



Organization for Security and Co-operation in Europe

**Spillover Monitor
Mission to Skopje**

Public Administration Reform Department

GRANT SCHEME FOR INTER MUNICIPAL COOPERATION 2008

GUIDELINES FOR APPLICANTS

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1. Background

Inter Municipal Cooperation is an effective tool for the delivery of many services to citizens, particularly by small size municipalities. Initiatives of partnerships between two or more units of local self government are already a practice in the host country, and many administrations considers IMC a strategy for overcoming difficulties in managing all competences deriving from the 2002 Law on Local Self Government. The OSCE SMMS Survey on Decentralization revealed that IMC agreements are mainly in use for areas such as urban planning, administration of taxes and fees and local economic development, the latter being identified by the majority of Mayors as the most interesting field of action for future IMC partnerships.

The concept of inter-municipal cooperation (IMC) is in principal regulated by the Law on Local Self-Government, but the Law neither defines the legal structure or the models of IMC nor does it indicate the areas or services in which IMC should be applied. The Law only authorizes cooperation among municipalities, leaving the optional and voluntary nature of the instrument. A draft of a law on inter municipal cooperation is being drafted, but has not been adopted by the Government and the Parliament as a result of ongoing consultative process between ZELS and the Ministry of Local Self-Government. Nonetheless, the legislator recognizes the value of IMC practices; for instance, some local administrations profited of the chance of co-sharing the staff required by the 2004 Law on Financing (2 employees for financial management and 3 for administration of taxes and fees), insofar with excellent results.

Experiences shows that IMC, though rewarding in a long term view, is often too costly for small municipalities – which are at the same time the main beneficiaries of inter municipal partnerships. This hurdle prevents a further spreading of IMC practice, and the OSCE grant scheme for IMC 2008 shall contribute to overcome this specific problem.

2. Objective of the OSCE grant scheme for IMC 2008

The principal objective of OSCE grant scheme for IMC 2008 is to foster the implementation of inter-municipal partnerships by provision of financial incentives. The grant scheme shall be therefore conceived as contribution to realize initiatives of mutual benefit to all proposing partners and shall by no means be used to finance expenditures within the reach and under the competence of individual municipalities.

3. Rules of the OSCE grant scheme for IMC 2008

The total amount of this grant scheme is Euro 60.000. The ceiling of a grant application is Euro 20.000. These guidelines – which abide to the OSCE project implementation and procurement rules and regulations - stipulate the rules for submission, selection and implementation of the IMC proposals. For the issues that are not regulated by these guidelines the OSCE rules and regulations will apply.

3.1. Eligibility criteria

There are three sets of eligibility criteria

- applicants which may request the grant

- proposals for which a grant may be awarded – eligible IMC arrangements
- types of costs that are eligible for the grant

3.1.1. Eligibility of applicants

These criteria have to met in cumulative terms

- the applicants must be municipalities

The grant scheme refers only to municipalities; applications shall come exclusively from consortium of two or more municipalities. Therefore, applications received from public companies and NGOs will not be accepted. However, activities could be outsourced to third parties only if the latter record the proposing municipalities as their only shareholders. Third parties must have been registered at least 12 months before the date of publishing of the present guidelines.

- only one application per municipality is allowed

In case more than one application is submitted per municipality (ies), the municipality (ies) will be disqualified.

- applications must be for IMC between at least two municipalities

The application should involve at least two municipalities. Preference will be given to the applications which involve at least one municipality which has not entered into second phase of fiscal decentralization to the date of publishing of the present guidelines.

The application should state which municipality will be responsible for the management of the Programme. Each project application must define one applicant as the overall lead partner who will sign – in the person of the Mayor - and submit the proposal on behalf of the other(s). Applications shall include endorsement letters by all municipal councils involved, and a document signed and sealed by the relevant authorities of the municipalities stipulating that all the activities undertaken in relation to this project will be fully in compliance with the domestic laws. The lead municipality will sign a contract with the OSCE.

- proposals already funded are not to be admitted

The applicant shall not submit a proposal that is already being implemented with funds secured from another donor. Funds under this grant may be used for complementary activities to projects financed by another donor only with an official consensus of the donor, to be attached to the application. If the project proposal – entirely or partially - has already been submitted to other donors as part of the applicant's fund-raising activities, a relevant note should be made.

