) as recorded in the applicant's accounting statements, provided that the asset:
 - (i) is written off in accordance with the international accounting standards and the beneficiary's usual accounting practices
 - (ii) the purchase occurred within the implementation period;

(iii) is done in accordance with the applicant's usual purchasing practices provided that the grant is awarded to the tender offering best value for money, or as appropriate, to the tender offering the lowest price. In doing so, it must avoid any conflict of interests.

(d) The costs of renting or leasing equipment or other assets are also eligible, provided that these costs do not exceed the depreciation costs of similar equipment or assets and are exclusive of any finance fee. Only the portion of the equipment's depreciation, rental or lease costs corresponding to the implementation period and the rate of actual use for the purposes of the action may be considered when determining the eligible costs.

(e) Costs of consumables and supplies, provided that:

(i) purchase is done in accordance with the applicant's usual purchasing practices provided that the grant is awarded to the tender offering best value for money, or as appropriate, to the tender offering the lowest price. In doing so, it must avoid any conflict of interests.

(ii) are directly assigned to the action

(f) Costs arising directly from requirements imposed by the grant agreement (dissemination of information, specific evaluation of the action, audits, translations, reproduction).

(g) Costs arising directly from the types of activities imposed by the grant agreement and as outlined in Section 2.1.4 (above) necessary for the implementation of the action, including training, mentoring, coaching services and construction assistance.

(h) Duties, taxes and charges paid by the beneficiary, notably value added tax (VAT), provided that they are included in eligible direct costs, and unless specified otherwise in the grant agreement.

2.1.5.4 Ineligible costs

In addition to any other costs which do not fulfil the conditions set out in the grant agreement, the following costs may not be considered eligible:

- costs declared by the beneficiary(ies) and financed by another action or work programme receiving a European Union or CEB grant;
- purchases of land or buildings, except where necessary for the direct implementation of the project;
- currency exchange losses;
- salary costs of the personnel of national administrations;
- return on capital and dividends paid by the beneficiary;
- debt and debt service charges;
- provisions for losses or debts, unless provisions for losses have been made under and in accordance with the Risk Mitigation Mechanism;
- interest owed;
- doubtful debts;

- exchange losses;
- costs of transfers from the CEB charged by the bank of the beneficiary;
- contributions in kind from third parties;
- excessive or reckless expenditure; and
- deductible VAT.

2.1.5.5 Expenditure Verification

The applicants (and where applicable their affiliated entities) agree to allocate funds from the action budget for a certified auditor to conduct an expenditure verification pursuant to article 8.3(b) of the standard grant agreement (see Annex E).

2.1.6 Ethics clauses and Code of Conduct

a) Absence of conflict of interest

The applicant must not be affected by any conflict of interest and must have no equivalent relation in that respect with other applicants or parties involved in the actions. Any attempt by an applicant to obtain confidential information, enter into unlawful agreements with competitors or influence the evaluation committee or the CEB during the process of examining, clarifying, evaluating and comparing applications will lead to the rejection of its application.

b) Respect for human rights as well as environmental legislation

The applicant and its staff must comply with the Convention for the Protection of Human Rights and Fundamental Freedoms dated 4 November 1950, CETS No. 5, as amended from time to time (European Convention on Human Rights), the European Social Charter dated 3 May 1996, CETS No. 163, as amended from time to time, and the CEB's Environmental and Social Safeguards Policy adopted by the CEB's Administrative Council Resolution 1588 (2016).

c) Anti-corruption and anti-bribery

Applicants and any affiliated entity(ies) shall exclude entities from award of contracts under the Project, if it/they become(s) aware that such entities or persons having powers of representation, decision making or control over it:

- (i) have been the subject of a final judgement or of a final administrative decision for involvement in any Prohibited Practice, child labour, trafficking in human beings, for circumventing fiscal, social or any other applicable legal obligations, including through the creation of an entity for this purpose or more generally for involvement in a criminal organisation;
- (ii) have been the subject of a final judgement or of a final administrative decision for an irregularity affecting the EU's financial interest;
- (iii) are guilty of misrepresentation in supplying the information required as a condition of participation in the procedure or if they fail to supply this information;
- (iv) have been the subject of a final judgment or of a final administrative decision establishing that the entities have created an entity under a different jurisdiction with the intention to circumvent fiscal, social or any other legal obligations of mandatory application in the jurisdiction of its registered office, central administration or principal place of business;

- (v) have been created with the intention described in item (iv) above as established by a final judgment or a final administrative decision; or
- (vi) are listed in the Early Detection and Exclusion System;
- (vii) are listed in and/or otherwise subject to one or more Sanction Lists.

