

**LRCP**

GRANT MANUAL

**Local and Regional Competitiveness Project**

**GRANT MANUAL**

Adopted March 14, 2018

## **ABBREVIATIONS AND ACRONYMS**

|        |   |
|--------|---|
| APST   | Agency for Promotion and Support of Tourism           |
| B2B    | Business to Business                                  |
| BC     | Beneficiary Contribution                              |
| CCE    | Community and Citizen Engagement                      |
| DP     | Development Plans                                     |
| CDPMEA | Cabinet of Deputy Prime Minister for Economic Affairs |
| CIIP   | Competitive Industries and Innovation Program         |
| DMO    | Destination Management Organization                   |
| EC     | European Commission                                   |
| EFP    | Environmental Focal Point                             |
| EE     | Environmental Expert                                  |
| EMF    | Environmental Management Framework                    |
| EMP    | Environmental Management Plan                         |
| ESIA   | Environmental and Social Impact Assessment            |
| ESMF   | Environmental and Social Management Framework         |
| ESMP   | Environmental and Social Management Plan              |
| EU     | European Union  |
| EUD    | Delegation of the European Union                      |
| EUR    | Euro  |
| FY     | Fiscal Year   |
| GDP    | Gross Domestic Product                                |
| IBRD   | International Bank for Reconstruction and Development |
| IDA    | International Development Association                 |
| IFC    | International Finance Corporation                     |
| FDI    | Foreign Direct Investment                             |
| FM     | Financial Management                                  |

|       |  |
|-------|--|
| IPA   | Instrument for Pre-Accession Assistance            |
| IP    | Implementation Plan                                |
| LED   | Local Economic Development                         |
| LRCP  | Local and Regional Competitiveness Project         |
| MKD   | Macedonian Denar                                   |
| MSE   | Micro and Small Enterprises                        |
| MOE   | Ministry of Economy                                |
| MOC   | Ministry of Culture                                |
| MLSG  | Ministry of Local Self Government                  |
| NBRM  | National Bank of the Republic of Macedonia         |
| NC    | National Contribution                              |
| NGO   | Non-Governmental Organization                      |
| OP/BP | Operational Policy/Bank Procedures                 |
| PIU   | Project Implementation Unit                        |
| POM   | Project Operations Manual                          |
| PPD   | Public Private Dialogue                            |
| SAW   | Statement of Accomplished Works                    |
| SME   | Small and Medium Enterprise                        |
| SST   | Supervision Screening Team                         |
| TA    | Technical Assistance                               |
| UNDP  | United Nations Development Program                 |
| USAID | United States Agency for International Development |
| VCA   | Value Chain Analysis                               |
| WBG   | World Bank Group                                   |
| WG    | Working Group                                      |

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## Definition of terms

**Approved Sub-project Budget:** Project budget approved by the LRCP

**Application:** The package of all necessary documents and data submitted by the Applicant including Project Proposal.

**Applicant:** Eligible entity applying for LRCP's grant.

**Beneficiary:** An eligible Applicant that receives a notice from the LRCP that it has been awarded a financing.

**Destination:** "Tourism destination is a physical space in which a visitor spends at least one overnight. It includes tourism products such as support services and attractions, and tourism resources within one day's return travel time. It has physical and administrative boundaries defining its management, images and perceptions defining its market competitiveness."- UNWTO. Ten destinations have been identified as having the most potential for the country.

**Destination Management:** "An ongoing process in which tourism, industry, government and community leaders plan for the future and manage a destination"-UNWTO. LRCP will build destination management capacity in the destinations selected for participation in the project, in order to more effectively manage tourism development and provide greater impacts for local people.

**Development Plans:** Each of the tourism development plans for specific destinations provides a brief overview of the destination and detailed description of the high potential market segments for the destination. Volume I of the Development Plans contains gaps that are common across destinations. The focus of each is to highlight the opportunities, the current gaps and the recommendations that have been identified through the Value Chain Analysis.

**Indirect costs** are costs that are not directly accountable to a cost object (such as a particular project, facility, function or product).

**Micro Company** is considered a company that for the last two accounting years has fulfilled the first criteria and at least one of the second and third criteria:

- 1) Average Number of employees to be up to 10 employees:
- 2) Gross income to be less than 50,000 Euros and
- 3) Less than 80% of the gross income is generated from one client/buyer
- 4) The micro company is in ownership of maximum two (physical) persons.

**Organization:** Organization is every association, foundation, every organizational form of foreign organization, as well as every other form of association, registered under the Law for Association and Foundations.

**Sub-Grant Agreement:** A legal document signed by the Applicant, governing the LRCP financing of the Applicant and responsibilities of the Beneficiary.

**Sub-project Proposal:** Project Proposal is an integral part of the Application. It consists of an Applicant statement, business plan and a project budget.

**Small company** is considered a company that for the last two accounting years has fulfilled the first criteria and at least one of the second and third criteria:

- 1) Average number of employees is up to 50 employees;
- 2) Annual gross income is less than 2.000.000 Euros, annual turnover is less than 2.000.000 Euros

or

- 3) the average value of the total assets is less than 2.000.000 Euros.

**Technical Assistance** is Transfer or adaptation of ideas, practice, technology or skills to foster economic development

**Value Chain Analysis** in tourism is used in order to map out the entire visitor experience of a trip to a country for each market segment and understand where there are weaknesses or gaps in the experience.

“Goods”, “Works” and “Non-consulting services” as defined in: par. 1.1, footnote 3 of the Guidelines Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers January 2011, Revised July 2014 available at:  
<http://pubdocs.worldbank.org/en/492221459454433323/Procurement-GuidelinesEnglishJuly12014.pdf>

“Consulting services” as defined in: Par. 1 .3 of the Guidelines Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers January 2011, Revised July 2014 available at:  
<http://pubdocs.worldbank.org/en/894361459190142673/ProcurementConsultantHiringGuidelinesEngJuly2014.pdf>.

Operating costs: office rent, utility bills, office supplies, travel costs, daily allowance.

## **INTRODUCTION**

### **Objective of the Grant Manual**

This Grant Manual presents operational guidelines and procedures to be followed in implementation of Component 3 of the Local and Regional Competitiveness Project. (LRCP or “the Project”). Component 3 will finance investments in tourism related infrastructure and economic linkages at the destinations of focus for the Project (defined below). This Grant Manual lays out the processes and procedures of identifying, preparing, selecting, procuring, managing and monitoring the implementation of sub-projects under Component 3. This Grant Manual will be basis on which the LRCP Project Implementation Unit (PIU) and LRCP beneficiaries will implement the project activities<sup>1</sup>. Grant Manual is an integral part of the Project Operational Manual (POM) but can be used as a standalone document.

The Project is funded by an 18 million euro grant from the European Union’s Instrument for Pre-Accession Assistance II and administered by the World Bank, through a Trust fund (Local and Regional Competitiveness in Tourism Trust Fund) using applicable World Bank guidelines and procedures on environmental and social management, financial management, procurement and implementation support. The LRCP consists of four components, one executed by the World Bank and three by the Government, CDPMEA (Cabinet of Deputy Prime Minister for Economic Affairs). The activities in the World Bank executed component will fund technical and advisory assistance to sector-level policies and measures that would improve the enabling environment for the activities under the Recipient (Government) executed components that are implemented by the PIU.

The components of the Project are as follows:

- Component 1: Technical assistance for tourism development
- Component 2: Strengthening destination management and enabling environment
  - ❖ Sub-component 2.1: Central level capacity, coordination, and policy
  - ❖ Sub-component 2.2: Destination Management
- Component 3: Investment in tourism-related infrastructure and linkages at destinations
  - ❖ Sub-component 3.1: Infrastructure investments
  - ❖ Sub-component 3.2: Grants for enhanced tourism service-delivery and local economic impact
- Component 4: Strengthening project management

## **SECTION I. LRCP COMPONENT 3**

### **I.1 PROJECT OBJECTIVE AND EXPECTED RESULTS DESCRIPTION**

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<sup>1</sup>Environmental Safeguards are implemented in line with the WB Environmental Policies and procedures and Project’s Environmental Management Framework reflected in this GM

The objective of LRCP is to enhance the contribution of tourism to local economic development and improve the capacity of the government and public entities to foster tourism growth and facilitate destination management.

Key development results to be achieved by the project will be measured through the following three main indicators.

- (i) Additional private sector investment in tourism related activities at beneficiary destinations
- (ii) An increase in the number of tourism-related jobs created at beneficiary destinations
- (iii) Reforms implemented that were identified through a consultative public-private dialogue destination management process.

The first two indicators will measure local economic impact from tourism, while the third indicator measures capacity.

**Objectives of LRCP Component 3** is to support key investments in infrastructure and non-infrastructure activities<sup>2</sup> that will make an impact on increasing the attractiveness of selected destinations through upgraded product offerings and linkages with local economies to capture a greater share of economic benefits at the destinations or tourism circuits (markets, value chains).

**Potential beneficiaries of Component 3:** Public and private sector entities, according to the eligibility criteria in each of the Component's three types of Sub-Grants (which are described in this Grant Manual).

The Project Appraisal Document (dated January 12, 2016) provides a full description of the project, the results framework and beneficiaries, while the Project Operations Manual outlines the principles, processes and procedures in line with the PAD to be followed in implementing the project's Recipient Executed Components by the Project Implementation Unit.

The Grant Manual is subject to review and no-objection of the World Bank, and its approval and adoption by the Project's implementing agency (the Cabinet of the Deputy Prime Minister for Economic Affairs) is a condition for disbursement of funding under Component 3 of the Project. The Grant Manual may be reviewed and amended, as necessary, from time to time during project implementation in coordination and by approval of the World Bank. The objectives of the grants, the calls for proposals, eligibility criteria and templates for application forms will be public documents on the website of the implementing agency and/or the PIU.

Allocated budget for Component 3 is 16.436.472 EUR including the national contribution in amount of EUR 3.176.471. The allocated budget for the first call was up to 30% of the available funds for Component 3 (4.930.941,6 EUR). The allocated budget for the second call will be up to 70% and will be enlarged for the amount that will not be spent in the first call. The second call is planned to

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<sup>2</sup>Non-infrastructure activities may include but are not limited to training, publications, promotion, upgrading of supplier capabilities, etc.

be published in the first quarter of 2018. If there is an unspent amount from the second call and depending upon the given timeframe, third call will be organized.

## I.2 Eligible destinations

Ten destinations have been identified as the areas with strong potential for tourism development in the country.<sup>3</sup>The destinations refer to tourism destinations as defined and described below.

**Definition: Destination**

"A tourism destination is a physical space in which a visitor spends *at least one overnight*. It includes *tourism products* such as support services and attractions, and tourism resources within *one day's return travel time*. It has boundaries defining its management, and images and perceptions defining its market competitiveness."

- UNWTO

Destinations are marketplaces or physical clusters of economic activity where tourism goods and services are consumed and experienced by tourists. Destinations can therefore be on any scale, from a whole country (e.g. Australia), part of a region (such as the Spanish 'Costas') or island (e.g. Bali), to a village, town or city, or a self-contained center (e.g. national park or Disneyland)."

Because they are inherently a commercial space or marketplace, their precise boundaries tend to shift according to the perceptions of buyers or sellers. Destinations are either 'self-identified' or identified by the market. Self-identification occurs when stakeholders consider that they belong to or identify with the cluster of economic activity that makes up the destination, and identification by the market occurs when buyers (such as tour operators or tourists) recognize a destination's identity as being distinct from another. There are no hard boundaries in defining destinations and it would not be helpful to establish them.

The visitor experience is made up of a complex value chain that starts with the recognition of a potential destination, followed by a booking, then the travel, experience at the destination itself, return home and then recollection of the trip. In order for countries to benefit from growth of the tourism sector - all parts of the value chain need to be strong and competitive. At the destination level – this means ensuring that the visitor has a good experience when they are physically here (attractions, safety, quality, service etc.) – but also applies to the other parts of the value chain that make sure the visitor is aware of the destination, books successfully, has a good experience while travelling and returns home ready to rebook or recommend the trip to others.

The grants under Component 3 of this project will focus on unlocking the potential of the ten destinations to increase the contribution of tourism to local and regional economic development.

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<sup>3</sup>Destinations were prioritized by the Working Group that the government formed during the design of the Local and Regional Competitiveness Project, using a methodology supplied by the World Bank.

Hence, tourism Development Plans have been developed according to international best practice with technical assistance under Macedonia Competitive Industries and Innovation Support Program (MCIISP). A Value Chain Analysis for the country's priority tourism market segments has identified gaps and 'needs' at the destination. Tourism Development Plans were developed addressing the destination specific gaps and non-destination specific gaps. The Development Plans (DPs) will be made public and all stakeholders made aware of key gaps to be addressed in the first year/ phase, second phase, etc. and will serve as guidance to potential stakeholder for devising their sub-project ideas. Once the Development Plans are made public, the PIU will implement a public and competitive process for selection of sub-projects to receive grants for infrastructure and non-infrastructure investments that will be targeting gaps in the DPs.

LRCP is designed to provide support to the development and competitiveness of this entire value chain. Some of the funding available through LRCP's Sub-Grants will be made available to destination-specific sub-projects, and some will be made available to 'cross-destination' or economy-wide gaps that will help strengthen other parts of the value-chain, such as marketing or travel. As long as the applicants can clearly demonstrate the impact their proposed sub-project would have on the value chains and gaps defined under analytical work supporting LRCP, the jurisdiction in which the applicant is physically located does not define whether or not they would be eligible for the Sub-Grants.

The 10 destinations that are the focus of LRCP are shown on the map below. The 'destination' is not defined by administrative boundaries, but rather by key elements that make up a destination from a visitor perspective. The destinations are further defined in the box below. The names are consistent with strategic government documents, and do not refer specifically to municipalities or planning regions, rather to the destination as defined by the market.

| Description of Destinations: |  |
|------------------------------|--|
| Destination 1                | Encompasses Ohrid, Struga, Prespa and their surroundings |
| Destination 2                | Encompasses Skopje, Kumanovo and their surroundings      |
| Destination 3                | Encompasses Pelagonija and surroundings                  |
| Destination 4                | Encompasses the Tikvesh area and surroundings            |
| Destination 5                | Encompasses Maleshevo and surroundings                   |
| Destination 6                | Encompasses the Reka area and surroundings               |
| Destination 7                | Encompasses Gevgelija, Dojran, and surroundings          |
| Destination 8                | Encompasses the Polog area and surroundings              |
| Destination 9                | Encompasses Strumica and its surroundings                |
| Destination 10               | Encompasses Shtip, Radovish, and surroundings            |

Table 1: destinations

### Map of Destinations



Picture1. 10 Destinations

### Destination 1: Ohrid, Struga, Prespa and their Surroundings

This destination includes the natural, cultural and man-made attractions, facilities, services and resources that make up this particular hub of tourist activity, centered around the focal attraction of Lake Ohrid<sup>4</sup>. This destination therefore includes tourism assets in Ohrid, and the nearby areas of Struga, Vevcani, Prespa Lake, and Galicica National Park. These surrounding areas are included

<sup>4</sup> Section 2 of Volume 1 provides further detail on how destinations were identified and selected

under the Ohrid destination because they are all within the catchment area (one day excursion) of the tourist hub of Ohrid, and they all have assets and attractions that are complimentary and well suited to each other, creating a strong identity.

### **Destination 2: Skopje, Kumanovo and their Surroundings**

This destination includes the natural, cultural and man-made attractions, facilities, services and resources that make up this particular hub of tourist activity, centered around the focal city of Skopje. This destination therefore includes tourism assets in Skopje, the surroundings of the capital city, including Matka canyon, the town of Kumanovo, as well as Kokino with the megalithic observatory. These are included in the destination Skopje, Kumanovo and surroundings because they are all within the catchment area (one day excursion) of the tourist hub of Skopje and they offer attractions, which are complementary and well suited to each other, creating a strong identity.

### **Destination 3: Pelagonija and surroundings**

This destination includes the natural, cultural and man-made attractions, facilities, services and resources that make up this particular hub of tourist activity, centered around the centers of Prilep, Krusevo and Bitola. This destination therefore includes tourism assets in Krusevo and Prilep, Bitola and their surroundings. This destination also includes Pelister National Park. On its territory is one of the most prominent archeological sites in the country – Heraklea. These attractions are linked together in one destination as they are within the catchment area (one-day excursion) of the tourist hubs of Prilep/ Krusevo and Bitola, and they offer attractions which are complementary and well-suited to the market segments prioritized for this region.

### **Destination 4: Tikves area and Surroundings**

This destination includes the natural, cultural and man-made attractions, facilities, services and resources that make up this particular hub of tourist activity, centered around the Tikves region. This destination therefore includes tourism assets in these municipalities but also in municipalities and smaller villages within a one hour driving distance. The attractions in these nearby areas are often visited during the same trip.

### **Destination 5: Maleshevo and surroundings**

This destination includes the natural, cultural and man-made attractions, facilities, services and resources that make up this particular hub of tourist activity, centered around Berovo and Pehcevo. This destination therefore includes tourism assets in these municipalities but also in smaller villages within a one hour driving distance. The attractions in these nearby areas are often visited during the same trip.

### **Destination 6: Reka area, Mavrovo and Surroundings**

This destination includes the natural, cultural and man-made attractions, facilities, services and resources that make up this particular hub of tourist activity, centered around the focal attractions of

Mount Bistra, Mount Korab and Mavrovo. This destination includes attractions and tourism assets in the following tourist areas: Reka region, Mount Bistra and surroundings, Mount Korab and surrounding areas, and Mavrovo with surroundings. These attractions are linked together in one destination as they are within the catchment area (one-day excursion) of Mavrovo, and they offer experiences which are complementary and well-suited to the market segments prioritized for this area.

#### **Destination 7: Gevgelija, Dojran, and surroundings**

This destination includes the natural, cultural and man-made attractions, facilities, services and resources that make up this particular hub of tourist activity, centered around Dojran and Gevgelija. This destination therefore includes tourism assets in these municipalities but also in smaller villages within a one hour driving distance. The attractions in these nearby areas are often visited during the same trip.

#### **Destination 8: Polog area (Tetovo, Popova Sapka) and Surroundings**

This destination includes the natural, cultural and man-made attractions, facilities, services and resources that make up this particular hub of tourist activity, centered around the focal attractions of Tetovo and surroundings, and Shar mountain with surroundings. These attractions are linked together in one destination as they are within the catchment area (one-day excursion) of Tetovo and Sharmountain, and they offer attractions, which are complementary and well-suited to the market segments prioritized for this region.

#### **Destination 9: Strumica and Surroundings**

This destination includes the natural, cultural and man-made attractions, facilities, services and resources that make up this particular hub of tourist activity, centered around Strumica. This destination therefore includes tourism assets in Strumica but also in smaller villages around the city. The attractions in the nearby areas are often visited during the same trip.

#### **Destination 10:**

##### **Stip, Radovis and Surroundings**

This destination includes the natural, cultural and man-made attractions, facilities, services and resources that make up this particular hub of tourist activity, centered around Stip and Radovis. This destination therefore includes tourism assets in these municipalities but also in municipalities and smaller villages within a one hour driving distance. The attractions in these nearby areas are often visited during the same trip.

The following sections are some general rules that will apply to all beneficiaries under Component 3.

### **I.3 WB Safeguard Policies that apply to LRC Project**

WB safeguard policies present set of obligatory guidelines and instructions with the main objective to foster efficient and effective identification and mitigation of potentially adverse environmental and social impacts that may occur in the development process. The adequately applied policies tend to reduce risk of harm to people and environment. WB policies are applied in parallel to the national and supranational policies where, as a rule, the stricter one prevails.

As a result of LRCP environmental and social screening, several safeguard policies were triggered, namely:

### **I.3.1 List of the WB policies that are triggered thus apply to the project**

- OP/BP 4.01 Environmental Assessment
- OP/BP 4.04 Natural Habitats
- OP/BP 4.11 Physical Cultural Resources
- OP/BP 4.12 Involuntary Resettlement

#### **OP/BP 4.01 Environmental Assessment**

The Bank requires environmental and social assessment (ESA) of projects proposed for Bank financing to help ensure that they are environmentally and socially sound and sustainable, and thus to improve decision making. ESA is a process whose breadth, depth, and type of analysis depend on the nature, scale, and potential environmental and social impact of the proposed project. ESA evaluates a project's potential environmental and social risks and impacts in its area of influence. All sub-projects, especially those in the component 3, will be part of ESA, screening and categorization. There are 4 categories of projects according to the WB categorization A, B, C, FI (see section I.4.1). The applicant is responsible for carrying out the ESA.

The LRC project was classified as category B project meaning no negative significant, lasting, hazardous or unpredictable impacts are expected during, or as a result of its implementation. However, a degree of impact is expected and the policy requires environmental and social assessment (ESA) of projects to be carried out to help ensure that environmentally sound and sustainable, and thus to improve decision making. For this purpose, Environmental and Social Management Framework<sup>5</sup> (ESMF) was prepared by the Recipient providing guidelines and procedures for environmental due diligence for the whole project. ESMF is particularly focused on development of instructions and procedures for assessment and selection of sub-projects under the Component 3. Only sub-projects of category B and C will be supported, while category A projects will be excluded. Depending on the size and scope of applied sub-projects of category B, further environmental assessment will be carried out resulting in full Environmental and Social Impact Assessment (ESIA), partial ESIA, Environmental and Social Management Plan (ESMP) or ESMP Checklist for smaller works (ESIA always includes ESMP). For the sub-project to be funded all the permits required by the national legislation must be obtained and presented and ESA finalized.

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<sup>5</sup>[www.vicepremier-ekonomija.gov.mk/files/doc/LRCP%20EMF\\_FINAL\\_ENG.doc](http://www.vicepremier-ekonomija.gov.mk/files/doc/LRCP%20EMF_FINAL_ENG.doc)

#### **OP/BP 4.04 Natural Habitats**

Much of the sub-project proposals of sub-component 3.1 can relate to the construction of tourist facilities in certain areas where there are natural habitats. The Bank has a special set of policies and procedures for natural habitats that should be respected and supported, and expects recipients to apply a precautionary approach to natural resource management to ensure preservation and protection of protected and sensitive areas as well as opportunities for environmentally sustainable development.

Natural Habitats policy was triggered since the sub-projects under the Component 3, infrastructure and non-infrastructure investments are likely to take place in protected and sensitive areas. The nature and scope of the projects are not yet known, however, the themes identified as the most prominent amongst the prospective final users include lake tourism and nature tourism including hiking, biking, paragliding, etc.

Since tourism in the country strongly relies on capacity development at destinations close to natural or sports attractions, many located in areas of some level of protection, there is possibility of impact to sensitive areas and animal and plant species. If this kind of sub-project occurs it will be allowed only if it exercises impacts that can be mitigated and do not present significant conversion or degradation of critical and/or other natural habitats. Competent authorities of all levels need to be notified in such cases and involved in the ESA processes and approvals.

All permits and approvals must be obtained prior to the final sub-project funding approval. Relevant environmental due diligence procedures will be followed and documentations prepared in line with national legislation and WB policies. For such cases, ESMP or ESIA will be prepared containing measures for avoidance or abatement of effects such as biodiversity depletion, land occupation, occurrence of barriers of animals, reduction of available habitats, disturbance and other.

#### **OP/BP 4.11 Physical Cultural Resources**

Physical Cultural Resources policy is triggered since the sub-projects under the sub-Component 3, infrastructure are potentially including projects with the direct or indirect impact to immovable cultural resources. The nature and scope of the projects are not yet known, however, the themes identified as the most prominent amongst the prospective final users of funds encompass cultural tourism including heritage resources, historical sites, religious and archeological sites.

The attractiveness of destinations in the country is, amongst other things, based on the rich cultural heritage. Preliminary research showed vast interest for funding rehabilitation works on cultural heritage buildings (including religious) and monuments. For sub-projects triggering this policy Management Plan for Cultural Heritage Works has to be prepared as a part of the environmental due diligence procedures. The Plan can be a part of ESIA or ESMP. Template for ESMP for Cultural Heritage sites is given in Annex E of ESMF.

This policy addresses physical cultural resources, which are defined as movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have

archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance. Physical cultural resources may be located in urban or rural settings, and may be above or below ground, or under water. Their cultural interest may be at the local, provincial or national level, or within the international community. Physical cultural resources are important as sources of valuable scientific and historical information, as assets for economic and social development, and as integral parts of a people's cultural identity and practices.

Most of these resources are tourist attractions and it is likely that part of them are sites where potential sub-projects under component 3 can be realized. That's why this regulation OP/BP 4.11 must be taken into account in further analysis.

#### **OP/BP 4.12 Involuntary Resettlement**

Involuntary Resettlement is particularly sensitive issue in general. World Bank as an institution that carries out projects worldwide pays special attention to this issue. Basic principle of WB is that involuntary resettlement should be avoided wherever and whenever it is possible, or minimized, exploring all viable alternatives in project design. If there is no other solution but resettlement, resettlement should be done so the person displaced by the project shall be provided by sufficient investment resources so that he/she can share the benefits of project.

Furthermore, displaced persons should be meaningfully consulted and should be involved in planning and implementing resettlement program. Also, they should be assisted in their efforts to improve their livelihoods and standards of living, or at least restore them, in real terms, to pre-displacement levels prevailing prior to the beginning of Project implementation, whichever is higher.

#### **List of WB Safeguard Policies not triggered for the project.**

- OP 4.09 Pest Management
- OP/BP 4.10 Indigenous People
- OP/BP 4.37 Safety of Dams
- OP/BP 4.36 Forests
- OP/BP 7.50 Projects on International Waterways
- OP/BP 7.60 Projects in Disputed Areas

Since the OP 4.09 Pest Management policy is not triggered no sub-projects with activities that introduce or impact/alter use of pest management substances (type and quantities) or techniques will be eligible for financing under this project.

### **I.4 LRCP Environmental Assessment Procedures**

#### **I.4.1 Environmental Screening Procedures**

Environmental Screening is the first step in the environmental due diligence process of reviewing the Sub-Grant application and it is based on Environmental Protection Questionnaire (form provided

in Appendix 2 of EoI and in Annex B of ESMF) prepared by the Applicant, and based on the initial sub-project concept. Its purpose is to determine the environmental risk associated with the proposed use of funds/sub-project, reject applications which are unacceptable due to the nature of the proposed activities, classify acceptable applications by environmental categories and identify the type of environmental due diligence document that will be required. Results of the Environmental Screening shall be reflected in the environmental screening form (form available in Annex C of EMF).

A sub-project can be classified as A, B or C category project. Category descriptions and selection methodology is applied as provided in the EMF of the LRCP project. Category A sub-project will not be financed under this scheme.

### **Category A**

Category A activities will not be financed through the sub-projects financing scheme.

A proposed sub-project is classified in this category, if it is likely to have highly significant, diverse, and/or long-term adverse impacts on human health and natural environment the magnitude of which is difficult to determine at the sub-project identification stage. These impacts may also affect an area broader than the sub-project sites. Measures for mitigating such environmental risks may be complex and costly.

An Environmental Impact Assessment (EIA) is therefore required to identify and assess the future environmental impacts associated with the proposed sub-project, identify potential environmental improvement opportunities and recommend any measures needed to prevent, minimize and mitigate adverse impacts. The sub-recipient is responsible for preparing a report, normally an EIA.

### **Category B**

A proposed sub-project is classified as Category B if its potential adverse environmental impacts on human populations or environment are less adverse than those of Category A sub-projects. These impacts are site-specific; few if any of them are irreversible; and in most cases mitigation measures can be designed more readily than for Category A sub-projects. The scope of ESA for a Category B sub-project may vary from sub-project to sub-project. The ESA, in this case, examines the sub-project's potential negative and positive environmental impacts and recommends any measures needed to prevent, minimize, mitigate, or compensate for adverse impacts and improve environmental performance.

### **Category B+**

For category B+ sub-projects, the recipient is responsible for preparing a) a full ESIA (depending on opinion given by the authorized body (national or local) with an ESMP or b) a pre-ESIA (simpler form ESIA – screening report) with ESMP that includes, as necessary, a reduced scope ESIA, which may simply require brief description of impacts specifying well-defined mitigating measures and

adopting accepted operating practices and monitoring. The user of funds would, in parallel, provide the techno-economic feasibility study of the sub-project. The costs of the mitigation measures would be included in the ESIA or ESMP and incorporated as a part of bidding and contracting documentation.

The ESA document prepared, depending on opinion given by the authorized body (Ministry of Environment and Spatial Planning), would entail ESMP annex prepared as per World Bank OP 4.01.

### **Category B-**

A proposed sub-project is classified as Category B- if its future environmental impacts are less adverse than those of Category A and B+ sub-projects taking into account their nature, size and location, as well as the characteristics of the potential environmental impacts.

The category would require an ESA to assess any potential environmental impacts associated with the proposed sub-project, identify potential environmental improvement opportunities and recommended any measures needed to prevent, minimize and mitigate adverse impacts. The scope and format of the ESA will vary depending on the sub-project but will typically be narrower than the scope of ESIA, usually in form of ESMP. The scope of ESMP is defined in Sub-Section G from Full Application Form and in Annex D of ESMF. For the sub-projects involving simple upgrades, reconstruction or adaptation of the buildings, ESMP checklist would be used (see in Annex Sub-Section G from Full Application Form or Annex F of ESMF).

B- Category would include sub-projects that also: (a) involve grants which include purchase and/or use of hazardous materials (e.g. petrol) or (b) process improvements that involve purchase of equipment/machinery presenting a significant potential health or safety risk. The costs of the mitigation measures would be included in the ESMP and incorporated as a part of bidding and contracting documentation.

### **Category C**

A proposed sub-project is classified as Category C if it is likely to have minimal or no adverse environmental impacts and therefore requires neither an ESIA nor an Environmental and Social Analysis. Beyond screening, no further ESA action is required for a Category C sub-project.

## **I.4.2 Environmental Due Diligence Documents**

Environmental screening results are reflected in the category of the project and type of environmental assessment (EA) that needs to be carried out in order to adequately recognize potential environmental impacts early in the preparation so the concerns could be reflected in the sub-project design. An EA is a process conducted by the applicant to predict, evaluate, and mitigate the environmental impacts and risks that may arise from the proposed sub-project. The type and scope of EA will depend of the environmental category attached in the screening process. Any type

of EA report should identify potential impacts and define how to improve environmental performance of the proposed project. It should also contain identified impacts, its features (probability, reach, time of impact, significance) and measures for avoidance, reduction and mitigation of these impacts.

The applicants will perform preliminary EA through filling in and submission of Environmental Protection Questionnaire (Appendix 2 of EoI) as an integral part of their sub-project concept application. Upon confirmation of initial screening and categorization, from CDPMEA as authorized institution for environmental due diligence supervision of sub-projects, the successful Applicants will be responsible for carrying out the required preliminary EA and for confirming that any clearances (including permits) necessary for the proposed sub-projects have been obtained from the relevant authorities as prescribed by the national legislation and in line with the World Bank procedures as described in EMF. Once the EA is performed and recommendations incorporated into the sub-project, the CDPMEA will appraise the proposed financing package. Depending on the attached environmental category, the package would include one of the following:

- a) A full scale Environmental Impact Assessment (EIA) and Environmental Management Plan,
- b) Environmental Management Plan (EMP),
- c) Management Plan for Cultural Heritage Works
- d) A simplified environmental assessment, so called EMP checklist, or
- e) A justified statement that no EIA or EMP is required.

The applicants need to include the following environmental documentation in the application packages they submit to the CDPMEA:

Table 2: Environmental Documentation

| <b>Environmental Category</b> | <b>Environmental Documentation to be included in Sub- grant Application Package</b>  |
|-------------------------------|--|
| Category C                    | Environmental Questionnaire and Environmental Screening Report (Annexes B and C of EMF)<br>Justified statement that no EIA or EMP is required<br>Any official approval/permits (if applicable)   |
| Category B-                   | Environmental Questionnaire and Environmental Screening Form (Annexes B and C of EMF)<br>Any official approval/permits (if applicable)<br>A) EMP (Annex D of EMF); or<br>B) EMP checklist (Annex F of EMF) (in case of simple building upgrades, reconstruction or rehabilitation)<br>Management Plan for Cultural Heritage Works (if applicable)<br>Other requested by the WB |

|             |  |
|-------------|--|
| Category B+ | Environmental Questionnaire and Environmental Screening Form (Annexes B and C of EMF)<br>Any official approval/permits<br><u>Option 1)</u><br>The statement of “ESIA is not required” (if applicable)<br>Screening-ESIA report (if applicable)<br>ESMP (Annex D of ESMF)<br>Management Plan for Cultural Heritage (if applicable)<br>Works/Resettlement Plan (if applicable)<br>Other requested by WB<br><u>Option 2)</u><br>The statement of “EIA is required”<br>Full EIA report with EMP and Management Plan for Cultural Heritage Works/Resettlement Plan (if applicable)<br>Schedule for Implementation of EIA recommendations<br>Other requested by WB |
|-------------|--|

### I.4.3 Environmental review procedure and environmental compliance

Environmental assessment (including EIA) process undertaken within the preparation of sub-projects will follow the guidelines specified in Environmental Management Framework (EMF)<sup>6</sup> for the Local and Regional Competitiveness Project (LRCP) in accordance to operational policies of the Bank as well as national legislation. The same rule applies for EU policies. In case of discrepancies between Bank policies and national legislation, as a rule, the stricter one prevails.

ESMF looks into environmental impacts that could come from project activities and outlines the guiding principles of environmental screening, assessment, review, management, and monitoring procedures for project activities. EMF also includes overview of the environmental protection regulation, prescribed by the country's authorities, as well as policies and procedures that must be respected in the implementation of projects financed by the World Bank, identifies potential environmental implications and sets the framework and procedures for management and abatement of these implications and possible interventions.

The Environmental and Social Management Framework (ESMF) for LRCP sets the procedures for screening the sub-projects from the environmental protection and nature preservation perspective and guidelines for addressing identified environmental considerations.

All Applicants/sub-projects will follow the environmental review process presented below:

STEP 1: The applicant prepares an initial sub-project concept and fills in Environmental Protection Questionnaire (available in Appendix 2 of EoI and in the Annex B of the ESMF) in EoI stage. The Applicant can informally request assistance from Environmental Focal Point (and Environmental Expert (EE) in terms of understanding the process and required information and filling in the

<sup>6</sup>[www.vicpremier-ekonomija.gov.mk/files/doc/LRCP%20EMF\\_FINAL\\_ENG.doc](http://www.vicpremier-ekonomija.gov.mk/files/doc/LRCP%20EMF_FINAL_ENG.doc)

questionnaire. It is the responsibility of the Applicant to initiate information request and for CDPMEA to make EE contact information widely available or to organize consultations with the Applicants. It is also responsibility of the Applicant to provide timely and accurate information and acquire all necessary permits, concessions, licenses, agreements, etc. for the project implementation. It should be noted that Applicant will receive no funding and cannot start the works/activities before (i) all required permits, licenses and agreements have not been obtained and (ii) EA reports have received approval from Supervision Screening Team (SST) and WB.

STEP 2: The applicants submit the Environmental Protection Questionnaire to EE which reviews it and makes recommendations on the category and required EA to SST through the Screening Report (available in the Annex C the ESMF). SST (or Focal Point) approves or amends Screening Report and makes recommendations to CDPMEA who integrates the opinion in the project appraisal and informs the Applicant on (i) category, (ii) required EA process and reports (through final Screening Report). SST also makes recommendations on the social due diligence (involuntary resettlement) and Cultural Heritage Management Plan.

STEP 3: The Applicant, or its consultants, together with Sub-project full application, if the project is B category, submits the ESA report (and possibly Cultural Heritage Plan, Involuntary Resettlement Plan) to EE. At this stage the Applicant has carried out public consultation procedures in line with national and WB policies (for ESIA, ESMP, and other ESAs types) and has obtained approved ESIA, in accordance with national legislation, if applicable. An EE reviews received ESA Reports (ESIA, ESMP or ESMP Checklists) and submits to SST and WB with recommendations which might include additional public consultation. Feedback is provided.

STEP 4: The Applicants incorporates suggestions and recommendations to the project documentation and EA Reports and produces the final EA Report (including Involuntary Resettlement and/or Cultural Heritage Management Plan if applicable) version which is submitted to EE and further to SST for final supervision. The final version of EA Reports must contain environmental mitigation and monitoring plan and reporting schedule. Upon SST's recommendations CDPMEA issues the final project approval and releases funds for implementation.

STEP 5: The Applicant implements environmental mitigation plan and monitoring plan in due course of work. It reports to Focal Point (EE and SST) regularly and in accordance with the reporting schedule.

STEP 6: EE and SST monitor the ESMP implementation in accordance with their predetermined authority (see Section 6 of ESMF or text below) and inform WB in regular reports.

For all category B+ projects, there must be at least 2 site visits by EE: one in the screening phase (before the EA/ESMP approval) and the second one in the supervision phase.

All types of EA reports (ESIA, ESMP or ESMP Checklists) must be: (i) reviewed and approved by WB environmental team prior to disclosure, (ii) disclosed and publicly consulted as described in the Chapter 8 of the LRCP ESMF and section I.4.4, below. All types of EA reports must be aligned with the provided technical documentation and proposed activities in the EoI and Full Proposal

application forms. Only after the consultation comments, remarks, and suggestions and similar have been addressed in the ESA, it can become final. Requirements of ESMPs or ESMP Checklists are to become a part of bidding and contracting documentation. Selected applicants for Sub-Grant award can be denied if EIA is not accepted by the PIU or WB.

Note that the Environmental Protection Questionnaire is a part of the Expression of Interest package and incomplete Environmental Protection Questionnaire is the basis for non-eligibility of Expression of Interest package.

#### **I.4.4 Disclosure and consultations**

All documents obliged to be disclosed in accordance to World Bank's Policy on Access to Information (ESIAs, ESMPs, Management Plans for Cultural Heritage Works, ESMP Checklists) should be prepared and disclosed in English, Macedonian and Albanian language.

ESIAs, ESMPs and Management Plans for Cultural Heritage Works should be disclosed on CDPMEA and The Agency for Promotion and Support of Tourism web sites as well as web sites of impacted municipalities where it should remain available to public for at least 14 days. All should also be available in hard copy on the premises of CDPMEA and referent municipalities. When published, call for comments on documents should be issued with electronic and postal addresses on disposal for sending comments. In parallel, public consultation meeting needs to be organized as part of disclosure process for ESIAs, ESMPs and Management Plans for Cultural Heritage Works. Public consultation should take place in impacted municipality. In addition to publishing call for public consultations on CDPMEA and The Agency for Promotion and Support of Tourism web sites and official gazettes a proactive approach should be taken including sending invitations to prominent tourism stakeholders, NGOs active in the impacted area and potentially affected municipalities. Minutes of public consultation, containing a sample of invitations, list of attendants, and summary of comments received, should be included to the final version of the disclosed document, which should also reflect the relevant comments.

Disclosure procedure for ESMP Checklists is simpler. ESMP Checklist should be disclosed on CDPMEA and The Agency for Promotion and Support of Tourism web sites as well as web sites of impacted municipalities where it should remain available to public for at least 14 days. It should also be available in hard copy on the premises of CDPMEA and referent municipalities and/or Centers of the Planning Regions. When published, call for comments on documents should be issued with electronic and postal addresses on disposal for sending comments. Minutes of public consultation (collected comments and questions), containing basic information on the venue, list of attendants, and summary of comments received, should be included to the final version of the disclosed document, which should also reflect the relevant comments.

### **I.5 GENERAL PRINCIPLES OF FUNDING**

These are some general rules of funding that the applicant should consider when preparing the sub-project proposal's budget.

### **a. Non-cumulative award**

Applicants have to inform the LRCP immediately of any multiple applications and multiple/complementary grants relating to the same activity and if they have presented the same sub-project proposal to other donors for financing. The applicant should inform about sources and amounts of EU funding received or applied for the same activity or for part of the activity. Applicants have to indicate if they receive EU funding during the financial year in which the activity takes place. In no circumstances, shall the same costs (for the same sub-project) be financed twice by the LRCP budget.