3.1.2. Eligibility of proposals

IMC arrangements comprise a set of activities which should be clearly described in the Grant Application Form, including relevant documentation when required.

The here outlined grant scheme seeks to address and respond to needs of administrative nature, such as tax collection, tax administration, urban planning, issuance of permits and license and permits, joint inspection, and similar tasks. Projects demanding for infrastructural intervention will not be receivable under the hereby described grant scheme..

All activities comprised among competences listed under the 2002 Law on Local Self Government and the 2004 Law on Financing of the Units of Local Self Government are eligible for proposals.

All selected projects will have to be converted into legal agreements between the OSCE and the proposing consortia; the agreements will contain the starting date of activities. All activities and related costs must occur within 31st December 2008.

Under no circumstances the following types of arrangements will be considered eligible:

- Establishment of joint communal (public enterprise) and request for equity
- Establishment of private companies
- One-off conferences and/or workshops: conferences and or workshops can be financed only if they form part of the wider range of activities implemented throughout the duration of the Programme. Publication of materials regarding workshops and conferences outside of the scope of the wider range of activities will not be accepted.

3.1.3 Eligibility of Costs

Only eligible costs will be considered for the grant. The budget of the Application is a cost estimate and a ceiling for eligible costs.

During the process of evaluation of the proposed budget of the Application may incorporate arithmetical errors, unrealistic costs or ineligible costs. The Evaluation Committee reserves the right to ask for clarification which may lead to request for modifications or reductions in order to correct such mistakes.

Human resources

Project management staff (team leader + financial officer) costs shall not exceed 20 % of the overall budget. Civil servants (including municipal staff) cannot receive any fee related to project management tasks, however their support to the management of the project may be listed and considered as in kind contribution by the consortium of applicants.

Hiring of expertise related to the scope of the proposal is allowed. Experts employed for the implementation of the project shall be selected by open competition.

The municipality acting as project leader is responsible for observing that the public administration officials, who can only be hired as experts/consultants, are delivering services outside their working hours, and if within, that they have approved annual leave or special leave without pay.

Goods and services

The purchase of goods and services whose total value equals or exceeds 500 euros shall be carried out through a quotation procedure in which at least three substantially responsive price quotations are obtained. Proposals shall clearly indicate the final beneficiary of goods purchased with OSCE funds. The costs for procurement of goods cannot be higher than the 30% of the budget of the project.

Contribution from municipalities

Proposals shall contain evidence of contributions by the applicants for an overall value of at least 20% of the proposed budget. Details on the kind of contribution must be provided in accordance to the requirements outlined in the application form and will be subjected to the evaluation of the selection panel.

The in-kind contribution is the actual expenditure borne by the applicant(s) and should be listed in separate budget. The in-kind contributions may be the salaries of the staff assigned for the project, renting of premises, usage of the equipment and similar.

Under no circumstances the following types of costs will be considered eligible:

- payment of debts
- budget items financed by other donor and/or municipal budget
- purchase of land, buildings
- equity for establishment of public enterprises and or for purchase of stocks
- credits to third parties

4. How to apply and procedures to follow

Interested municipalities must submit their proposals using the application form available at <http://www.osce.org/tenders/30921.html>. Applications must be submitted in Macedonian Language. If so desired they may also be submitted additionally (next to the version in Macedonian) in any official language recognised within the boundaries of the Municipalities concerned. A short summary of the proposal must be submitted in English using the pattern in Annexes. Applications must be bound (no loose papers) and hand-written applications will not be accepted. All documents required by the present guidelines must be attached to the proposal.

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

Postal address/Address for hand delivery/Delivery by private courier service:

Public Administration Reform Department
OSCE Spillover Monitor Mission to Skopje
QBE Makedonija Building (6th floor) 11 Oktomvri Str, n.25, MK-1000 Skopje

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

Applications must be submitted in one original and four copies.

The deadline for the receipt of applications is **June, 15th 2008 at 17.30 hrs CET**; any application received after the deadline will be automatically rejected even if the postmark indicates a date preceding the deadline or if the delay is due to the private courier service.

Questions for clarifications on these guidelines may be sent by mail or by fax no later than May, 31st 2008 to the addresses listed below, indicating clearly the reference of the call for proposals:

Public Administration Reform Department
OSCE Spillover Monitor Mission to Skopje
QBE Makedonija Building (6th floor) 11 Oktomvri Str, n.25, MK-1000 Skopje
Fax:[+389 2] 3234234
Email: grantsIMC2008@osce.org

A reply to questions for clarification and requests for further information will be given no later than 7 days before the deadline for the receipt of proposals. All replies will be uploaded onto <http://www.osce.org/tenders/30921.html>. Applicants shall not send drafts of their proposals for revision.