For the purposes of sub-item (i) above, **“Prohibited Practices”** means any violation of the applicable laws on fraud, corruption, money laundering, financing of terrorism or any other unlawful use of funds.

For the purposes of sub-item (vi) above, **“Early Detection and Exclusion System”** means the system set up by Regulation (EU, Euratom) No 2015/1929 of 28 October 2015, as further amended or substituted, on the financial rules applicable to the general budget of the Union (OJ L 286/1, 30.10.2015) which includes information on the early detection of risks threatening the EU financial interests, on the cases of exclusion from EU funding of legal and natural persons and on the cases of imposition of financial penalties, as available in the official EU website: https://ec.europa.eu/info/strategy/eu-budget/how-it-works/annual-lifecycle/implementation/anti-fraud-measures/edes/database_en, or on any successor page, as amended and/or supplemented from time to time.

For the purposes of sub-item (vi) above, **“Sanction List”** means (i) any economic, financial and trade restrictive measures and arms embargoes issued by the EU pursuant to Chapter 2 of Title V of the Treaty on European Union as well as Article 215 of the Treaty on the Functioning of the European Union, as available in the official EU website www.sanctionsmap.eu or on any successor page, as amended and supplemented from time to time; or, (ii) any economic, financial and trade restrictive measures and arms embargoes issued by the United Nations Security Council pursuant to Article 41 of the UN Charter as available in the official UN website or on any successor page, as amended and supplemented from time to time.

d) Breach of obligations, irregularities or fraud

The CEB reserves the right to suspend or cancel the procedure, where the award procedure proves to have been subject to breach of obligations, irregularities or fraud. If breach of obligations, irregularities or fraud are discovered after the award of the grant, the CEB may refrain from concluding the grant agreement.

2.2 HOW TO APPLY AND THE PROCEDURES TO FOLLOW

2.2.1 Applications

Lead applicants must submit full applications using the grant application form and instructions annexed to these guidelines (Annex A). Lead applicants should then keep strictly to the format of the grant application form and fill in the paragraphs and pages in order.

Applicants must apply in English.

Hand-written applications will not be accepted.

The full application form must be completed carefully and as clearly as possible so that it can be assessed properly.

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

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

Please note that only the full application form and the published annexes which have to be filled in (i.e. the budget) will be transmitted to the evaluators (and assessors, if used). It is therefore of utmost importance that these documents contain ALL the relevant information concerning the action.

No additional annexes should be sent.

2.2.2 Where and how to send full applications

Proposals must be submitted by email.

The complete application form and budget must be sent from a corporate entity email account to the following email address: **call_for_proposals_HERO_project@coebank.org**.

CEB will provide an acknowledgement of receipt of the applications after the deadline for applications is expired.

Expression of interest sent by any other means will be rejected.

2.2.3 Deadline for submission of full applications

The deadline for the submission of full applications is **30 September 2021 at 18h00 (Paris time)**. Any proposal submitted after the deadline will be automatically rejected.

2.2.4 Further information about full applications

The CEB will organize an info session on 8 September 2021. Potential applicants that may be interested in participating in the info session must indicate so by email to procurement@coebank.org indicating in the subject of the email "INFO SESSION HERO". Requests to participate in the info session are accepted until 6 September 2021. CEB will send an invitation to a virtual meeting on Zoom for the info session to the applicants that request so within the established deadline.

Questions may be sent by e-mail no later than 10 September 2021 to the email address listed below, indicating clearly the reference of the call for proposals:

E-mail address: **procurement@coebank.org**.

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

Replies will be given no later than 14 September 2021. No individual replies will be given to questions. All questions and answers as well as other important notices to applicants during the course of the evaluation procedure will be published on the CEB website. It is therefore advisable to consult the abovementioned website regularly in order to be informed of the questions and answers published.