### **b. Non-retroactivity**

No Sub-Grant may be awarded retrospectively for activities already completed. Only cost related to the preparation of technical documentation can be presented as part of beneficiary's in-kind contribution (for whom in-kind contribution is allowed) in case supporting documentation is provided and is in accordance with the applicable National legislation.

### **c. Sub-project expenditures**

The beneficiary shall ensure that the proceeds of the Sub-Grant are used exclusively to finance expenditures which, except as otherwise provided in the Sub-Grant Agreement, satisfy the following criteria:

- they are incurred during the duration of sub-project, as indicated in the Sub-Grant Agreement,
- they are indicated in the estimated budget of the sub-project proposal;
- they are related to the content of the sub-project that is approved, in accordance with the description of the activity (implementation plan), attached to the Sub-Grant Agreement;
- they are identifiable and verifiable;
- they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.

### **d. Non-Eligible Costs for all types of Sub-Grants (Expenses that will not be considered for financing)**

These are costs that are considered non-eligible and therefore will not be considered for financing by the LRCP's budget:

- VAT paid by public authorities;
- VAT and other taxes;
- return on capital;
- debt and debt service charges;

- provisions for losses or debts;
- interest owed;
- doubtful debts;
- currency exchange losses, fees and penalties;
- costs of transfers from the LRCP charged by the bank of a beneficiary;
- costs declared by the beneficiary in the framework of another action receiving a grant financed from the EU budget; in particular, indirect costs<sup>7</sup> shall not be eligible under a grant for an action awarded to a beneficiary which already receives an operating grant financed from the EU budget during the period in question;
- excessive or reckless expenditure;
- payments to the public institutions employees;
- any other costs which have been specified as ineligible in the call for proposal

The beneficiary can decide to maintain and finance these costs out of his own resources, but they will not be taken into account as eligible costs.

### **I.5.1 Extension of deadlines of calls**

The PIU, after consultation with CDPMEA and World Bank, reserves the right to extend the deadline of the calls due to unforeseen circumstances.

### **I.6 Grievance mechanism**

Grievance – An issue, concern, problem, or claim (perceived or actual) that an individual or community group wants a company or contractor to address and resolve. Project Affected People as well as Project Affected Legal Entities will be able to submit grievances directly to the PIU and/or to the Beneficiary on paper, by e-mail or mail (a sample grievance form is attached as Annex 6), as the preliminary, extra-judicial state of amicable review and settlement, with the involvement of the PIU and Beneficiary.

Beneficiary will notify in writing PIU for each grievance (including copy of the original grievance form). Each grievance will be recorded in the registry with the following information:

- description of grievance,
- date of receipt acknowledgement returned to the complainant,
- description of actions taken (investigation, corrective measures), and
- date of resolution and closure / provision of feedback to the complainant.

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<sup>7</sup> Indirect costs are costs that are not directly accountable to a cost object (such as a particular project, facility, function or product).

All grievances will be recorded in a register and assigned a number, and acknowledged within seven (7) days, and tracked until it is closed. The PIU will make all reasonable efforts to address the complaint upon the acknowledgement of grievance. If the PIU is not able to address the issues raised by immediate corrective action, a long-term corrective action will be identified. The complainant will be informed about the proposed corrective action and follow-up of corrective action within 15 days upon the acknowledgement of grievance.

If the PIU is not able to address the particular issue raised through the grievance mechanism or if action is not required, it will provide a detailed explanation/justification on why the issue was not addressed. The response will also contain an explanation on how the individual/entity which raised the complaint can proceed with the grievance in case the outcome is not satisfactory.

In case of complaints (grievances) on Sub-Grant beneficiary selection process (on notification in writing of the Technical Committee's decision concerning application, stating the reasons for rejection), Applicants should use same grievance form given in Annex 6. Complaint Group consisting of members of Technical Committee and assigned members of PIU and CDPMEA will undertake review of complaint (whether complaint address on process of application, evaluation and selection of full sub-project proposals) with regards to selection criteria determined in this Grant Manual. Complaint Group will give an answer in writing within 15 days from registration of complaint.

Resorting to the amicable mechanism of grievance management does not preclude the aggrieved person (entity) to resort to justice at any point in the process. Grievances need to be sent to the address provided below.

**Contact information:**

**Project Implementation Unit**

**Local and Regional Competitiveness Project**

**Str. Miroslav Krleza# 60/1, 1000 Skopje**

## **SECTION II Investment in tourism-related infrastructure and linkages at destinations**

### **SUB-COMPONENT 3.1: Infrastructure Investments**

Infrastructure investments: Objectives of grants: This sub-component will finance tourism product or related infrastructure sub-projects that are critical for upgrading the quality of attractions, sites, and general visitor experience. The sub-projects must address gaps identified in the destination development plan(s) (including cross-destination and destination-specific development plans). Eligible activities for infrastructure sub-projects will include interventions to improve physical condition of attractions, access to cultural and natural heritage sites, and related TA such as promotion and branding of destinations and sites, etc. The proposed sub-project activities for this type of Sub-Grants must involve at least or 60% civil works and/or procurement of civil works

machinery, equipment, vehicle or other goods that will support infrastructure related investments, and only small percentage should go to soft measures. The selection of infrastructure sub-projects will be conducted through a competitive and transparent process. Applications may be submitted by municipalities, regional development centers, or other public entities, with at least 10 percent of co-financing.

The Infrastructure sub-projects should contribute towards improving the visitor experience, and thereby encouraging destination and business development, including new job creation, attraction of new tourists, increased spending per tourists, number of nights stayed by visitors, increase in revenue and tax generated from tourism related activities.

The investments shall be oriented towards implementing an integrated approach to site upgrading and improved site management in priority cultural, historic and/or natural heritage sites and tourism related infrastructure, based on existing or potential tourism products.

**II. 1. Activities to be financed by this part of the sub-component:**

Eligible investments will include interventions that address the identified gaps either cross destination or destination specific gaps depending upon the objectives of the call.

| Examples of possible project types for infrastructure Sub-Grants but not limited to: |   |
|--|---|
| 1.   | Mapping and upgrading of hiking and biking routes and trails,   |
| 2.   | Rehabilitation of tourism-related municipal infrastructure and utilities,   |
| 3.   | Visitor Signage and interpretation;   |
| 4.   | Upgrading public spaces and cultural heritage buildings,  |
| 5.   | Construction or rehabilitation of tourist information kiosks and offices,   |
| 6.   | Restoration of cultural and natural heritage sites as well as of traditional and historic significance buildings (buildings of historic value and/or traditional architecture), |
| 7.   | Improvement of access roads to sites and attractions, transport facilities, landscaping and public parking;   |
| 8.   | Promotion and branding  |
| 9.   | Other sub-project types that will contribute to the fulfillment of the objective of the call and will demonstrate that it meets a gap in the Development Plan.                  |

Table 3: Eligible themes and project types for investment grants

**II.2 List of non-eligible activities**

No sub-projects screened as Category A in accordance with WB environmental safeguard policies (see section I.4.1) will be financed. Furthermore, no sub-projects affecting forests or ones that

impacts use of pesticides or international waters can be financed, in accordance with Environmental Management Framework (EMF) and triggered WB safeguard policies. Please see sections I.3 and I.4 of this Grant Manual for more information.

| In agreement with the Recipient and according to WB policies the following activities will NOT be supported by the project: |  |
|---|--|
| 1   | Investment within designated “Special Tourism Development Zones”;  |
| 2   | New construction <sup>8</sup> or substantial investment in general municipal infrastructure (which may be funded under other existing projects)  |
| 3   | Sub-sub granting (the Sub-Grant recipient cannot act as financial intermediary and use the Sub-Grants for further financing to other beneficiaries);   |
| 4   | Projects which are likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented and may affect an area broader than the sites or facilities subject to physical works; |
| 5   | Investments in designated protected areas, which would have negative impact on natural and critical habitats and species;  |
| 6   | Activities impacting fragile ecosystems, gambling and betting facilities/activities, important habitats, and green-fields of outstanding aesthetic value;  |
| 7   | Release of genetically altered organisms into the natural environment;   |
| 8   | Manufacturing, distribution and sale of banned pesticides and herbicides,  |
| 9   | Drift seine netting in the marine environment,   |
| 10  | Hazardous waste storage, treatment and disposal,   |
| 11  | Activities requiring conversion of forests, wetlands, and alpine/sub-alpine meadows;   |
| 12  | Trade in wildlife and wildlife products prohibited under the CITES convention;   |
| 13  | Other items included in the standard negative list from the World Bank, including:   |

<sup>8</sup> New construction is defined as a new structure or facility that occupies previously undeveloped land. New construction excludes and the following activities **can** be financed:

- Any addition in height or addition as defined in the Construction Law;
- Reconstruction, adaptation, restoration, renovation, temporary facilities, and urban equipment, as defined in the Construction Law;
- Facilities of the type included under the definition of “temporary facilities” in the Construction Law, even if they are not intended to be temporary in nature.
- Paving or improvement of existing facilities such as parking lots, access roads, trails, etc;

Further, all sub-projects must comply with the LRCP safeguard requirements as stated in the Grant Manual and Environmental and Social Management Framework. This may result in restrictions that go beyond the scope of the definition above.

|   |
|---|
| <p>Manufacturing of equipment and appliances containing CFCs and other substances regulated under the Montreal Protocol,</p> <p>Manufacturing of electrical equipment containing polychlorinated biphenyls (PCBs) in excess of 0,005 % by weight,</p> <p>Manufacturing, handling and disposal of radioactive products,</p> <p>Manufacturing of asbestos containing products,</p> <p>Nuclear reactors and parts thereof,</p> <p>Tobacco, unmanufactured or manufactured,</p> <p>Tobacco processing machinery, and</p> <p>Manufacturing of firearms</p> <p>Distilled alcohol for consumption.</p> |
|---|

Table 4: Activities that will NOT be supported by the project:

### II. 3 Beneficiaries

Municipalities (single or groups), regional development centers and public entities as defined in the Law on Public Entities (Official Gazette of the RM No 32/05) related to cultural heritage and tourism infrastructure from the country are eligible to apply for funding under the sub-component 3.1. Steering Committee of the LRCP is composed of nine representatives from the following institutions: CDPMEA, Secretariat for European Affairs, Ministry of Economy, Ministry of Transport and Communications, Ministry of Local Self Government, Ministry of Finance, Ministry of Culture, Ministry of Environment and Physical Planning and Agency for Promotion and Support of Tourism. Institutions represented in the LRCP Steering Committee are not eligible to apply. However, members of the Project’s Steering Committee may apply as individuals only if the member withdraws from being members of the Steering Committee and provides written approval from the representing institution. Foreign entities, that are not registered in Macedonia, are not eligible to apply individually nor as partners with Macedonian entity on LRCP’s call for proposals. Applicants can submit/implement sub-project expression of interest and proposal alone, together, or in partnership with other public or private entities. All municipalities and public entities are eligible, providing they are able to demonstrate the value of their sub-project to the development of a relevant destination and its consistency with the relevant development plan(s). In order to implement an integrated approach to destination(s) upgrading, the sub-project expression of interest and proposal may refer to ongoing or proposed (sub-) projects being implemented by other stakeholders, to which the proposed sub-project would be complementary.

### II. 4 Duration of the sub-project

The sub-project and its budget must be designed for completion within 12 months from the date of signing the corresponding Sub-Grant Agreement. Extension of project duration is generally not allowed. No applications will be accepted for sub-projects scheduled to run for a longer period than

that which is specified in the call for proposals. The first activity as scheduled and agreed upon in the implementation plan (the bidding process) should start within 1-3 months after the particular Sub-Grant Agreement's signing. All activities and works of the awarded sub-projects in the last call for proposals must be completed by the end of November, 2019.

## II.5 Grant Scheme

Proposed grant scheme for LRCP sub-component 3.1 is up to EUR 1 million for a single applying public sector entity or municipality, and up to EUR 3 million for a number of municipalities or public-sector entities applying together. The public-sector entity can apply in partnership with other two sub grant types available through this grant scheme: tourism sector organizations and training/educational service providers and/or private sector entity, but the maximum requested sub-grant amount must be within the upper limits of each sub-grant type and their respective co-financing percentage. The minimum requested limit for infrastructure investments Sub-Grant is 100.000 Euros. (Note that these limits may be adjusted during LRCP implementation and subsequent rounds of Sub-Grants based on experience) To ensure impact and ownership, investment guidelines require co-financing in cash or in-kind of at least 10 percent of the amount of the requested grant. The in-kind contribution value should be verified by a licensed valuator. The applicant can include costs for preparation of technical documentation as part of their in-kind contribution as per current market value and supported with invoices.

## II. 6 Detailed procedures for Sub-Grant application and implementation process, including key responsibilities and timelines

| Table 5. Sub-project cycle   |  |                                 |                  |
|--|--|---------------------------------|------------------|
| There might be extension of indicated deadlines due to the nature of proposed sub-projects that require consultation with CDPMEA and the WB and/or require site visits |  |                                 |                  |
|  | Sub-project cycle  | Indicative time (calendar days) | Responsibilities |
| 1  | Targeting and Communication  | 20 days                         | PIU              |
| 2  | Presentation of Development Plans  | 10 days                         | PIU              |
| 3  | Information meeting  | 10 days                         | PIU              |
| 4  | Issuing the Call for Proposals<br>Call for Expression of Interest (EoI); | 45 days                         | PIU              |
| 5  | EoI submission including Environmental Protection Questionnaire          | 1 day                           | Applicants       |
| 6  | First Screening and Issuing Environmental Screening Report               | 21 days                         | PIU              |

|    |  |  |                               |
|----|--|--|-------------------------------|
| 7  | Information to eligible applicants on opening, administrative check and EoI eligibility check<br><br>Invitations to submit full application; | 7 days                                     | PIU                           |
| 8  | Workshop on full proposal;   | 15 days                                    | PIU                           |
| 9  | Submitting EA/ESIA with ESMP to EE and WB for review and approval.   | 45 days after invitation for full proposal | Applicants                    |
| 10 | Obtaining EE and WB approval for category B+ projects. Public consultations completed.   | 60 days after invitation for full proposal | Applicants                    |
| 11 | Full proposal submission;  | 70 days after invitation for full proposal | Applicants                    |
| 12 | Administrative check of full proposal package  | 7 days                                     | PIU                           |
| 13 | Evaluation and selection by Technical Committee;   | 10 days                                    | Technical Committee           |
| 14 | Report to CDPMEA   | 5 days                                     | PIU, Technical Committee      |
| 15 | Review and approval by CDPMEA  | 10 days                                    | CDPMEA                        |
| 16 | NoB from World Bank on the top-ranking sub-projects;   | 10 days                                    | World Bank                    |
| 17 | Notification of award/non-award;   | 7 days                                     | PIU                           |
| 18 | Signing Sub-Grant Agreement that includes EMP, if category B;  | Max 1 month from the notification          | PIU & Sub-project beneficiary |
| 19 | Implementation and monitoring of Sub-Projects. Progress reporting;   | Up to 15 months                            | PIU & Sub-project beneficiary |
| 20 | Promotion of the Sub-Project in accordance with the Visibility Note.   | Ongoing during the project implementation  | PIU & Sub-project beneficiary |

Table 5. Sub-project cycle

The PIU will conduct a public and competitive process for selection of sub-projects to receive grants. The process will be executed in a number of key steps, as follows:

## **1. Targeting and Communication**

Communications will be in line with the destination management process and laid out in the communications strategy and plans. The PIU will develop a set of materials that will be used for outreach and information about the grant components specifically to all stakeholders. LRCP will be using various available mechanisms: PIU's web-site, info sessions and workshops, the destination management process established at the destinations (to be supported by Component II), media promotion, e-mail, mail, phone, etc. All the relevant documents will be published on the PIU website. Communication with all eligible beneficiaries will be described in the Communication Plan of the LRCP and will be in compliance with the Visibility note. The targeting and communication process throughout the duration of LRC project will be conducted by the PIU with support as needed, for instance through a sub-contract with a Visibility and Promotion contractor.

## **2. Presentation of Development Plans**

The Development Plans will be a baseline for the development of Sub-Project proposals. Development plans present cross-destination gaps and destination specific gaps. Cross-destination gaps are either not unique to the destination or require a level of support from outside the destination, and they affect most destinations (of the 10 destinations of focus for LRCP). Destination specific gaps are specific for a particular destination and they have been developed for each of the ten priority destinations as described in Section I.2 of this Grant Manual. The presentation of the development plans will be conducted in each destination separately and they will be published on the LRCP's website. Development plan presents priority segments and recommendations at the destination level that need to be addressed in the sub-project proposals. The development plans will be distributed and explained to all interested stakeholders. Development plans with destination specific gaps will also be part of the destination management process of Component 2.

## **3. Information meetings**

Prior to the launch of the call, information meetings will be organized for potential beneficiaries. These meetings will present and explain the application process and procedures for the upcoming call to the potential applicants. These meetings will be organized in each of the 10 destinations, and potential beneficiaries will be invited in order to present to them the information about the project specifics, conditions for participation, procedures and documents templates. Information will be developed and disseminated to all interested applicants in order to guide them through the application process. The set of templates will be presented and explained in detail as well as eligibility criteria, and they will be published on the LRCP's website.

## **4. Call for Proposals**

The PIU prepares and issues public call for proposals that will clearly state the objectives and potential beneficiaries of the calls. The call for proposals will be published in at least three daily national newspapers as well as on LRCP's website. Each call will clearly state that it is consisted of two stages: Expression of Interest (first stage) and Full Proposal (second stage) for those applicants that have passed the Expression of Interest eligibility check. Deadlines for submission of applications for each stage will be clearly stated in the public call for proposals. The stated date in the public call will be considered as deadline for submitting applications by post office and the LRCP working hours (up to 16:30 pm) will be followed if submitting applications directly to the office. All applications should be submitted in both English and Macedonian language, in hard copy (original) and soft copy (USB or CD) in word format, whereas the potential beneficiary is overtaking the responsibility that the submitted hard copy and soft copy are identical. Applications submitted by e-mail will be considered ineligible. An applicant can apply with different sub-project proposals per call, however only one sub-project can be approved for financing per a call. An applicant is not allowed to submit same sub-project proposal more than once per one public call, regardless of whether the application is proposed alone or in partnership. Several rounds of calls will be conducted throughout the duration of the project.

### **4.1 Expression of Interest**

For the Expression of Interest (EoI) all eligibility criteria for sub-project will be clearly stated (see Table 6) as well as eligibility criteria for potential beneficiaries (in accordance with the criteria set out in this Grant Manual). Complete package of necessary documentation including the template for Expression of Interest (see Annex 1) and EoI Checklist (see Annex 2) are part of this Grant Manual. All documentation and templates will be disseminated to all interested candidates and available on LRCP's webpage. The complete package for EoI to be submitted by interested applicants includes:

- Applicant Statement signed and sealed;
- Fully completed Expression of Interest form;
- In case of partnership, a signed letter of intent between partners (with clearly defined roles and responsibilities);
- Registration certificate of the applicant from the Central Registry of the Republic of Macedonia not older than 6 months showing the applicant's legal status;
- Environmental Protection Questionnaire completed;

#### **4.1.1 Submission of Expression of Interest**

The applicants will have 45 days (starting from the date when the Call for Proposals is published) for preparation of EoI that would in general describe their sub-project proposal and would include filling up set of templates that presented as part of this Grant Manual including the environmental

assessment checklist. During the call, all potential applicants can request any clarifications from the LRCP PIU by email, no later than 14 calendar days before the deadline for submission of Expression of Interest. All questions and answers will be published on LRCP website. Replies will be given no later than the 7 calendar days prior to the deadline for submission of Expression of Interest. The PIU team has no obligation to provide clarifications to questions after this date.

#### **4.1.2 Expression of Interest screening by PIU**

The PIU will first do an administrative check of the submitted EoI packages in order to ensure that:

- The application was submitted before the closing date;
- The EoI package is complete without missing information documents (as listed in section 4.1 above).

No further submission of documentation will be accepted after the stated EoI deadline in the call for proposals. Applicants that do not pass the administrative check will not be able to proceed forward with the next stage of preparation of Full Proposal and will be automatically rejected.

Once the applications pass the administrative check, the PIU will do the first screening of the Expression of Interests based on following eligibility criteria:

- The applicants must be Municipalities, regional planning centers, or other public entity from the country as defined in Section II.3.3 (the applicants respect the legal status criteria)
- The sub-project proposal's activity is not on the negative list of activities under Section II.1 that can be financed by this part of the sub-component;
- The applicant's sub-project proposal targets at least one of the 10 identified destinations in the call;<sup>9</sup>
- The sub-project proposal is coherent in addressing the gaps/needs identified in the Development plans and stated in the objective/s of the call;
- The proposed sub-project activity has not received funding from other sources for the same proposed activities;
- The applicant's proposal involves at least 60% civil works (and/or civil works machinery, equipment, vehicles etc.) from the requested Sub-Grant amount. All previously mentioned items should be related to the Project activities.
- According to the EMF, the Applicant's proposal belongs to the projects under Category B or C, screened as such in accordance with WB environmental safeguard policies (category A

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<sup>9</sup>Note that an applicant from any municipality or public entity may apply, as long as they demonstrate that their project addresses an identified gap and is related to at least one of the 10 destinations.

projects will not be eligible for financing) and is not excluded by the general WB group policies (listed in the table 4, section II.2)

If any of the above requested information is answered with NO, the application will be rejected on that sole basis and the application will not be evaluated further.

PIU will use the following eligibility criteria check-list to verify the compliance with the eligibility criteria:

| LRCP                               |  |           |
|------------------------------------|--|-----------|
| ELIGIBILITY CRITERIA at EOI stage: |  |           |
|                                    | ACTIVITY   | CHECKLIST |
| 1                                  | The applicant belongs to the list of eligible beneficiaries/respects the legal status criteria   |           |
| 2                                  | Proposed activity is not on the negative list of activities as per table 4;  |           |
| 3                                  | The applicant's proposal targets at least one of the listed destinations in the call   |           |
| 4                                  | The applicant's proposal involves at least 60% civil works or civil works machinery, equipment, vehicles etc. from the requested Sub-Grant amount. All previously mentioned items should be related to the Project activities.                               |           |
| 5                                  | The project contributes to fill in the A) non-destination specific identified in the Tourism Development Plan or B) destination specific gaps identified in the Tourism Development Plans for each of the ten destinations that is/are objective of the call |           |
| 6                                  | Public entities that are represented on the LRCP Steering Committee are not eligible; (members of the Project's SC may apply as individuals only if the member withdraws from being members of the SC.   |           |
| 7                                  | Applicant has not received funding for the same project activities proposed in the project-proposal from other sources;  |           |
| 8                                  | Environmental Protection Questionnaire filled in confirms that the project is under environmental category B or C;   |           |
| Table 6: Eligibility criteria      |  |           |

All criteria must be answered positively, otherwise the EoI will be rejected.

#### **4.1.3 Environmental and Social Screening Procedures for Infrastructure Sub-Projects**

Main purpose of screening is to confirm that project implementation is respecting both Bank's environmental and social policies and national legislation.

For the purpose of capacity building of the project in the field of environmental protection Environmental Expert (EE) is engaged full time during the project implementation as a member of the PIU. EE will conduct screening of all infrastructure (and other) sub-projects. Prior to environmental review, applicants will provide required environmental and other information for the proposed sub-project through previously prepared forms defined in the EMF (Questionnaire in Annex Bof EMF and Appendix 2 of EoI of this Grant Manual). The EoI will include a certain degree

of self-assessment including environmental screening, environmental categorization which determines the sub-project's eligibility, scope of environmental assessment, construction and/or emissions permitting and other environment related documentation required for sub-project approval and implementation. The EoI will then be screened and assessed by the EE providing opinion and recommendations on category as well as needed environmental assessment in the Screening Report (form available in Annex C of EMF). Screening procedures will include categorization procedures, documents revision and possibly site visit and interview with the applicant. A site visit during the screening procedures, and prior to EA/EMP approval the latest, is mandatory for B+ category projects. In the case the screening procedure identifies works on cultural heritage and/or needs for land acquisition, Cultural Heritage/Social Expert will be engaged, coordinating its work with the EE.

In addition, PIU will create a Supervision Screening Team (SST) composed by experts of various qualifications and coordinated by Environmental Focal Point. The purpose of SST is to supervise project screening based on a criteria and laws respected by the government (not only environmental - e.g. According to National Law for Construction, every infrastructure project is a subject to supervision). Upon the Environmental Expert's Screening Report the SST will review, discuss and, if necessary, supplement/revise the screening process, and provide the final recommendation on approval to CPDMEA.

Environmental Specialist of World Bank will closely work with the Environmental Expert and the Environmental Focal Point during the screening and sub-project categorization during EoI stage, providing assistance and advice.

The final Screening Report is distributed to the Applicant and PIU (CDPMEA), and may be shared with the World Bank as part of the Bank's process of issuing its no-objection.

The EE in coordination with SST will be responsible for environmental supervision of all sub-projects financed by LRCP, especially projects from component 3.1. The aim of this supervision team and EE will be to control the process of implementation of sub-projects and report to the PIU regarding all necessary issues.

Upon the finalization of screening, if information on eligibility and invitation to submit full proposal application is received, the Applicants should commence preparation of required EA for B category sub-projects.

#### **4.1.4 Information to eligible and rejected EoI applicants**

Once the EoI eligibility check is completed, the PIU will inform the eligible applicants in writing within 7 days. The eligible applicants will be invited to develop full sub-project proposals within the provided timeframe as described in the sub-project cycle table (70 days). PIU prepares a summary list and report of all received EoIs, including whether or not they passed the administrative check, to the CDPMEA and World Bank.

An applicant who's EoI have not met the eligibility criteria will be informed in writing by email followed by an official letter by PIU within 7 days after EoI eligibility check completion. Reasons for not being accepted will be clearly stated in the letter.

## **4.2 Full Proposal**

All eligible applicants will have 70 days to develop their full sub-project proposals. The exact date and time deadline for submission of full applications will be indicated in the call for proposals and published on LRCP's website. All eligible applicants are strongly advised not to wait until the last day to submit their full applications. No full proposals will be accepted after the deadline announced under the particular call.

### **4.2.1 Workshop on full sub-project proposal**

Once the eligible sub-projects are selected and informed based on the EoI applications, workshops will be organized by the PIU for all interested applicants in order to answer to their questions and provide clarifications regarding the full sub-project proposals. This will help to minimize mistakes in the course of preparation of the full sub-project proposals and ensure that all needed supporting documents and information are presented as part of the full sub-project proposal package. Clear guidelines of how to fill in each of the full proposal templates will be provided, criteria and guidelines for applicants will be distributed. After the workshops, PIU will be at the applicants' disposal for any assistance or guidance needed in the course of preparation of the full sub-project proposals. Applicants can communicate their questions or requests for clarification about full sub-project proposal with PIU via emails, official letters or direct visiting the PIU office.

### **4.2.2 Full proposal submission**

EA/EIA with EMP for all category B projects must be approved by the EE and WB Environmental Specialist, publicly disclosed in line with the national regulation and WB policies and finalized prior to the final proposal submission.

The sub-project full proposal applications must follow the template that is provided in this Grant Manual (see Annex 3). The Full Proposal Application consists of the following documents:

- Check list of all submitted documents
- Full Proposal Application Letter
- Section 1: Applicant Profile
- Section 2: Sub-Project Profile
- Section 3: Business Plan that will be consisted of the following:
  - A) Applicant's Capacity,
  - B) Relevance including Implementation Plan,
  - C) Sub-Project expected impact
  - D) Budget and Finance and
  - E) Sustainability;

- Section 4: Risk Analysis
- Section 5: Simplified Procurement Plan
- Section 6: Environmental Due Diligence Documentation

For all above listed sections, templates are developed and are part of this Grant Manual. Along with the full sub-project proposal submission, the applicants will be requested to submit the following supporting documentation<sup>10</sup>:

Appendix 1: Co-financing statement

Appendix 2: In-kind contribution form (if needed)

Appendix 3: Documents to confirm financial transparency and accountability: evidence that the public entity has published its financial statements, and audit report (if applicable) for the last two years at their website (links to the website);

Appendix 4: Applicant's planned budget for the upcoming year

Appendix 5: Decision of the Applicant's governing body (Municipality Council, Board of Directors, Management Board etc.) adopted for approval of the financial contribution to the proposed sub-project.

Appendix 6: CV of the Sub-Project Coordinator/Lead Coordinator

Appendix 7: A copy of partnership agreement in case of multi entities proposals (or similar kind of document) which regulates the future cooperation of the parties (in accordance with the national legislation);

Appendix 8: Sub-project related documentation depending upon the type of the sub-project proposal:

- Extract from detail urban plan (obligatory for full proposal)
- Ownership: Property Certificate/Documents confirming right of use related to the application etc (obligatory for full proposal)
- Complete Investment-Technical documentation and all necessary reports according to the Law on Construction; (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest)
- Certificate of object of cultural heritage if it is included in the proposal (if present, obligatory for full proposal);
- Complete Investment-Technical documentation according to the Law on Cultural Heritage Protection (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest);

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<sup>10</sup>The LRCP PIU reserves the right to request additional documents and certificates, if necessary.

- Construction permit, Conservation approval and all other necessary permits according to the Law on Construction, Law on Cultural Heritage Protection and other applicable Laws (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest);

### **4.2.3 Full proposal business plan**

The business plan that need to be developed in the full proposal and will be subject to evaluation by the Technical Committee will contain the following sections:

#### **A) APPLICANT’S IMPLEMENTATION CAPACITY - 15% from the total score**

The applicant should demonstrate that they have strong, relevant experience in project implementation of projects similar in terms of scope, types of investment and scale. The applicant should list the most important, relevant project/s they have implemented, provide short project description in terms of the type of the project, size, scope and scale as well as list the results of the implemented project/s.

Applicants should demonstrate operational capacity to be actively involved in the implementation of the proposed activities and appoint sub-project coordinator that will act as main contact person for all project related issues. The appointed/selected Sub-Project Coordinator should have relevant experience in project implementation and should list 3-5 more relevant projects he/she has implemented participated in implementation (including in what capacity and what position he/she was doing so) and what were the results. The proposed Sub-Project Coordinator in EoI stage, can now be changed in Full Proposal stage, as this person should be carefully selected, be experienced and dedicated to the sub-project implementation. In exceptional cases if the sub-project is selected for financing, the nominated Sub-Project Coordinator in the Full Proposal can be replaced with other Subproject Coordinator during the implementation, however the new Sub-Project Coordinator should own the same level of experience and expertise. The Sub-Project Coordinator shall communicate regularly with the LRCP PIU, so his/her availability should be maintained.

In case two or more beneficiaries apply together, one Lead Coordinator must be appointed to represent all beneficiaries. He/she will be responsible for coordination of the sub-project activities and will regularly interact with all partners and LRCP PIU to ensure smooth sub-project implementation.

This section will be evaluated also on whether the sub-project is proposed in partnership and is fostering integrated approach. The public-sector applicants should provide information about the financial past performance and provide link to the published financial statements for the last 2 years.

#### **B) RELEVANCE-35% from the total score**

The applicants will have to justify the need of the sub-project and its compliance with the objective of the call: namely, how the proposed sub-project will meet the gaps (non-destination specific and destination specific) identified in the Tourism Development Plans. The applicant should describe what will be the relevance of the proposed sub-project for tourism development of at least one destination or benefits/relevance to more than one destination. It should clearly show how the proposed sub-project will make destination more competitive. The applicants should provide more insights into the location of the sub-project and its attractiveness from tourism standpoint. (is it accessible, is it located to an existing or potential visitor area etc)

In this section, the overall rationale of the proposed sub-project should be presented, its impact at the destination(s) and target group. The overall quality means whether the proposed sub project is reasonable and realistic and whether the proposed objectives and activities are reachable and viable to fill the gap/s. If the sub-project is addressing the A) non-destination specific gaps, it should clearly explain which gap or gaps will be addressed and explain how; and which destination will have impact from the sub-project implementation. If the sub-project is addressing the B) destination-specific gaps, it should clearly define which priority market segments it will be able to attract due to sub-project activities and how.

Sub-project feasibility and technical implementation will be assessed (in terms of how the proposed technical design matches the planned budget, timeframe, if it allows achieving the expected results, etc.). The specified description of activities must correspond with the provided technical documentation and be aligned with the Environmental Assessment reports (ESIA, ESMP and ESPM checklist).

The technical committee will give special attention to the technical documentation and completeness, and realistic quantities and unit rates in bill of quantities will be assessed. No sub-projects will be accepted if the technical documentation is incomplete or is of unacceptable quality.

Implementation should be summarized in relation to description what types of activities and related types of work (restoration, reconstruction, construction) will be executed, taking into account adaptation of the sites if needed, assigned resources to fulfill each of the listed activities, expected results, estimated budget and timeline (detailed implementation plan). Certain proposed activity from the EoI phase can be taken out, due to unforeseen issues, when developing plan of activities in Full Proposal phase. That activity cannot be replaced with any new activity, or be relocated, at this phase and no addition of activity/activities that has not been subject to Environmental Screening is allowed in Full Proposal phase. The proposed change cannot be such that impacts the original categorization and level of risk for the sub-project, nor it can aggravate the environmental conditions or escalate potential environmental impacts.

### **Sub-Project Implementation plan**

Implementation plan is part of Section B and is presented in graphical (table) form as part of the application form. It should indicate the sequence of all major activities and implementation milestones, including targeted beginning and ending dates for each step. The Implementation Plan

should show a logical flow of steps, indicating that all the activities that must be executed have been carefully thought through from the current to the end of project situation.

**C) SUB-PROJECT EXPECTED RESULTS-20% from the total score**

The proposed sub-projects should substantially raise the attractiveness and increase the economic activities of the identified destinations. The applicant will need to clearly explain what will be the impact contribution of the proposed sub-project to the destination in terms of economic, socio-cultural, environmental impact. The applicant should present what are the expected destination outcomes from the implementation of the proposed sub-projects and how they will contribute towards the overall goals of the development plans. They will be assessed in lights of: increased number of tourists, increased number of overnights, stimulation of business linkages, stimulation of private sector investment and job creation. The sub project proposals in tourism related infrastructure in the destinations is expected to provide solid ground to significantly stimulate job creation.

**D) BUDGET AND FINANCE-20% from the total score**

Budget Proposal: The proposed budget must include all eligible costs of the sub-project based on the proposed activities and implementation plan.

The following costs should be included in the proposed budget:

- for execution of EMP (Category B projects);
- for Supervision of Infrastructure activities (Consulting Services);

For sub-projects under sub-component 3.1 (infrastructure Sub-Grants) operating costs are not supported for funding. Operating costs: office rent, utility bills, office supplies, travel costs, daily allowance.

The description of all items must be sufficiently detailed and all items broken down into separate budget lines for each activity. It is of the applicant's best interest to provide realistic and cost-effective budget as it will be reviewed by Technical Committee experts. The estimated costs should be calculated either on the basis of other similar projects executed by the Sub-Grant applicant in this area i.e. market reference, or norms and costs of particular unit rates for particular types of works based on the design and technical documentation for the proposed sub-project, and respective bill of quantities adjusted with use of market references

At the Full Proposal stage, applicants are allowed to make adjustments to the proposed budget in the Expression of Interest stage within 20-25% latitude, but without surpassing the Sub-Grant available limits. They may also make reallocations among budget lines within 20% -25% limit.

The forward budget must:

- show all the costs that the applicants consider necessary to carry and closely related to the Sub-Project and give an indication on the different types of resources and their related costs (technical, administrative, etc.);
- be sufficiently detailed to allow identification, monitoring and control of the operation(s) proposed;

The LRCP will not finance any cost that are on the list of non-eligible costs as defined in section I. 5 General Principles of Funding.

There also should be confirmation of willingness of municipal administrations to co-finance the project with sources of financing defined and confirmed (by letters of intent or/and confirmation of corresponding lines in the municipal budget if municipality is the applicant). In case of multi entities sub-projects proposals, details upon co-financing should be determined among the partners.

In this section, the applicant should clearly state how they are planning to co-finance the minimum percentage of the sub-project's requested grant which is minimum 10%, cash, in-kind or cash and in-kind contribution. The in-kind contribution value should be verified by a licensed valuator in case the sub-project is selected for financing. The applicant providing higher proportion of its financial contribution (over 11%), will get higher score. Read more details on in-kind contribution in section II.11 Financial Management.

## **E) SUSTAINABILITY-10%**

The applicant must be able to provide information on how they expect to continue operating the sub-project and sustaining the results of the sub-project over time. Operations and maintenance costs will definitely arise, so the applicant will need to explain how they are planning to maintain the sub-project after its completion (operation budget, required staffing, personnel responsible etc.). These are key issues to consider to make sure that the results of investments are sustainable. Sustainability and maintenance plan should be included in this section, together with budgets and proposals for financing the respective operations budget. All questions in the full proposal application form must be considered in this section.

Along with the above described sections, the full sub-project proposal will need to have the following sections as well that will not be part of evaluation process but they are mandatory:

### **SECTION 4: RISK ANALYSIS**

The applicants will be requested to make an analysis on potential risks related to the sub-project (such as operational, financial, legal, technological, market risks etc.) that might occur during sub-project implementation. Once potential risks are identified, applicants should provide measures that will be undertaken to mitigate the anticipated risks.

**SECTION 5: SIMPLIFIED PROCUREMENT PLAN-** a sample simplified procurement plan must be provided as part of the full proposal application.

## **SECTION 6: ENVIRONMENTAL DUE DILIGENCE DOCUMENTATION**

Results of the Environmental Screening shall be reflected in the environmental screening form/report. Based on recommendations of the Final Screening Report, Applicants should prepare a set of environmental due diligence documents as described in Chapter 1.4.2 of this Grant Manual (Table 2 Environmental Due Diligence Documentation).

Environmental assessment (including EIA) process undertaken within the preparation of sub-projects will follow the guidelines specified in Environmental and Social Management Framework (EMF) for LRCP in accordance to operational policies of the Bank and national legislation. Same rule applies for EU Policies. Compliance of Due Diligence Documentation will be determined through review procedure as described in Chapter 1.4.3 of this Grant Manual.

All Applicants/sub-projects will follow the environmental review process presented in details in the Chapter I.4.3: Environmental Review Procedure.

All types of EA reports (ESIA, ESMP or ESMP Checklists) must be: (i) reviewed and approved by WB environmental team prior to disclosure, (ii) disclosed and publicly consulted as described in the Chapter 8 of the LRCP ESMF and Chapter 1.4.4 of this Grant Manual. Only after the consultation comments, remarks, suggestions and similar have been addressed in the EA, it can become final. Requirements of EMPs or EMP Checklists are to become a part of bidding and contracting documentation.

### **4.2.4 Administrative check**

After the closing date of the call for full proposals the PIU will do an opening of the submitted full proposals and will conduct an administrative check of the received full applications to assess:

- If the submission deadline has been met. Otherwise, the full application will automatically be rejected.
- If the full application has all the needed documentation specified in the checklist. If any of the requested information is missing, the application will be rejected on that sole basis and the full application will not be evaluated further.

The full applications that pass this check will be further evaluated by the Technical Committee in light of the selection criteria set out in Section 4.2.5.2 and stated in the call for proposals.

### **4.2.5 Evaluation and Selection by Technical Committee**

All applications that passed the administrative check will be examined and assessed by experts on the Technical Committee. The CDPMEA/PIU have selected Technical Committee (TC) experts, and depending upon the objectives of the call, they will be engaged accordingly. For Infrastructure Grants, Technical Committee will be composed of one qualified Tourism Expert, one Business Development Expert, one Civil Engineer expert, and one Architect Expert If there is a need Skill/Organizational

Development Expert will be invited to evaluate the applications accordingly. Technical Committee members generally have international experience, although a mixture of local and international experience may be used in order to provide all of the expertise necessary to evaluate the proposals. If there is a need, TC Experts should be able to conduct site visits during review of the sub-project proposals taking into account the projected deadlines. The Committee's function is to evaluate the full sub-project proposals and to evaluate them against the selection criteria grid presented in Section 4.2.5.2.