5. Evaluation and Selection of Applications (Selection panel + timing)

Applications matching all requirements outlined in the previous sections of these guidelines will be evaluated by a selection panel composed by:

3 representatives of the OSCE SMMS Public Administration Reform Department

1 representative from UNDP

1 representative from the Ministry of Local Self Government

Results of the selection will be published on the OSCE website 15 days after the deadline for submission of applications. Applicants of the selected proposals will be informed by mail. Applicants will receive the evaluation results of their proposals upon request.

The process of selection and evaluation will be carried out in accordance with fixed criteria.

Applicants of the selected proposals will be contacted by OSCE SMMS Public Administration Reform Department representatives; the OSCE shall conclude an agreement with the first 3 selected consortia whose proposals, according to the panel's decision will be selected to be implemented with the grants of this project. The OSCE retains the right of modifying selected project proposals before entering into contractual agreements with the leading municipalities of the consortia.

5.1. Criteria for evaluation

The evaluation panel will revise all eligible proposals in accordance with the criteria outlined here below:

The evaluation of the Applications will be carried out in two stages, i.e. the administrative compliance and the technical compliance.

The administrative compliance:

The administrative compliance includes the following criteria:

- 1) A municipality has submitted only ONE proposal as Lead or as a Partner Municipality
- 2) The Application Form is sealed and stamped on each page by the Mayors of ALL municipalities
- 3) Verification that the Application Form is accompanied by an endorsement of ALL municipal councils regarding the IMC arrangement and a document signed and sealed by the relevant authorities of the municipalities stipulating that all the activities undertaken in relation to this project will be fully in compliance with the domestic laws.
- 4) Verification that all the sections of the Application Form have been completed
- 5) Verification that the requested amount of the grant does not exceed the budget ceiling of 20.000 Eur, excluding the in-kind contribution

An Application which does not fully comply with the criteria for administrative compliance will be rejected.

The technical compliance:

The evaluation of the technical compliance will be carried out in accordance with the fixed criteria as outlined in the Evaluation Grid:

- 1) The Application contributes towards or creates system and/or conditions for joint service provision or system for joint administration or creation for partnership for planning and coordination of joint activities
- 2) The Application proposes a management structure for decision making for IMC composed of representatives from all participating municipalities
- 3) The modality of implementation of the project (quality of proposed project management)
- 4) The Application clearly explains the impact of the proposed IMC on the improvement of performance of an administrative duty or service provision or performance of joint activity
- 5) The Application demonstrates sustainability of the IMC beyond the completion of the project
- 6) In case the proposed IMC represents continuation or upgrade/extension of finalized IMC, the Application clearly demonstrates benefits of the completed IMC
- 7) The proposed amount of the in-kind contribution (at least 20% of the total amount of the grant) and eventual cash contribution (min. 4%)
- 8) The IMC includes municipality that has not entered into the second phase as on the date of the submission of the Application Form

Evaluation grid

<i>Criteria</i>	<i>score</i>
one or more applicants not yet in phase 2 of fiscal decentralization to the date of publishing of the present guidelines	2
1 or more objectives relate to the achievements of requirements for phase 2	5
joint administration or service provision components present in the proposal	5
all municipalities applying are bordering	5
Gender and multi-ethnicity components are present in the proposal	5
cash contribution from applicants (at least 4% of the overall budget)	5
<i>quality of the proposal:</i>	
<i>1) feasibility of the proposed actions (timeliness and resources vs objectives)</i>	<i>1-10</i>
<i>2) Proposed joint management structure and mechanism of coordination among partners</i>	<i>1-10</i>
<i>3) sustainability beyond project closure</i>	<i>1-10</i>
<i>4) equitable distribution of benefits/outputs among applicants</i>	<i>1-10</i>

The criteria related to the quality of the proposal will receive a score from 1 to 10 in line with the following guidelines:

- 1 = extremely poor
- 2 = very poor
- 3 = poor
- 4 = insufficient
- 5 = meagre
- 6 = acceptable
- 7 = reasonable
- 8 = good
- 9 = very good
- 10 = excellent