2.3 EVALUATION AND SELECTION OF APPLICATIONS

Applications will be examined and evaluated by the CEB with the possible assistance of external assessors. All applications will be assessed according to the following steps and criteria.

If the examination of the application reveals that the proposed action does not meet the eligibility criteria stated in Section 2.1, the application will be rejected on this sole basis.

(1) STEP 1: OPENING & ADMINISTRATIVE CHECKS

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

- If the deadline has been met. Otherwise, the application will be automatically rejected.
- If the correct grant application form has been used, if the application satisfies all the criteria specified in the grant application form (including filled in and signed declarations) and if the budget is enclosed and stated in Euro. This includes also an assessment of the eligibility of the action. If any of the requested information is missing or is incorrect, the application may be rejected on that sole basis and the application will not be evaluated further.

(2) STEP 2: EVALUATION OF THE FULL APPLICATION

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

Scoring:

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

Evaluation grid

Section	Maximum Score
1. Financial and operational capacity	20
1.1 Do the applicants and, if applicable, their affiliated entity(ies) have sufficient in-house experience of project management in a sector related to HERO Pilot Project (e.g. working with Roma communities, working with other vulnerable groups, housing sector)?	5
1.2 Do the applicants and, if applicable, their affiliated entity(ies) have sufficient in-house relevant technical expertise (especially experience of working with the target beneficiaries, namely disadvantaged groups, and specifically marginalized Roma)?	5
1.3 Do the applicants and, if applicable, their affiliated entity(ies) have sufficient in-house management capacity (including staff, equipment and ability to handle the budget for the action)?	5
1.4 Does the lead applicant have stable and sufficient sources of finance?	5
2. Design of the action	20
2.1 How coherent is the design of the action? Does the proposal indicate the expected results to be achieved by the action and reflect the types of activities expected according to section 2.1.4? Are the activities proposed appropriate, practical, and consistent with the envisaged outputs and outcome(s)?	5
2.2 Is the proposed action aligned with the HERO Pilot Project Logical Framework and shared by the CEB (Annex C)?	5
2.3 Is the action feasible and consistent in relation to the objectives and expected results?	5
2.4 Does the proposal include an inclusive, participatory and integrated approach?	5
3. Implementation approach	15
3.1 Is the action plan for implementing the action clear and feasible? Is the timeline realistic?	5
3.2 Does the proposal include an effective and efficient monitoring system?	5
3.3 Is the co-applicant(s)'s and affiliated entity(ies)'s level of involvement and participation in the action satisfactory?	5
4. Budget and cost-effectiveness of the action	15
4.1 Are the activities appropriately reflected in the budget?	/ 5

4.2 Is the ratio between the estimated costs and the results satisfactory?	/ 10
Maximum total score	70

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

Provisional selection

After the evaluation, a table will be drawn up listing the applications ranked according to their score. The highest scoring application for each country will be provisionally selected.

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

The eligibility verification will be performed on the basis of the supporting documents requested by the CEB (see section 2.4). It will by default only be performed for the applications that have been provisionally selected according to their score and within the available budget for this call for proposals.

- The declaration by the lead applicant will be cross-checked with the supporting documents provided by the lead applicant. Any missing supporting document or any incoherence between the declaration by the lead applicant and the supporting documents may lead to the rejection of the application on that sole basis.
- The eligibility of applicants and the affiliated entity(ies) will be verified according to the criteria set out in Sections 2.1.1, 2.1.2 and 2.1.3.

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

2.4 SUBMISSION OF SUPPORTING DOCUMENTS FOR PROVISIONALLY SELECTED APPLICATIONS

A lead applicant whose application has been provisionally selected will be informed in writing by the CEB. It will be requested to supply the following documents in order to allow the CEB to verify the eligibility of the lead applicant, (if any) of the co-applicant(s) and (if any) of their affiliated entity(ies)

1. The statutes or articles of association of the lead applicant, (if any) of each co-applicant and (if any) of each affiliated entity⁶.
2. The lead applicant must provide an audit report produced by an approved external auditor where it is available, and always in cases where a statutory audit is required by EU or national law. That report shall certify the accounts for up to the last 3 financial years available.