The Technical Committee will be responsible to:

- Read and sign Conflict of Interest-Non-Disclosure form;
- Attend all technical committee member meetings (in person or via Skype/internet<sup>11</sup>);
- Evaluate the sub-project proposals using the set of criteria developed in this Grant Manual;
- Discuss the evaluation of the proposal at the TEC meetings;
- Ensure fair and equitable treatment of all sub-project proposals;
- Recommend budget negotiations in case it is decided necessary for smooth implementation of the sub-projects;
- Prepare Evaluation and Scoring Report with detailed explanation/justification of the proposed scores/rating under each of the criteria for each particular sub-project proposal;
- Maintain confidentiality of information presented in the proposals throughout the process.

#### **4.2.5.1 Avoidance of conflict of interest**

To avoid conflict of interest, Technical Committee members will be asked to sign no conflict of interest statement. Technical Committee experts, who are directly or indirectly related to a sub-project proposal, were involved in preparation of any part of it, or if a candidate under consideration is his family/relative will be asked to refrain from participating in the evaluation process of the sub-project proposal, subject of conflict of interest. Also, Technical Committee members are not allowed to be involved in execution of any of the awarded sub-projects.

All Technical Committee members have an obligation to disclose any real potential or apparent conflict of interest as soon as it arises to the PIU LRCP and in the case of a possible conflict of a financial or business nature, also to the CDPMEA.

In response to a possible conflict of interest situation involving one or more the Technical Committee members, the PIU is responsible for:

- reviewing the conflict of interest situation;
- assessing the materiality of the conflict of interest and any necessary mitigation measure;
- discussing the proposed response with the CDPMEA;

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<sup>11</sup>After the first call, there is a possibility to establish online Platform for sub-projects submission where the TC members can evaluate the received sub-projects online

- informing the Technical Committee member of the final decision on how to proceed; logging the case and outcome in the PIU LRCP's archive.

If no conflict of interest is identified, the Technical Committee member will continue its function. In cases when the conflict of interest is identified, as a result, the Technical Committee member will be replaced with a Technical Committee member from the other technical committee group and will be refrained from the evaluation process of the sub-project proposal, subject of conflict of interest. .

#### **4.2.5.2 Selection of the proposals**

Technical Committee will be analyzing full sub-project proposals that have passed the administrative check using the following selection criteria grid. In addition, each expert shall provide a supplementary write up explaining and justifying why he/she assigned a particular score under each of selection criteria under the reviewed sub-project proposals.

| SELECTION CRITERIA                                     |  |      | max    |
|--|--|------|--------|
| <b>CAPACITY OF THE APPLICANT</b>                       |  |      |        |
| <b>15%</b>   |  |      | Max 15 |
| 1  | Previous experience of the applicant in implementation of relevant/similar projects in terms of scope, types of investment, budget   | 5-0  | 5      |
| 2  | Sub-Project coordinator's capacity and experience in similar project implementation in terms of scope, types of investment, budget   | 5-0  | 5      |
| 3  | Subproject is submitted in partnership   | 3-0  | 3      |
| 4  | Has the applicant published the financial statements for the last two years?   | 2-0  | 2      |
| <b>RELEVANCE</b>                                       |  |      |        |
| <b>35%</b>   |  |      | Max 35 |
| 5  | Sub-Project is aligned with the objective of the call. It addresses either A) non-destination specific gaps or B) specific destination gaps identified in the Tourism Development Plans and it clearly shows how it will make destination more competitive | 11-0 | 11     |
| 6a   | For cross-destination gaps: Sub-project has multi destination impact   | 5-0  | 5      |
| 6b   | For destination-specific gaps: Sub-project will contribute towards attracting the priority market segments   | 5-0  | 5      |
| 7  | Technical quality of the proposed sub-project is designed to meet the identified needs in the destination and is achievable  | 7-0  | 7      |
| 8  | The information provided in the application is aligned with the EA reports and technical documentation   | 7-0  | 7      |
| 9  | Is the Bill of Quantity complete? (realistic quantities and unit rates)  | 3-0  | 3      |
| 10   | Is the provided timeline for sub-project activities realistically projected? (to fit within the specified timeframe)   | 2-0  | 2      |
| <b>EXPECTED RESULTS</b>                                |  |      | Max 20 |
| <b>20%</b>   |  |      |        |
| 11   | Project will contribute towards increased number of tourists;  | 4-0  | 4      |
| 12   | Project will contribute toward increased number of overnights  | 4-0  | 4      |
| 14   | Stimulates business linkages (the sub-project enhances cooperation among domestic enterprises, facilitates the transfer of technology, knowledge and skills, improves business and management practices etc)   | 4-0  | 4      |
| 15   | Sub-project is likely to attract further private sector investment   | 4-0  | 4      |
| 16   | The sub-project will contribute towards job creation   | 4-0  | 4      |
| <b>BUDGET, FINANCING AND EXPECTED FINANCIAL IMPACT</b> |  |      |        |
| <b>20%</b>   |  |      | Max 20 |

|                       |   |        |    |
|-----------------------|---|--------|----|
| 17                    | Is the proposed budget clearly defined (budget lines correspond with planned activities)  | 7-1    | 7  |
| 18                    | Is the proposed budget reasonable and realistic   | 5-0    | 5  |
| 19                    | Type of Co-financing  | 4-0    | 4  |
| 20                    | Co-financing amount from total requested Sub-Grant amount   | 4-1    | 4  |
| <b>SUSTAINABILITY</b> |   |        |    |
| <b>10%</b>            |   | Max 10 |    |
| 21                    | The proposed sustainability plan is reasonable and realistic, it has taken into consideration all questions in the application (the plan includes operations and maintenance plan including operation costs, staffing etc., as well as sustainability of results) | 10-0   | 10 |

In order to be proposed for funding, the sub-project proposal will need to score minimum 70 points. This score is a result as an average of scores received from all TC members. During the evaluation of proposals, at the TEC's request, PIU may require the applicants to supply further information for clarification of the submitted proposals regarding technical contents, proposed financed costs, and procurement plan. Information may be exchanged via written correspondence and e-mail.

At the end of the evaluation, sub-project proposals will be subject to one of the following:

- Listed, in order of ranking, based on the score obtained after evaluation, and indicating the proposed amount to be financed by LRCP funds;
- Rejected, stating the reasons for rejection (beneficiary failed to meet the selection criteria or did so only partly or is not amongst the best proposals proposed for award given their ranking which is minimum 70 points).
- Included in a reserve list. The Technical Committee, or PIU can decide. to maintain a reserve list composed of proposals which have obtained a score above the threshold (minimum 70 points) but which exceed the funding available.

The Technical Committee recommends the list of sub-projects to be awarded for funding. TC can also recommend negotiations of the proposed amounts or rates on the basis of the provisional budget submitted by the applicant, by analyzing market factual data or similar actions of grants already carried out before the Sub-Grant Agreement is signed. In such case, the LRCP PIU will conduct the budget negotiations in accordance with TEC's recommendation in order both sides to agree on changes necessary for smooth implementation.

The unselected proposals may be adjusted and apply in the next relevant LRCP call if there is one.

The Technical Committee must deliver detailed evaluation report and the final ranking of the proposals for selecting the winning applicants for Sub-Grants, that will be signed by all members of the Technical Committee, and will be submitted to the PIU. Upon the LRCP PIU's request (even after the final ranking obtains approval from CDPMEA and no-objection from the WB), Technical Committee members will be responsible for providing justification for the ranking and selection of

the sub-project proposals.

#### **4.2.6 Report to CDPMEA and World Bank**

The PIU will prepare a Report that along with the Technical Committee's final evaluation and scoring report will be send to CDPMEA for their review and approval. The World Bank will be copied in this communication. The PIU along with the above-mentioned report will send findings from site visits conducted by PIU team which could contribute in the review process by CDPMEA.

CDPMEA shall submit a list of selected sub-project proposals along with the final Technical Committee's report to the World Bank for No-Objection. The CDPMEA should provide a justification in cases when does not agree with the proposed list of winning applicants recommended by the TC.

#### **4.2.7 Notification of award**

All applicants will be informed by the PIU in writing about the final decision concerning their application. In case of rejections. the scores and reasons for rejections stated by the Technical Committee will be clearly presented to the applicants. The unselected proposals may be adjusted and apply in the next relevant LRCP call, if a call covering applicable activities is held.

If one of the selected sub-projects rejects the proposed conditions in the Sub-Grant Agreement within provided timeline of one month, the PIU is obliged to contact the highest scoring applicant from the reserve list. The reserve list will expire six months after the notification of the results of the call. After that date, proposals on the reserve list will be considered definitively rejected.

In case of complaints, procedures will be followed as described in Section I.6-Grievance Mechanism in this Grant Manual. For the complaint to be admissible it must be filed within 7 calendar days following the date the non-award email notification has been sent to the applicant.

## **II.7 GRANT AGREEMENTS AND EXECUTION**

### **1. Signing of Sub-Grant Agreement**

In accordance with World Bank rules and procedures, a standard Sub-Grant Agreement will be offered to the beneficiaries. By signing the Sub-Grant Agreement, the Beneficiaries accept the responsibility and accountability for:

- Implementation of the planned activities and proper usage of funds;
- Reporting on the implementation plan.

The approved sub-project proposal and the final budget will be appended to and form part of the project Sub-Grant Agreement. Once the Sub-Grant Agreement is agreed upon and signed, it will not

be allowed to make significant changes to the sub-project proposal's budget during the implementation. Beneficiary can officially request reallocation within the budget due to the unforeseen obstacles during the project implementation and get a written approval by the LRCP PIU. During the sub-project implementation, it is completely beneficiary's responsibility to cover any excess costs that haven't been accounted for in the sub-project budget. The Sub-Grant Agreement should be signed within one month from the notification of the award decision. This time-limit may be exceeded in exceptional cases, in particular for complex actions, large number of proposals or in case of delays attributable to applicants, but LRCP PIU will decide on this matter based upon the completion date of the sub-project.

Beneficiary obligations:

- The assigned Lead Coordinator of the selected sub-project must have the ownership and be involved on daily basis in the whole process of sub-project implementation;
- The Lead Coordinator must communicate regularly with the LRCP PIU and inform them on the sub-project progress;
- Carrying out the sub-project in compliance with the Agreement's conditions;
- Carry out activities in line with procedures and requirements defined in ESMF and specific ESMP;
- Reporting on the implementation plan (including the ESMP);
- Reporting on the project's M&E Plan and other reports as required in the Reporting section.
- Obligation to develop a brief communication plan which will reflect the visibility guidance stated below in this Grant Manual Section II.7.3.

## **2. Implementation of Sub-Projects/Execution**

The Sub-Grant beneficiary is required to carry out the sub-project diligently and efficiently and must implement the sub-project in accordance with the procurement, financial, management, safeguard rules of the LRCP and the Sub-Grant Agreement. The Sub-Grant beneficiary is required to carry out the sub-project in accordance with the provisions of the Environmental Management Framework and must report on sub-project monitoring indicators as requested by PIU.

The Sub-Grant beneficiary shall use the financing in accordance with the Approved Sub-Project Budget and maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards, both in a manner adequate to reflect the operations, resources and expenditures related to the project.

The Sub-Grant beneficiary shall enable the LRCP and/or the World Bank to review/monitor the implementation of the sub-project (including Safeguards), its operation and any relevant records and

documents and prepare and furnish to the LRCP and the World Bank all such information as the LRCP or the World Bank shall reasonably request relating to the implementation of the sub-project. The PIU is responsible for carrying out checks and will conduct supervision missions quarterly or whenever deemed necessary.

The Sub-Grant beneficiary is required to implement the sub-project in accordance with the Sub-Project Proposal and provisions of the Sub-Grant Agreement. Any delays from the defined timeframes in the Sub-Project Proposal must be justified and requires prior written consent of the LRCP PIU and shall be communicated to the World Bank for no-objection.

During the sub-project implementation, that follows the approval, the successful Applicant is responsible for implementation of environmental mitigation and avoidance measures as well as timely monitoring and reporting defined during the ESA process and recommended in the relevant EA reports (most often ESMP or ESMP Checklist, Implementation Reports). Failure to implement safeguards measures defined in the ESA (ESIA, ESMP, ESMP Checklist) can result in delay or withdrawal of funding support for the sub-project.

The complete procurement process for this type of Sub-Grants will be conducted by the LRCP's PIU.

### **3. Visibility guidance**

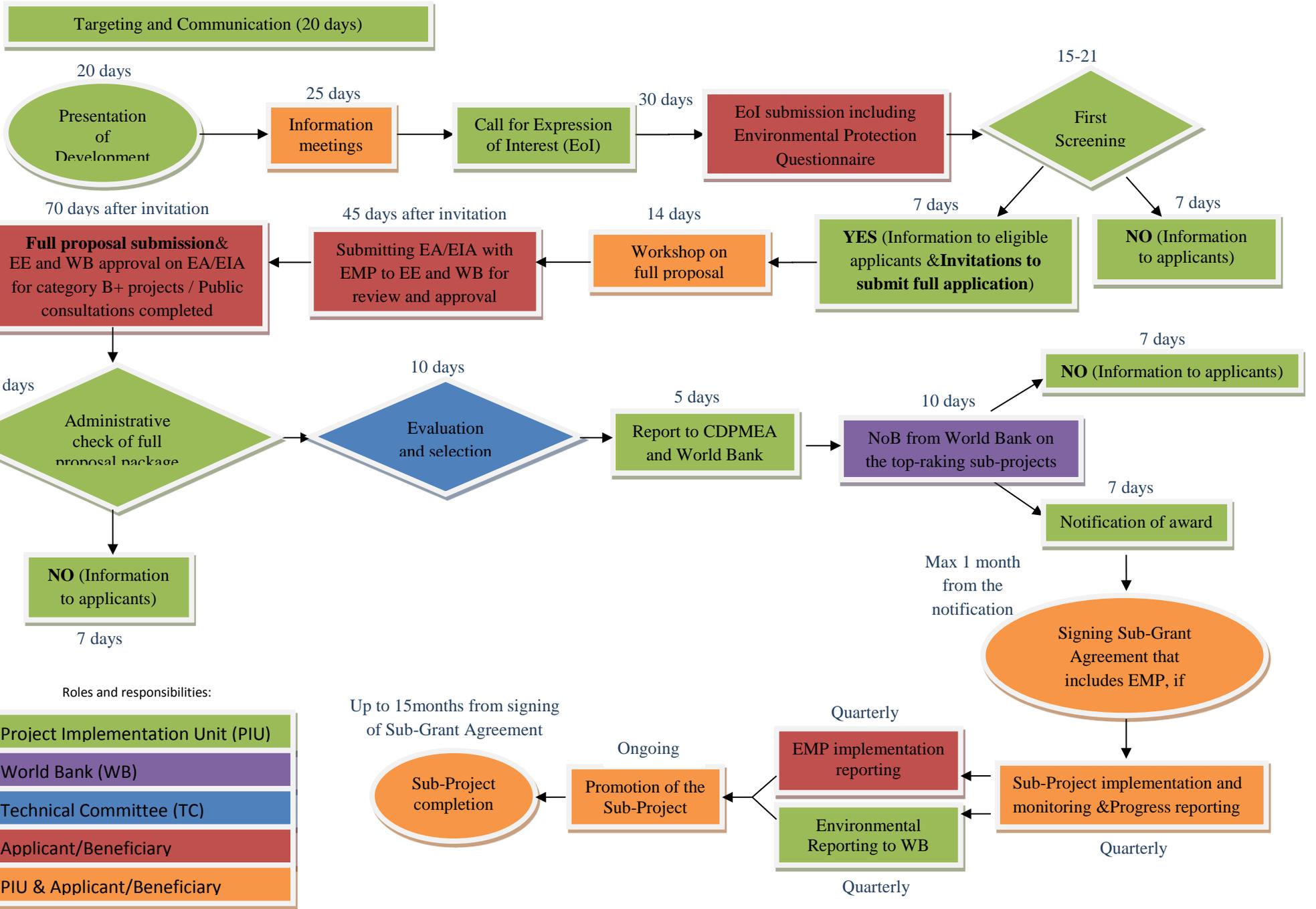
LRCP will use a common visual identity to provide guidance to beneficiaries in order to ensure that the contribution of the European Union in supporting the sub-project is widely recognized. Beneficiaries have to promote the visibility and local awareness of the sub-project through the various types of activities such as:

- All related publicity materials, official notices, reports, and publications related to the contributions are adequately reflected in local print and electronic media, explicitly acknowledge the European Union as the source of funding received;
- For tourism-related infrastructure sub-projects which will be co-financed with contributions from the EU Local and Regional Competitiveness Trust Fund, display panels, with proposed logo of the sub-project, should be clearly visible so that those passing are able to read and understand the nature of the action. The display panels should be erected beside access routes to the site where the action is taking place and should remain in place from the start of the action until year after its completion.
- After the civil works start-up date, the information board will contain the logo (the European Union flag, the World Bank logo, the Emblem of the country and the name of EU Local and Regional Competitiveness Project), acknowledging the European Union as the source of funding received, name of the Beneficiary, Contractor, and the amount of the Sub-Grant provided for the sub-project implementation.

- Photographs showing the progress of all actions, taken where appropriate to document the progress of actions and events will be used in communication materials;
- In cases in which Sub-Grant signing ceremonies take place, the beneficiaries are obliged to include officials from the European Union, and to invite local and national press upon approval of and in coordination with the EUD.

Beneficiaries are obliged to inform PIU prior activities regarding promotion, visibility and local awareness of the sub-project. The high-level EU officials will have the opportunity to visit sub-projects and issue statements at any time.

## **II.8 GRANT PROCEDURE FLOW CHART**



## II. 9 M&E and Reporting

For the infrastructure grants, the PIU LRCP will conduct the procurement process and there will be tripartite contracts signed among LRCP, Sub-Grant beneficiary and the contractors based on which the PIU will make payments directly to contractors. LRCP PIU will conduct regular monitoring in order to assess the progress of the sub-project in implementing the task activities as defined in the implementation plan. All details regarding the timing of submission of reports will be defined in the Sub-Grant Agreement. Methods of monitoring and reporting include:

**A) Progress Report:** The Sub-Grant beneficiary must submit at least quarterly progress report in hard copy and soft copy (digital document file) to the LRCP PIU within two (2) weeks after the last calendar day of the sub-project quarter. This progress reporting is a requirement for the duration of the sub-project, or until all sub-project activities are completed and the sub-project is formally closed. The quarterly report will inform LRCP about beneficiary's activity/ies within the reporting period. The LRCP PIU will perform regular on-site monitoring visits in order to assure the quality of works and design.

**B) Financial Report (as an integral part of the Progress Report):** The purpose of the financial report is to enable the LRCP PIU to monitor the expenditures related to their contribution. For more details regarding the financial reports, please refer to Section Financial Management. The Sub-Grant beneficiary will allow, the LRCP PIU and/or the World Bank to review and audit its accounts and records and other documents related to the Sub-Project and performance under the Sub-Grant Agreement.

**C) On-site monitoring visits:** The purpose of the monitoring visit by the LRCP PIU is primarily to verify that the sub-project, environmental and financial activities are occurring as reported and as stated in the approved sub-project documents. The LRCP will perform monitoring visits at least quarterly, or more often, if necessary.

Monitoring visits will typically include a review of project implementation (e.g. procedures, milestones with measurable results, timelines, tasks, agreements, policies, and financial documentation) as well as in-person meetings with relevant project team members. Monitoring visits will not only look at the documents, but also will include visits of the sub-project sites in order to observe and verify technical quality of the civil works conducted, as well as to check if the sub-projects are executed in line with the contract provisions and technical specification.

If the monitoring visit has identified any concerns, the beneficiary will be required to correct deficiencies within agreed timelines. The further financing depends on the severity of problem and it will be suspended until the deficiencies are corrected.

**D) Environmental monitoring and reporting:** Environmental supervision will be carried out by Environmental Expert (EE) and Supervision Screening Team (SST) when deemed necessary by Environmental Focal Point. In the course of sub-project approval, compliance reporting frequency will be determined for every sub-project. EE will perform project supervision by carrying out document reviews, site visits and interviews. EE will report on beneficiaries' compliance regularly to SST and WB in line with the agreed reporting schedule (quarterly), as a part of regular project status of portfolio reporting or in the case of emergency. It is recommended that SST periodically take random visits to sub-projects sites in order to ensure EE reporting on Applicant's compliance is realistically reflecting situation on the field, which should encompass all B+ category and sample of B sub-projects (Chapter I.4.1 Environmental Screening Procedures) with social and cultural mitigation measures at place. Environmental performance of EE, SST and selected Applicants will be a subject of the WB supervision missions.

The World Bank will track environmental performance of the sub-project by regular review of reports as well as by supervision of the overall screening process and implementation of environmental recommendations for the selected sub-projects, including random visits to the sub-project sites. Due to the size of portfolio detailed review and site visits by World Bank would only be done on a selected number of sub-projects. SST shall properly keep all sub-project documentation on file and make it available for EE and the World Bank upon request.

**E) Final progress report:** After the sub-project is fully completed, the last step in the sub-project is to summarize the different stages into a final report which must be submitted to the LRCP within four (4) weeks after the last calendar day of the sub-project. The final report should contain all the necessary information regarding the sub-project including successes, lessons learned, sub-project performance and financial final report.

### **General**

In addition to the formal reports required under the Sub-Grant Agreement, it is the Sub-Grant beneficiary's obligation to report significant sub-project events to the LRCP, positive or otherwise. As a contributor to the sub-project, the LRCP would like to be kept abreast of the sub-project status. In the event of favorable variations or unforeseen problems, the LRCP's early awareness will enable the LRCP PIU to work with the sub-project team in implementing any necessary changes to sub-project activities, including re-scheduling and re-budgeting.

The LRCP PIU reserves the right to suspend or terminate the financing under the Sub-Grant Agreement, if the Sub-Grant beneficiary fails to perform any of its obligations contained Sub-Grant Agreement.

## II.10 PROCUREMENT

This Section provides guidance on the procurement procedures which has to be followed by LRCP PIU, after signing of the Sub-Grant Agreement among all parties. The procurement processes under sub-component 3.1 - Infrastructure grants will be carried out by the PIU on behalf of the beneficiaries with their participation in all stages of the procurement processes.

The LRCP shall provide sub-financing to Sub-Grant Beneficiaries' - eligible specific sub-projects, as defined in the legal documents of the Project. The Grant Agreement for the Project defines the requirements for carrying out the project, including procurement: "All goods and consultants' services required for the activities and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth in the World Bank's "Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by the World Bank Borrowers" dated January 2011, Revised July 2014<sup>12</sup> and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by the World Bank Borrower" dated January 2011, Revised 2014<sup>13</sup>; and the provisions stipulated in the Grant Agreement.

Any procurement policies, procedures and guidance described in this Section are provided for internal reference by PIU and Sub - grant Beneficiaries only. In case there is a conflict or contradiction, those provided in the Bank's Procurement and Consultant Guidelines, and the provisions stipulated in the Grant Agreement shall prevail.

Proposed grant scheme for LRCP sub-component 3.1 is up to EUR 1 million for a single applying public sector entity or municipality, and up to EUR 3 million for a number of municipalities or public-sector entities applying together. (Note that these limits may be adjusted during LRCP implementation and subsequent rounds of Sub-Grants based on experience.) To ensure impact and ownership, investment guidelines require co-financing in cash or in-kind of at least 10 percent of the amount of the requested grant. The in-kind contribution value should be verified by a licensed valuator. The applicant can include costs for preparation of technical documentation as part of their in-kind contribution, as per current market value and supported with invoices.

### 1) Activities and items ELIGIBLE for financing from the proceeds of the LRCP

Eligible investments will include interventions that address the identified gaps either cross destinations or destination specific, depending upon the objectives of the call.

Examples of activities and items eligible for financing for Sub-Grants under this sub-component 3.1- Infrastructure investments include intervention to improve physical condition of attractions and

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<sup>12</sup> Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by the World Bank Borrowers" dated January 2011, Revised July 2014 <http://pubdocs.worldbank.org/en/492221459454433323/Procurement-GuidelinesEnglishJuly12014.pdf>

<sup>13</sup> "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by the World Bank Borrower" dated January 2011, Revised 2014 <http://pubdocs.worldbank.org/en/894361459190142673/ProcurementConsultantHiringGuidelinesEngJuly2014.pdf>

tourist sites in public ownership, access to cultural and natural heritage sites, related promotion and branding of destinations and sites, etc.

Examples of possible project types for infrastructure grants but not limited to, include:

- Mapping and upgrading of hiking and biking routes and trails,
- Rehabilitation of tourism-related municipal infrastructure and utilities,
- Visitor Signage and interpretation;
- Upgrading public spaces and cultural heritage buildings,
- Construction or rehabilitation of tourist information kiosks and offices,
- Restoration of cultural and natural heritage sites as well as of traditional and historic significance buildings (buildings of historic value and/or traditional architecture),
- Improvement of access roads to sites and attractions, transport facilities, landscaping and public parking;
- Promotion and branding;
- Other sub-project types that will contribute to the fulfillment of the objective of the call and will demonstrate that it meets a gap in the DP.

## **2) Activities and items NOT ELIGIBLE for financing from the Project**

The following procurements will be considered as not eligible for financing by the sub-projects:

- Contracts for procurement of goods, works, non-consulting and consulting services between a sub-project grantee and their subsidiary or affiliated companies, unless there is an established arms-length arrangement;
- Procurement of second hand goods;
- Procurement of refurbished<sup>14</sup> goods;
- Firms/individuals proclaimed as debarred in accordance with Paragraph 1.8 - 1.10 of the Procurement Guidelines and 1.11 - 1.13 of the Consultant Guidelines. The entire World Bank List of Debarred Firms is available on the following link: [www.worldbank.org/debarr](http://www.worldbank.org/debarr).

No Category A screened sub-projects will be financed (screened in accordance with WB environmental safeguard policies). No projects affecting forests or ones that impacts use of pesticides or international waters can be financed, in accordance with Environmental Management Framework (EMF) and triggered WB safeguard policies. Please read sections I.3 and I.4 of this Grant Manual for more information.

The following activities will not be eligible for financing by the project:

- Investment within designated “Special Tourism Development Zones”;
- New construction or substantial investment in general municipal infrastructure (which may be funded under other existing projects), as defined in Section II.2;

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<sup>14</sup> Servicing and/or renovation of older or damaged equipment to bring it to a workable or better looking condition. Read more: <http://www.businessdictionary.com/definition/refurbishing.html>

- Projects which are likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented and may affect an area broader than the sites or facilities subject to physical works;
- Investments in designated protected areas, which would have negative impact on natural and critical habitats and species;
- Activities impacting fragile ecosystems, gambling and betting facilities/activities, important habitats, and green-fields of outstanding aesthetic value;
- Release of genetically altered organisms into the natural environment;
- Manufacturing, distribution and sale of banned pesticides and herbicides,
- Drift seine netting in the marine environment,
- Hazardous waste storage, treatment and disposal,
- Activities requiring conversion of forests, wetlands, and alpine/sub-alpine meadows;
- Other items included in the standard negative list from the World Bank, including:
  - Manufacturing of equipment and appliances containing CFCs and other substances regulated under the Montreal Protocol,
  - Manufacturing of electrical equipment containing polychlorinated biphenyls (PCBs) in excess of 0,005 % by weight,
  - Manufacturing, handling and disposal of radioactive products,
  - Manufacturing of asbestos containing products,
  - Nuclear reactors and parts thereof,
  - Tobacco, unmanufactured or manufactured,
  - Tobacco processing machinery, and
  - Manufacturing of firearms
  - Distilled alcohol for consumption.

### **3) Roles and responsibilities of parties involved in the procurement process**

- **CDPMEA**

The CDPMEA is responsible to:

- Appoint members of Evaluation Committees for procurement procedures undertaken on behalf of the Beneficiaries under this sub-component.
- Approve the Evaluation Report before sent to the Bank for review and no-objection (with respect to all contracts which are subject to the Bank's prior review)
- Sign the Contract with the Supplier/Contractor along with the Sub-Grant Beneficiaries;
- Sign the acceptance certificate for the deliverables procured.

- **LRCP PIU**

The LRCP PIU Project Director in the scope of the received authorization will be responsible for appointing members of the Evaluation Committee for procurement procedures undertaken on behalf of the Beneficiaries under this sub-component.

The PIU will establish close cooperation and good interaction with the Sub-Grant Beneficiaries in all phases of the Sub-projects implementation.

The PIU will be responsible for the entire procurement process (preparing bidding documents, evaluation reports, contracts), including support and guidance to the evaluation committee with regard to procurement and evaluation process and also for:

- Coordinating, guiding and supporting selected Sub-Grant Beneficiaries in preparing the Sub-Grant procurement plan which will be added as annex to the Sub-Grant Agreement;
- Incorporating Sub-Grant procurement plans in the PIU's procurement plan;
- Checking the deliverables before submitting the acceptance certificate to the CDPMEA for signing;

- **Sub-Grant Beneficiaries**

During the procurement process, the Sub-Grant Beneficiaries are responsible for:

- Preparation of the complete documentation related to the sub-projects planned activities, including designs, technical specifications and other supporting documents as needed;
  - Have their representative participate in the evaluation process as a member of the Evaluation Committee
  - Supervision of the Sub-Grant contract's implementation, together with the PIU;
  - Signing of the acceptance certificate together with the CDPMEA for the deliverables procured.
  - Signing the Contract with the awarded Supplier/Contractor together with the CDPMEA
- Preparation of the Sub-Grant procurement plan, with LRCP PIU support and guidance, based on the financial plan.

#### **4) Anti-corruption measures**

The World Bank's anti-corruption measures will be followed and the services of firms and individuals debarred by the Bank shall not be engaged. The list of such debarred firms and individuals is located at:

<http://web.worldbank.org/external/default/main?contentMDK=64069844&menuPK=116730&pagePK=64148989&piPK=64148984&querycontentMDK=64069700&theSitePK=84266>

Each sub-project grantee shall be responsible to check the above referenced list prior to recommendation of a firm or an individual as the case might be for an inclusion in a short list (in case of consulting services contract) and for a contract award, and shall take actions as needed in accordance with the provisions above.

Definition of 'Fraud and Corruption' in accordance with the guidelines is provided in the Procurement list of Annexes (separate document added to this Grant Manual).

Miss-procurement defines cases when financing will not be made through proceeds of the loan. Definitions of miss-procurement in accordance with procurement and consultants' guidelines are provided in the Procurement list of Annexes(separate document added to this Grant Manual).

### **5) Sub-Grant procurement plan**

A simplified procurement plan will be prepared and submitted by the applicants along with the full sub-project proposal.

The Sub-Grant procurement plan for the sub-project activities will be prepared by the selected beneficiary after the sub-project is recommended for financing, in accordance with the accepted financial plan (Project Budget). PIU will coordinate, guide and support the selected Sub-Grant Beneficiaries in preparing the Sub-Grant procurement plan. The approved Sub-Grant procurement plan will be annexed to the Sub-Grant Agreement.

To that effect, all contracts for works, goods, non-consulting and consulting services in accordance with the financial plan shall be reflected in the Sub-Grant procurement plan. Sub-GrantSub-Grant

For the preparation of a Sub-Grant procurement plan, the following steps should be taken:

- The items from the Financial plan shall be grouped in packages, to the extent possible, in order to encourage better competition.
- The procurement/selection method shall be determined based on the nature of the contract (works, goods, non-consulting or consulting services). The applicable procurement/selection methods are described in paragraph 6 below in this Section. The Sub-Grant procurement plan shall be submitted to the PIU for review and approval before the Sub-Grant Agreement is signed.

The Sub-Grant procurement plan shall be updated in coordination with the LRCP PIU throughout the duration of the sub-projects at least once every 6 months or as required, in order to reflect the actual sub-project implementation needs.

If necessary, these Sub- grant procurement plans may be revised on an as-needed-basis during implementation and such revision should be authorized by the PIU.

### **6) Review by the Bank**

The PIU will be responsible for the entire procurement process under this sub-component 3.1, in accordance with the Sub-Grant procurement plans as part of the Sub-Grant Agreement with the respective beneficiary.

The Bank will carry out post reviews on at least 20 percent of the contracts subject to post review. It is expected that a supervision mission on the field will be conducted every six months during which post reviews will be conducted. As a minimum, one post review report, which will include

physical inspection with the Bank technical expert of sample contracts including those subject to prior review, will be prepared each year.

Not less than 10 percent of the contracts will be physically inspected.

## **7) Procurement Methods**

The Grant Agreement provides the following specific procurement and selection methods which can be used for the implementation of LRCP's and Sub-Projects' arrangement:

***For goods, works and non-consulting services:*** (i) National Competitive Bidding (NCB), (ii) Shopping, (iii) Direct Contracting (DC). In accordance with paragraphs 3.3, 3.5 and 3.7 in the relevant Procurement Guidelines<sup>15</sup>.

***For consulting services:*** (i) Quality and Cost Based Selection (QCBS), (ii) Selection based on the Consultants' Qualifications (CQ), (iii) Single-Source Selection (SSS), (iv) Selection of Individual Consultants (IC). In accordance with Section II and paragraphs 3.7, 3.8 and Section V in the relevant Consultant Guidelines<sup>16</sup>.

Specific procurement methods for a particular contract shall be stated in the Sub-Grant procurement plan.

Detailed procedures of the above-mentioned procurement methods are provided in the Procurement and Consultant Guidelines. The following hands-on guidance is prepared for ease of reference only. In case there is an inconsistency or conflict, those stated in the Procurement and Consultant Guidelines shall prevail.

## **8) Procurement supervision and record keeping**

PIU is responsible for maintaining relevant procurement documents for the Bank's and other relevant institutions post review, and audits upon request.

The PIU and Sub-Grant Beneficiaries are responsible for ensuring the safe storage of all relevant data/documents.

Contracts and official letters within LRCP have to be recorded through CDPMEA archive system. All other documents are recorded in line with PIU internal records and evidences.

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<sup>15</sup> Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by the World Bank Sub-Grant Beneficiarys" dated January 2011, Revised July 2014 <http://pubdocs.worldbank.org/en/492221459454433323/Procurement-GuidelinesEnglishJuly12014.pdf>

<sup>16</sup> Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by the World Bank Sub-Grant Beneficiary" dated January 2011, Revised 2014 <http://pubdocs.worldbank.org/en/894361459190142673/ProcurementConsultantHiringGuidelinesEngJuly2014.pdf>

## **9) Evaluation committee**

The CDPMEA or the PIU LRCP Project Director in the scope of the received authorization is responsible to adopt a decision and appoint members of the Evaluation Committee for procurement under this Sub-Component 3.1 – Infrastructure Grants. Each Evaluation Committee must consist of at least three members. Evaluation Committee members will be persons with knowledge in the relevant subject matter.

The Evaluation Committee is responsible for evaluation of bids, selection of consultants and recommendation of contract awards for each activity. In case of the conflict of interest, the members of the Evaluation Committee should request a substitute. The Evaluation Committee should have at least two members that are of the technical/professional expertise relevant for the evaluation process. The members of the Evaluation Committee are obliged to handle the documents related to the selection process in the confidentiality manner. The discussion and exchange of relevant documents and comments should be limited only to the members of the Evaluation Committee.

The Procurement Specialist/Officer (without voting right) is by default a coordinator of the work of the Evaluation Committees and provides guidance on the evaluation process and prepares the relevant documents, evaluation reports, conducts the meetings of the Evaluation Committee and is taking care that the evaluation process is in line with the WB rules and Guidelines.

## **10) Contract signing and administration**

In accordance with the Sub-Grant procurement plan, the tripartite contract will be signed.

Sub-Grant Beneficiary will be signing the Contract with the awarded Supplier/Contractor together with the CDPMEA.

These tripartite contracts will consist the roles and responsibilities of each party during the contract's implementation and will be the legal base for payments by the PIU to the Suppliers/Contractors, upon receiving invoices in accordance with the eligible percentage agreed in the signed Contract.

The LRCP PIU will submit five copies to the Sub-Grant Beneficiary and Supplier/Contractor for signing, and after that, to the CDPMEA.

## **11) Supervision by LRCP PIU**

PIU shall be responsible for supervising the performance of the contractors/suppliers/consultants ensuring that they carry out the contracts in accordance with the terms and conditions of the signed contracts. PIU must monitor the progress of work, the timely completion of works, delivery or supply of goods, payments paid and determines whether the changes in the scope of works may be appropriate. PIU should usually request the contractors/suppliers/consultants to submit regular progress reports for review. The Sub-Grant Beneficiary should designate a counterpart staff with

adequate technical qualifications, managerial experience and power of attorney to supervise day-to-day performance of the contractors/suppliers/consultants.

## **12) Unsatisfactory Performance**

Poor performance affects the quality, efficiency and economy of the contract and it therefore shall not be tolerated. Based on the provisions of the contract, PIU should advise the contractors/suppliers/consultants to take immediate corrective measures to address the situation. If the contractors/suppliers/consultants fail to take adequate corrective actions, PIU may terminate the contract and apply appropriate penalties specified in the contract to the default contractor/supplier/consultant.

## **13) Use of bidding and proposed Document**

The forms of bidding/proposal documents, evaluation reports and contract forms will be Bank's standard and sample procurement documents listed in the Section "List of Procurement Annexes" to this Grant Manual. Documents related to QCBS method are available on the World Bank's website at: <http://www.worldbank.org/en/projects-operations/products-and-services/brief/procurement-policies-and-guidance#standarddocuments>

## **II.11 FINANCIAL MANAGEMENT**

For Sub-component 3.1, infrastructure Sub-Grants, LRCP has allocated EUR 11.012.436, National Contribution in amount of EUR 3.176.471. The allocation from LRCP may be adjusted based on experience during implementation of the Project. Beneficiaries' contributions of approximately EUR 1.101.244 are foreseen.

The funds from the National Contribution (NC) will be used solely for fully or partially financing of infrastructure sub-projects that will be funded under Sub-component 3.1. Depending of the value of the infrastructure Sub-Grants, funds from the NC will be used for financing of one or more Sub-projects or for certain activities under a Sub-project. These arrangements will be stated in details in the respective Sub-Grant agreement, which will be signed between the CDPMEA and Sub-Grant beneficiary.

A list of eligible/non-eligible costs under this Sub-Grant scheme are described in Sections I.5 (General Principles of Funding) and II.4.2.3 D (Budget and Finance) of this Grant Manual.

Infrastructure Sub-Grants are requiring a matching beneficiary contribution (BC) of minimum 10% in cash, cash and in kind or in kind which will be stated in the sub-projects' full proposal and the Sub-Grant agreement. The BC will be used for financing of certain sub-project activities in accordance with the Sub-Grant Agreement and tripartite contract with the Contractor/Supplier.

The in-kind contribution is a non-cash contribution of good or service. In-kind contributions will be valued at their market or accounting value, if fair value measurement is impracticable, and they must

be supported by documentation that corroborates the fair market or accounting value of the goods or services provided. If selected, the Sub-Grant beneficiary is responsible to obtain official assessment of the in-kind contribution value verified by a licensed valuator (the license is awarded by the Chamber of Valuators of the Republic of Macedonia). All expenses related to this assessment must be covered by the Sub-Grant Beneficiary. The goods or services donated in-kind must be considered necessary to accomplish the Sub - project goals and activities. For the purposes of in-kind contribution beneficiary must fulfill and submit In-kind Contribution Form (Annex 3 “Full Proposal Infrastructure Grants” – Appendix 2).

When beneficiary contribution is defined to be in cash, for infrastructure Sub-Grants, the beneficiary is obligated to open only one separate Sub-Grant account (denominated in Denar) which will capture all transfers of funds related to beneficiary contribution, since all other funds will be directly transferred from the PIU to the Contractor/Supplier, after receiving signed approval and verification from all involved parties (Supervision team, PIU Specialists and Beneficiary representatives). Depending on payment conditions stated in the Sub-Grant agreement, beneficiary is obligated to transfer the funds to the Contractor/Supplier properly and keep original copies of all supporting documents related to payments.