⁶ Where the lead applicant and/or a co-applicant(s) and or an affiliated entity(ies) is a public body created by a law, a copy of the said law must be provided.

3. A copy of the lead applicant's latest accounts (the profit and loss account and the balance sheet for the last financial year for which the accounts have been closed)⁷. A copy of the latest account is neither required from (if any) the co-applicant(s) nor from (if any) affiliated entity(ies).
4. The lead applicant as well as all co-applicants and affiliated entities shall fill in and sign the Declaration on Honour (Annex F) certifying that they are not in one of the exclusion situations listed therein.

If the above-mentioned supporting documents are not provided before the deadline indicated in the request for supporting documents sent to the lead applicant by the CEB, the application may be rejected.

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

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

2.5 NOTIFICATION OF THE CEB'S DECISION

2.5.1 Content of the decision

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

An applicant believing that it has been harmed by an error or irregularity during the award process may lodge a complaint addressed to the Office of the Chief Compliance Officer (compliance@coebank.org).

⁷ This obligation does not apply to natural persons who have received a scholarship or that are in most need in receipt of direct support, nor to public bodies and to international organisations. It does not apply either when the accounts are in practice the same documents as the external audit report already provided pursuant to no. 2 under Section 2.4.

2.5.2 Indicative timetable

	DATE	TIME
1. Information meeting (if any)	8 September 2021	10h00 (Paris time)
2. Deadline for requesting any clarifications from the CEB	10 September 2021	-
3. Last date on which clarifications are issued by the CEB	14 September 2021	-
4. Deadline for submission of applications	30 September 2021	18h00 (Paris time)
5. Information to lead applicants on the evaluation	15 October 2021	-
6. Contract signature (indicative)	29 October 2021	-

All times are in the time zone of France.

This indicative timetable refers to provisional dates (except for dates under no. 2., 3. and 4.) and may be updated by the CEB during the procedure.

2.6 CONDITIONS FOR IMPLEMENTATION AFTER THE CEB'S DECISION TO AWARD A GRANT

Following the decision to award a grant, the lead applicant will be offered a contract based on the standard grant agreement (see Annex E). By signing the Grant Application Form (Annex A), the applicants agree, if awarded a grant, to accept the contractual conditions of the standard grant agreement (subject to minor revisions which do not substantially modify the subject-matter of the grant depending on, *inter alia*, statutory restrictions, technical requirements and/or administrative adjustments).

Implementation contracts

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

In this context, a distinction should be made between awarding implementation contracts and subcontracting parts of the action described in the proposal, i.e. the description of the action annexed to the grant agreement, such subcontracting being subject to additional restrictions (see the standard grant agreement).

Awarding implementation contracts: implementation contracts relate to the acquisition by beneficiaries of routine services and/or necessary goods and equipment as part of their project management; they do not cover any outsourcing of tasks forming part of the action that are described in the proposal, i.e. in the description of the action annexed to the grant agreement.

Subcontracting: Subcontracting is the implementation, by a third party with which one or more beneficiaries have concluded a procurement contract, of specific tasks forming part of the action as described in the annex to the standard grant agreement.

3. LIST OF ANNEXES

DOCUMENTS TO BE COMPLETED

Annex A: Grant Application Form (template)

Annex B: Budget

DOCUMENTS FOR INFORMATION

Annex C: HERO Pilot Project Logical Framework for three pilot countries (Slovakia, Romania and Bulgaria)

Annex D: List of suggested municipalities for three pilot countries (Slovakia, Romania and Bulgaria)

Annex E: Standard grant agreement

- Appendix A-1: Description of the Project, Implementation Modalities and Specific Requirements
- Appendix A-2: Project Budget
- Appendix B-1: Disbursement Request (template)
- Appendix B-2: Disbursement Notice (template)
- Appendix C: Reporting Templates (Progress Reports and Completion Report)
- Appendix D: Dispute Settlement
- Appendix E: Procurement Rules

Annex F: Declaration on Honour

Annex G: CEB Rule No. 01/2020 laying down the CEB's competitive procedures to award grants

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