Within 5 working days after the transaction was made, beneficiary will inform LRCP about the transfer, sending the financial reports in form set in Annex 7 “Financial Management” – Appendixes 1.1 and 1.2, along with the necessary supporting documentation (bank statement).

### **Disbursement and cash flow**

Disbursement procedures for infrastructure Sub-Grants will be centralized and the PIU will conduct the procurement and make the disbursement of funds. This means, that all funds will be transferred through the PIU, except BC, which will be used for disbursement of one Statement of Accomplished Works (SAW)/one or several Invoices during sub-project implementation and transferred to the Contractor/Supplier by the Beneficiary after receiving verified and signed documentation from all involved parties.

Project supported beneficiaries will oversee and accept the activities carried out under the respective grant.

Disbursement of funds will flow from the World Bank, via National Bank of the Republic of Macedonia (NBRM) - Designated account opened for the purposes of the LRCP, through the LRCP Treasury MKD account to the final suppliers/contractors based on adequate supporting documentation and payment orders signed by the authorized signatories. The NBRM currency purchase exchange rate on the day of transaction will be used for conversation of EUR/MKD.

All disbursement (payments) for local expenditures to suppliers, contractors, consultants, etc., from the Sub-Grant funds will be made in local currency of (MKD). and for reporting purposes converted into EUR (using the NBRM currency purchase exchange rate for conversion on the day of transaction). All foreign expenditures will be made in an original currency and for reporting purposes converted into EUR.

The procedure of receiving and processing the documentation for financing of this type of sub grants is the following:

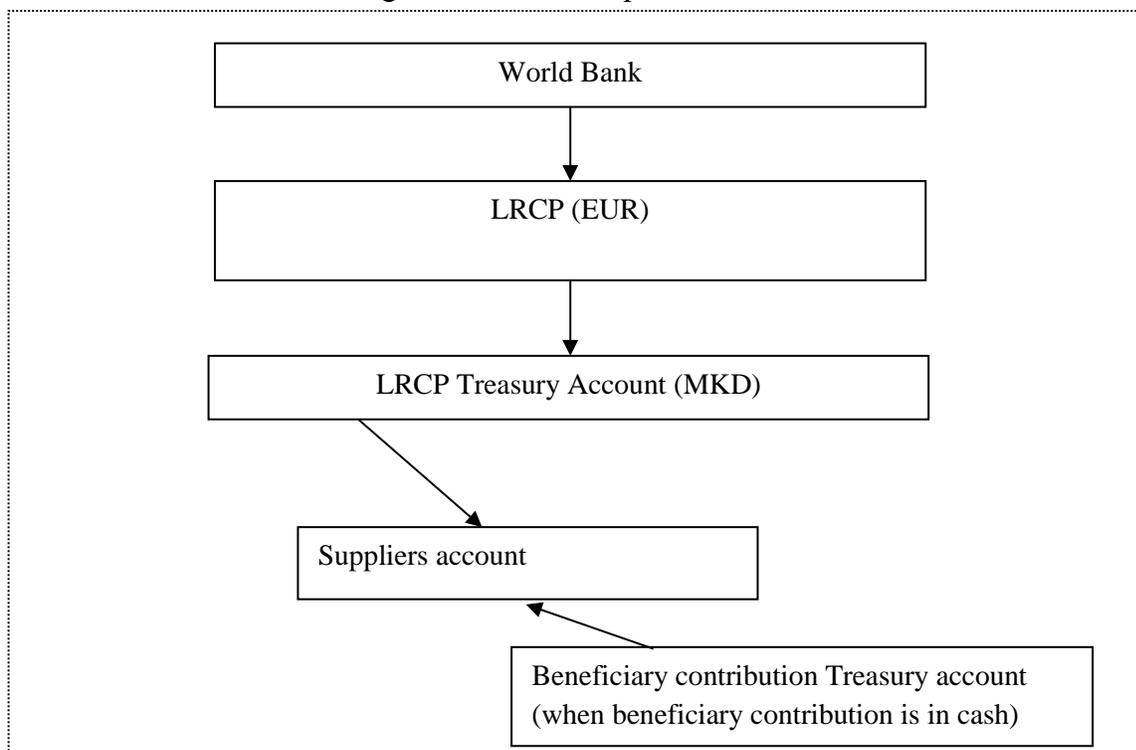
- After receiving the payment document (invoice, SAW, etc.) verified by the Supervision Consulting company, the PIU Specialist, as responsible for the monitoring/supervising of the sub-project activity, thoroughly checks the technical aspects (quantity/units per item) of the payment document and validate its correctness;
- The PIU Specialist hands over the payment document to the Procurement Specialist to check if the payment documents are in accordance with the Sub-Grant Agreement (if the unit price is in the line with) and then to FM Specialist for additional verifications in terms of the signed tripartite contract with the Supplier/Contractor. The FM Specialist checks the value of the payment documents and prepares documentation for payment identifying the sources of financing as per the Sub-Grant agreement (Grant and/or national contribution).

For any uncertainties regarding the payment document (quantities, unit price, type and terms of payment), the FM Specialist should consult with the Procurement Specialist/Officer and Civil Engineer Specialist in order to agree on what actions should be taken (e.g. the payment document to be returned to the Contractor/Supplier for revision).

- Afterwards the payment documentation is submitted to PIU Director for verification, approval and signature.
- Payment document is processed after signing from the authorized signatories.

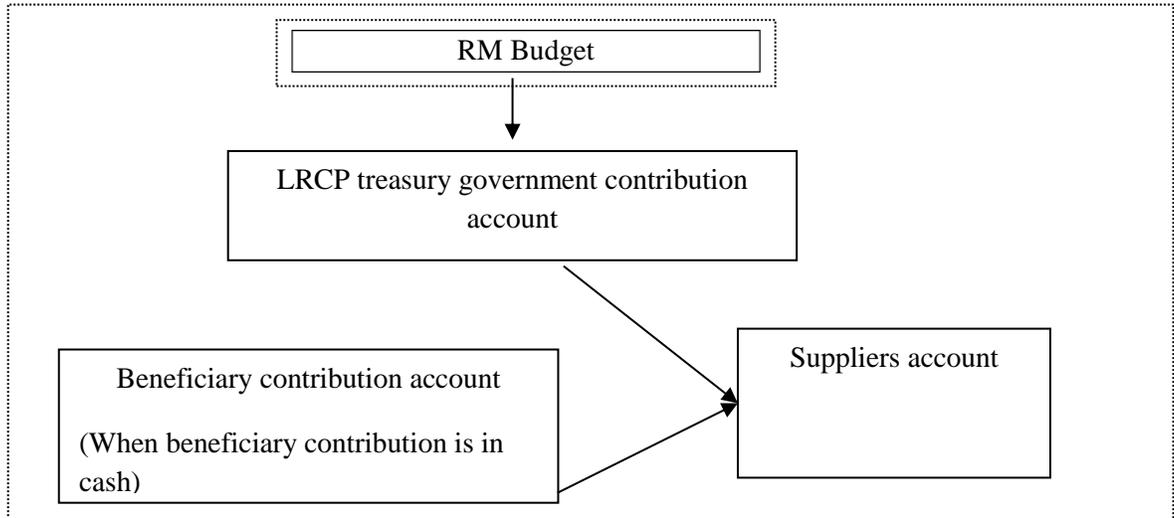
At the end, the FM Specialist makes the payment and enters the transaction in the books, updating the records for each source of financing available under the infrastructure Sub-Grants.

Cash flow from LRCP's Designated Account in picture 2 below:



*Picture 1*

Cash flow when payments to the Contractor/Supplier are made from NC funds is presented in picture 1a.



**SECTION III-SUB-COMPONENT 3.2 GRANTS FOR ENHANCED TOURISM SERVICE-DELIVERY AND LOCAL ECONOMIC IMPACT (LINKAGES AND INNOVATION GRANTS)**

**SUB-SECTION III.1-3.2.1 Grants to tourism sector organizations and training/educational service providers for enhanced tourism service-delivery**

**III.1.1 List of the activities to be financed by this part of the sub-component**

This instrument aims to improve the ability of tourism sector organizations to increase service quality, access to information and services including training for skills, innovation and business development. The eligible applicants do not have to be in the exact physical location of the destination but must demonstrate contribution to one or more of the priority destinations, and/or the strengthening of the value chain of a priority market segment. The proposed sub-project must meet a gap identified in the Development Plan. The applicants are encouraged to apply with sub-project proposals that will create linkages and will have spillover effects. The LRCP will support applicants that are able to develop activities that will enable micro and small local companies to develop relationships with larger enterprises in the destination thus creating more efficient supply chain. Key to these activities is developing capacity of small companies to meet the needs of the larger organization or various tourist requirements; activities to strengthen the enabling environment that facilitates the formation of business linkages; and others.

| <b>Examples of possible project types for grants to tourism sector organizations for enhanced tourism service-delivery but not limited to:</b> |  |
|--|--|
| <b>1</b>   | Design and implementation of local supplier linkages program;  |
| <b>2</b>   | Innovation competition; improving current tourist offers/services or/and introduce new ones;   |
| <b>3</b>   | Development of modules for competency based skills training; Improving management skills; Develop training materials;  |
| <b>4</b>   | Purchase equipment, ICT to improve quality of design and services by private sector enterprises in/serving the tourism sector;   |
| <b>5</b>   | Provide greater access to market information by private sector enterprises in/serving the tourism sector;  |
| <b>6</b>   | Promotional activities (promotion of local products, recruitment drives, business-to-business (B2B) linkages, branding and marketing activities) among others.   |
| <b>7</b>   | Improve experiential design of activities; Improving the service culture; improving product quality requirements – to benefit private sector enterprises in/serving the tourism sector                   |
| <b>8</b>   | Purchase minor equipment; undertake renovation of existing facilities – to benefit private sector enterprises in/serving the tourism sector  |
| <b>9</b>   | Assistance to private sector enterprises in/serving the tourism sector to adopt and implement international quality standards (e.g. tour guides training according to internationally adopted standards) |
| <b>10</b>  | Other sub-project types that will contribute to the fulfillment of the objective of the call and will demonstrate that it meets a gap in the Development Plan.   |

Table 8. Activities

### III.1.2 List of non-eligible activities and applicants

| In agreement with the Recipient and according to the WB group policies the following activities and applicants will NOT be supported by the sub-project: |   |
|--|---|
| 1  | Applicants that are on the black list on the Public Procurement Bureau;   |
| 2  | Applicants that have not paid their obligations, according to the Public Revenue Office;  |
| 3  | Applicants that are on the list of Debarred Firms that is available at <a href="http://www.worldbank.org/debarr">www.worldbank.org/debarr</a> ;   |
| 4  | Investment within designated “Special Tourism Development Zones”;   |
| 5  | Any new construction or substantial investment in general municipal infrastructure (which may be funded under other existing projects).   |
| 6  | Sub-sub granting (the Sub-Grant recipient cannot act as financial intermediary and use the Sub-Grants for further financing to other beneficiaries);  |
| 7  | Projects which are likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented and may affect an area broader than the sites or facilities subject to physical works;  |
| 8  | Investments in designated protected areas, which would have negative impact on natural and critical habitats and species;   |
| 9  | Activities impacting fragile ecosystems, sports facilities, gambling and betting facilities/activities, important habitats, and green-fields of outstanding aesthetic value;  |
| 10   | Activities requiring conversion of forests, wetlands, and alpine/sub-alpine meadows;  |
| 11   | Heavily polluting industries;   |
| 12   | Trade in wildlife and wildlife products prohibited under the CITES convention,  |
| 13   | Release of genetically altered organisms into the natural environment,  |
| 14   | Manufacturing, distribution and sale of banned pesticides and herbicides,   |
| 15   | Drift seine netting in the marine environment,  |
| 16   | Hazardous waste storage, treatment and disposal,  |
| 17   | Other items included in the standard negative list from the World Bank, including: <ul style="list-style-type: none"> <li>• Manufacturing of equipment and appliances containing CFCs and other substances regulated under the Montreal Protocol,</li> <li>• Manufacturing of electrical equipment containing polychlorinated biphenyls (PCBs) in excess of 0,005 % by weight,</li> <li>• Manufacturing, handling and disposal of radioactive products,</li> <li>• Manufacturing of asbestos containing products,</li> <li>• Nuclear reactors and parts thereof,</li> <li>• Tobacco, unmanufactured or manufactured,</li> <li>• Tobacco processing machinery, and</li> <li>• Manufacturing of firearms</li> <li>• Distilled alcohol for consumption.</li> </ul> |
| Table 9 Activities and applicants that will NOT be supported by the project:   |   |

### **III. 1.3 BENEFICIARIES**

#### **Grants to tourism sector organizations and training/educational service providers for enhanced tourism service-delivery**

This sub-component will finance sub-projects for qualified organizational entities such as non-profit entities (e.g. business associations), training and educational service providers (including for-profit), and civil society organizations and Destination Management Organizations (DMOs) (where these are established), in order to improve access to information and services, and improve service quality, linkages and innovation in the destinations. Foreign entities, that are not registered in Macedonia are not eligible to apply individually nor as partners with Macedonian entity.

The following applicant eligibility criterion applies:

1. Be established as organization incorporated under the Law for Association and Foundations, Law for Chambers of Commerce and Company Law and registered with the Central Registry of the Republic of Macedonia,
2. Be a not for profit organization which has been at least 1 year in operation, or a not-for-profit or for-profit organization in the case of training and educational service providers which has been at least 3 years in operation;
3. Be in majority domestic ownership (50.1% or more),
4. Have not received funding for the project activities proposed in the sub-project-proposal from other sources.

In order to implement an integrated approach to destination(s) upgrading, the sub-project expression of interest and proposal may refer to ongoing or proposed (sub-) projects being implemented by other stakeholders, to which the proposed sub-project would be complementary.

#### **III.1.4 Duration of the sub-project**

The sub-project and its budget must be designed for completion within 12 months from the date of the Sub-Grant Agreement signing. Extension of project duration is generally not allowed. However, the project may be extended for maximum of additional six (6) months under exceptional circumstances. No applications will be accepted for projects scheduled to run for a longer period than that specified in the call for proposals. The first activity as scheduled and agreed upon in the implementation plan should start within one (1) month after Sub-Grant Agreement's signing.

#### **III.1.5 Grant Scheme**

The LRCP will provide grants of up to 50,000 for a single applicant or up to EUR 150,000 for projects proposed by a partnership between two or more entities. If the applicant is a not-for-profit entity, co-financing of at least 10 percent contribution from the requested grant will be required, and the co-financing contribution can be proved only in cash. (These limits may be adjusted during LRCP implementation and subsequent rounds of Sub-Grants based on experience). If the applicant is a for-profit training and educational service provider, co-financing of at least 50 percent is required

in cash. Tourism sector organizations and training/educational service providers may apply in partnership with other two sub grant types available through this grant scheme: public sector entity and/or private sector entity, but the maximum requested sub-grant amount must be within the upper limits of each sub-grant type and their respective co-financing percentage.

### III. 1.6 Detailed procedures for the grants implementation, including key responsibilities and timelines

The PIU will implement a public and competitive process for selection of sub-projects to receive grants for linkages and innovation investments. The process will be executed in a number of key steps, as follows:

| Table 10. Sub-project cycle  |   |                                 |                  |
|--|---|---------------------------------|------------------|
| There might be extension of indicated deadlines due to the nature of proposed sub-projects that require consultation with CDPMEA and the WB and/or require site visits |   |                                 |                  |
|  | Sub-project cycle   | Indicative time (Calendar days) | Responsibilities |
| 1  | Targeting and Communication   | 20 days                         | PIU              |
| 2  | Presentation of Development Plans   | 20 days                         | PIU              |
| 3  | Information meeting   | 10 days                         | PIU              |
| 4  | Call for Expression of Interest (EoI);  | 45 days                         | PIU              |
| 5  | EoI submission including Environmental Protection Questionnaire   | 1 day                           | Applicants       |
| 6  | First Screening   | 21 days                         | PIU              |
| 7  | Invitations to submit full application;<br>Information to eligible applicants on opening, administrative check and EoI evaluation | 7 days                          | PIU              |
| 8  | Workshop on full proposal;  | 14 days                         | PIU              |
| 9  | Submitting EA/EIA with EMP to EE and SST for review and approval;   | 50 days after invitation        | Applicants       |
| 11   | Full proposal submission;   | 50 days after invitation        | Applicants       |
| 12   | Administrative check of full proposal package   | 7 days                          | PIU              |

|    |   |   |                               |
|----|---|---|-------------------------------|
| 13 | Evaluation and selection by Technical Committee;  | 10 days                                       | Technical Committee           |
| 14 | Report to CDPMEA  | 5 days  | PIU, Technical Committee      |
| 15 | Review and approval by CDPMEA   | 10 days                                       | CDPMEA                        |
| 16 | NoB from World Bank   | 10 days                                       | World Bank                    |
| 17 | Notification of award;  | 7 days  | PIU                           |
| 18 | Signing Sub-Grant Agreement that includes EMP, if category B;   | Max 1 month from the notification             | PIU & Sub-project beneficiary |
| 19 | Implementation and monitoring (including environmental compliance) of Sub-Projects. Progress reporting; | Up to 12 months                               | PIU & Sub-project beneficiary |
| 20 | Promotion of the Sub-Project.   | Ongoing during the sub-project implementation | PIU & Sub-project beneficiary |

Table 10. Sub-project cycle

## 1. Targeting and Communication

Communications will be in line with the destination management process and laid out in the communications strategy and plans. The PIU will develop a set of materials that will be used for outreach and information about the grant components specifically to all stakeholders. LRCP will be using various available mechanisms: PIU's web-site, info sessions and workshops, the destination management process established at the destinations (to be supported by Component II), media promotion, e-mail, mail, phone, etc. All the relevant documents will be published on the PIU website. Communication with all eligible beneficiaries will be described in the Communication Plan of the LRCP and will be in compliance with the Visibility note. The targeting and communication process throughout the duration of LRC project will be conducted by the PIU with support as needed, for instance through a sub-contract with a Visibility and Promotion contractor.

## 2. Presentation of Development Plans

Development Plans have been developed by the World Bank experts will be a baseline for the selection of Sub-Project proposals. Development plans present cross-destination gaps and destination specific gaps. Cross-destination gaps are either not unique to the destination or require a level of support from outside the destination, and they affect most destinations (of the 10 destinations of focus for LRCP). Destination specific gaps are specific for a particular destination and they have been developed for each of the ten priority destinations as described in Section I.2 of this Grant Manual. The presentation of the development plans will be conducted for each destination separately and will be published on the LRCP's

website. Development plan presents priority segments and recommendations at the destination level that need to be addressed in the sub-project proposals. The development plans will be distributed and explained to all interested stakeholders. Development plans with destination specific gaps will also be part of the destination management process of Component

### **3. Information meetings**

Prior to the launch of the call, information meetings will be organized for potential beneficiaries. These meetings will present and explain the application process and procedures for the upcoming call to the potential applicants. These meetings will be organized in each of the 10 destinations, and potential beneficiaries will be invited in order to present to them the information about the project specifics, conditions for participation, procedures and documents templates. Information will be developed and disseminated to all interested applicants in order to guide them through the application process. The set of templates will be presented and explained in detail as well as eligibility criteria, and they will be published on the LRCP's website.

### **4. Call for Proposals**

The PIU prepares and issues public call for proposals that will clearly state the objectives and potential beneficiaries of the calls. The call for proposals will be published in at least three daily national newspapers as well as on LRCP's website. Each call will clearly state that it is consisted of two stages: Expression of Interest (first stage) and Full Proposal (second stage) for those applicants that have passed the Expression of Interest eligibility check. Deadlines for submission of applications for each stage will be clearly stated in the public call for proposals. The stated date in the public call will be considered as deadline for submitting applications by post office and the LRCP working hours (up to 16:30 pm) will be followed if submitting applications directly to the office. All applications should be submitted in both English and Macedonian language, in hard copy (original) and soft copy (USB or CD) in word format, whereas the potential beneficiary is overtaking the responsibility that the submitted hard copy and soft copy are identical Applications submitted by e-mail will be considered ineligible. An applicant can apply with different sub-project proposals per call, however only one sub-project can be approved for financing per a call. An applicant is not allowed to submit same sub-project proposal more than once per one public call, regardless of whether the application is proposed alone or in partnership. Several rounds of calls will be conducted throughout the duration of the project.

#### **4.1 Expression of Interest**

For the Expression of Interest (EoI) all eligibility criteria for sub-project will be clearly stated (see Table 11) as well as eligibility criteria for potential beneficiaries (in accordance with the criteria set out in this Grant Manual). Complete package of necessary documentation including the template for Expression of Interest (see Annex 1) and EoI checklist (see Annex 2) are part of this Grant Manual. All documentation and templates will be disseminated to all interested candidates and available on LRCP's webpage. The complete package for EoI to be submitted by interested applicants includes:

- Application Statement signed and sealed;

- Fully completed Expression of Interest form;
- In case of partnership, a signed letter of intent between the partnering entities (with clearly defined roles and responsibilities)
- Registration certificate of the applicant from Central Registry of the Republic of Macedonia not older than 6 months
- Environmental Protection Questionnaire completed

#### **4.1.1 Expression of Interest Submission**

The applicants will have 45 days (starting from the date when the Call for Proposals is published) for preparation of EoI that would in general describe their sub-project proposal and would include filling up set of templates that presented as part of this Grant Manual including the Environmental Protection Questionnaire. During the call, all potential applicants can request any clarifications from the LRCP PIU by email, no later than 14 calendar days before the deadline for submission of Expression of Interest. All questions and answers will be published on LRCP website. Replies will be given no later than the 7 calendar days prior to the deadline for submission of Expression of Interest. The PIU team has no obligation to provide clarifications to questions after this date.

#### **4.1.2 EoI screening by PIU**

The PIU will first do an administrative check of the submitted EoI packages in order to ensure that:

- The application was submitted before the closing date;
- the EoI package is complete without missing information documents (as listed in section 4.1).

No further submission of documentation will be accepted after the stated EoI deadline in the call for proposals. Applicants that do not pass the administrative check will not be able to proceed forward with the next stage of preparation of Full Proposal and will be automatically rejected.

Once the applications pass the administrative check, the PIU will do the first screening of the Expression of Interests based on following eligibility criteria:

- The applicants must be beneficiaries as defined in Section III.3.2.1 (the applicants respect the legal status criteria);
- The sub-project proposal's activity is not on the negative list of activities under Section III.1;
- The applicant's sub-project proposal targets at least one of the 10 identified destinations in the call;
- The sub-project proposals is coherent in addressing the gaps/needs identified in the Development plans and stated in the objective/s of the call;

- According to the EMF, the Applicant's proposal belongs to the projects under Category B or C (category A projects will not be eligible for financing) and is not excluded by the general WB group policies (listed in the table 9).
- If any of the above requested information is answered with NO, the application will be rejected on that sole basis and the application will not be evaluated further.

PIU will use the following eligibility criteria check-list to verify the compliance with the eligibility criteria:

| LRCP                               |  |           |
|------------------------------------|--|-----------|
| ELIGIBILITY CRITERIA at EoI stage: |  |           |
|                                    | ACTIVITY   | CHECKLIST |
| 1                                  | The applicant belongs to the list of eligible beneficiaries/respects the legal status criteria   |           |
| 2                                  | Proposed activity is not on the negative list of activities that can be financed   |           |
| 3                                  | The applicant's proposal targets at least one of the listed destinations in the call   |           |
| 4                                  | The project contributes to fill in the A) non-destination specific identified in the Tourism Development Plan or B) destination specific gaps identified in the Tourism Development Plans for each of the ten destinations that is/are objective of the call |           |
| 6                                  | Applicant has not received funding for the same project activities proposed in the project-proposal from other sources.  |           |
| 7                                  | Environmental Protection Questionnaire filled in confirms that the project is under environmental category B or C  |           |

Table 11: Eligibility criteria

All criteria must be answered positively; otherwise the EoI will be rejected.

#### 4.1.3 Environmental screening procedures

Component 3.2 allows only soft infrastructure and non-infrastructure activities and most likely these sub-projects will have small, non-significant environmental impact, if any, and will be classified as B- or C category projects. Type of EA document expected for sub-projects under this sub-component is EMP Checklist or none. This will be determined through screening process (as described in Section 1.4.1 of this Grant Manual) which will be similar to the one for investment grants, but simplified.

The review of non-investment sub-projects, as well as activities of other project components that would require environmental screening (e.g. equipment purchase), will be carried out by EE while the Environmental Focal Point (and advise SST if needed) will conduct supervision of the Screening Report produced by EE. In the case the screening procedure identifies works on cultural heritage and/or land acquisition, Cultural Heritage/ Social Experts will be engaged coordinating their work with EE. Prior to environmental review, applicants will provide required environmental and other information of the proposed sub-project through previously prepared forms defined in the EMF (form available in Appendix 2 of EoI and in Annex B of EMF). The application will then be screened by the EE whose conclusions and recommendations will be reviewed and confirmed by the

Environmental Focal Point and / or SST before submission to CDPMEA. Approval procedures will include categorization procedures, documents revision and possibly interview with the applicant. Environmental Focal Point can consult SST if deems necessary. In addition, SST will revise a random sample of applications under the sub-component 3.2.

The final Screening Report is distributed to the Applicant and CDPMEA and may be shared with the World Bank as part of the Bank's process of issuing its no-objection. CDPMEA will conduct appraisal of sub-projects, in the case the application was successful.

World Bank will provide required support, when needed. For this type of projects post-review will be conducted by the WB on a random sample.

#### **4.1.4 Information to eligible and rejected EoI applicants**

Once the EoI eligibility check is completed, the PIU will inform the eligible applicants in writing within 7 days. The eligible applicants will be invited to develop full sub-project proposals within the provided timeframe as described in the sub-project cycle table (50 days). PIU prepares a summary list and report of all received EoIs to the World Bank.

Applicants whose EoIs have not met the eligibility criteria will be informed in writing by email followed by an official letter by PIU within 7 days after EoI eligibility check completion. Reasons for not being accepted will be clearly stated in the letter.

## **4.2 Full Proposal**

All eligible applicants will have 50 days to develop their full sub-project proposals. The exact date and time deadline for submission of full applications will be indicated in the call for proposals and published on LRCP's website. All eligible applicants are strongly advised not to wait until the last day to submit their full applications. No full proposals will be accepted after the deadline announced under the particular call.

### **4.2.1 Workshop on full sub-project proposal**

Once the eligible sub-projects are selected and informed based on the EoI applications, workshops will be organized by the PIU for all interested applicants in order to answer their questions and provide clarifications regarding the full sub-project proposals. This will help to minimize mistakes in the course of preparation of the full sub-project proposals and ensure that all needed supporting documents and information are presented as part of the full sub-project proposal package. Clear guidelines of how to fill in each of the full proposal templates will be provided, criteria and guidelines for applicants will be distributed. After the workshops, PIU will be at the applicants' disposal for any assistance or guidance needed in the course of preparation of the full sub-project proposals. Applicants can communicate their questions or requests for clarification about full sub-project proposal with PIU via emails, official letters or direct visiting the PIU office.

## 4.2.2 Full proposal submission

The sub-project full proposal applications must follow the template that is provided in this Grant Manual (see Annex 4). The Full Proposal Application consists of the following documents:

- Full Proposal Application Letter
- Section 1: Applicant Profile
- Section 2: Sub-Project Profile
- Section 3: Business Plan that will be consisted of the following:
  - A) Applicant's Capacity,
  - B) Relevance including Implementation Plan,
  - C) Sub-Project Expected Results
  - D) Budget and Finance and
  - E) Sustainability;
- Section 4: Risk Analysis
- Section 5: Simplified Procurement Plan
- Section 5: Environmental Due Diligence Documentation

For all above listed sections, templates are developed and are part of this Grant Manual. Along with the full sub-project proposal submission, the applicants will be requested to submit the following supporting documentation<sup>17</sup>:

Appendix 1: Co-financing statement (template provided)

Appendix 2: Financial statements:

- Financial statements for the last 2 years or for the last year in case it is a newly registered not for profit organization;
- Financial statements for the last 2 (two) years for training and educational service providers;

In case where non-profit organizations have annual turnover less than 2500 Euros, they will have to submit decision that they are exempt from providing financial statements;

Appendix 3: CV of the Sub-Project Coordinator/Lead Coordinator

CVs of the key personnel engaged in the sub-project (maximum 5) that will demonstrate that the team has the needed expertise for successful implementation (management, procurement etc.)

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<sup>17</sup>The LRCP PIU reserves the right to request additional documents and certificates, if necessary.

Appendix 4: Applicant related documentation that can be provided as signed and stamped photocopies, but not older than 6 months (Confirmation No. 1, 2, 6, 7, 8 and 9 from Central Register Office):

- Confirmation issued by Central Registry of the Republic of Macedonia that there are no liquidation nor bankruptcy cases against the Applicant;
- Certificate of paid taxes, benefits and other public duties issued by a competent body in the Republic of Macedonia;
- Confirmation from the Register of penalties for committed criminal offenses of legal entities proving that no secondary penalty-temporary or permanent ban on performing particular activity has been pronounced;
- Confirmation from the Register of penalties for committed criminal offenses of legal entities proving that no secondary penalty-ban on participating in open call procedures, awarding public procurement contracts and contracts on public-private partnership has been pronounced;

Appendix 5: Partnership Agreement in case of multi entities proposals (or similar kind of document) which regulates the future cooperation of the parties (in accordance with the national legislation);

Appendix 6: Sub-project related documentation depending upon the type of the sub-project proposal:

- Extract from detail urban plan (obligatory for full proposal)
- Ownership: Property Certificate/Documents confirming right of use related to the application etc (obligatory for full proposal)
- Complete Investment-Technical documentation and all necessary permits according to the Law on Construction, if applicable; (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest)
- Certificate of object of cultural heritage if it is included in the proposal (if present, obligatory for full proposal);
- Complete Investment-Technical documentation according to the Law on Cultural Heritage Protection, if applicable (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest);
- Construction permit, Conservation approval and all other necessary permits according to the Law on Construction, Law on Cultural Heritage Protection and other applicable Laws, if applicable; (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest);

#### **4.2.3 Full proposal business plan**

The business plan that need to be developed in the full proposal and will be subject to evaluation by the Technical Committee will contain the following sections:

## **A) SUB-PROJECT'S MANAGEMENT- 20% from the total score**

The applicant should demonstrate that they have strong, relevant experience in project implementation of projects similar in terms of scope, types of investment and scale. The applicant should list the most important project/s they have implemented, provide short project description in terms of the type of the project, size, scope and scale as well as list the results of the implemented project/s.

Applicants should demonstrate operational capacity to be actively involved in the implementation of the proposed activities and explain how their team will be organized to manage the project and specific set of skills needed for the successful implementation. They should appoint a sub-project coordinator that will act as main contact person for all project related issues. The appointed/selected Sub-Project Coordinator should have relevant experience in project implementation and should list 3-5 more relevant projects he/she has implemented participated in implementation (including in what capacity and what position he/she was doing so) and what were the results. (accompanied by CV). The proposed Sub-Project Coordinator in EoI stage, can now be changed in Full Proposal stage, as this person should be carefully selected, experienced and dedicated to the sub-project implementation. In exceptional cases if the sub-project is selected for financing, the nominated Sub-Project Coordinator in the Full Proposal can be replaced with other Sub Project Coordinator during the implementation, however the new Sub Project Coordinator should own the same level of experience and expertise as the previous one.

In case two or more beneficiaries apply together, one Lead Coordinator must be appointed to represent all beneficiaries. He/she will be responsible for coordination of the project activities and will regularly interact with all partners and LRCP PIU to ensure smooth sub-project implementation.

The Sub-Project Coordinator shall communicate regularly with the LRCP PIU, so his/her availability should be maintained during sub-project implementation.

In addition to the management's experience, partnership approach will be assessed and financial soundness will be reviewed. Applicants should demonstrate positive financial reports.

## **B) RELEVANCE-35% from the total score**

The applicants will have to justify the need of the sub-project and its compliance with the objective of the call, how the proposed sub-project will meet the gap/s (non-destination specific and destination specific) identified in the Tourism Development Plans identified in the Tourism Development Plan. The applicant should describe what will be the relevance of the proposed sub-project for tourism development of the destination or it provides benefits to more than one destination. It should clearly show how the proposed sub-project will make destination more competitive. In this section, the overall quality of the project should be presented, its impact and target group with an estimate of the anticipated direct and indirect beneficiaries. The overall quality means whether the proposed sub project is reasonable and realistic and whether the proposed objectives and activities are reachable and viable to fill the gap/s.

If the sub-project is addressing the A) non-destination specific gaps, it should clearly explain which gap or gaps will be addressed and explain how; and which destination will have impact from the

sub-project implementation. If the sub-project is addressing the B) destination-specific gaps, it should clearly define which priority market segments it will be able to attract due to sub-project activities and how.

The plan of activities should be clearly defined with assigned resources to fulfill each of the listed activity, expected results and timeline (detailed implementation plan). The specified description of activities must correspond with the provided technical documentation and be aligned with the Environmental Assessment reports (ESIA, ESMP and ESPM checklist).

Certain proposed activity from the EoI phase can be taken out, due to unforeseen issues, when developing plan of activities in Full Proposal phase. That activity cannot be replaced with any new activity, or be relocated, at this phase and no addition of activity/ies that has not been subject to Environmental Screening is allowed in Full Proposal phase. The proposed change cannot be such that impacts the original categorization and level of risk for the sub-project, nor it can aggravate the environmental conditions or escalate potential environmental impacts.

### **Sub-project Implementation plan**

Implementation plan is part of Section B and is presented in graphical (table) form and should be attached as part of Full Proposal. It should indicate the sequence of all major activities and implementation milestones, including targeted beginning and ending dates for each step. The Implementation Plan should show a logical flow of steps, indicating that all the activities that must be executed have been carefully thought through from the current to the end of sub-project situation.

### **C) SUB-PROJECT EXPECTED RESULTS-20% from the total score**

The proposed sub-projects should substantially raise the attractiveness and increase the economic activities of the identified destinations. The applicant will need to clearly explain what will be the impact contribution of the proposed sub-project to the destination. The applicant should present what are the expected destination outcomes from the implementation of the proposed sub-projects and how they will contribute towards the overall goals of the development plans. They will be assessed in lights of: increased tourists spend, increased number of overnights, business linkages creation, stimulating further private investment, innovation and job creation. This type of grants will support activities that will improve access to information and services, improve service quality, linkages and innovation of stakeholders in the destination.

### **D) BUDGET AND FINANCE-15% from the total score**

Budget Proposal: The proposed budget must include all eligible costs of the sub-project based on the proposed activities and implementation plan.

The following costs should be included in the proposed budget:

- for execution of EMP (Category B projects);
- for Supervision of Civil work activities, if applicable (Consulting Services);

For sub-projects under sub-component 3.2.1 operating costs are supported for funding but not more than 5 percent (lump sum) of total amount of the Sub-Grant budget. Operating costs are defined as office rent, utility bills, office supplies, travel costs, daily allowance.

The description of all items must be sufficiently detailed and all items broken down into separate budget lines for each activity. It is of the applicant's best interest to provide realistic and cost-effective budget as it will be reviewed by Technical Committee experts. The estimated costs should be calculated either on the basis of other similar projects executed by the Sub-Grant applicant in this area i.e. market reference, or norms and costs of particular unit rates for particular types of works based on the design and technical documentation for the proposed sub-project, and respective bill of quantities adjusted with use of market references

At the Full Proposal stage, applicants are allowed to make adjustments to the proposed budget in the Expression of Interest stage within maximum 20-25% latitude, but without surpassing the Sub-Grant available limits. They may also make reallocations between budget lines within 10%.

Sub-Grant is of the applicant's best interest to provide realistic and cost-effective budget as it will be a subject to a review by Technical Committee experts and will be compared to current market values. The forward budget must:

- show all the costs and revenue that the applicants consider necessary to carry out the project;
- be sufficiently detailed to allow identification, monitoring and control of the operation(s) proposed;

The LRCP will not finance any cost that are on the list of non-eligible costs as defined in section I.5 General Principles of Funding.

Grants shall involve co-financing, which implies that the resources necessary to carry out the sub-project shall not be provided entirely by LRCP contribution. LRCP financing may not cover 100% of the total cost of the sub-project as defined in the grants terms. The matching grants for this category is at least 10% from the requested grant for the non-for-profit organizations and should be provided only in cash. The applicant providing higher proportion of its financial contribution (over 11%), will get higher score. In case the applicant is for-profit training and educational service provider the required contribution is at least 50% and should be provided solely in cash.

#### **E) SUSTAINABILITY-10%**

The applicant must be able to provide information on how they expect to continue operating the sub-project and sustaining the results of the sub-project over time. In case of business linkages creation, the applicant should clearly state how the proposed sub-project proposal will help the beneficiaries to grow and benefit from the proposed activities and how the spillover effect will be created. The applicant should have clear idea how they intend to store knowledge gained and how it will be replicated and or/depending upon the proposed activity to define the on-going management, staffing and maintenance of the project after the grant disbursement is completed. These are key issues to consider to make sure that the results of investments are sustainable. Sustainability and maintenance plan should be included in this section.

Along with the above described sections, the full sub-project proposal will need to have the following sections as well that will not be part of evaluation process but they are mandatory:

#### **SECTION 4: RISK ANALYSIS**

The applicants will be requested to make an analysis on potential risks related to the sub-project (such as operational, financial, technological, market risks etc.) that might occur during sub-project implementation. If potential risks are identified, applicants should provide measures that will be undertaken to mitigate the anticipated risks.

**SECTION 5: SIMPLIFIED PROCUREMENT PLAN**-a sample simplified procurement plan must be provided as part of the full proposal application.

#### **SECTION 6: ENVIRONMENTAL MANAGEMENT DOCUMENTATION**

Results of the Environmental Screening shall be reflected in the environmental screening form/report. Based on recommendations of the Final Screening Report, Applicants should prepare a set of environmental due diligence documents as described in Chapter 1.4.2 of this Grant Manual (Table 2 Environmental Due Diligence Documentation).

Environmental assessment (EA) process undertaken within the preparation of sub-projects will follow the guidelines specified in Environmental Management Framework (EMF) for the LRCP in accordance to operational policies of the Bank and national legislation. Same rule applies for EU Policies. Compliance of Due Diligence Documentation will be determined through review procedure as described in Chapter 1.4.3 of this Grant Manual.

Environmental Management Framework (EMF) looks into environmental impacts that could come from project activities and outlines the guiding principles of environmental screening, assessment, review, management, and monitoring procedures for all project activities. The Environmental Management Framework (EMF) for the Local and Regional Competitiveness Project (LRCP) serves as a tool to screen the sub-projects from the environmental protection and nature preservation perspective and guideline for addressing identified environmental considerations.

All Applicants/sub-projects will follow the environmental review process presented below (provided in details in the Chapter I.4.3: Environmental Review Procedure):

All types of EA reports (EIA, EMP or EMP Checklists) must be: (i) reviewed and approved by WB environmental team prior to disclosure, (ii) disclosed and publicly consulted as described in the Chapter 8 of the LRCP EMF and Chapter 1.4.4 of this Grant Manual. Only after the consultation comments, remarks, suggestions and similar have been addressed in the EA, it can become final. Requirements of EMPs or EMP Checklists are to become a part of bidding and contracting documentation.

The EE in coordination with SST will be responsible for environmental supervision of all sub-projects financed by LRCP. The aim of this supervision team and EE will be to control the process of implementation of sub-projects and report to the PIU regarding all necessary issues.

#### **4.2.4 Administrative check**

After the closing date of the call for full proposals the PIU will do an opening of the submitted full proposals and will conduct an administrative check of the received full applications to assess:

- If the submission deadline has been met. Otherwise, the full application will automatically be rejected.
- If the full application has all the needed documentation specified in the checklist. If any of the requested information is missing, the application will be rejected on that sole basis and the full application will not be evaluated further.

The full applications that pass this check will be further evaluated by the Technical Committee in light of the selection criteria set out in Section 4.2.5.2 and stated in the call for proposals.

#### **4.2.5 Evaluation and Selection by Technical Committee**

All applications will be examined and assessed by Technical Committee experts, set up for that purpose and selected under the LRCP's procurement rules. The CDPMEA/PIU have selected Technical Committee (TC) experts, and depending upon the objectives of the call, they will be engaged accordingly. For Grants for enhanced tourism service-delivery, Technical Committee will be composed of qualified Tourism Expert, Organizational/Skills Development Expert and/or an Architect and Business Development Expert. If one of the Technical Committee member is unavailable Technical Committee member from other group will be engage to evaluate the application accordingly. Technical Committee members will generally have international experience, although a mixture of local and international experience may be used in order to provide all of the expertise necessary to evaluate the proposals. If there is a need, TC Experts should be able to conduct site visits during review of the sub-project proposals taking into account the projected deadlines The Committee's function is to evaluate the full sub-project proposals and to evaluate them against the selection criteria grid presented in Section 4.2.5.2.

The Technical Committee members will be responsible to:

- Read and sign Conflict of Interest-Non-Disclosure form;
- Attend all technical committee member meetings (in person or via Skype/internet<sup>18</sup>);
- Evaluate the sub-project proposals using the set of criteria developed in this Grant Manual;
- Recommend budget negotiations in case it is decided necessary for smooth implementation of the sub-projects;
- Discuss and compare the score assigned to each proposal;
- Ensure fair and equitable treatment of all sub-project proposals;
- Prepare Evaluation and Scoring Report;
- Recommend in the report which proposal should be awarded for receiving the grant;

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<sup>18</sup>After the first call, there is a possibility to establish online Platform for sub-projects submission where the TC members can evaluate the received sub-projects online

- Maintain confidentiality throughout the process.

#### **4.2.5.1 Avoidance of conflict of interest**

To avoid conflict of interest, Technical Committee members will be asked to sign no conflict of interest statement. Technical Committee experts, who are directly or indirectly related to a sub-project proposal, were involved in preparation of any part of it, or if a candidate under consideration is his family/relative will be asked to refrain from participating in the evaluation process of the sub-project proposal, subject of conflict of interest. Also, Technical Committee members are not allowed to be involved in execution of any of the awarded sub-projects.

All Technical Committee members have an obligation to disclose any real potential or apparent conflict of interest as soon as it arises to the PIU LRCP and in the case of a possible conflict of a financial or business nature, also to the CDPMEA.

In response to a possible conflict of interest situation involving one or more the Technical Committee members, the PIU is responsible for:

- reviewing the conflict of interest situation;
- assessing the materiality of the conflict of interest and any necessary mitigation measure;
- discussing the proposed response with the CDPMEA;
- informing the Technical Committee member of the final decision on how to proceed; logging the case and outcome in the PIU LRCP's archive.

If no conflict of interest is identified, the Technical Committee member will continue its function. In cases when the conflict of interest is identified, as a result, the Technical Committee member will be replaced with a Technical Committee member from the other technical committee group and will be refrained from the evaluation process of the sub-project proposal, subject of conflict of interest.

#### **4.2.5.2 Selection of the proposals**

Technical Committee will be analyzing full sub-project proposals using the following selection criteria grid. In addition each expert shall provide a supplementary write up explaining and justifying why he/she assigned a particular score under each of selection criteria under the reviewed sub-project proposals.

| <b>SELECTION CRITERIA</b>                              |  |        | max |
|--|--|--------|-----|
| <b>CAPACITY OF THE APPLICANT</b>                       |  |        |     |
| <b>20%</b>   |  | Max 20 |     |
| 1  | Previous experience of the applicant in implementation of relevant/similar projects in terms of scope, types of investment, budget   | 8-0    | 8   |
| 2  | Sub-Project coordinator's capacity and experience in similar project implementation in terms of scope, types of investment, budget (has the adequate project management capabilities)  | 6-0    | 6   |
| 3  | Subproject is submitted in partnership   | 3-0    | 3   |
| 4a   | Applicant/s have positive financial record for the last 2 years or one in case it is a newly formed organization (nonprofit)   | 3-0    | 3   |
| 4b   | Applicant/s have positive financial record for the last 2 years (for profit)   | 3-0    | 3   |
| <b>RELEVANCE</b>                                       |  |        |     |
| <b>35%</b>   |  | Max 35 |     |
| 5  | Sub-Project is aligned with the objective of the call. It addresses either A) non-destination specific gaps or B) specific destination gaps identified in the Tourism Development Plans and it clearly shows how it will make destination more competitive | 11-0   | 11  |
| 6a   | For cross-destination gaps: Sub-project has multi destination impact   | 6-0    | 6   |
| 6b   | For destination-specific gaps: Sub-project will contribute towards attracting the priority market segments   | 6-0    | 6   |
| 7  | Technical quality of the proposed sub-project (objectives are well designed and achievable with the proposed activities, the whole design makes sense)   | 6-0    | 6   |
| 8  | The information provided in the application is aligned and consistent with other documentation: the EA reports, technical documentation etc  | 6-0    | 6   |
| 9  | Well-developed and achievable implementation plan (the flow of activities make sense and are appropriate and consistent with the objectives)   | 6-0    | 6   |
| <b>EXPECTED RESULTS</b>                                |  |        |     |
| <b>20%</b>   |  | Max 20 |     |
| 10   | Project will contribute towards increased tourist spend  | 5-0    | 5   |
| 11   | Project will contribute toward increased number of tourists  | 3-0    | 3   |
| 13   | Stimulates business linkages (the sub-project enhances cooperation among domestic enterprises, facilitates the transfer of technology, knowledge and skills, improves business and management practices etc)   | 4-0    | 4   |
| 14   | Innovation-the sub-project improves existing or develops new products/services   | 4-0    | 4   |
| 15   | The sub-project creates new jobs   | 4-0    | 4   |
| <b>BUDGET, FINANCING AND EXPECTED FINANCIAL IMPACT</b> |  |        |     |

|      |   |        |    |
|------|---|--------|----|
|      | <b>15%</b>  | Max 15 |    |
| 16   | Is the proposed budget clearly defined (budget lines correspond with planned activities)  | 6-1    | 6  |
| 17   | Is the proposed budget reasonable and realistic   | 6-1    | 6  |
| 18 A | Co-financing amount from total requested Sub-Grant amount (non-profit)  | 3-1    | 3  |
| 18 B | Co-financing amount from total requested Sub-Grant amount (for profit)  | 3-1    | 3  |
|      | <b>SUSTAINABILITY</b>   |        |    |
|      | <b>10%</b>  | Max 10 |    |
| 19   | The proposed sustainability plan is reasonable and realistic (the plan includes operations and maintenance plan including operation costs, staffing etc., as well as sustainability of results) | 10-1   | 10 |

The minimum score for awarding the sub-project proposals a grant is 70 points. This score is a result as an average of scores received from all TC members. During the evaluation of proposals, at the TC's request, PIU may require the applicants to supply further information for clarification of the submitted proposals regarding technical contents, proposed financed costs, and procurement plan. Information may be exchanged via written correspondence and email.

At the end of the evaluation, sub-project proposals will be:

- Proposed for award, in order of ranking, based on the score obtained after evaluation, and indicating the proposed amount to be financed by LRCP funds,
- Rejected, stating the reasons for rejection (beneficiary failed to meet the selection criteria or did so only partly or is not amongst the best proposals proposed for award given their ranking).
- Included in a reserve list. The Technical Committee, or PIU can decide to maintain a reserve list composed of proposals which have obtained a score above the threshold (minimum 70 points) but which exceed the funding available.

The Technical Committee recommends the list of sub-projects to be awarded for funding. TC can also recommend negotiations of the proposed amounts or rates on the basis of the provisional budget submitted by the applicant, by analyzing market factual data or similar actions of grants already carried out before the Sub-Grant Agreement is signed. In such case, the LRCP PIU will conduct the budget negotiations in accordance with TC's recommendation in order both sides to agree on changes necessary for smooth implementation.

The unselected proposals may be adjusted and apply in the next relevant LRCP call.

The TC must deliver an evaluation report and the final ranking of the proposals for selecting the winning applicants for Sub-Grants, that will be signed by all members of the Technical Committee and will be submitted to the PIU. Upon the LRCP's request (even after the final ranking

obtains approval from CDPMEA/WB), TC members will be responsible for providing justification for the ranking and selection of the sub-project proposals.

#### **4.2.6 Report to CDPMEA and World Bank**

The PIU will prepare a Report that along with the Technical Committee's final evaluation and scoring report will be send to CDPMEA for their review and approval. The World Bank will be copied in this communication. The PIU along with the above-mentioned report will send findings from site visits conducted by PIU team which could contribute in the review process by CDPMEA. CDPMEA shall submit a list of selected sub-project proposals along with the final Technical Committee's report to the World Bank for No-Objection. The CDPMEA should provide a justification in cases when does not agree with the proposed list of winning applicants recommended by the TC.

#### **4.2.7. Notification of award/non-award**

All applicants will be informed by the PIU in writing about the final decision concerning their application. In case of rejections, reasons for rejections will be clearly stated and the score will be indicated to the applicants. The unselected proposals may be adjusted and apply in the next relevant LRCP call.

If one of the selected sub-projects rejects the proposed conditions in the Sub-Grant Agreement within provided timeline of one month, the PIU is obliged to contact the highest scoring applicant from the reserve list. The reserve list will expire six months after the notification of the results of the call. After that date, proposals on the reserve list will be considered definitively rejected.

In case of complaints, procedures will be followed as described in Section I.6-Grievance Mechanism. For the complaint to be admissible it must be filed within 7 calendar days following the date the non-award email notification has been sent.

### **III.1.7 SUB-GRANT AGREEMENTS AND EXECUTION**

#### **1. Signing of Sub-Grant Agreement**

In accordance with World Bank rules and procedures, a standard Sub-Grant Agreement will be signed with the beneficiaries. By signing the Sub-Grant Agreement, the Beneficiaries accept the responsibility and accountability for:

- Implementation of the planned activities and proper usage of funds;
- Reporting on the implementation plan.

The approved sub-project proposal and the final budget will be appended to and form part of the project Sub-Grant Agreement.

Once the Sub-Grant Agreement is agreed upon and signed, it will not be allowed to make significant changes to the sub-project proposal's budget during the implementation. Beneficiary can officially request reallocation within the budget due to the unforeseen obstacles during the sub-project implementation and get a written approval by the LRCP. The Sub-Grant Agreement should be signed within 1 month from the notification of the award decision. This time-limit may be exceeded in exceptional cases, in particular for complex actions, large number of proposals or in case of delays attributable to applicants but LRCP PIU will decide on this matter based upon the completion date of the sub-project, i.e. all activities including the final report must be completed by December 2019. During the implementation phase, it is completely beneficiary's responsibility to cover any excess costs that haven't been accounted for in the sub-project budget.

Based on the beneficiary's capacity and decision, the innovation and linkages Sub-Grants would either carry out procurement and make the payments on their own, or the procurement and payment would remain with the PIU, as for the infrastructure Sub-Grants. For further details regarding the disbursement and cash flow please see Financial Management Section III.2.11.

Beneficiary obligations:

- Carrying out the sub-project and managing and using the funds in compliance with the Agreement's conditions;
- Carry out activities in line with procedures and requirements defined in ESMF and specific EMP;
- Carrying out procurement in compliance with the relevant guidelines;
- Reporting on the implementation plan (including the EMP);
- Reporting on the sub-project's M&E Plan and other reports as required in the Reporting section.
- Obligation to develop a brief communication plan which will reflect the visibility guidance stated below in this Grant Manual Section II.7.3.

## **2. Implementation of Sub-Projects/Execution**

The Sub-Grant beneficiary is required to carry out the sub-project diligently and efficiently and must implement the sub-project in accordance with the procurement, financial, management, safeguard rules of the LRCP and the Sub-Grant Agreement. The Sub-Grant beneficiary is required to carry out the sub-project in accordance with the provisions of the Environmental Management Framework and must report on sub-project monitoring indicators as requested by PIU.

The Sub-Grant beneficiary shall use the financing in accordance with the Approved Sub-Project Budget and maintain a financial management system and prepare financial statements in accordance

with consistently applied accounting standards, both in a manner adequate to reflect the operations, resources and expenditures related to the sub-project.

The Sub-Grant beneficiary shall enable the LRCP and/or the World Bank to review/monitor the implementation of the sub-project (including Safeguards), its operation and any relevant records and documents and prepare and furnish to the LRCP and the World Bank all such information as the LRCP or the World Bank shall reasonably request relating to the implementation of the sub-project. The PIU is responsible for carrying out checks and will conduct supervision missions at least quarterly.

The Sub-Grant beneficiary is required to implement the sub-project in accordance with the Sub-Project Proposal and provisions of the Sub-Grant Agreement. No significant changes will be allowed to be made to the selected sub-project proposal. But in case, some deviation from the implementation is required due to unforeseen obstacles, flexibility will be allowed but it requires prior written consent of the LRCP PIU and shall be communicated to the World Bank for no-objection

During the sub-project implementation, that follows the approval, the successful Applicant is responsible for implementation of environmental mitigation and avoidance measures as well as timely monitoring and reporting defined during the ESA process and recommended in the relevant EA reports (most often ESMP or ESMP Checklist Implementation Reports). Failure to implement safeguards measures defined in the ESA (ESIA, ESMP, and ESMP Checklist) can result in delay or withdrawal of funding support for the sub-project. Failure to implement safeguards measures defined in the ESA (ESIA, ESMP, ESMP Checklist) can result in delay or withdrawal of funding support for the sub-project.

### **3. Visibility guidance**

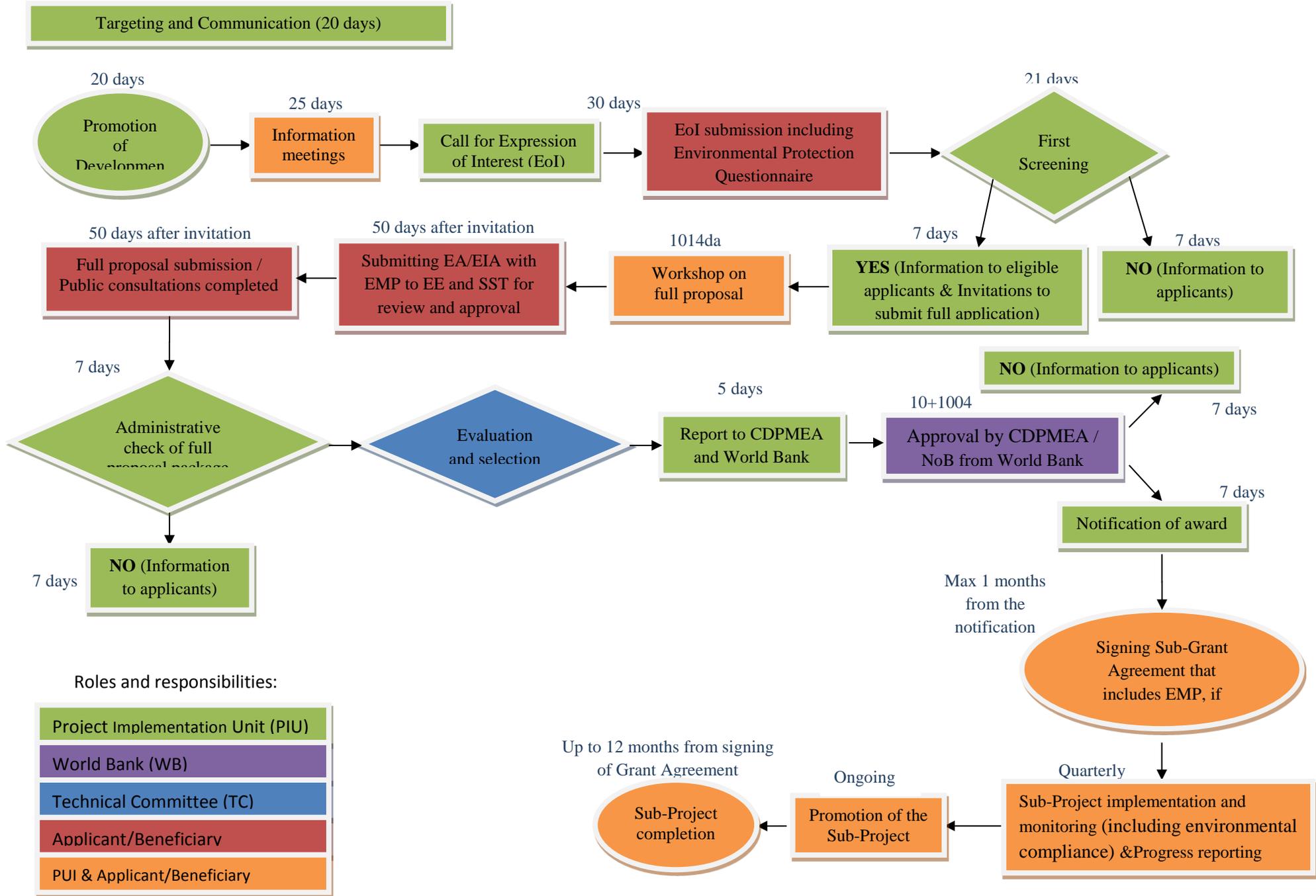
LRCP will use a common visual identity to provide guidance to beneficiaries in order to ensure that the contribution of the European Union in supporting the Project is widely recognized. Beneficiaries have to promote the visibility and local awareness through the various types of activities such as:

- All related publicity materials, official notices, reports, and publications related to the contributions are adequately reflected in local print and electronic media, explicitly acknowledge the European Union as the source of funding received;
- Publications, training programs, seminars, and workshops financed by the EU Local and Regional Competitiveness Trust Fund Sub-Grants should clearly indicate that the activities in question have received funding from the European Union;
- The logo (the European Union flag, the World Bank logo and sub-project title) should be used in publications (there should also be a disclaimer) related to the Trust Fund, and in banners and any other materials used in seminars and training programs;
- Joint press releases and joint media activities should be undertaken to promote the partnership and highlight common achievements. The European Union and the World Bank flags should be displayed at all times;

- In cases in which Sub-Grant signing ceremonies take place, the beneficiaries are obliged to include officials from the European Union, and to invite local and national press upon approval of and in coordination with the EUD.

Beneficiaries are obliged to inform PIU prior activities regarding promotion, visibility and local awareness of the sub-project. The high-level EU officials will have the opportunity to visit sub-projects and issue statements at any time.

### **III.1.8 SUB-GRANT PROCEDURE FLOW CHART**



### III. 1.9 MONITORING, EVALUATION AND REPORTING

Prior to disbursement of funds to the Sub-Grant beneficiary, monitoring of progress implementing the sub-project is required by the LRCP PIU. The purpose of the monitoring is to assess the progress of the sub-project in implementing the task activities, and to assure that financial expenditures are in accordance with the Approved Sub-Project Budget for the given period. All details regarding the timing of submission of reports will be defined in the Sub-Grant Agreement. Methods of monitoring and reporting include:

**A) Progress Report:** The Sub-Grant beneficiary must submit quarterly progress report in hard copy and soft copy (digital document file) to the LRCP PIU within two (2) weeks after the last calendar day of the sub-project quarter. This progress reporting is a requirement for the duration of the sub-project, or until all sub-project activities are completed and the sub-project is formally closed. The quarterly report will inform LRCP about beneficiary's activity/ies within the reporting period. It includes safeguards instruments implementation progress. The LRCP PIU will perform regular on-site monitoring visits in order to assure the quality of works and design. Upon review and approval of the reports by the LRCP and positive outcome of the on-site monitoring visit (when applicable) the sub-project financing for the next activity will be disbursed.

**B) Financial Report:** The purpose of the financial report is to enable the LRCP PIU to monitor actual expenditures on the sub-project and to assist decisions relating to the continued financing of the sub-project. All expenses incurred by the beneficiary for the actual period must be itemized in accordance with Approved Sub-Project Budget as per Sub-Grant Agreement, and all payments from the dedicated sub-project account in all categories should be shown. For more details regarding the financial reports, please refer to Section Financial Management III.1.11. The Sub-Grant beneficiary will permit, the LRCP PIU and/or the World Bank and/or persons or auditors appointed by the LRCP to inspect and audit its accounts and records and other documents relating to the Sub-Project and performance under the Sub-Grant Agreement.

**C) On-site monitoring visits:** The purpose of the monitoring visit by the LRCP PIU is primarily to verify that sub-project, environmental and financial activities are occurring as reported and as stated in the approved sub-project documents. The LRCP will perform monitoring visits at least quarterly, or more often, if necessary.

Monitoring visits will typically include a review of sub-project implementation (e.g. procedures, milestones with measurable results, timelines, tasks, agreements, policies, and financial documentation) as well as in-person meetings with relevant sub-project team members.

If the monitoring visit has identified any concerns, the beneficiary will be required to correct deficiencies within agreed timelines. The further financing depends on the severity of problem and it will be suspended until the deficiencies are corrected.

**D) Environmental monitoring and reporting:** Environmental supervision will be carried out by EE and SST when deemed necessary by Environmental Focal Point. In the course of sub-project approval, compliance reporting frequency will be determined for every sub-project. EE will perform sub-project supervision by carrying out document reviews, site visits and interviews. EE will report on sub-borrower's compliance regularly to SST and WB in line with the agreed reporting schedule (quarterly), as a part of regular project status of portfolio reporting or in the case of emergency. It is recommended that SST periodically take random visits to sub-projects sites in order to ensure EE reporting on Applicant's compliance is realistically reflecting situation on the field, which should encompass all B+ category and sample of B- sub-projects with social and cultural mitigation measures at place. Environmental performance of EE, SST and selected Applicants will be a subject of the WB supervision missions.

The World Bank will track environmental performance of the Sub-Project by regular review of reports as well as by supervision of the overall screening process and implementation of environmental recommendations for the selected sub-projects, including random visits to the sub-project sites. Due to the size of portfolio detailed review and site visit by World Bank would only be done on a selected number of sub-projects. SST shall properly keep all sub-project documentation on file and make it available for EE and the World Bank upon request.

**E) Final report:** After the sub-project is fully completed, the last step in the sub-project is to summarize the different stages into a final report which must be submitted to the LRCP within four (4) weeks after the last calendar day of the sub-project. The final report should contain all the necessary information regarding the sub-project including successes, lessons learned and sub-project performance.

### **General**

In addition to the formal reports required under the Sub-Grant Agreement, it is the Sub-Grant beneficiary's obligation to report significant sub-project events to the LRCP, positive or otherwise. As a contributor to the sub-project, the LRCP would like to be kept abreast of the sub-project status. In the event of favorable variations or unforeseen problems, the LRCP's early awareness will enable the LRCP PIU to work with the sub-project team in implementing any necessary changes to sub-project activities, including re-scheduling and re-budgeting.

The LRCP PIU reserves the right to suspend or terminate the financing under the Sub-Grant Agreement or obtain a refund of all or any part of the amount of the financing disbursed, in the event that the Sub-Grant beneficiary fails to perform any of its obligations under the Sub-Grant Agreement. The grant beneficiary will return any funds used for ineligible expenses as per the instructions received from the LRCP PIU.

### **III.1. 10 PROCUREMENT**

This Section provides guidance on the procurement procedures which has to be followed by Sub-Grant Beneficiaries for procurement of goods, works and consulting services, during Sub-Grants implementation under Sub-Component 3.2. – Association Grants.

The LRCP shall provide sub-financing to Sub-Grant Beneficiaries’ - eligible specific sub-projects, as defined in the legal documents of the Project. The Grant Agreement for the Project defines the requirements for carrying out the Project, including procurement: “All goods and consultants’ services required for the activities and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth in the World Bank’s “Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by the World Bank Borrowers” dated January 2011, Revised July 2014 and “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by the World Bank Borrower” dated January 2011, Revised 2014; and the provisions stipulated in the Grant Agreement.

Any procurement policies, procedures and guidance described in this Section are provided for internal reference by PIU and Sub-Grant Beneficiaries only. In case there is a conflict or contradiction, those provided in the Bank’s Procurement and Consultant Guidelines shall prevail.

The LRCP will provide grants of up to approximately EUR 50,000 for a single applicant or up to EUR 150,000 for projects proposed by a partnership between two or more entities. Co-financing of at least 10 percent contribution from the requested grant will be required. The co-financing contribution can be proved in cash or in kind or both cash and in-kind, with the assessment of the in-kind amount issued by authorized assessors.

The selected Sub-Grant Beneficiaries under Sub-component 3.2-Association Grants will be responsible to carry out the procurement processes for the planned sub-project activities.

#### **1) Activities and items ELIGIBLE for financing from the proceeds of the LRCP**

Examples of possible project types for infrastructure grants but not limited to, include:

- Design and implementation of local supplier linkages program;
- Innovation competition; improving current tourist offers/services or/and introduce new ones;
- Development of modules for competency-based skills training; Improving management skills; Develop training materials;
- Purchase equipment, ICT to improve quality of design and services by private sector enterprises in/serving the tourism sector;
- Provide greater access to market information by private sector enterprises in/serving the tourism sector;
- Promotional activities (promotion of local products, recruitment drives, business-to-business (B2B) linkages, branding and marketing activities) among others.

- Improve experiential design of activities; Improving the service culture; improving product quality requirements – to benefit private sector enterprises in/serving the tourism sector
- Purchase minor equipment; undertake renovation of existing facilities – to benefit private sector enterprises in/serving the tourism sector
- Assistance to private sector enterprises in/serving the tourism sector to adopt and implement international quality standards (e.g. tour guides training according to internationally adopted standards)
- Other sub-project types that will contribute to the fulfillment of the objective of the call and will demonstrate that it meets a gap in the Development Plan.

## **2) Activities and items NOT ELIGIBLE for financing from the Project**

The following procurements will be considered as not eligible for financing by the sub-projects:

- Contracts for procurement of goods, works, non-consulting and consulting services between sub-project grantees and their subsidiary or affiliated companies, unless there is an established arms-length arrangement;
- Procurement of second hand goods;
- Procurement of refurbished<sup>19</sup> goods;
- Firms/individuals proclaimed as debarred in accordance with Paragraph 1.8 - 1.10 of the Procurement Guidelines and 1.11 - 1.13 of the Consultant Guidelines. The entire World Bank List of Debarred Firms is available on the following link: [www.worldbank.org/debarr](http://www.worldbank.org/debarr)

The following activities will not be eligible for financing by the project:

- Investment within designated “Special Tourism Development Zones”;
- New construction or substantial investment in general municipal infrastructure (which may be funded under other existing projects), as defined in section II.2.
- Projects which are likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented and may affect an area broader than the sites or facilities subject to physical works;
- Investments in designated protected areas, which would have negative impact on natural and critical habitats and species;
- Activities impacting fragile ecosystems, gambling and betting facilities/activities, important habitats, and green-fields of outstanding aesthetic value;
- Release of genetically altered organisms into the natural environment;
- Manufacturing, distribution and sale of banned pesticides and herbicides,
- Drift seine netting in the marine environment,
- Hazardous waste storage, treatment and disposal,
- Activities requiring conversion of forests, wetlands, and alpine/sub-alpine meadows;

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<sup>19</sup> Servicing and/or renovation of older or damaged equipment to bring it to a workable or better looking condition. (Read more: <http://www.businessdictionary.com/definition/refurbishing.html>)

- Drift seine netting in the marine environment,
- Hazardous waste storage, treatment and disposal,
- Activities requiring conversion of forests, wetlands, and alpine/sub-alpine meadows;
- Other items included in the standard negative list from the World Bank, including:
  - Manufacturing of equipment and appliances containing CFCs and other substances regulated under the Montreal Protocol,
  - Manufacturing of electrical equipment containing polychlorinated biphenyls (PCBs) in excess of 0,005 % by weight,
  - Manufacturing, handling and disposal of radioactive products,
  - Manufacturing of asbestos containing products,
  - Nuclear reactors and parts thereof,
  - Tobacco, unmanufactured or manufactured,
  - Tobacco processing machinery, and
  - Manufacturing of firearms
  - Distilled alcohol for consumption.

### **3) Roles and responsibilities of parties involved in the procurement process**

- **LRCPIU**

The LRCPIU will be responsible for providing support and guidance, ensuring compliance with World Bank's regulations on procurement rules and procedures, to sub-project grantees recommended for financing, for preparation of the Procurement plan.

LRCPIU is responsible for guiding and supporting the selected Sub-Grant beneficiaries in:

- review and providing guidance/training to the grant recipients<sup>20</sup>;
- preparing the full procurement documentation ;
- conducting the procurement process

The LRCPIU will review and approve Sub-Grant procurement plans and other procurement related documents (bidding documents/requests for proposals, bidding results...) prepared by the selected Sub-Grant beneficiaries.

The PIU will establish close cooperation and good interaction with the Sub-Grant beneficiaries in all phases of the sub-projects implementation.

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<sup>20</sup> After signing of the relevant sub-grant agreements, a training shall be organized at the premises of the PIU for sub-grant beneficiaries, on specific topics, such as evaluation of bids, evaluation of consultants, procurement/selection procedures, contract negotiations etc.

- **Sub-Grant beneficiaries**

Sub-Grant beneficiaries are responsible for preparation of the complete procurement documentation related to the sub-projects planned activities, including designs, technical specifications and other supporting documents as needed, and also for supervision of contract implementation and acceptance of the deliverables procured.

The Sub-Grant Beneficiary will sign the Contract with the awarded supplier/contractor, will oversee the realization and sign the acceptance certificate for the soft infrastructure activities carried out under the respective Sub-Grant.

The Sub-Grant Beneficiary should designate a counterpart staff with adequate technical qualifications, managerial experience and power of attorney to supervise day-to-day performance of the contractors/suppliers/consultants.

#### **4) Anti-corruption measures**

The World Bank's anti-corruption measures will be followed and the services of firms and individuals debarred by the Bank shall not be engaged. The list of such debarred firms and individuals is located at:

<http://web.worldbank.org/external/default/main?contentMDK=64069844&menuPK=116730&pagePK=64148989&piPK=64148984&querycontentMDK=64069700&theSitePK=84266>.

Each sub-project grantee shall be responsible to check the above referenced list prior to recommendation of a firm or an individual as the case might be for an inclusion in a short list (in case of consulting services contract) and for a contract award, and shall take actions as needed in accordance with the provisions above.

Definition of 'Fraud and Corruption' in accordance with the guidelines is provided in the Procurement List of Annexes.

Missprocurement defines cases when financing will not be made through proceeds of the loan. Definitions of missprocurement in accordance with procurement and consultants' guidelines are provided in the Procurement List of Annexes.

#### **5) Sub-Grant Procurement plan**

A simplified procurement plan will be prepared and submitted by the applicants along with the full sub-project proposal.

The Sub-Grant procurement plan for the sub-projects will be prepared by the lead coordinator of the sub-project after the project is recommended for financing, according to the accepted financial plan (Project Budget). To that effect, all contracts for goods, non-consulting and

consulting services in accordance with the financial plan shall be reflected in the Sub-Grant procurement plan.

For the preparation of a Sub-Grant procurement plan, the following steps should be taken:

- The items from the financial plan shall be grouped in packages, to the extent possible, in order to encourage better competition. The procurement/selection method shall be determined based on the nature of the contract (goods, non-consulting or consulting services) The applicable procurement/selection methods are described in paragraph 6 below in this Section.
- The Sub-Grant procurement plan shall be submitted to the PIU before the Sub-Grant Agreement is signed

The Sub-Grant beneficiaries must send the pre-final version of the prepared Sub-Grant procurement plan to the PIU for review and approval. The final version of the Sub-Grant procurement plan as an integral part will be added to the Sub-Grant Agreement.

Sub-Grant beneficiaries shall carry out the procurement process under the Sub-project in accordance with their respective approved Sub-Grant procurement plan.

If changes within the Sub-Grant procurement plan are needed (estimated cost, reallocation, procurement method), the Sub-Grant beneficiary will submit updated Sub-Grant procurement plan to the PIU for review and approval.

In order to select the appropriate procurement methods, Sub-Grant beneficiaries should pay attention to the procurement methods and thresholds prescribed in the following table:

*Table 12: Procurement methods and thresholds*

|       | <b>Procurement Method</b> | <b>Method Thresholds</b> | <b>Comments</b>  |
|-------|---------------------------|--------------------------|--|
| Works | Shopping                  | <€200,000                | The PIU LRCP will review all procurement procedures and issue approvals to bidding documents, evaluation reports, contracts and contract amendments as relevant. |
|       | DC                        | NA                       | DC would be allowed in exceptional circumstances and subject to justification in accordance with the applicable Procurement Guidelines.                          |
| Goods | Shopping                  | <€100,000                | The PIU LRCP will review all procurement procedures and issue approvals to bidding documents, evaluation reports,  |
|       | DC                        | NA                       |  |

|  |     |            |  |
|--|-----|------------|--|
|  |     |            | contracts and contract amendments as relevant.<br><br>DC would be allowed in exceptional circumstances and subject to justification in accordance with the applicable Procurement Guidelines.  |
| Consulting Services  | CQS | <=€350,000 | The PIU LRCP will review all procurement procedures and issue approvals to bidding documents, evaluation reports, contracts and contract amendments as relevant.<br><br>DC would be allowed in exceptional circumstances and subject to justification in accordance with the applicable Consultant Guidelines. |
|  | SSS | NA         |  |
|  | IC  | NA         |  |
| Notes: SSS – Single -Source Selection<br>NCB – National Competitive Bidding<br>DC – Direct Contracting<br>IC – Individual Consultants<br>CQS – Selection Based on the Consultants’ Qualifications<br>NA – Not Applicable |     |            |  |
|  |     |            |  |

*When preparing the Sub-Grant Procurement Plan, the Sub-Grant Beneficiaries primarily should consider using competitive methods. Regarding the cost estimates of the proposed contracts, the Sub-Grant beneficiaries should additionally explain in its Full Proposal the basis for calculation of such estimates.*

## 6) Review by the LRCP PIU

### Internal review and approval of procurement decisions

The PIU shall review Procurement Plans and their updates that are prepared by the Sub-Grant Beneficiaries in accordance with provisions set in the Procurement and Consultant Guidelines<sup>21</sup>.

<sup>21</sup> Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by the World Bank Sub-Grant Beneficiaries” dated January 2011, Revised July 2014 <http://pubdocs.worldbank.org/en/492221459454433323/Procurement-GuidelinesEnglishJuly2014.pdf>

<sup>21</sup> “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by the World Bank Sub-Grant Beneficiary” dated January 2011, Revised 2014 <http://pubdocs.worldbank.org/en/894361459190142673/ProcurementConsultantHiringGuidelinesEngJuly2014.pdf>

They shall be consistent with the Sub-Project Implementation Plan, the Sub-Grant Agreement, and the above-mentioned Guidelines.

**6.1 All contracts for goods, works and non-consulting services are subject to the PIU's prior review, as follows:**

(a) For all procurement procedures the Sub-Grant Beneficiary will use the standard/sample bidding documents provided by the PIU. Before bids are invited, the Sub-Grant Beneficiary shall furnish to the PIU for its comments, draft bidding documents, including the invitation to bid, instructions to bidders, including the basis of bid evaluation and contract award, and the conditions of contract and specifications for the civil works, supply of goods, or installation of equipment, etc., as the case may be, together with a description of the advertising procedures to be followed for the bidding, and shall make such modifications in the said documents as the PIU shall reasonably request. Any further modification shall require the PIU's no objection before it is issued to the prospective bidders. The PIU will review the modifications and issue a no-objection within 10 days from the day when the request was sent to the PIU.

(b) After bids have been received and evaluated, the Sub-Grant Beneficiary shall, furnish to the PIU, in sufficient time for its review, a detailed report (prepared, if the PIU shall so request, by experts acceptable to the PIU), on the evaluation and comparison of the bids received (for each stage in case of two-stage bidding and framework agreements) together with the recommendations for award and such other information as the PIU shall reasonably request. The PIU will furnish the Sub-Grant Beneficiaries with the sample evaluation report form for all procurement procedures (for goods, works, consulting services as relevant). The PIU shall, if it determines that the intended award would be inconsistent with the Sub-Grant Agreement and/or the Procurement Plan, promptly inform the Sub-Grant Beneficiary and state the reasons for such determination. Otherwise, the PIU shall provide its no objection to the recommendation for the award of contract. The Sub-Grant Beneficiary shall award the contract only after receiving the no objection from the PIU. The PIU will review the provided documents and issue a no-objection within 10 days from the day when the documents were sent to the PIU.

(c) If the Sub-Grant Beneficiary requires an extension of bid validity to complete the process of evaluation, obtain necessary internal clearances and PIU no objection, and to make the award, it shall seek the PIU's prior no objection for all requests for extension, irrespective of the period. The PIU will review the reasons for extension and issue a no-objection within 10 days from the day when the request was sent to the PIU.

(d) If after publication of the award the Sub-Grant Beneficiary receives complaints from bidders, a copy of the complaint, the Sub-Grant Beneficiary's comments on each issue raised in the complaint, and a copy of the Sub-Grant Beneficiary's response shall be sent to the PIU for its review and comments.

(e) If as result of analysis of a complaint the Sub-Grant Beneficiary changes its contract award recommendation, the reasons for such decision and a revised evaluation report shall be submitted to the PIU for no objection. The Sub-Grant Beneficiary shall provide a republication of the contract award.

(f) The terms and conditions of a contract shall not, without the PIU's prior no objection, materially differ from those on which bids were asked or prequalification of contractors, if any, was invited.

(g) One conformed copy of the contract shall be furnished to the PIU promptly after its signing.

(h) All evaluation reports shall be accompanied by a summary of the procurement on a form provided by the PIU. The description and amount of the contract, together with the name and address of the successful bidder, shall be subject to public disclosure by the PIU in accordance with paragraph 2(h) above upon receipt of the signed copy of the contract from the Sub-Grant Beneficiary.

(i) The Sub-Grant Beneficiary shall retain all documentation with respect to each contract during sub-project implementation until two years after the closing date of the Sub-Grant Agreement. This documentation would include, but not be limited to: (i) the signed original of each contract and all subsequent amendments or addenda; (ii) original bids, all documents and correspondence related to the procurement and implementation of the contract, including those in support of the evaluation of bids, and the recommendation for award made to the PIU; and (iii) the payment invoices or certificates, as well as the certificates for the inspection, delivery, completion, and acceptance of goods, works, and non-consulting services. For contracts awarded on the basis of direct contracting, the documentation shall include the justification for using the method, the technical and financial capacity of the firm, and the signed original of the contract. The Sub-Grant Beneficiary shall furnish such documentation to the PIU upon request for examination by the PIU, by its consultants/auditors or by World Bank.

**6.2 All contracts for consulting services are subject to the PIU's prior review, as follows:**

(a) Before inviting proposals, the Sub-Grant Beneficiary shall furnish to the PIU for its review and no objection the Terms of Reference. The PIU will review the provided Terms of Reference and issue a no-objection within 10 days from the day when the document was sent to the PIU. Any further modification shall require the PIU's no objection before the Terms of Reference is issued to the consultants.

(b) After the technical and financial evaluation, the Sub-Grant Beneficiary shall invite the firm for negotiations. After negotiations are completed, or in the case of single-source selection, the Sub-Grant Beneficiary shall furnish to the PIU, in sufficient time for its review, a copy of the negotiated contract proposed to be signed by the Sub-Grant Beneficiary which has been initialed by the successful consultant. If the negotiated contract resulted in substitution of key experts or any changes in the TOR and original proposed contract, the Sub-Grant Beneficiary shall highlight the changes and provide an explanation of why these changes are necessary and acceptable to the Sub-Grant Beneficiary. The PIU will review the provided documents and issue a no-objection within 10 days from the day when the document was sent to the PIU.

(c) If the PIU determines that the final evaluation report, the recommendation for award, and/or the negotiated contract are inconsistent with the provisions of the RFP, it shall promptly inform the Sub-Grant Beneficiary and state the reasons for its determination. Otherwise, the PIU shall

provide its final no objection to the contract award. The Sub-Grant Beneficiary shall confirm the award and sign the contract only after receiving the no objection from the PIU.

(d) If the Sub-Grant Beneficiary receives complaints from consultants, it shall promptly send to the complainant an acknowledgment, and to the PIU for review and comments a copy of the complaint, the Sub-Grant Beneficiary's comments on each issue raised in the complaint, and a copy of the proposed response to the complainant.

(e) If as a result of the analysis of a complaint, or any other reason, the Sub-Grant Beneficiary changes its contract award recommendation, the reasons for such decision and a revised evaluation report shall be submitted to the PIU for no objection. The Sub-Grant Beneficiary shall provide a republication of the contract award. If the negotiations fail with the successful consultant, the Sub-Grant Beneficiary shall furnish to the PIU for review the minutes of negotiations and reasons for failure. After completion of the procedure, and obtaining the PIU's no objection, the negotiations may be terminated and the next ranked firm be invited for negotiations.

(f) One conformed copy of the contract shall be furnished to the PIU promptly after its signing, before making the first payment in respect of such contract.

(g) The description and amount of the contract, together with the name and address of the consultant, except if an individual, shall be subject to public disclosure by the PIU in accordance with paragraph 2(i) above upon receipt of the signed copy of the contract from the Sub-Grant Beneficiary.

(h) The Sub-Grant Beneficiary shall retain all documentation with respect to each contract during project implementation until two years after the closing date of the Sub-Grant Agreement. This documentation would include, but not be limited to: (i) the signed original of each contract and all subsequent amendments or addenda; (ii) original proposals, all documents and correspondence related to the selection of and implementation of the contract, including those in support of the evaluation of the proposals (including individual score sheets), and the recommendation for award made to the PIU; and (iii) payment invoices or certificates. For contracts awarded on the basis of an SSS method, the documentation shall include the justification for using the method, the qualifications and experience of the selected consultant, and the signed original of the contract. The Sub-Grant Beneficiary shall furnish such documentation to the PIU upon request for examination by the PIU or by its consultants/auditors.

## **7) Review by the Bank**

The World Bank will carry a post review once in 12 months of randomly selected contracts. It will review all documents related to the procurement process, including but not limited to signed contracts and all amendments to them as relevant, bidding documents, bid evaluation report and recommendation for award, payments invoices or certificates, as well as certificated of inspection, delivery and acceptance of goods, completion and acceptance of works and non-consulting services, etc. Such documents would also be submitted to the Bank by request as needed. All such documents will be kept by the sub-grant Beneficiaries and will be submitted to the PIU premises for the purpose of the post review unless the Bank decides to carry out the post

review in the premises of the sub-grant beneficiary. In addition to the above referenced documents, Bank may conduct physical inspection of the goods delivered, the works and non-consulting services subject to a specific contract.

## **8) Handling of Complaints**

### **8.1 For consulting services**

Consultants are free to send copies of their communications regarding complaint against the Sub-Grant Beneficiary. All such communications should be addressed to the Project Director with a copy to the CDPMEA. In cases when PIU receives communications from consultants involving allegations of fraud and corruption the PIU shall apply due care and discretion in sharing information deemed appropriate with the Sub-Grant Beneficiary.

If after contract award, a consultant wishes to ascertain the grounds on which its proposal was not selected, it should address its request to the Sub-Grant Beneficiary. If the consultant is not satisfied with the written explanation given and/or debriefing by the Sub-Grant Beneficiary, and wishes to seek a meeting with the PIU, it may address the PIU's Procurement Specialist, who will arrange a meeting at the appropriate level and with the relevant staff. The purpose of such meeting is only to discuss the consultant's proposal, and neither to reverse the PIU's position that has been conveyed to the Sub-Grant Beneficiary nor to discuss the proposals of competitors.

### **8.2 For goods, works and non-consulting services**

Bidders are free to send copies of their communications regarding complaint against the Sub-Grant Beneficiary. All such communications should be addressed to the Project Director with a copy to the CDPMEA.

In cases when PIU receives communications from bidders involving allegations of fraud and corruption the PIU shall apply due care and discretion in sharing information deemed appropriate with the Sub-Grant Beneficiary.

If after notification of award, a bidder wishes to ascertain the grounds on which its bid was not selected, it should address its request to the Sub-Grant Beneficiary. If the bidder is not satisfied with the written explanation given and wishes to seek a meeting with the PIU, it may do so by addressing the PIU's Procurement Specialist, who will arrange a meeting at the appropriate level and with the relevant staff. The purpose of such meeting is only to discuss the bidder's bid, and neither to reverse the PIU's position that has been conveyed to the Sub-Grant Beneficiary nor to discuss the bids of competitors.

## **9) Procurement Methods**

The Grant Agreement provides the following specific procurement methods which can be used for the implementation of Sub-Projects' arrangement:

***For works:*** (i) Shopping, (ii) Direct Contracting (DC)

***For goods, works and non-consulting services:*** (i) National Competitive Bidding (NCB), (ii) Shopping, (iii) Direct Contracting (DC). In accordance with paragraphs 3.3, 3.5 and 3.7 in the relevant Procurement Guidelines<sup>22</sup>.

***For consulting services:*** (i) Selection based on the Consultants' Qualifications (CQS), (ii) Single-Source Selection (SSS), (iii) Selection of Individual Consultants (ICS). In accordance with paragraphs 3.7, 3.8 and Section V in the relevant Consultant Guidelines<sup>23</sup>.

Specific procurement methods for a particular contract shall be stated in the Sub-Grant procurement plan.

Detailed procedures of the abovementioned procurement methods are provided in the Procurement and Consultant Guidelines. The following hands-on guidance is prepared for ease of reference only. In case there is an inconsistency or conflict, those stated in the Procurement and Consultant Guidelines shall prevail.

## **10) Types of contracts**

The sample contract which should be used both for consulting services to be provided by firms and individuals are attached in Annex 8 and Annex 9 from the Procurement List of Annexes. The types of contracts are differentiated as follows:

### **Lump-Sum Contract**

This type of contract is used mainly for assignments in which the scope and the duration of the services and the required output of the consultants are clearly defined. It is widely used for simple planning and feasibility studies, environmental studies, detailed design of standard or common structures, preparation of data processing systems, and so forth. Payments are linked to outputs (deliverables) such as reports, drawings and bills of quantities, bidding documents, and software programs. The contract shall include a fixed price for the activities to be carried out by the consultant. Lump-sum contracts are easy to administer because they operate on the principle of fixed price for a fixed scope, and payments are due on clearly specified outputs and milestones.

### **Time-Based Contract**

This type of contract is appropriate when it is difficult to define or fix the scope and the duration of the services, either because they are related to activities carried out by others for which the

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<sup>22</sup> Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by the World Bank Sub-Grant Beneficiarys" dated January 2011, Revised July 2014 <http://pubdocs.worldbank.org/en/492221459454433323/Procurement-GuidelinesEnglishJuly12014.pdf>

<sup>23</sup> Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by the World Bank Sub-Grant Beneficiary" dated January 2011, Revised 2014 <http://pubdocs.worldbank.org/en/894361459190142673/ProcurementConsultantHiringGuidelinesEngJuly2014.pdf>

completion period may vary, or because the input of the consultants required for attaining the objectives of the assignment is difficult to assess. It is widely used for complex studies, supervision of construction, advisory services, and most training assignments. Payments are based on agreed hourly, daily, weekly, or monthly rates for experts (who are normally named in the contract) and on reimbursable items using actual expenses and/or agreed unit prices. The rates for experts include remuneration, social costs, overhead, profit, and, where appropriate, special allowances. The contract shall include a ceiling amount of total payments to be made to the consultants. This ceiling amount should include a contingency allowance for unforeseen services and duration. Time-based contracts need to be closely monitored and administered by the client to ensure that the assignment is progressing satisfactorily and that payments claimed by the consultants are appropriate.

### **11) Procurement supervision and record keeping**

The Sub-Grant Beneficiaries are responsible for maintaining relevant procurement documents for the LRCP PIU prior, Bank's post review, and audits upon request.

### **12) Evaluation committee**

The Sub-Grant beneficiaries are responsible to establish Evaluation Committee, regardless of the procedures applied including the Private Sector Commercial Practices.

Each Evaluation Committee must consist of at least three members.

The Evaluation Committee is responsible for evaluation of bids, selection of consultants and recommendation of contract awards for each activity. In case of the conflict of interest, the members of the Evaluation Committee should request a substitute.

The Evaluation Committee should have at least two members that are of the technical/professional expertise relevant for the evaluation process. The members of the Evaluation Committee are obliged to handle the documents related to the selection process in the confidentiality manner. The discussion and exchange of relevant documents and comments should be limited only to the members of the Evaluation Committee.

### **13) Contract signing and administration**

In accordance with the Sub-Grant procurement plan, when procurement decisions are subject to prior review, the contract will be signed after receiving approval from the LRCP PIU. Scanned copy of the signed contract is promptly sent to the LRCP PIU for their info and file.

A contract would be concluded between the Sub-Grant beneficiary and supplier/contractor based on which the Sub-Grant beneficiary will pay suppliers' invoices as per the eligible percentage agreed under this signed contract.

#### **14) Unsatisfactory Performance**

Poor performance affects the quality, efficiency and economy of the contract and it therefore shall not be tolerated. Based on the provisions of the contract, Sub-Grant Beneficiary should advise the contractors/suppliers/consultants to take immediate corrective measures to address the situation. If the contractors/suppliers/consultants fail to take adequate corrective actions, Sub-Grant Beneficiary may terminate the contract and apply appropriate penalties specified in the contract to the default contractor/supplier/consultant.

#### **15) Use of bidding and proposed Document**

The forms of bidding/proposal documents, evaluation reports and contract forms will be Bank's standard and sample procurement documents, listed in the Section Procurement list of Annexes.

### **III. 1.11 FINANCIAL MANAGEMENT**

For Sub-component 3.2.1 – Association grants, LRCP has allocated approximately EUR 2.712.018. The allocation from LRCP may be adjusted based on experience implementing the Project. Beneficiary contribution of approximately EUR 271.202 from non-profit entities is foreseen.

Sub-Grants for qualified non-profit entities (organizational entities, linkages and innovation of stakeholders in destinations) will require a matching contribution of minimum 10% or more in cash, which will be stated in the sub-projects' full proposal and also in the Sub-Grant agreement. Sub-Grants for for-profit entities will require a matching contribution of minimum 50 % in cash.

Sub-Grant list of eligible/non-eligible costs is added in Sections 1.5 (General principles of funding) and III.-1 4.2.3 D (Budget and finance) of this Grant Manual.

The beneficiary is obliged to open one separate Sub-Grant account (denominated in Denar), which will capture all transfers of funds related to Sub-Grant tranches from LRCP and beneficiary's contribution. Depending on the payment conditions stated in the Sub-Grant Agreement beneficiary is obligated to transfer the funds to suppliers properly and keep original copies of all supporting documents related to payments for review by the LRCP team.

After a tranche is transferred, the Sub-Grant beneficiary will submit quarterly financial reports to the LRCP for all the transfers made to Contractors/Suppliers, sending Annex 7 "Financial Management" – Appendixes 1, 1.1 and 1.2, along with all the necessary supporting documents (copy of invoices, bank statements).

#### ***Disbursement and cash flow***

The Sub-Grant beneficiary will be the only contractual side in the contracts with the Contractors/Suppliers for activities envisioned under the Sub-Grant. The PIU Procurement and Financial Management team will be involved in the documents' review and approval, closely monitoring the entire process.

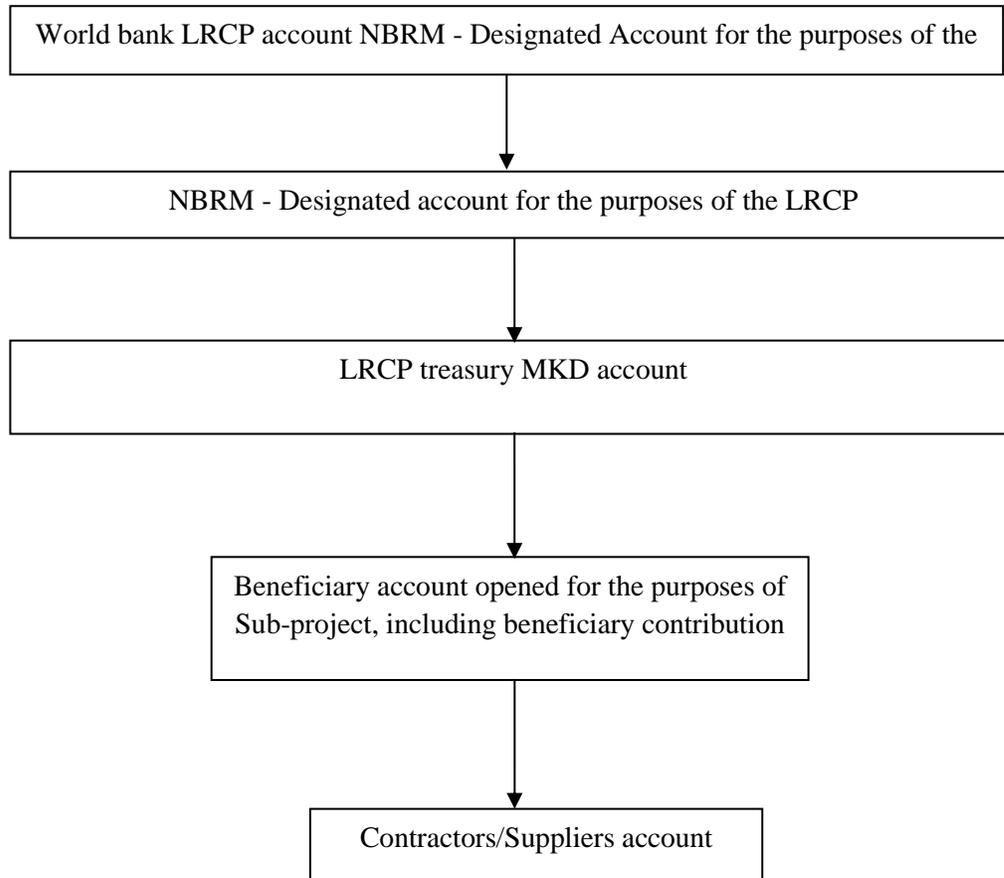
For Sub-component 3.2.1, the PIU will introduce a multi-tranche scheme upon signing of the Sub-Grant Agreement, in following proportion of 30%-40%-30% to the accomplished works and delivered goods. The disbursement of funds will be made from the LRCP's Treasury account to the beneficiary's Sub-Grant account (denominated in Denar). The disbursement of the first tranche will be made only after the beneficiary:

- Transfers its contribution to its separate special account;
- Organizes tenders and signs civil works, goods, non-consulting and consulting services contracts;
- Presents a report on the fulfilled procurements;
- Presents a report of accomplished works and delivered goods in accordance with the proportionate percentage stated in the Sub-Grant Agreement;
- Presents a duly completed Request for tranche form.

The Sub-Grant beneficiary will be required to provide to the LRCP PIU payment documents (copy of invoices, bank statements) for the transfers made to Contractors/Suppliers from its own contribution for the implemented Sub-Grant activities. The amount of these transfers must relate to the amount stated as beneficiary contribution in the Sub-Grant Agreement. Before disbursement of the following tranches, the beneficiary will be conditioned to submit financial statements set in Annex 7 "Financial Management" – Appendixes 1, 1.1 and 1.2, along with supporting documents. The request for the next tranche can be submitted to LRCP PIU only after 80% of the previous tranche have been spent, as evidenced by bank statements.

Beneficiaries is obligated to transfer the grant funds to the final suppliers properly based on the adequate supporting financial documentation submitted by the suppliers and in accordance with the contract previously approved by the PIU and signed between suppliers and beneficiaries.

Cash flow when the Beneficiary is leading the procurement/financial management process (picture 3):



**Picture 3**

***Financial issues, financial statements and monitoring***

Beneficiary will lead the procurement /financial management process in conformity with related requirements of the World Bank’s financial reporting guidelines, beneficiary will maintain the accounting books and records, cash receipts, payment documents and signed contracts. The Sub-Grant account will be kept in local currency (MKD) and for reporting purposes the PIU will convert in to EUR using the NBRM currency purchase exchange rate for conversion on the day of transaction made from NBRM - Designated account of the LRCP to LRCP treasury MKD account.

Sub-Grant beneficiaries will be also required to maintain proper accounting records and supporting documentation to ensure proper identification of grant transactions, including beneficiary contribution. This documentation must be viable for the inspection and audit purposes made by the PIU and World Bank team. Beneficiaries must keep original copies of all supporting documents related to payments with grant funds in accordance with archival standards of the country.

Prior to closing of the Sub-Project, a backup of the beneficiaries accounting records should be taken. This will ensure that record is kept of all the transactions.

Ten working days before submission of next transaction of grant funds from LRCP account to the beneficiary account, beneficiaries must submit to PIU interim financial statements (Annex 7 “Financial Management” – Appendixes 1, 1.1 and 1.2), including Sub-Grant and own contribution, supported by a bank statements showing the opening and closing balances and transactions incurred for the analyzed period. All Financial statements will be presented in MKD.

LRCP PIU Financial Management Specialist will monitor the financial reports and if some problem occurs, will notify the beneficiary in writing by email in advance about the monitoring visit. The notification will outline the purpose of visit, what is to be reviewed, and who should attend the visit and the meeting during the monitoring visit.

If the monitoring visit has identified any concerns, the beneficiary will be required to correct deficiencies within agreed timeliness. The further financing depends on the severity of problem and it will be suspended until the deficiencies are corrected.

## SUB-SECTION III. 2-3.2.2 Matching grants for local micro and small sized enterprises to enhance business linkages and innovation for destinations competitiveness

### **III.2.1 List of the activities to be financed by this part of the sub-component**

This sub-component will support innovation by micro and small private enterprises in the selected destinations to develop new or improved products and services in the tourism value chain; renovation of existing facilities that will improve competitiveness or upgrade the service and/or categorization; conduct marketing or business development, pursue training among others. The Project will benefit enterprises operating in the tourism sector and enterprises in their value chains, as well as individuals seeking jobs in such enterprises, training courses, and other development opportunities. Eligible applicants under this type of grant include micro and small enterprises (see further detail in section III.2.3 below). This may include tour operators and guides; lodging and dining establishments; enterprises and individuals managing attractions; local businesses supplying these businesses; local entrepreneurs engaged in handicrafts and souvenirs; transportation services. The proposed sub-project must meet a gap identified in the Destination Development Plan and specified in the objective of the call. The applicants are encouraged to apply with sub-project proposals that will create business linkages and will have spillover effects.

**Examples of possible project types for grants to private sector organizations for enhanced tourism service-delivery could include but not limited to:**

| Examples of possible project types for grants to private sector organizations for enhanced tourism service-delivery but not limited to: |  |
|---|--|
| <b>1</b>  | Invest in new or improved products or services in the tourism value chain (e.g. enrich availability of culinary experiences outside of standard meal services, expand quality at existing accommodation, expand offering etc.) |
| <b>2</b>  | Purchase minor equipment; reconstruction or renovation of existing facilities that will improve competitiveness or upgrade the service and/or categorization;  |
| <b>3</b>  | New knowledge through market research, business plan or marketing strategy development;  |
| <b>4</b>  | Improve quality of design and services;  |
| <b>5</b>  | Develop and improve access to locally-produced crafts, souvenirs and supplementary products linked to local traditions; develop experiential services  |
| <b>6</b>  | Pursue training, capacity building;  |
| <b>7</b>  | Investment in business linkages and innovation;  |
| <b>8</b>  | Standard improvement, adoption and implementation of international quality standards etc.;   |
| <b>9</b>  | Other sub-project types that will contribute to the fulfillment of the objective of the call and will demonstrate that it meets a gap in the Development Plan.   |
| <b>Table 13 Activities</b>  |  |

### III.2.2 List of non-eligible activities and applicants

| In agreement with the Recipient and according to the WB group policies the following activities and applicants will NOT be supported by the project: |   |
|--|---|
| 1  | Applicants that are on the black list on the Public Procurement Bureau;   |
| 2  | Applicants that have not paid their obligations, according to the Public Revenue Office;  |
| 3  | Applicants that are on the list of Debarred Firms that is available at <a href="http://www.worldbank.org/debarr">www.worldbank.org/debarr</a> ;   |
| 4  | Investment within designated “Special Tourism Development Zones”;   |
| 5  | New construction or substantial investment in general municipal infrastructure (which may be funded under other existing projects).   |
|  | Sub-sub granting (the Sub-Grant recipient cannot act as financial intermediary and use the Sub-Grants for further financing to other beneficiaries);  |
| 6  | Projects which are likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented and may affect an area broader than the sites or facilities subject to physical works;  |
| 7  | Investments in designated protected areas, which would have negative impact on natural and critical habitats and species;   |
| 8  | Activities impacting fragile ecosystems, sports facilities, gambling and betting facilities/activities, important habitats, and green-fields of outstanding aesthetic value;  |
| 9  | Activities requiring conversion of forests, wetlands, and alpine/sub-alpine meadows;  |
| 10   | Heavily polluting industries;   |
| 11   | Trade in wildlife and wildlife products prohibited under the CITES convention,  |
| 12   | Release of genetically altered organisms into the natural environment,  |
| 13   | Manufacturing, distribution and sale of banned pesticides and herbicides,   |
| 14   | Drift seine netting in the marine environment,  |
| 16   | Hazardous waste storage, treatment and disposal,  |
| 17   | Other items included in the standard negative list from the World Bank, including: <ul style="list-style-type: none"> <li>• Manufacturing of equipment and appliances containing CFCs and other substances regulated under the Montreal Protocol,</li> <li>• Manufacturing of electrical equipment containing polychlorinated biphenyls (PCBs) in excess of 0,005 % by weight,</li> <li>• Manufacturing, handling and disposal of radioactive products,</li> <li>• Manufacturing of asbestos containing products,</li> <li>• Nuclear reactors and parts thereof,</li> <li>• Tobacco, unmanufactured or manufactured,</li> <li>• Tobacco processing machinery, and</li> <li>• Manufacturing of firearms</li> <li>• Distilled alcohol for consumption.</li> </ul> |
| Table 14 Activities and applicants that will NOT be supported by the project:  |   |

### III.2.3 BENEFICIARIES Grants to micro & small enterprises

Eligible applicants for this type of Sub-Grants include micro and small enterprises (size according to the criteria defined in the Law on company), which have been in operation at least 1 year before time of application. All applicants will be requested to provide Legal Entity Form and evidence of the applicant's legal status not older than 6 months issued by Central Registry of the Republic of Macedonia. Foreign entities, that are not registered in Macedonia, are not eligible to apply as partners with Macedonian entity on LRCP's call for proposals.

Definition of micro and small company according to the Article 470 from the Law on companies:

**Micro company** is considered a company that for the last two accounting years has fulfilled the first criteria and at least one of the second and third criteria:

- 1) Average Number of employees to be up to 10 employees:
- 2) Gross income to be less than 50,000 Euros and
- 3) Less than 80% of the gross income is generated from one client/buyer
- 4) The micro company is in ownership of maximum two (physical) persons.

**Small company** is considered a company that for the last two accounting years has fulfilled the first criteria and at least one of the second and third criteria:

- 1) Average number of employees is up to 50 employees;
- 2) Annual gross income is less than 2.000.000 Euros, annual turnover is less than 2.000.000 Euros or
- 3) The average value of the total assets is less than 2.000.000 Euros.

The following eligibility criterion applies:

- Be established as an enterprise incorporated under the Company Law and registered with the Central Registry of the Republic of Macedonia,
- Be a private micro or small sized enterprise (up to 50 employees), which has been at least 1 year in operation according to the Article 470 from the Law for Legal Entities
- Be in domestic majority ownership (50.1% or more),
- Have not received funding for the project activities proposed in the project-proposal from other sources.

In order to implement an integrated approach to destination(s) upgrading, the sub-project expression of interest and proposal may refer to ongoing or proposed (sub-) projects being

implemented by other stakeholders, to which the proposed sub-project would be complementary.

### **III. 2.4 Duration of the sub-project**

The sub-project and the project budget must be designed for completion within 12 months.

The sub-project may be extended for maximum of additional six (6) months under exceptional circumstances. The sub-project implementation should start within one month after Sub-Grant Agreement signing.

### **III.2.5 Grant Scheme**

The Sub-Grants available for micro and small enterprises will be in the amount of up to approximately EUR 100,000 for a single company or EUR 300,000 for a group/cluster of companies with at least 50 percent co-financing from the requested grant amount in cash from the applicant. (These limits may be adjusted during LRCP implementation and subsequent rounds of Sub-Grants based on experience.) Micro and small enterprises may apply in partnership with other two sub grant types available through this grant scheme: public sector entity and/or tourism sector organizations and training/educational service providers but the maximum requested sub-grant amount must be within the upper limits of each sub-grant type and their respective co-financing percentage.

### **III. 2.6 Detailed procedures for the grants implementation, including key responsibilities and timelines**

The PIU will implement a public and competitive process for selection of sub-projects to receive grants for linkages and innovation investments. The process will be executed in a number of key steps, as follows:

**Table 15. Sub-project cycle**

There might be extension of indicated deadlines due to the nature of proposed sub-projects that require consultation with CDPMEA and the WB and/or require site visits

|    | <b>Sub-project cycle</b>  | <b>Indicative time<br/>Calendar days</b> | <b>Responsibilities</b>       |
|----|---|--|-------------------------------|
| 1  | Targeting and Communication   | 20 days                                  | PIU                           |
| 2  | Presentation of development plans   | 20 days                                  | PIU                           |
| 3  | Information meeting   | 10 days                                  | PIU                           |
| 4  | Call for Expression of Interest (EoI);  | 45 days                                  | PIU                           |
| 5  | EoI submission including Environmental Protection Questionnaire   | 1 day                                    | Applicants                    |
| 6  | First Screening   | 21 days                                  | PIU                           |
| 7  | Information to eligible applicants on opening, administrative check and EoI evaluation<br>Invitations to submit full application; | 7 days                                   | PIU                           |
| 8  | Workshop on full proposal;  | 14 days                                  | PIU                           |
| 9  | Submitting EA/EIA with EMP to EE and SST for review and approval.   | 15 days after invitation                 | Applicants                    |
| 10 | Full proposal submission. Obtaining EE and SST approval for category B+ projects. Public consultations completed;                 | 55 days after invitation                 | Applicants                    |
| 11 | Administrative check of full proposal package   | 7 days                                   | PIU                           |
| 12 | Evaluation and selection by Technical Committee;  | 10 days                                  | Technical Committee           |
| 13 | Report to CDPMEA;   | 5 days                                   | PIU                           |
| 14 | Review and approval by CDPMEA   | 10 days                                  | CDPMEA                        |
| 15 | NoB from World Bank;  | 10 days                                  | World Bank                    |
| 16 | Notification of award;  | 7 days                                   | PIU                           |
| 17 | Signing Sub-Grant Agreement that includes EMP, if category B;   | Maximum 1 month after notification       | PIU & Sub-project beneficiary |
| 18 | Implementation and monitoring (including environmental compliance) of Sub-Projects. Progress reporting and final report;          | Up to 12 months                          | PIU & Sub-project beneficiary |

|                             |                              |   |                               |
|-----------------------------|------------------------------|---|-------------------------------|
| 19                          | Promotion of the Sub-Project | Ongoing during the sub-project implementation | PIU & Sub-project beneficiary |
| Table 15. Sub-project cycle |                              |   |                               |

## 1. Targeting and Communication

Communications will be in line with the destination management process and laid out in the communications strategy and plans. The PIU will develop a set of materials that will be used for outreach and information about the grant components specifically to all stakeholders. LRCP will be using various available mechanisms: PIU's web-site, info sessions and workshops, the destination management process established at the destinations (to be supported by Component II), media promotion, e-mail, mail, phone, etc. All the relevant documents will be published on the PIU website. Communication with all eligible beneficiaries will be described in the Communication Plan of the LRCP and will be in compliance with the Visibility note. The targeting and communication process throughout the duration of LRC project will be conducted by the PIU with support as needed, for instance through a sub-contract with a Visibility and Promotion contractor.

## 2. Presentation of Development Plans

Development Plans have been developed by the World Bank experts will be a baseline for the selection of Sub-Project proposals. Development plans present cross-destination gaps and destination specific gaps. Cross-destination gaps are either not unique to the destination or require a level of support from outside the destination, and they affect most destinations (of the 10 destinations of focus for LRCP). Destination specific gaps are specific for a particular destination and they have been developed for each of the ten priority destinations as described in Section I.2 of this Grant Manual. The presentation of the development plans will be conducted in each destination separately and they will be published on the LRCP's website. Development plan presents priority segments and recommendations at the destination level that need to be addressed in the sub-project proposals. The development plans will be distributed and explained to all interested stakeholders. Development plans with destination specific gaps will also be part of the destination management process of Component 2.

## 3. Information meetings

Prior to the launch of the call, information meetings will be organized for potential beneficiaries. These meetings will present and explain the application process and procedures for the upcoming call to the potential applicants. These meetings will be organized in each of the 10 destinations and potential beneficiaries will be invited in order to present them the information about the project specifics, conditions for participation, procedures and documents templates. Information will be developed and disseminated to all interested applicants in order to guide them through

the application process. The set of templates will be presented and explained in detail as well as eligibility criteria, and they will be published on the LRCP's website.

#### **4. Call for Proposals**

The PIU prepares and issues public call for proposals that will clearly state the objectives and potential beneficiaries of the calls. The call for proposals will be published in at least three daily national newspapers as well as on LRCP's website. Each call will clearly state that it is consisted of two stages: Expression of Interest (first stage) and Full Call for Proposals (second stage<sup>3</sup>) for those applicants that have passed the Expression of Interest eligibility check. Deadlines for submission of applications for each stage will be clearly stated in the public call for proposals. The stated date in the public call will be considered as deadline for submitting applications by post office and the LRCP working hours (up to 16:00 pm) will be followed if submitting applications directly to the office. All applications should be submitted in both English and Macedonian language, in hard copy (original) and soft copy (USB or CD) in word format, whereas the hard copy version would prevail. Applications submitted by e-mail will be considered ineligible. An applicant can apply with different sub-project proposals per call, however only one sub-project can be approved for financing per a call. An applicant is not allowed to submit same sub-project proposal more than once per one public call, regardless of whether the application is proposed alone or in partnership. Several rounds of calls will be conducted throughout the duration of the project.

##### **4.1 Expression of Interest**

For the Expression of Interest (EoI) all eligibility criteria for sub-project will be clearly stated (see Table 16) as well as eligibility criteria for potential beneficiaries (in accordance with the criteria set out in this Grant Manual). Complete package of necessary documentation including the template for Expression of Interest are part of this Grant Manual. All documentation and templates will be disseminated to all interested candidates and available on LRCP's webpage. The complete package for EoI to be submitted by interested applicants includes:

- Fully completed Expression of Interest form including application form;
- Environmental Protection Questionnaire;
- Registration from Central Registry of the Republic of Macedonia not older than 6 months;
- In case of joint sub-proposal, Mutual Agreement signed by all parties, and lead coordinator selected.

##### **4.1.1 Expression of Interest Submission**

The applicants will have 45 days (starting from the date when the Call for Proposal is published) for preparation of EoI that would in general describe their sub-project proposal and would include filling up set of templates that presented as part of this Grant Manual including the

Environmental Protection Questionnaire. During the call, all potential applicants can request any clarifications from the LRCP PIU by email, no later than 14 calendar days before the deadline for submission of Expression of Interest. All questions and answers will be published on LRCP website. Replies will be given no later than the 7 calendar days prior to the deadline for submission of Expression of Interest. The PIU team has no obligation to provide clarifications to questions after this date.

#### **4.1.2 EoI screening by PIU**

The PIU will first do an administrative check of the submitted EoI packages in order to ensure that:

- The application was submitted before the closing date;
- the EoI package is complete without missing information documents (as listed in section 4.1 above).

No further submission of documentation will be accepted after the stated EoI deadline in the call for proposals. Applicants that do not pass the administrative check will not be able to proceed forward with the next stage of preparation of Full Proposal and will be automatically rejected. However, they will be eligible to re-submit their application again at another call for proposals issued by LRCP.

Once the applications pass the administrative check, the PIU will do the first screening of the Expression of Interests based on following eligibility criteria:

- The applicants must be beneficiaries as defined in Section III.3.2.1 (the applicants respect the legal status criteria)
- The sub-project proposal's activity is not on the negative list of activities under Section III.2;
- The applicant's sub-project proposal targets at least one of the 10 identified destinations in the call<sup>24</sup>;
- The sub-project proposals is coherent in addressing the gaps/needs identified in the Development plans and stated in the objective/s of the call;
- According to the EMF, the Applicant's proposal belongs to the projects under Category B or C (category A projects will not be eligible for financing) and is not excluded by the general WB group policies (listed in the table 14).

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<sup>24</sup>Note that an applicant from any municipality may apply, as long as they demonstrate that their sub-project addresses an identified gap and is related to at least one of the 10 destinations.

If any of the above requested information is answered with NO, the application will be rejected on that sole basis and the application will not be evaluated further. PIU will use the following eligibility criteria check-list to verify the compliance with the eligibility criteria:

| LRCP                  |  |           |
|-----------------------|--|-----------|
| ELIGIBILITY CRITERIA: |  |           |
|                       | ACTIVITY   | CHECKLIST |
| 1                     | The applicant belongs to the list of eligible beneficiaries/respects the legal status criteria   |           |
| 2                     | Proposed activity is not on the negative list of activities that can be financed   |           |
| 3                     | The applicant's proposal targets at least one of the listed destinations in the call   |           |
| 4                     | The project contributes to fill in the A) non-destination specific identified in the Tourism Development Plan or B) destination specific gaps identified in the Tourism Development Plans for each of the ten destinations that is/are objective of the call |           |
| 6                     | Applicant has not received funding for the same project activities proposed in the project-proposal from other sources.  |           |
| 7                     | Environmental Protection Questionnaire filled in confirms that the project is under environmental category B or C  |           |

Table 16: Eligibility criteria

All criteria must be answered positively, otherwise the proposal will be disqualified.

#### 4.1.3 Environmental screening procedures for grants for enhanced tourism service-delivery and local economic impact

Component 3.2 allows only soft infrastructure and non-infrastructure activities and most likely these sub-projects will have small, non-significant environmental impact, if any, and will be classified as B- or C category projects. Type of EA document expected for sub-projects under this sub-component is EMP Checklist or none. This will be determined through screening process (as described in Section 1.4.1 of this Grant Manual) which will be similar to the one for investment grants, but simplified.

The review of non-infrastructure sub-projects, as well as activities of other project components that would require environmental screening (e.g. equipment purchase), will be carried out by EE while the Environmental Focal Point (and advise SST if needed) will conduct supervision of the Screening Report produced by EE. In the case the screening procedure identifies works on cultural heritage and/or needs for land acquisition, Cultural Heritage/ Social Experts will be engaged coordinating their work with EE. Prior to environmental review, applicants will provide required environmental and other information of the proposed sub-project through previously prepared forms defined in the EMF (form available in Appendix2 of EoI of this Grant Manual and in Annex B of EMF). The application will then be screened by the EE whose conclusions and recommendations will be reviewed and confirmed by the Environmental Focal Point and / or SST before submission to CDPMEA. Approval procedures will include categorization procedures, documents revision and possibly interview with the applicant. Environmental Focal Point can consult SST if deems necessary. In addition, SST will revise a random sample of applications under the sub-component 3.2.

The final Screening Report is distributed to the Applicant and CDPMEA and may be shared with the World Bank as part of the Bank's process of issuing its no-objection. CDPMEA will conduct environmental appraisal of sub-projects, in the case the application was successful.

World Bank will provide required support, when needed. For this type of projects post-review will be conducted by the WB on a random sample.

#### **4.1.4 Information to eligible and rejected EoI applicants**

Once the EoI eligibility check is completed, the PIU will inform the eligible applicants in writing within 7 days. The eligible applicants will be invited to develop full sub-project proposals within the provided timeframe as described in the sub-project cycle table (55 days). PIU prepares a summary list and report of all received EoI's to the World Bank. Applicants whose EoI's have not met the eligibility criteria will be informed in writing by email followed by an official letter by PIU within 7 days after EoI eligibility check completion. Reasons for not being accepted will be clearly stated in the letter.

## **4.2 Full Proposal**

All eligible applicants will have 55 days to develop their full sub-project proposals. The exact date and time deadline for submission of full applications will be indicated in the call for proposals and published on LRCP's website. All eligible applicants are strongly advised not to wait until the last day to submit their full applications. No full proposals will be accepted after the deadline announced under the particular call.

### **4.2.1 Workshop on full sub-project proposal**

Once the eligible sub-projects are selected and informed based on the EoI applications, workshops will be organized by the PIU for all interested applicants in order to answer to their questions and provide clarifications regarding the full sub-project proposals. This will help to minimize mistakes in the course of preparation of the full sub-project proposals and ensure that all needed supporting documents and information are presented as part of the full sub-project proposal package. Clear guidelines of how to fill in each of the full proposal templates will be provided, criteria and guidelines for applicants will be distributed. After the workshops, PIU will be at the applicants' disposal for any assistance or guidance needed in the course of preparation of the full sub-project proposals. Applicants can communicate their questions or requests for clarification about full sub-project proposal with PIU via emails, official letters or direct visiting the PIU office.

### **4.2.2 Full proposal submission**

The sub-project full proposal applications will follow the template that is provided in this Grant Manual (see Annex 5). The Full Proposal Application consists of the following documents:

- Full Proposal Application Letter
- Applicant and Project Profile

- Business Plan that will be consisted of the following sections: A) Sub-Project Governance, B) Relevance including Implementation Plan, C) Sub-Project Expected Results, D) Budget and Finance and E) Sustainability;
- Risk Analysis
- Simplified Procurement Plan
- Environmental Due Diligence Documentation

For all above listed sections, templates are developed and are part of this Grant Manual. Along with the full sub-project submission, the applicants will be requested to submit the following **supporting documentation**<sup>25</sup>:

Appendix 2: Financial statements for the last two (2) or one (1) year

Appendix 3: CV of the Sub-Project Coordinator/Lead Coordinator

Appendix 4: Applicant related documentation that can be provided as signed and stamped photocopies, but not older than 6 months:

- Confirmation issued by Central Registry of the Republic of Macedonia that there are no liquidation nor bankruptcy cases against the Applicant;
- Certificate of paid taxes, benefits and other public duties issued by a competent body in the Republic of Macedonia;
- Confirmation from the Register of penalties for committed criminal offenses of legal entities proving that no secondary penalty-temporary or permanent ban on performing particular activity has been pronounced;
- Confirmation from the Register of penalties for committed criminal offenses of legal entities proving that no secondary penalty-ban on participating in open call procedures, awarding public procurement contracts and contracts on public-private partnership has been pronounced;

Appendix 5: Partnership Agreement in case of multi entities proposals (or similar kind of document) which regulates the future cooperation of the parties in accordance with the national legislation and lead coordinator selected;

Appendix 6: Sub-project related documentation depending upon the type of proposed civil work activities:

- Extract from detail urban plan (obligatory for full proposal)
- Ownership: Property Certificate/Documents confirming right of use related to the application etc (obligatory for full proposal)

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<sup>25</sup>The LRCP PIU reserves the right to request additional documents and certificates, if necessary.

- Complete Investment-Technical documentation and all necessary reports according to the Law on Construction; (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest)
- Certificate of object of cultural heritage if it is included in the proposal (if present, obligatory for full proposal);
- Complete Investment-Technical documentation according to the Law on Cultural Heritage Protection (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest);
- Construction permit, Conservation approval and all other necessary permits according to the Law on Construction, Law on Cultural Heritage Protection and other applicable Laws (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest);

#### **4.2.3 Full proposal business plan**

The business plan that need to be developed in the full proposal and will be subject to evaluation by the Technical Committee will contain the following sections:

##### **A) APPLICANT’S CAPACITY 20% from the total score**

The applicant should demonstrate that they have business experience relevant to the sub-project implementation. Applicants should demonstrate operational and managerial capacity to be actively involved in the implementation of the proposed activities and explain how their team will be organized to manage the sub-project and specific set of skills needed for the successful implementation. The applicant should carefully plan all necessary human resources needed for successful implementation of the proposed sub-project and to specify the needed positions and competencies that will need to be filled in. The Applicant’s experience as an entity, as well as the experience of the key team members, is relevant here.

In case two or more beneficiaries apply together, one Lead Coordinator must be appointed to represent all beneficiaries. He/she will be responsible for coordination of the sub-project activities and will regularly interact with all partners and LRCP PIU to ensure smooth sub-project implementation. The assigned lead coordinator from EoI phase, can be changed now in Full Proposal phase.

In addition to the management's business experience, partnership approach will be assessed and financial soundness will be reviewed for the last two years where applicable, but they should be able to present the financial reports for at least one year (for year 2017). Applicants should demonstrate positive financial reports.

##### **B) RELEVANCE-35% from the total score**

The applicants will have to justify the need of the sub-project and its compliance with the objective of the call, how the proposed sub-project will meet the gaps/s (non-destination specific and destination specific) identified in the Tourism Development Plans identified in the Tourism

Development Plans. The applicant should describe what will be the relevance of the proposed sub-project for tourism development of the destination. In this section, the overall quality of the sub-project should be presented, its impact and target group with an estimate of the anticipated direct and indirect beneficiaries. The overall quality means whether the proposed sub project is reasonable and realistic and whether the proposed objectives and activities are reachable and viable to fill the gap/s.

If the sub-project is addressing the A) non-destination specific gaps, it should clearly explain which gap or gaps will be addressed and explain how; and which destination will have impact from the sub-project implementation. If the sub-project is addressing the B) destination-specific gaps, it should clearly define which priority market segments it will be able to attract due to sub-project activities and how.

The plan of activities should be clearly defined with assigned resources to fulfill each of the listed activity, expected results and timeline (detailed implementation plan). The specified description of activities must correspond with the provided technical documentation and be aligned with the Environmental Assessment reports (ESIA, ESMP and ESPM checklist).

Certain proposed activity from the EoI phase can be taken out, due to unforeseen issues, when developing plan of activities in Full Proposal phase, but the change should not reflect. That activity cannot be replaced with any new activity, or be relocated, at this phase and no addition of activity/ies that has not been subject to Environmental Screening is allowed in Full Proposal phase.

### **Sub-project Implementation plan**

Implementation plan is part of Section B and is presented in graphical (table) form and should be part of the Full Proposal. It should indicate the sequence of all major activities and implementation milestones, including targeted beginning and ending dates for each step. The Implementation Plan should show a logical flow of steps, indicating that all the activities that must be executed have been carefully thought through from the current to the end of sub-project situation.

### **C) SUB-PROJECT EXPECTED IMPACT-20% from the total score**

The applicant will need to clearly explain what will be the impact of the contribution of the proposed sub-project to the destination. They will be assessed in lights of: increased number of tourists, increased number of overnights, business linkages creation, stimulating further private investment, enhancing the tourism offer in the destination, innovation and job creation. These types of grants are encouraging sub-projects that are proposing new product or service or improving the existing products/services.

### **D) BUDGET AND FINANCE-15% from the total score**

Budget Proposal: The proposed budget must include all eligible costs of the sub-project based on the proposed activities and implementation plan.

The following costs should be included in the proposed budget:

- for execution of EMP (Category B projects);
- for Supervision of civil work activities (Consulting Services), if applicable;

For sub-projects under sub-component 3.2.2 (micro and small enterprises Sub-Grants) operating costs are not supported for funding. Operating costs are defined as office rent, utility bills, office supplies, travel costs, daily allowance.

The description of all items must be sufficiently detailed and all items broken down into separate budget lines for each activity. It is of the applicant's best interest to provide realistic and cost-effective budget as it will be reviewed by Technical Committee experts. The estimated costs should be calculated either on the basis of other similar projects executed by the Sub-Grant applicant in this area i.e. market reference, or norms and costs of particular unit rates for particular types of works based on the design and technical documentation for the proposed sub-project, and respective bill of quantities adjusted with use of market references

At the Full Proposal stage, applicants are allowed to make adjustments to the proposed budget in the Expression of Interest stage within maximum 20-25% latitude, but without surpassing the Sub-Grant available limits. They may also make reallocations between budget lines within 10%.

The forward budget must:

- show all the costs and revenue that the applicants consider necessary to carry out the project;
- be sufficiently detailed to allow identification, monitoring and control of the operation(s) proposed;

The LRCP will not finance any cost that are on the list of non-eligible costs as defined in sections I. 5 (General Principles of Funding)

Grants shall involve co-financing, which implies that the resources necessary to carry out the sub-project shall not be provided entirely by LRCP PIU contribution. LRCP financing may not cover 100% of the total cost of the sub-project as defined in the grants terms. The matching grant for this category is at least 50% from the proposed budget and should be provided solely in cash. The applicant is providing higher proportion of its financial contribution (over 50%), it will get higher score.

#### **E) SUSTAINABILITY-10%**

The applicant must be able to provide information on how they expect to continue operating the sub-project and sustaining the results of the sub-project over time. They should present how the proposed sub-project will help them grow (i.e. profits to increase, revenue to increase) in the future and how they will maintain the investment results after the sub-project completion. Sustainability plan should be included in this section.

Along with the above described sections, the full sub-project proposal will need to have the following sections as well that will not be part of evaluation process but they are mandatory:

#### **SECTION 4: RISK ANALYSIS**

The applicants will be requested to make an analysis on potential risks related to the sub-project (such as operational, financial, legal, technological, market risks etc.) that might occur during sub-project implementation. If potential risks are identified, applicants should provide measures that will be undertaken to mitigate the anticipated risks.

**SECTION 5: PROCUREMENT PLAN** - a sample simplified procurement plan must be provided as part of the full proposal application.

#### **SECTION 6: ENVIRONMENTAL MANAGEMENT DOCUMENTATION**

Results of the Environmental Screening shall be reflected in the environmental screening form/report. Based on recommendations of the Final Screening Report, Applicants should prepare a set of environmental due diligence documents as described in Chapter 1.4.2 of this Grant Manual (Table 2 Environmental Due Diligence Documentation).

Environmental assessment (EA) process undertaken within the preparation of sub-projects will follow the guidelines specified in Environmental Management Framework (EMF) for the Local and Regional Competitiveness Project (LRCP) in accordance to operational policies of the Bank and national legislation. Same rule applies for EU Policies. Compliance of Due Diligence Documentation will be determined through review procedure as described in Chapter 1.4.3 of this Grant Manual.

Environmental Management Framework (EMF) looks into environmental impacts that could come from project activities and outlines the guiding principles of environmental screening, assessment, review, management, and monitoring procedures for all project activities. The Environmental Management Framework (EMF) for the Local and Regional Competitiveness Project (LRCP) serves as a tool to screen the sub-projects from the environmental protection and nature preservation perspective and guideline for addressing identified environmental considerations.

All Applicants/sub-projects will follow the environmental review process presented below (provided in details in the Chapter 1.4.3: Environmental Review Procedure):

All types of EA reports (EIA, EMP or EMP Checklists) must be: (i) reviewed and approved by WB environmental team prior to disclosure, (ii) disclosed and publicly consulted as described in the Chapter 8 of the LRCP EMF and Chapter 1.4.4 of this Grant Manual. Only after the consultation comments, remarks, suggestions and similar have been addressed in the EA, it can become final. Requirements of EMPs or EMP Checklists are to become a part of bidding and contracting documentation.

The EE in coordination with SST will be responsible for environmental supervision of all sub-projects financed by LRCP. The aim of this supervision team and EE will be to control the process of implementation of sub-projects and report to the PIU regarding all necessary issues.

#### **4.2.4 Administrative check**

After the closing date of the call for full proposals the PIU will do an opening of the submitted full proposals and will conduct an administrative check of the received full applications to assess:

- If the submission deadline has been met. Otherwise, the full application will automatically be rejected.
- If the full application has all the needed documentation specified in the checklist. If any of the requested information is missing, the application will be rejected on that sole basis and the full application will not be evaluated further.

The full applications that pass this check will be further evaluated by the Technical Committee in light of the selection criteria set out in Section 4.2.5.2 and stated in the call for proposals.

#### **4.2.5 Evaluation and Selection by Technical Committee**

All applications that passed the administrative check will be examined and assessed by Technical Committee experts, set up for that purpose and selected under the LRCP's procurement rules. The CDPMEA/PIU will select Technical Committee (TC) experts, and depending upon the objectives of the call, they will be engaged accordingly. Technical Committee will be composed of Tourism Expert and Business Development Expert and upon the type of the proposed sub-project additional expert/s will be engaged such as Skills Development Expert, Architect Expert or Civil Engineer. Technical Committee members generally have international experience, although a mixture of local and international experience may be used in order to provide all of the expertise necessary to evaluate the proposals. The Committee's function is to evaluate the full sub-project proposals and to evaluate them against the selection criteria.

They will be responsible to:

- Read and sign Conflict of Interest-Non-Disclosure form;
- Attend all technical committee member meetings (in person or via Skype/internet<sup>26</sup>);
- Evaluate the sub-project proposals using the set of criteria developed in this Grant Manual;
- Recommend budget negotiations in case it is decided necessary for smooth implementation of the sub-projects;
- Ensure fair and equitable treatment of all sub-project proposals;

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<sup>26</sup>After the first call, there is a possibility to establish online Platform for sub-projects submission where the TEC members can evaluate the received sub-projects online

- Prepare Evaluation and Scoring Report;
- Recommend in the report which proposal should be awarded for receiving the Sub-Grant;
- Maintain confidentiality throughout the process.

#### **4.2.5.1 Avoidance of conflict of interest**

To avoid conflict of interest, Technical Committee members will be asked to sign no conflict of interest statement. Technical Committee experts, who are directly or indirectly related to a sub-project proposal, were involved in preparation of any part of it, or if a candidate under consideration is his family/relative will be asked to refrain from participating in the selection process. Also, Technical Committee members are not allowed to be involved in execution of any of the awarded sub-projects.

All Technical Committee members have an obligation to disclose any real potential or apparent conflict of interest as soon as it arises to the PIU LRCP and in the case of a possible conflict of a financial or business nature, also to the CDPMEA.

In response to a possible conflict of interest situation involving one or more the Technical Committee members, the PIU is responsible for:

- reviewing the conflict of interest situation;
- assessing the materiality of the conflict of interest and any necessary mitigation measure;
- discussing the proposed response with the CDPMEA;
- informing the Technical Committee member of the final decision on how to proceed; logging the case and outcome in the PIU LRCP's archive.

If no conflict of interest is identified, the Technical Committee member will continue its function. In cases when the conflict of interest is identified, as a result, the Technical Committee member will be replaced with a Technical Committee member from the other technical committee group and will be refrained from the evaluation process of the sub-project proposal, subject of conflict of interest.

#### **4.2.5.2 Selection of the proposals**

Technical Committee will be analyzing full sub-project proposals that have passed the administrative check by PIU using the following selection criteria grid:

| SELECTION CRITERIA                                     |  |      | max       |
|--|--|------|-----------|
| <b>CAPACITY OF THE APPLICANT</b>                       |  |      |           |
| <b>20%</b>   |  |      | Max<br>20 |
| 1  | Applicant/s have relevant business/entrepreneurial experience  | 7-0  | 7         |
| 2  | Appliant/s have planned the necessary human resources to implement the sub-project   | 5-0  | 5         |
| 3  | Subproject is submitted in partnership   | 3-0  | 3         |
| 4  | Applicant/s have positive financial record for the last 2 years or since inception   | 5-0  | 5         |
| <b>RELEVANCE</b>                                       |  |      |           |
| <b>35%</b>   |  |      | Max<br>35 |
| 5  | Sub-Project is aligned with the objective of the call. It addresses either A) non-destination specific gaps or B)specific destination gaps identified in the Tourism Development Plansand it clearly shows how it will make destination more competitive | 11-0 | 11        |
| 6a   | For cross-destination gaps: Sub-project has multi destination impact   | 5-0  | 5         |
| 6b   | For destination-specific gaps:Sub-project will contribute towards attracting the priority market segments  | 5-0  | 5         |
| 7  | Project addresses the needs of the priority market segments  | 5-0  | 5         |
| 8  | Technical quality of the proposed sub-project (objectives are well designed and achievable with the proposed activities, the whole design makes sense)   | 5-0  | 5         |
| 9  | Is all the data needed included and correct? (he information provided in the application is alligned and consistent with other documentation: the EA reports, technical documentation etc)   | 5-0  | 5         |
| 10   | Well-developed and achievable implementation plan (the flow of activities make sense and are appropriate and consistent with the objectives)   | 4-0  | 4         |
| <b>EXPECTED RESULTS</b>                                |  |      |           |
| <b>20%</b>   |  |      | Max<br>20 |
| 11   | Project will contribute towards increased tourist spend  | 4-0  | 4         |
| 12   | Project will contribute toward increased number of tourists  | 3-0  | 3         |
| 13   | The sub-project enhances the tourism offer in the destination  | 3-0  | 3         |
| 14   | Stimulates business linkages/synergies (the sub-project enhances cooperation among domestic enterprises, facilitates the transfer of technology, knowledge and skills, improves business and management practices etc)                                   | 3-0  | 3         |
| 15   | Innovation-The sub-project improves existing or develops new products/services   | 3-0  | 3         |
| 16   | The sub-project creates new jobs   | 4-0  | 4         |
| <b>BUDGET, FINANCING AND EXPECTED FINANCIAL IMPACT</b> |  |      |           |
| <b>15%</b>   |  |      | Max<br>15 |

|    |   |           |    |
|----|---|-----------|----|
| 17 | Is the proposed budget clearly defined (budget lines correspond with planned activities)  | 6-1       | 6  |
| 18 | Is the proposed budget reasonable and realistic   | 6-1       | 6  |
| 19 | Co-financing amount from total requested Sub-Grant amount   | 3-1       | 3  |
|    | <b>SUSTAINABILITY</b>   |           |    |
|    | <b>10%</b>  | Max<br>10 |    |
| 20 | The proposed sustainability plan is reasonable and realistic (the plan includes operations and maintenance plan including operation costs, staffing etc., as well as sustainability of results) | 10-0      | 10 |

The minimum score for awarding the sub-project proposals a grant is 70 points. This score is a result as an average of scores received from all TC members. During the evaluation of proposals, at the TEC's request, PIU may require the applicants to supply further information for clarification of the submitted proposals regarding technical contents, proposed financed costs, and procurement plan. Information may be exchanged via written correspondence and email.

At the end of the evaluation, sub-project proposals will be:

- Proposed for award, in order of ranking, based on the score obtained after evaluation, and indicating the proposed amount to be financed by LRCP funds;
- Rejected, stating the reasons for rejection (beneficiary failed to meet the selection criteria or did so only partly or is not amongst the best proposals proposed for award given their ranking).
- Included in a reserve list. The Technical Committee, or PIU can decide to maintain a reserve list composed of proposals which have obtained a score above the threshold (minimum 70 points) but which exceed the funding available.

The Technical Committee recommends the list of sub-projects to be awarded for funding. If the TC decides that for some of the recommended sub-projects for funding, budget negotiations is needed for effective implementation, the TC can recommend review of the proposed budget lines and cash flow, before the Agreement is signed. In such case, the LRCP PIU will conduct the budget negotiations in accordance with TC's recommendation in order both sides to agree on changes necessary for smooth implementation.

The unselected proposals may be adjusted and apply in the next relevant LRCP call.

The TC must deliver an evaluation report and the final ranking of the proposals for selecting the winning applicants for Sub-Grants, that will be signed by all members of the Technical Committee, and will be submitted to the PIU. Upon the LRCP's request (even after the final ranking obtains approval from CDPMEA/WB), TC members will be responsible for providing justification for the ranking and selection of the sub-project proposals.

#### **4.2.6 Report to CDPMEA and World Bank**

The PIU will prepare a Report that along with the TC's final evaluation and scoring report will be sent to CDPMEA for their review and approval. The World Bank will be copied in this communication. The PIU along with the above-mentioned report will send findings from site visits conducted by PIU team which could contribute in the review process by CDPMEA.

CDPMEA shall submit a list of selected sub-project proposals along with the final Technical Committee's report to the World Bank for No-Objection. The CDPMEA should provide a justification in cases when does not agree with the proposed list of winning applicants recommended by the TC.

#### **4.2.7. Notification of award/non-award**

All applicants will be informed by the PIU in writing about the final decision concerning their application. In case of rejections, reasons for rejections will be clearly stated and the score will be indicated to the applicants. The unselected proposals may be adjusted and apply in the next relevant LRCP call.

If one of the selected sub-projects rejects the proposed conditions in the Sub-Grant Agreement within provided timeline of one month, the PIU is obliged to contact the highest scoring applicant from the reserve list. The reserve list will expire six months after the notification of the results of the call. After that date, proposals on the reserve list will be considered definitively rejected.

In case of complaints, procedures will be followed as described in Section I.6-Grievance Mechanism. For the complaint to be admissible it must be filed within 7 calendar days following the date the non-award email notification has been sent.

### **III.2.7 GRANT AGREEMENTS AND EXECUTION**

#### **1. Signing of Sub-Grant Agreement**

In accordance with World Bank rules and procedures, a standard Sub-Grant Agreement will be signed with the beneficiaries. By signing the Sub-Grant Agreement, the Beneficiaries accept the responsibility and accountability for:

- Implementation of the planned activities and proper usage of funds;
- Reporting on the implementation plan.

The approved sub-project proposal and the final budget will be appended to and form part of the project Sub-Grant Agreement.

Once the Sub-Grant Agreement is agreed upon and signed, it will not be allowed to make significant changes to the sub-project proposal's budget during the implementation. Beneficiary can officially request reallocation within the budget due to the unforeseen obstacles during the project implementation and get a written approval by the LRCP PIU. The Sub-Grant Agreement should be signed within 1 month from the notification of the award decision. This time-limit may be exceeded in exceptional cases, in particular for complex actions, large number of proposals

or in case of delays attributable to applicants but LRCP PIU will decide on this matter based upon the completion date of the sub-project, i.e. all activities including the final report must be completed by December 2019. During the implementation, it is completely beneficiary's responsibility to cover any excess costs that haven't been accounted for in the agreed sub-project budget.

Matching Sub-Grants for local micro and small sized enterprises will carry out procurement and make the payments on their own.

Beneficiary obligations:

- Carrying out the sub-project and managing and using the funds in compliance with the Agreement's conditions;
- Carry out activities in line with procedures and requirements defined in ESMF and specific EMP;
- Carrying out procurement in compliance with the relevant guidelines;
- Reporting on the implementation plan (including the EMP);
- Reporting on the sub-project's M&E Plan and other reports as required in the Reporting section.
- Obligation to develop a brief communication plan which will reflect the visibility guidance stated below in this Grant Manual Section II.7.3.

## **2. Implementation of Sub-Projects/Execution**

The Sub-Grant beneficiary is required to carry out the sub-project diligently and efficiently and must implement the sub-project in accordance with the procurement, financial, management, safeguard rules of the LRCP and the Sub-Grant Agreement. The Sub-Grant beneficiary is required to carry out the sub-project in accordance with the provisions of the Environmental Management Framework and must report on sub-project monitoring indicators as requested by PIU.

The Sub-Grant beneficiary shall use the financing in accordance with the Approved Sub-Project Budget and maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards, both in a manner adequate to reflect the operations, resources and expenditures related to the sub-project.

The Sub-Grant beneficiary shall enable the LRCP and/or the World Bank to review/monitor the implementation of the sub-project (including Safeguards), its operation and any relevant records and documents and prepare and furnish to the LRCP and the World Bank all such information as the LRCP or the World Bank shall reasonably request relating to the implementation of the

sub-project. The PIU is responsible for carrying out checks and will conduct supervision missions at least quarterly.

No significant changes will be allowed to be made to the selected sub-project proposal. But in case, some deviation from the implementation is required due to unforeseen obstacles, flexibility will be allowed but it requires prior written consent of the LRCP PIU and shall be communicated to the World Bank for no-objection.

During the sub-project implementation, that follows the approval, the successful Applicant is responsible for implementation of environmental mitigation and avoidance measures as well as timely monitoring and reporting defined during the ESA process and recommended in the relevant EA reports (most often ESMP or ESMP Checklist Implementation Reports). Failure to implement safeguards measures defined in the ESA (ESIA, ESMP, ESMP Checklist) can result in delay or withdrawal of funding support for the sub-project.

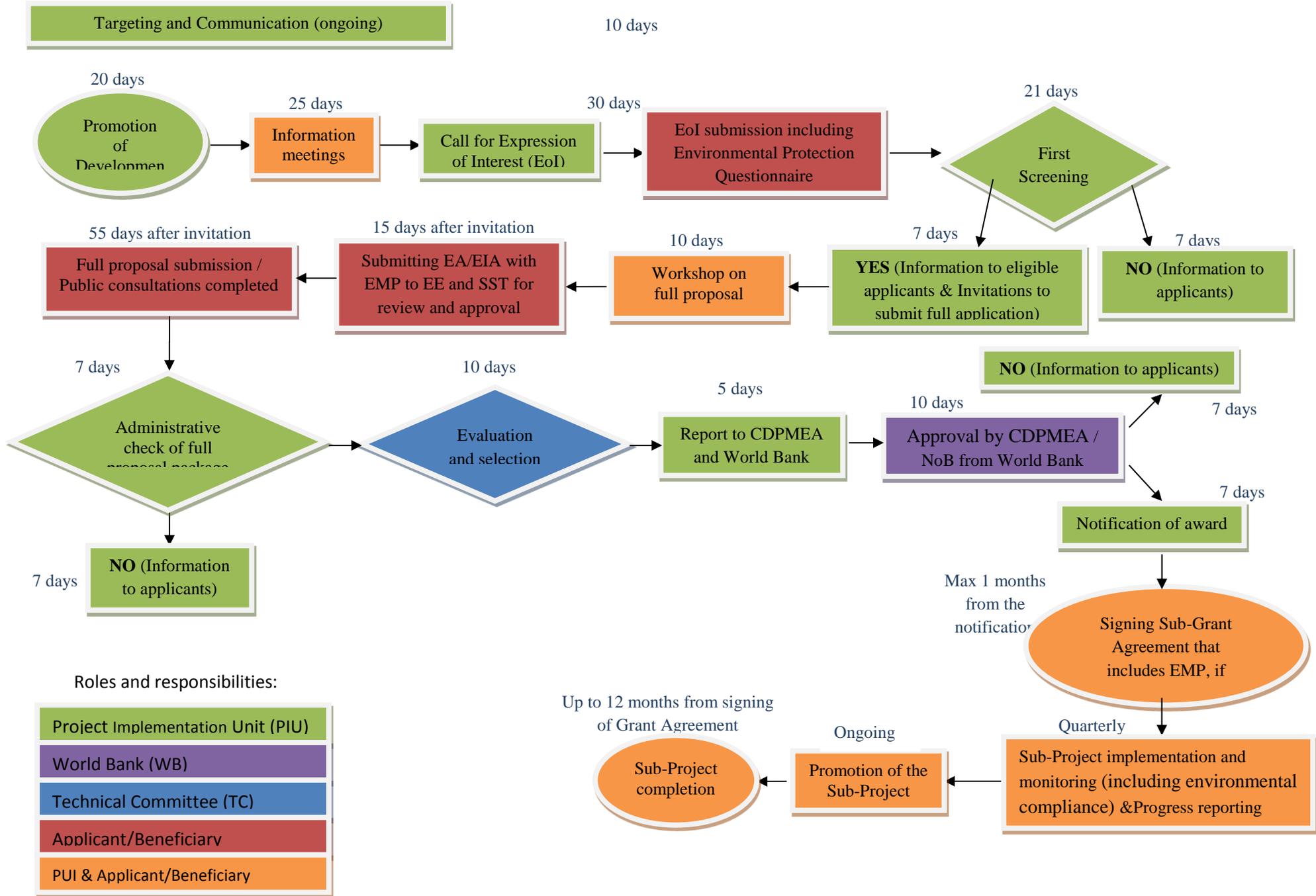
### **3. Visibility Guidance**

LRCP will use a common visual identity to provide guidance to beneficiaries in order to ensure that the contribution of the European Union in supporting the Project is widely recognized. Beneficiaries have to promote the visibility and local awareness through the various types of activities such as:

- All related publicity materials, official notices, reports, and publications related to the contributions are adequately reflected in local print and electronic media, explicitly acknowledge the European Union as the source of funding received;
- Publications, training programs, seminars, and workshops financed by the LRCP Sub-Grants should clearly indicate that the activities in question have received funding from the European Union;
- The logo (the European Union flag, the World Bank logo and sub-project title) should be used in publications (there should also be a disclaimer) related to the Trust Fund, and in banners and any other materials used in seminars and training programs;
- The equipment or other interventions made by beneficiaries should be marked that have been purchased or rehabilitation done, and explicitly acknowledge the European Union as the source of funding received; In cases in which Sub-Grant signing ceremonies take place, the beneficiaries are obliged to include officials from the European Union, and to invite local and national press upon approval of and in coordination with the EUD.

Beneficiaries are obliged to inform PIU prior activities regarding promotion, visibility and local awareness of the sub-project. The high-level EU officials will have the opportunity to visit sub-projects and issue statements at any time.

#### **III.2.8 GRANT PROCEDURE FLOW CHART**



### III.2.9 MONITORING, EVALUATION AND REPORTING

Prior to disbursement of funds to the Sub-Grant beneficiary, monitoring of progress implementing the sub-project is required by the LRCP PIU. The purpose of the monitoring is to assess the progress of the sub-project in implementing the task activities, and to assure that financial expenditures are in accordance with the approved Sub-Project Budget for the given period. All details regarding the timing of submission of reports will be defined in the Sub-Grant Agreement. Methods of monitoring and reporting include:

**A) Progress Report:** The Sub-Grant beneficiary must submit at least quarterly progress in hard copy and soft copy (digital document file) to the LRCP PIU within two (2) weeks after the last calendar day of the project quarter. This progress reporting is a requirement for the duration of the sub-project, or until all sub-project activities are completed and the sub-project is formally closed. The quarterly report will inform LRCP about beneficiary's activity/ies within the reporting period. It includes safeguards instruments implementation progress. The LRCP PIU will perform regular on-site monitoring visits in order to assure the quality of activities. Upon review and approval of the reports by the LRCP and positive outcome of the on-site monitoring visit (when applicable) the project financing for the next activity will be disbursed.

**B) Financial Report:** The purpose of the financial report is to enable the LRCP PIU to monitor actual expenditures on the sub-project and to assist decisions relating to the continued financing of the sub-project. All expenses incurred by the beneficiary for the actual period must be itemized in accordance with Approved Sub-Project Budget as per Sub-Grant Agreement, and all payments from the dedicated sub-project account in all categories should be shown. For more details regarding the financial reports, please refer to Section Financial Management III.2.11.

The Sub-Grant beneficiary will permit, the LRCP PIU and/or the World Bank and/or persons or auditors appointed by the LRCP to inspect and audit its accounts and records and other documents relating to the Sub-Project and performance under the Sub-Grant Agreement.

**C) On-site monitoring visits:** The purpose of the monitoring visit by the LRCP PIU is primarily to verify that sub-project, environmental and financial activities are occurring as reported and as stated in the approved sub-project documents. The LRCP will perform monitoring visits at least quarterly, or more often, if necessary.

Monitoring visits will typically include a review of sub-project implementation (e.g. procedures, milestones with measurable results, timelines, tasks, agreements, policies, and financial documentation) as well as in-person meetings with relevant sub-project team members.

If the monitoring visit has identified any concerns, the beneficiary will be required to correct deficiencies within agreed timelines. The further financing depends on the severity of problem and it will be suspended until the deficiencies are corrected.

**D) Environmental monitoring and reporting:** Environmental supervision will be carried out by EE and SST when deemed necessary by Environmental Focal Point. In the course of sub-project approval, compliance reporting frequency will be determined for every sub-project. EE will perform project supervision by carrying out document reviews, site visits and interviews. EE will report on sub-borrower's compliance regularly to SST and WB in line with the agreed reporting schedule (quarterly), as a part of regular project status of portfolio reporting or in the case of emergency. It is recommended that SST periodically take random visits to sub-projects sites in order to ensure EE reporting on Applicant's compliance is realistically reflecting situation on the field, which should encompass all B+ category and sample of B- sub-projects with social and cultural mitigation measures at place. Environmental performance of EE, SST and selected Applicants will be a subject of the WB supervision missions.

The World Bank will track environmental performance of the Project by regular review of reports as well as by supervision of the overall screening process and implementation of environmental recommendations for the selected sub-projects, including random visits to the sub-project sites. Due to the size of portfolio detailed review and site visit by World Bank would only be done on a selected number sub-projects. SST shall properly keep all sub-project documentation on file and make it available for EE and the World Bank upon request.

**E) Final progress report:** After the sub-project is fully completed, the last step in the sub-project is to summarize the different stages into a final report which must be submitted to the LRCP within four (4) weeks after the last calendar day of the sub-project. The final report should contain all the necessary information regarding the sub-project including successes, lessons learned and sub-project performance.

### **General**

In addition to the formal reports required under the Sub-Grant Agreement, it is the Sub-Grant beneficiary's obligation to report significant project events to the LRCP, positive or otherwise. As a contributor to the sub-project, the LRCP would like to be kept abreast of the sub-project status. In the event of favorable variations or unforeseen problems, the LRCP's early awareness will enable the LRCP PIU to work with the sub-project team in implementing any necessary changes to sub-project activities, including re-scheduling and re-budgeting.

The LRCP PIU reserves the right to suspend or terminate the financing under the Sub-Grant Agreement, or obtain a refund of all or any part of the amount of the financing disbursed, in the event that the Sub-Grant beneficiary fails to perform any of its obligations under the Sub-Grant Agreement.

### III. 2.10 PROCUREMENT

This Section provides guidance on the procurement procedures which has to be followed by LRCP PIU or Sub-Grant Beneficiaries for procurement of goods, works and consulting services, during Sub-Grants implementation under Sub-Component 3.2. – Matching Grants for local micro and small sized enterprises.

The LRCP shall provide sub-financing to Sub-Grant Beneficiaries' - eligible specific sub-projects, as defined in the legal documents of the Project. The Grant Agreement for the Project defines the requirements for carrying out the Project, including procurement: "All goods and consultants' services required for the activities and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth in the World Bank's "Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by the World Bank Borrowers" dated January 2011, Revised July 2014 and "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by the World Bank Borrower" dated January 2011, Revised 2014; and the provisions stipulated in the Grant Agreement; Sub-projects to private enterprises: Private Sector Commercial Practices acceptable to the LRCP PIU and the Bank, may be followed for Goods, Non-Consulting and Consulting Services under sub-projects to private enterprises in Component 3, in accordance with paragraph 3.13 of the Procurement Guidelines and paragraph 3.13 of the Consultant Guidelines and the provisions stipulated in the Grant Agreement.

Any procurement policies, procedures and guidance described in this Section are provided for internal reference by PIU and Sub-Grant Beneficiaries only. In case there is a conflict or contradiction, those provided in the Bank's Procurement and Consultant Guidelines shall prevail.

The grants available for micro and small enterprises will be in the amount of up to approximately EUR 100,000 for a single company or EUR 300,000 for a group/ cluster of companies with at least 50 percent co-financing from the requested grant amount in cash from the applicant.

#### 1) Activities and items ELIGIBLE for financing from the proceeds of the LRCP

Examples of possible project types for infrastructure grants but not limited to, include:

- Invest in new or improved products or services in the tourism value chain (e.g. enrich availability of culinary experiences outside of standard meal services, expand quality at existing accommodation, expand offering etc.)
- Purchase minor equipment, undertake renovation of existing facilities that will improve competitiveness or upgrade the service and/or categorization;
- New knowledge through market research, business plan or marketing strategy development;
- Improve quality of design and services;
- Develop and improve access to locally-produced crafts, souvenirs and supplementary products linked to local traditions; develop experiential services

- Pursue training, capacity building;
- Investment in business linkages and innovation;
- Standard improvement, adoption and implementation of international quality standards etc.;
- Other sub-project types that will contribute to the fulfillment of the objective of the call and will demonstrate that it meets a gap in the Development Plan.

## 2) Activities and items NOT ELIGIBLE for financing from the Project

The following procurements will be considered as not eligible for financing by the sub-projects:

- Contracts for procurement of goods, works, non-consulting and consulting services between sub-project grantees and their subsidiary or affiliated companies, unless there is an established arms-length arrangement;
- Procurement of second hand goods;
- Procurement of refurbished goods<sup>27</sup>;
- Firms/individuals proclaimed as debarred in accordance with Paragraph 1.8 - 1.10 of the Procurement Guidelines and 1.11 - 1.13 of the Consultant Guidelines. The entire World Bank List of Debarred Firms is available on the following link: [www.worldbank.org/debarr](http://www.worldbank.org/debarr).

The following activities will not be eligible for financing by the project:

- Investment within designated “Special Tourism Development Zones”;
- New construction or substantial investment in general municipal infrastructure (which may be funded under other existing projects), as defined in section II.2.
- Projects which are likely to have significant adverse environmental impacts that are sensitive, diverse, or unprecedented and may affect an area broader than the sites or facilities subject to physical works;
- Investments in designated protected areas, which would have negative impact on natural and critical habitats and species;
- Activities impacting fragile ecosystems, gambling and betting facilities/activities, important habitats, and green-fields of outstanding aesthetic value;
- Release of genetically altered organisms into the natural environment;
- Manufacturing, distribution and sale of banned pesticides and herbicides,
- Drift seine netting in the marine environment,
- Hazardous waste storage, treatment and disposal,
- Activities requiring conversion of forests, wetlands, and alpine/sub-alpine meadows;

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<sup>27</sup> Servicing and/or renovation of older or damaged equipment to bring it to a workable or better looking condition. Read more: <http://www.businessdictionary.com/definition/refurbishing.html>

- Other items included in the standard negative list from the World Bank, including:
  - Manufacturing of equipment and appliances containing CFCs and other substances regulated under the Montreal Protocol,
  - Manufacturing of electrical equipment containing polychlorinated biphenyls (PCBs) in excess of 0,005 % by weight,
  - Manufacturing, handling and disposal of radioactive products,
  - Manufacturing of asbestos containing products,
  - Nuclear reactors and parts thereof,
  - Tobacco, unmanufactured or manufactured,
  - Tobacco processing machinery, and
  - Manufacturing of firearms
  - Distilled alcohol for consumption.

### **3) Considerations with regard to procurement following well established commercial practices (Private sector)**

The following are recommended, but not mandatory, practices to be followed by the Sub-Grant Beneficiaries in procuring goods, works and non-consulting services under commercial practices:

- The Sub-Grant Beneficiary is recommended to observe competitive bidding procedures as needed to ensure competitive prices. To this end, the Sub-Grant Beneficiary should seek bids/quotations from a list of potential suppliers and contractors broad enough to achieve a competitive price; select, develop and maintain reliable list of suppliers, contractors and consultants by prescreening procedures; approve vendor' lists; and use preferred item lists, prequalified products, etc. and update such lists from time to time.
- Advertising bidding opportunities in the local and international press is considered best practice for large value procurement.
- As needed to achieve a successful procurement it is recommended that a bidding document be prepared by the Sub-Grant Beneficiary including the provisions for:
  - (i) General Scope of the Bid,
  - (ii) Contents of the Bidding Documents,
  - (iii) Preparation of Bids,
  - (iv) Submission and Opening of Bids,
  - (v) Evaluation and Comparison of Bids, and
  - (vi) Award of Contract.

The bidding document will also include a sample contract. In the bidding documents care has to be taken of other relevant factors such as time of delivery, efficiency and reliability of the goods and availability of maintenance facilities and spare parts, capacity of the contractor, in case of non-consultant services, of the quality and competence of the parties rendering them.

- Evaluation and selection of suppliers and contractors will be based on consideration of price, quality, reliability, performance and Sub-Grant Beneficiaries commercial decision.
- Contracts may be placed by the Sub- grant Beneficiary based on single source in cases where benefit of competition has been considered and rejected for sound reasons. Some examples where single source selection may be considered are:
  - (i) repeat purchases and purchasing additional quantities or additional works;
  - (ii) when equipment and machinery is needed for expansion of existing facilities;
  - (iii) for the sake of the standardization and minimization of the operation and maintenance cost;
  - (iv) when there is no interest from other suppliers or contractors;
  - (v) a previous successful contract performance;
  - (vi) other well justified commercial reasons.

The procurement documents which may be used as relevant, in case the Sub-Grant Beneficiaries do not have their own documents acceptable to the LRCP PIU and the Bank, are the relevant Bank standard and sample bidding and proposal documents acceptable to the LRCP PIU and the Bank.

For procurement under sub-component 3.2– Matching Grants for local micro and small sized enterprises, for procurement shall be used well-established procurement methods for private sector or well established commercial practices set forth in paragraph 3.13 of Procurement Guidelines and paragraph 3.13 of Consultant Guidelines.

#### **4) Roles and responsibilities of parties involved in the procurement process**

During the procurement process, all involved parties have the following roles and responsibilities:

- **LRCP PIU**

The PIU will be responsible for:

- supporting the Sub-Grant Beneficiaries in the preparatory phase of the sub-project proposals ensuring the compliance with World Bank's regulations on procurement rules and procedures.
- guiding and supporting the selected Sub-Grant Beneficiaries in providing guidance/training to the grant recipients;
- review and approval of the Sub-Grant procurement plans prepared by the selected Sub-Grant beneficiaries.
- establishment of close cooperation and good interaction with the Sub-Grant Beneficiaries in all phases of the sub-projects implementation.

- **Sub-Grant Beneficiaries**

The Sub-Grant Beneficiaries will be responsible for:

- conducting the entire procurement process (preparing bidding documents, evaluation reports, contracts)
- preparation of the complete documentation related to the sub-projects planned activities, including designs, technical specifications and other supporting documents as needed, and also for supervision of contract's implementation and acceptance of the deliverables procured.
- signing the Contract with the awarded supplier/contractor, oversee of the realization and signing the acceptance certificate/receipt for all activities carried out under the respective Sub-Grant.
- preparation of the Sub-Grant procurement plan
- designating a counterpart staff with adequate technical qualifications, managerial experience and power of attorney to supervise day-to-day performance of the contractors/suppliers/consultants.

### **5) Anti-corruption measures**

The World Bank's anti-corruption measures will be followed and the services of firms and individuals debarred by the Bank shall not be engaged. The list of such debarred firms and individuals is located at:

<http://web.worldbank.org/external/default/main?contentMDK=64069844&menuPK=116730&pagePK=64148989&piPK=64148984&querycontentMDK=64069700&theSitePK=84266>.

Each sub-project grantee shall be responsible to check the above referenced list prior to recommendation of a firm or an individual as the case might be for an inclusion in a short list (in case of consulting services contract) and for a contract award, and shall take actions as needed in accordance with the provisions above.

Definition of 'Fraud and Corruption' in accordance with the guidelines is provided in the Procurement List of Annexes.

Missprocurement defines cases when financing will not be made through proceeds of the loan. Definitions of missprocurement in accordance with procurement and consultants' guidelines are provided in the Procurement List of Annexes.

### **6) Sub-Grant procurement plan**

The Sub-Grant procurement plan for the sub-projects will be made by the project leader of the sub-

project after the project is recommended for financing, according to the accepted financial plan (Project Budget). To that effect, all contracts for goods, non-consulting and consulting services in accordance with the financial plan shall be reflected in the Sub-Grant procurement plan.

For the preparation of a Sub-Grant procurement plan, the following steps should be taken:

- The items from the Financial plan shall be grouped in packages, to the extent possible, in order to encourage better competition. The procurement/selection method shall be determined based on the nature of the contract (goods, non-consulting or consulting services). The applicable procurement/selection methods are described in paragraph 6 below of this Section.
- The Sub-Grant procurement plan shall be submitted to the LRCP PIU before the Sub-Grant Agreement signing.

The Sub-Grant beneficiaries must send the pre-final version of the prepared Sub-Grant procurement plan to the LRCP PIU for review and approval. The final version of the Sub-Grant procurement plan as an integral part will be added to the Sub-Grant Agreement.

Sub-Grant beneficiary shall carry out procurement under the Sub-project in accordance with their respective approved Sub-Grant procurement plan. If changes within the Sub-Grant procurement plan are needed (estimated cost, reallocation, procurement method), the Sub-Grant beneficiary will submit updated Sub-Grant procurement plan to the PIU for review and approval.

When preparing the Sub-Grant procurement plan, the Sub-Grant beneficiaries should primarily consider using competitive methods. Regarding the cost estimates of the proposed contracts, the Sub-Grant Beneficiaries should additionally explain in its Full Proposal the basis for calculation of such estimates.

### **7) Review by the LRCP PIU**

The Sub-Grant procurement plan shall be subject to the LRCP PIU prior review. All contracts shall be subject to prior review.

### **8) Review by the Bank**

The World Bank will carry a post review once in 12 months of randomly selected contracts. It will review all documents related to the procurement process, including but not limited to signed contracts and all amendments to them as relevant, bidding documents, bid evaluation report and recommendation for award, payments invoices or certificates, as well as certificated of inspection, delivery and acceptance of goods, completion and acceptance of works and non-consulting

services, etc. Such documents would also be submitted to the Bank by request as needed. All such documents will be kept by the sub-grant Beneficiaries and will be submitted to the PIU premises for the purpose of the post review unless the Bank decides to carry out the post review in the premises of the sub-grant beneficiary. In addition to the above referenced documents, Bank may conduct physical inspection of the goods delivered, the works and non-consulting services subject to a specific contract.

## **9) Resolution of complaints**

### **9.1 For consulting services**

Consultants are free to send copies of their communications regarding complaint against the Sub-Grant Beneficiary. All such communications should be addressed to the Project Director with a copy to the CDPMEA. In cases when PIU receives communications from consultants involving allegations of fraud and corruption the PIU shall apply due care and discretion in sharing information deemed appropriate with the Sub-Grant Beneficiary.

If after contract award, a consultant wishes to ascertain the grounds on which its proposal was not selected, it should address its request to the Sub-Grant Beneficiary. If the consultant is not satisfied with the written explanation given and/or debriefing by the Sub-Grant Beneficiary, and wishes to seek a meeting with the PIU, it may address the PIU's Procurement Specialist, who will arrange a meeting at the appropriate level and with the relevant staff. The purpose of such meeting is only to discuss the consultant's proposal, and neither to reverse the PIU's position that has been conveyed to the Sub-Grant Beneficiary nor to discuss the proposals of competitors.

### **9.2 For goods, works and non-consulting services**

Bidders are free to send copies of their communications regarding complaint against the Sub-Grant Beneficiary. All such communications should be addressed to the Project Director with a copy to the CDPMEA.

In cases when PIU receives communications from bidders involving allegations of fraud and corruption the PIU shall apply due care and discretion in sharing information deemed appropriate with the Sub-Grant Beneficiary.

If after notification of award, a bidder wishes to ascertain the grounds on which its bid was not selected, it should address its request to the Sub-Grant Beneficiary. If the bidder is not satisfied with the written explanation given and wishes to seek a meeting with the PIU, it may do so by addressing the PIU's Procurement Specialist, who will arrange a meeting at the appropriate level and with the relevant staff. The purpose of such meeting is only to discuss the bidder's bid, and neither to reverse the PIU's position that has been conveyed to the Sub-Grant Beneficiary nor to discuss the bids of competitors.

## 10) Procurement Methods

The Grant Agreement provides the following specific procurement methods which can be used for the implementation of LRCP's and Sub-Projects' arrangement:

***For goods, works and non-consulting services:*** (i) National Competitive Bidding, (ii) Shopping and (iii) Direct Contracting (DC). In accordance with paragraphs 3.3, 3.5 and 3.7 in the relevant Procurement Guidelines<sup>28</sup>.

***For consulting services:*** (i) Selection based on the Consultants' Qualifications (CQS), (ii) Single-Source Selection (SSS), (iii) Selection of Individual Consultants (IC). In accordance with paragraphs 3.7, 3.8 and Section V in the relevant Consultant Guidelines<sup>29</sup>.

**For procurement under this component sub-projects to private enterprises:** Private Sector Commercial Practices acceptable to the PIU and the Bank, may be followed for Goods, Non-Consulting and Consulting Services under sub-projects to private enterprises in Component 3, in accordance with paragraph 3.13 of the Procurement Guidelines and paragraph 3.13 of the Consultant Guidelines.

Specific procurement methods for a particular contract shall be stated in the Sub-Grant procurement plan.

Detailed procedures of the abovementioned procurement methods are provided in the Procurement and Consultant Guidelines. The following hands-on guidance is prepared for ease of reference only. In case there is an inconsistency or conflict, those stated in the Procurement and Consultant Guidelines shall prevail.

## 11) Types of contracts.

The sample contract which can be used both for consulting services to be provided by firms and individuals are attached in Annex 8 and Annex 9 from the Procurement List of Annexes. The types of contracts are differentiated as follows:

### **Lump-Sum Contract**

<sup>28</sup> Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by the World Bank Sub-Grant Beneficiarys" dated January 2011, Revised July 2014 <http://pubdocs.worldbank.org/en/492221459454433323/Procurement-GuidelinesEnglishJuly2014.pdf>

<sup>29</sup> Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by the World Bank Sub-Grant Beneficiary" dated January 2011, Revised 2014 <http://pubdocs.worldbank.org/en/894361459190142673/ProcurementConsultantHiringGuidelinesEngJuly2014.pdf>

This type of contract is used mainly for assignments in which the scope and the duration of the services and the required output of the consultants are clearly defined. It is widely used for simple planning and feasibility studies, environmental studies, detailed design of standard or common structures, preparation of data processing systems, and so forth. Payments are linked to outputs (deliverables) such as reports, drawings, bills of quantities, bidding documents, and software programs. The contract shall include a fixed price for the activities to be carried out by the consultant. Lump-sum contracts are easy to administer because they operate on the principle of fixed price for a fixed scope, and payments are due on clearly specified outputs and milestones.

### **Time-Based Contract**

This type of contract is appropriate when it is difficult to define or fix the scope and the duration of the services, either because they are related to activities carried out by others for which the completion period may vary, or because the input of the consultants required for attaining the objectives of the assignment is difficult to assess. It is widely used for complex studies, supervision of construction, advisory services, and most training assignments. Payments are based on agreed hourly, daily, weekly, or monthly rates for experts (who are normally named in the contract) and on reimbursable items using actual expenses and/or agreed unit prices. The rates for experts include remuneration, social costs, overhead, profit, and, where appropriate, special allowances. The contract shall include a ceiling amount of total payments to be made to the consultants. This ceiling amount should include a contingency allowance for unforeseen services and duration. Time-based contracts need to be closely monitored and administered by the client to ensure that the assignment is progressing satisfactorily and that payments claimed by the consultants are appropriate.

### **12) Procurement supervision and record keeping**

The Sub-Grant Beneficiaries are responsible for maintaining relevant procurement documents for the PIU prior review, Bank's post review and independent audits upon request.

### **13) Evaluation committee**

The Sub-Grant beneficiaries are responsible to establish Evaluation Committee, regardless of the procedures applied including the Private Sector Commercial Practices. Each Evaluation Committee must consist of at least three members.

The Evaluation Committee is responsible for evaluation of bids, selection of consultants and recommendation of contract awards for each activity. In case of the conflict of interest, the members of the Evaluation Committee should request a substitute.

The Evaluation Committee should have at least two members that are of the technical/professional expertise relevant for the evaluation process. The members of the Evaluation Committee are obliged to handle the documents related to the selection process in the confidentiality manner. The discussion and exchange of relevant documents and comments should be limited only to the members of the Evaluation Committee.

#### **14) Contract signing and administration**

In accordance with the approved Sub-Grant procurement plan by the PIU, the contract will be signed between the Sub-Grant Beneficiary and supplier/contractor based on which the Sub-Grant Beneficiary will pay suppliers` invoices as per the eligible percentage agreed under this signed contract. Scanned copy of the signed contract is promptly sent to the PIU for their info and file.

#### **15) Unsatisfactory Performance**

Poor performance affects the quality, efficiency and economy of the contract and it therefore shall not be tolerated. Based on the provisions of the contract, Sub-Grant Beneficiary should advise the contractors/suppliers/consultants to take immediate corrective measures to address the situation. If the contractors/suppliers/consultants fail to take adequate corrective actions, Sub-Grant Beneficiary may terminate the contract and apply appropriate penalties specified in the contract to the default contractor/supplier/consultant.

#### **16) Use of bidding and proposed Document**

The procurement documents which may be used as relevant, in case the sub-project grantees do not have their own documents acceptable to the PIU and the Bank, are the relevant Bank standard and sample bidding and proposal documents acceptable to the PIU and the Bank.

The forms of bidding/proposal documents, evaluation reports and contract forms will be Bank's standard and sample procurement documents, listed in the Procurement List of Annexes to this Grant Manual. All bidding/proposal, contract documents, including those used for purpose of commercial practices should include the Bank's provisions of fraud and corruption, conflict of interest, eligibility and the right of the Bank to audit.

### **III.2.11 FINANCIAL MANAGEMENT**

For Sub-component 3.2.2 – Micro and Small Enterprises grants, LRCP has allocated EUR 2.712.018. The allocation from LRCP may be adjusted based on experience implementing the Project. Beneficiary contribution of approximately EUR 1.356.009 from micro and small enterprises is foreseen.

Sub grants for micro and small sized companies will require a matching contribution of 50%-60% in cash. The percentage of beneficiary contribution will be stated in the sub-projects' full proposal and in the Sub-Grant agreement.

A list of eligible/non-eligible costs is added in Sections I.5 (General principles of funding) and III2 4.2.3 D (Budget and Finance) of this Grant Manual.

The beneficiary is obliged to open one separate Sub-Grant account (denominated in Denar) which will capture all transfers of funds related to Sub-Grant tranches from LRCP and beneficiary's contribution. Depending on the payment conditions stated in the Sub-Grant Agreement beneficiary is obligated to transfer the funds to suppliers properly and keep original copies of all supporting documents related to payments for review by the LRCP team.

After a tranche is transferred, the Sub-Grant beneficiary quarterly will submit financial reports to the LRCP for all the transfers made to Contractors/Suppliers, sending Annex 7 "Financial Management" - Appendixes 3, 3.1 and 3.2, with all the necessary supporting documents (copy of invoices, bank statements).

### **Disbursement and cash flow**

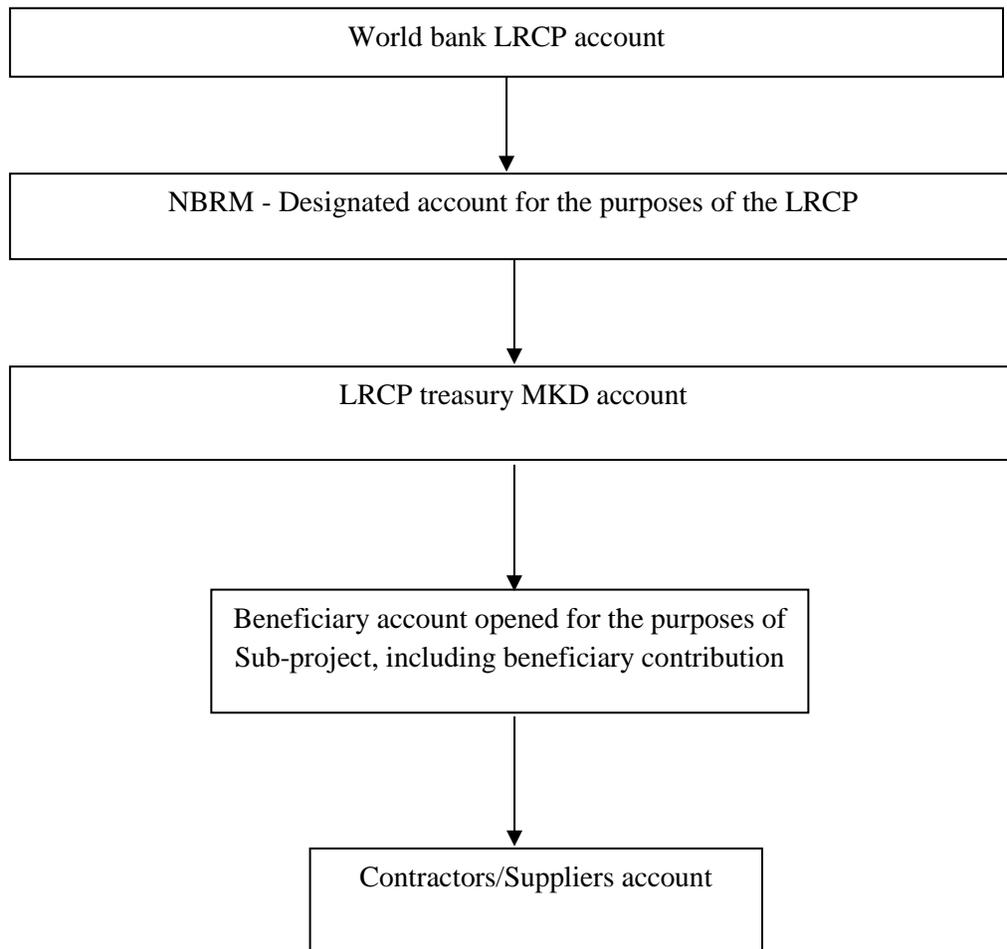
In Sub-component 3.2.2, the beneficiaries are leading the procurement process, and they will be the only contractual side in the contracts with the Contractors/Suppliers for activities envisioned under the Sub-Grant. The PIU Procurement and Financial Management team will be involved in the documents' review and approval, closely monitoring the entire process.

For Sub-component 3.2.2, the PIU will introduce a two-tranche scheme (50%-50%), first tranche should be transferred upon signing of the Sub-Grant Agreement and after the funds from the beneficiary contribution are fully disbursed and the second tranche should be transferred upon completion of all activities. In case of implementation of only one sub-project activity, the funds will be transferred in one tranche 100% upon completion of all activities. The disbursement of funds will be made from the LRCP's Treasury account to the beneficiary's Sub-Grant account (denominated in Denar). For the disbursement of the tranches, the beneficiary will be conditioned to submit financial statement set in Annex 7 "Financial Management" - Appendixes 1, 1.1 and 1.2, along with supporting documents. The Sub-Grant beneficiary will be required to provide to the PIU payment documents (copy of invoices, bank statements) for the transfers made to Contractors/Suppliers from its own contribution for the implemented Sub-Grant activities. The amount of these transfers must relate to the amount stated as beneficiary contribution in the Sub-Grant Agreement.

All disbursement of funds by PIU to the beneficiary Sub-Grant account (denominated in Denar) will be made in the local currency (MKD).

Beneficiaries are obligated to transfer the grant funds to the final suppliers properly based on the adequate supporting financial documentation submitted by the suppliers and in accordance with the contract previously approved by the PIU and signed between suppliers and beneficiaries.

Cash flow for Sub-component 3.2.2 (picture 4):



*Picture 4*

### ***Financial issues, financial statements and monitoring***

The beneficiary, in conformity with related requirements of the World Bank's financial reporting guidelines, will maintain the accounting books and records, cash receipts, payment documents and signed contracts. The Sub-Grant account will be kept in local currency (MKD) and for reporting purposes the PIU will convert in to EUR using the NBRM buying exchange rate for conversion

on the day of transaction made from NBRM - Designated account for the purposes of the LRCP to LRCP treasury MKD account.

Considering this, the cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred.

Sub-Grant beneficiaries will be also required to maintain proper accounting records and supporting documentation to ensure proper identification of grant transactions, including beneficiary contribution. This documentation must be viable for the inspection and audit purposes made by the PIU and World Bank team

Beneficiaries must keep original copies of all supporting documents related to payments with grant funds in accordance with archival standards of the country.

Prior to closing of the Sub-Project, a backup of the beneficiaries accounting records should be taken. This will ensure that record is kept of all the transactions.

Ten working days before submission of next transaction of grant funds from LRCP account to the beneficiary account, beneficiaries must submit to PIU interim financial statements (Annex 7 “Financial Management” – Appendixes 1, 1.1 and 1.2), including Sub-Grant and own contribution, supported by a bank statements showing the opening and closing balances and transactions incurred for the analyzed period. All Financial statements will be presented in MKD.

PIU FM Specialist will monitor the financial reports and if some problem occurs, will notify the beneficiary in writing by email in advance about the monitoring visit. The notification will outline the purpose of visit, what is to be reviewed, and who should attend the visit and the meeting during the monitoring visit.

If the monitoring visit has identified any concerns, the beneficiary will be required to correct deficiencies within agreed timeliness. The further financing depends on the severity of problem and it will be suspended until the deficiencies are corrected.

## Expression of Interest Form

|                                    |                    |
|------------------------------------|--------------------|
| Sub-project title                  |                    |
| Applicant                          |                    |
| Legal Representative of the Entity | Name and signature |

Skopje

2018

EXPRESSION OF INTEREST APPLICATION LETTER

*Objective of the call:*

*Date:* \_\_\_\_\_

To: Project Implementation Unit-LRCP

Having examined the Request for Expression of Interest and Instructions for submission of the **Investment in tourism-related infrastructure and linkages at destinations grants** under LRCP, we would like to submit with this letter our Expression of Interest proposal to LRCP:

|                                       |  |
|---------------------------------------|--|
| Sub-project Proposal title:           |  |
| Requested Sub-Grant amount by LRCP:   |  |
| Co-financing amount by the applicant: |  |
| Total sub-project amount:             |  |

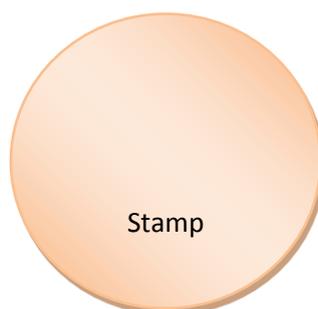
Should our proposal be selected, we are committed to develop the full sub-project proposal in adherence to the proposed contents set forth in this call for expression of interest and in accordance with the content of the Grant Manual. We are aware and we have informed our partners, that if our institution applies with several projects (as a leader or as a partner), LRCP can finance our institution only once, regardless of whether we appear as a partner or as a leader of the subproject. We also agree to submit all needed documentation in hard copy and in electronic copy as required for submitting the full sub-project proposal.

We, the undersigned, certify that to the best of our knowledge and belief, all information and documentation contained in this expression of interest is true and correct. We also certify that the proposed sub-project is not receiving funding from other sources for the same activities proposed in this Expression of Interest.

**Applicant Representative**

\_\_\_\_\_

Head of Entity/Lead Coordinator



Stamp

Signature

### Expression of Interest Form

#### Section 1: The Applicant

| Basic information about the applicant <sup>30</sup> |  |                              |
|---|--|------------------------------|
|   |  | Sub-project number LRCP only |
| 1.  | <b>Full Legal Name of Applicant</b><br>(As per registration certificate) |                              |
| 2.  | Full Name of Applicant (the entity)                                      |                              |
| 3.  | Name of legal representative:  |                              |
| 4.  | Address:   |                              |
| 5.  | Contact details:   | Tel.                         |
|   |  | Mob.                         |
|   |  | e-mail:                      |
| 6.  | Web page:  |                              |
| 7.  | Date of issuance of business registration/establishment decision         |                              |
| 8.  | Legal status of the entity   |                              |
| 9.  | Registration Number  |                              |
| 10.   | TAX ID Number  |                              |
| 11.   | Primary sectors of the entity's operation                                |                              |
| 12.   | Applicant Sub-Project Coordinator:                                       | Name and position            |
| 10.   | Contact details:   | Tel.                         |
|   |  | Mob:                         |
|   |  | E-mail:                      |

Table 1. Basic information about the applicant

<sup>30</sup> Please provide information as in official documents, issued by the relevant institutions

## Expression of Interest

To be filled, only in case of partnership:

### Partner 1

| Basic information about the partner 1        |   |         |    |
|--|---|---------|----|
|  |   |         |    |
| 1.   | Legal name of the entity  |         |    |
| 2.   | Type of the institution   |         |    |
| 3.   | Name of legal representative                                      |         |    |
| 4.   | Address   |         |    |
| 5.   | Web page of the institution                                       |         |    |
| 6.   | Contact details   | Tel:    |    |
|  |   | Mob:    |    |
|  |   | e-mail: |    |
| 7.   | Registration Number   |         |    |
| 8.   | TAX ID Number   |         |    |
| 9.   | Field of work   |         |    |
| 10.  | Date of issuance of business registration/establishment decision  |         |    |
| 11.  | In addition, we submit a memorandum of cooperation. <sup>31</sup> | YES     | NO |
|  |   |         |    |
| Table 2. Basic information about the partner |   |         |    |

### Partner 2

| Basic information about the partner 2 |                          |  |
|---------------------------------------|--------------------------|--|
|                                       |                          |  |
| 1.                                    | Legal Name of the entity |  |
| 2.                                    | Type of the institution  |  |

<sup>31</sup> The document is mandatory, if you do not submit the document your application will be rejected.

## Expression of Interest

|  |   |        |    |
|--|---|--------|----|
| 3.   | Name of legal representative                                      |        |    |
| 4.   | Address   |        |    |
| 5.   | Web page of the institution                                       |        |    |
| 6.   | Contact details   | Tel.   |    |
|  |   | Mob.   |    |
|  |   | e-mail |    |
| 7.   | Registration Number   |        |    |
| 8..  | TAX ID Number   |        |    |
| 9.   | Field of work   |        |    |
| 10.  | Date of issuance of business registration/establishment decision  |        |    |
| 11.  | In addition, we submit a memorandum of cooperation. <sup>32</sup> | YES    | NO |
| Table 3. Basic information about the partner 2 |   |        |    |

### Please select the type of sub-project you are applying for:

- Infrastructure Investments/Branding and promotion
- Grants to tourism sector organizations and training/educational service providers for enhanced tourism service-delivery
- Matching grants for local micro and small sized enterprises to enhance business linkages and innovation for destinations competitiveness

### Please select the type of gap that the proposed sub-project is addressing:

**A) non-destination-specific gaps** (identified and described in the Tourism Development Plans specifically Volume II, chapter 2). They are also referred to as cross-destination gaps, occur across multiple destinations and at the national level, and include:

- Gap 1 Limited Service Culture
- Gap 2 Lack of guiding capacity and skills
- Gap 3 Inconsistent waste collection and waste management culture
- Gap 4 Limited online marketing and communication

<sup>32</sup> The document is mandatory, if you do not submit the document your application will be rejected.

Expression of Interest

- Gap 5 Lack of signage and roadside information
- Gap 6 Limited roadside visitor infrastructure

**or**

**B) destination- specific gaps** (identified and described in the Tourism Development Plans for each of the ten destinations) are identified for each destination in the following categories:

- Gap 1 Accommodation and Hospitality
- Gap 2 Activities and Experiences
- Gap 3 Attractions
- Gap 4 Capacity Building
- Gap 5 Marketing, branding and access to information
- Gap 6 Accessibility and infrastructure

**Destinations**

**A) NON-DESTINATION SPECIFIC GAPS**

Ten destinations have been identified as the areas with strong potential for tourism development in the country.<sup>33</sup> Sub-Projects addressing non-destination specific gaps may address multiple destinations or may be national. In case you’re applying for A) non-destination specific gaps, in table 6, please mark the destinations<sup>34</sup> where the sub-project will be implemented. If it is national, please indicate that.

| Destination/s where the sub-project will be implemented         |  |                                   |                           |                      |                        |                             |                                  |                             |                         |                              |
|---|--|-----------------------------------|---------------------------|----------------------|------------------------|-----------------------------|----------------------------------|-----------------------------|-------------------------|------------------------------|
| National  | Destination 1                          | Destination 2                     | Destination 3             | Destination 4        | Destination 5          | Destination 6               | Destination 7                    | Destination 8               | Destination 9           | Destination 10               |
|   | Ohrid, Sturga, Prespa and surroundings | Skopje, Kumanovo and surroundings | Pelagonija & surroundings | Tikves &surroundings | Malesevo &surroundings | Reka regions & surroundings | Gevgelija, Dojran & surroundings | Polog region & surroundings | Strumica & surroundings | Stip, Radovis & surroundings |
|   |  |                                   |                           |                      |                        |                             |                                  |                             |                         |                              |
| Mark with X   |  |                                   |                           |                      |                        |                             |                                  |                             |                         |                              |
| Table 6. Destinations where the sub-project will be implemented |  |                                   |                           |                      |                        |                             |                                  |                             |                         |                              |

<sup>33</sup>Destinations were prioritized by the Working Group that the government formed during the design of the Local and Regional Competitiveness Project, using a methodology supplied by the World Bank.

<sup>34</sup> All municipalities in Macedonia have the potential to contribute to one or more of the above listed destinations. Please review the definition of destination in the Grant Manual on pg.4.

B) DESTINATION SPECIFIC GAPS

Ten destinations have been identified as the areas with strong potential for tourism development in the country. In table 7, please, mark the destination where the sub-project will be implemented:

| Location where the sub-project will be implemented |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
|--|-----------------------------------|---------------------------|-----------------------|-------------------------|-----------------------------|----------------------------------|-----------------------------|-------------------------|------------------------------|
| Destination 1                                      | Destination 2                     | Destination 3             | Destination 4         | Destination 5           | Destination 6               | Destination 7                    | Destination 8               | Destination 9           | Destination 10               |
| Ohrid, Sturga, Prespa and surroundings             | Skopje, Kumanovo and surroundings | Pelagonija & surroundings | Tikves & surroundings | Malesevo & surroundings | Reka regions & surroundings | Gevgelija, Dojran & surroundings | Polog region & surroundings | Strumica & surroundings | Stip, Radovis & surroundings |
|  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
| Mark with X  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |

Table 6. Destinations where the sub-project will be implemented

## Section 2 – Expression of Interest (EOI)

Submitting an Expression of Interest (EOI) is the first phase in the Sub-Grant selection process. The EOI should clearly and concisely explain the proposed Sub-Grant activity's relevance, purpose, objectives, activities and expected results in support of filling the gaps from the Development Plans that are objectives of the LRCP as set forth in this call. After evaluating EOIs, the LRCP PIU will invite eligible applicants to enter into a second phase of the competition by submitting a full sub-project application based on the concepts and technical approaches proposed in the EOI. The requested budget in EOI should not differ more than 20-25% from the budget which will be requested in Full Project Proposal if the EOI passes the administrative and eligibility check. All EOIs must not exceed 5 pages and must be submitted in the following format:

### 1. Proposed Sub-Grant Activity Details

| Sub-project Proposal |   |        |      |
|----------------------|---|--------|------|
|                      |   |        |      |
|                      | Sub-project Title:  | Budget |      |
|                      |   | Amount | %    |
| I                    | Total Budget of the Sub-project   |        | 100% |
| II                   | Requested amount from LRCP  |        |      |
| III.                 | Applicants contribution (please state clearly cash or in-kind, where applicable): |        |      |
| 1.                   | Own contribution  |        |      |
| 2.                   | Partner 1 contribution  |        |      |
| 3.                   | Partner 2 contribution  |        |      |
| 4.                   | Other _____   |        |      |
|                      | Total duration of the proposed sub-project  | Months |      |

Table 4. Sub-project Proposal

## 2. Sub-Project Description and Problem Statement

Please describe the proposed Sub-Grant activity and the main problems/issues that it will address. Please state which destination or destinations the proposed sub-project is targeting. (max. 300 words)

## 3. Relevance of the proposed sub-project to the Objectives of the LRCP

Please explain how your proposed Sub-Grant proposal is in line with the objectives of the Local and Regional Competitiveness Project as set forth in the Call for Proposals. You should clearly explain which gap or gaps (non-destination specific or destination specific) from the Development Plans the proposed sub-project is addressing and how the proposed sub-project plans to address the gap or gaps. (max. 300 words)

## 4. Sub-Project's Goal and Objectives

Please state the overall goal and specific objectives of the proposed sub-project and briefly describe the expected results. (max. 500 words)

## 5. Proposed Activities and results

Please list and briefly describe the illustrative activities that your entity proposes to undertake to meet the objectives of the proposed sub-project proposals.

| Activities and results  |          |                  |
|-------------------------|----------|------------------|
| Description of activity | Duration | Estimated Budget |
|                         |          |                  |
|                         |          |                  |
|                         |          |                  |
|                         |          |                  |

|                                 |  |  |
|---------------------------------|--|--|
|                                 |  |  |
| Table 5. Activities and results |  |  |

## 6. Sub-project partners:

List all partners participating in this sub-project, indicating the nature of their participation e.g. Financial, in-kind, or other (specify). Describe how strategic partnering in this sub-project will add value to the sub-proposal.

## 7. Appendices

**APPENDIX 1:** Please attach a copy of your Registration certificate from Central Registry of the Republic of Macedonia not older than 6 months showing the legal character/registration of the entity.

**APPENDIX 2:** Environmental protection questionnaire

| Appendix B – Environmental Protection Questionnaire  |
|--|
| <b>Applicant's name (o):</b>   |
| <b>Address (street and number, postal code and city):</b>                                      |
| <b>Phone &amp; Fax:</b>  |
| <b>E-mail:</b>   |
| <b>Main activity of the applicant (description of activity):</b>                               |
| <b>First name, last name and signature of responsible person completing the questionnaire:</b> |
| <b>Questionnaire completion date:</b>  |

**Instructions for completing the questionnaire**

The questionnaire shall be completed by a highly ranked representative of your institution, who submits the questionnaire, together with other requested documents, for assessment to the CDMPE. The questionnaire shall be signed by a person authorized to represent the company. Please, whenever possible, provide complete and elaborate answers to all questions.

The questionnaire has been divided into sections as follows:

Section 1: General

Section 2: Site location

Section 3: Permits/state of the environment

In case of any doubts, or should help be needed when completing the questionnaire, feel free to contact the Environmental Focal Point for the Sub-project: Ms Sandra Andovska, email: [Sandra.andovska@gs.gov.mk](mailto:Sandra.andovska@gs.gov.mk)

**GENERAL****Nature of the Grant request and Type of Activity**

Purpose of grant – please indicate your answer:

- Procurement of working capital
- Purchase of land
- Construction of new facilities (building/plant)
- Reconstruction of existing building
- Rehabilitation of monuments
- Extension of and/or adding stories to existing building
- Renovation and/or maintenance of existing building
- Purchase of machines and/or equipment
- Construction/reconstruction of communal infrastructure (water supply, wastewater disposal, sewerage, gas, electricity etc.)
- Purchase of transportation vehicles
- Construction, expansion, reconstruction of devices for processing exhaust gases, wastewaters and other waste materials
- Construction/reconstruction of roads, trails and similar
- Rehabilitation of roads, trails and similar
- Education provision
- Networking
- Acquiring technical support

- Capacity building
- Soft infrastructure sub-projects
- Other, please specify \_\_\_\_\_

*(If your answer is: "financing of investment in working capital", please provide answers just under General form and Planned activities at the site)*

Please provide a description of your sub-project.

Describe investment site, sub-project cost, business expansion plans, describe current status and reasons for carrying out the sub-project, provide planned annual production/service volume etc.

Please provide the name of your main activity and write down the respective code (NACE):

| SITE LOCATION   |                           |                          |
|---|---------------------------|--------------------------|
| Planned Activities at Site  |                           |                          |
| Will the Sub-Grant proceeds be used for financing the procurement of raw materials needed for production?   | <input type="radio"/> yes | <input type="radio"/> no |
| Will the Sub-Grant proceeds be used for financing the procurement of equipment?<br><br>What kind<br><br>_____   | <input type="radio"/> yes | <input type="radio"/> no |
| <p>If the Sub-Grant proceeds will be used for the procurement of raw materials needed for production, please provide, for every raw material item, the specific trade name, type and chemical designation if possible (please, do not use abbreviations).</p> <p><input type="radio"/> _____</p> <p><input type="radio"/> _____</p> <p><input type="radio"/> _____</p> <p><input type="radio"/> _____</p> |                           |                          |
| Will the Sub-Grant proceeds be used for the procurement of pesticides?  | <input type="radio"/> yes | <input type="radio"/> no |
| Is a raw material item or its constituent part included in the List of Hazardous Substances (in accordance with the regulations of the country 35)  | <input type="radio"/> yes | <input type="radio"/> no |
| Is the sub-sub-project located in or affects a protected area/protected species?( <i>national park, nature park, nature reserve, monument of nature and horticultural monument, important landscape, protected woodland</i> )   | <input type="radio"/> yes | <input type="radio"/> no |
| Is the sub-sub-project located in, or affects a cultural site, object, monument or building?( <i>potentially archaeologically significant site/in the vicinity of a historical site</i> )   | <input type="radio"/> yes | <input type="radio"/> no |
| Are there any public complaints against your current or planned activities? If yes, please describe the respective complaints.  | <input type="radio"/> yes | <input type="radio"/> no |

\_\_\_\_\_

|   |                           |                          |
|---|---------------------------|--------------------------|
| Is sub-sub-project located in the forest area and as such would cause damage to the forest or cutting of forest? If yes, please describe the impact.  | <input type="radio"/> yes | <input type="radio"/> no |
| Will the sub-sub-project have trans boundary impacts? If yes, please describe how.  | <input type="radio"/> yes | <input type="radio"/> no |
| Will the sub-sub-project cause changes in the quantity of quality of international waterway or its tributary? If yes, please describe how.  | <input type="radio"/> yes | <input type="radio"/> no |
| Will the sub-sub-project support construction of any kind of dam or involve dam rehabilitation? If yes, please describe how.  | <input type="radio"/> yes | <input type="radio"/> no |
| <b>Profile of the site</b>  |                           |                          |
| Please indicate the nature of your site:  |                           |                          |
| <input type="radio"/> Industrial area/business zone<br><input type="radio"/> Developed part of construction area (including urban areas)<br><input type="radio"/> Agricultural area<br><input type="radio"/> Protected natural area - ecological network<br><input type="radio"/> Coastal/riparian area   |                           |                          |
| If you have a specific sub-sub-project, please elaborate (describe) the nature of the site  |                           |                          |
| Who is the current owner of the plot / real estate, on which the sub-project is planned to be carried out?<br><br>Please provide the number of cadastral plot and land register plot, state the cadastral municipality, the number of land register file and the name of the owner ( <i>address, contact person and telephone number if the owner is not the investor</i> ) <i>Please submit a copy of land registry document</i> |                           |                          |
| Is the property being used by any other person besides the owner, i.e. does any other person (besides the owner) receives income from the use of land / site / plot? ( <i>Lease, contract, concession, protected lease-holder etc.</i> )  | <input type="radio"/> yes | <input type="radio"/> no |
| Are there any illegal users of the land / estate? If yes, please provide details  | <input type="radio"/> yes | <input type="radio"/> no |

| PERMITS AND STATE OF THE ENVIRONMENT  |                           |                          |
|---|---------------------------|--------------------------|
| Permits   |                           |                          |
| <p>Have you obtained any permits for the facilities you plan to construct? <i>(Please indicate those you have obtained)</i></p> <ul style="list-style-type: none"> <li><input type="radio"/> Location permit - land allocation permit</li> <li><input type="radio"/> Architecture-planning assignment (plan/design/building development permit)</li> <li><input type="radio"/> Emission permit</li> <li><input type="radio"/> Integrated ecological permit</li> <li><input type="radio"/> Licenses or agreement (contract) for use of natural resources</li> <li><input type="radio"/> Permit to use natural resources</li> <li><input type="radio"/> Special purpose water use permit</li> <li><input type="radio"/> Special permit for trans boundary risk for human health and environment</li> <li><input type="radio"/> Permit of import/export of ozone depletes</li> <li><input type="radio"/> Acceptance Commission approval (operation permit)</li> <li><input type="radio"/> Technical passport</li> <li><input type="radio"/> Other: _____</li> </ul> <p><i>Please, enclose the copies of all permits with the filled questionnaire.</i></p> |                           |                          |
| <p>Please indicate sub-projects documents already prepared:</p> <ul style="list-style-type: none"> <li><input type="radio"/> Conceptual design</li> <li><input type="radio"/> Preliminary design</li> <li><input type="radio"/> Main design</li> <li><input type="radio"/> Final design</li> <li><input type="radio"/> EIA</li> <li><input type="radio"/> SEA</li> <li><input type="radio"/> Screening EIA</li> </ul>   |                           |                          |
| <p>Do you have the use permit for you existing facilities? Please, enclose a copy of the permit with the questionnaire if, according to the design, works are planned to be carried out on existing facilities.</p>   | <input type="radio"/> yes | <input type="radio"/> no |
| <p>Did your existing facility require EIA? If yes, please provide copy</p>  | <input type="radio"/> yes | <input type="radio"/> no |
| <p>Did your existing facility require emission permit/integrated ecological permit? If yes, please provide copy</p>   | <input type="radio"/> yes | <input type="radio"/> no |

|   |                           |                          |
|---|---------------------------|--------------------------|
| Was your existing facility visited by the inspection (state, provincial, town ecological audit, sanitary, etc.) in the last 5 years? If yes, please provide copy of the finds | <input type="radio"/> yes | <input type="radio"/> no |
| <b>Status of the environment (according to national EIA legislation)</b>  |                           |                          |
| Is it necessary to carry out an environmental impact assessment procedure according to national legislation with regard to your sub-project?                                  | <input type="radio"/> yes | <input type="radio"/> no |
| Have you already obtained the decision on environmental impact assessment acceptability?<br><br>Please, enclose a copy of the decision with this questionnaire.               | <input type="radio"/> yes | <input type="radio"/> no |
| Does your sub-project require screening EIA?  | <input type="radio"/> yes | <input type="radio"/> no |
| Is there a decision on screening EIA? Please, enclose a copy of the decision with this questionnaire.   | <input type="radio"/> yes | <input type="radio"/> no |

APPENDIX 3: If applying in partnership, please attach a letter of intent signed, and sealed between partners

## Expression of Interest Checklist

**Please use the following questionnaire to help you present a complete Expression of Interest. Incomplete proposals run the risk of being ineligible.**

| ADMINISTRATIVE CHECK  |        |  |          |
|---|--------|--|----------|
|   | Yes/No |  | Comments |
| I am submitting my proposal on time   |        |  |          |
| I have signed and sealed the Applicant statement form                       |        |  |          |
| I have fully completed the EoI form   |        | English Version <input type="checkbox"/><br>Macedonian version <input type="checkbox"/>  |          |
| I am providing hard and soft copy of EoI in Macedonian and English version  |        | Hard copy:<br><input type="checkbox"/> Mkd <input type="checkbox"/> Eng<br>Soft copy:<br><input type="checkbox"/> Mkd <input type="checkbox"/> Eng |          |
| I have submitted letter of intent between partners (in case of partnership) |        |  |          |
| I have provided registration certificate (not older than 6 months)          |        |  |          |
| TIMETABLE   |        |  |          |
|   | Yes/No |  | Comments |
| My proposal respects the scheduled start date:                              |        | Start date of the proposal:  |          |
| My proposal respects the maximum duration of the proposal:                  |        | End date of the proposal:  |          |
| ELIGIBILITY   |        |  |          |
|   | Yes/No |  | Comments |

|  |  |  |  |
|--|--|--|--|
| My proposal targets at least one of the listed destinations  |  |  |  |
| My proposal respects the legal status criteria for applicants  |  | My proposal involves the following co-applicants |  |
| My proposal is compatible with Sub-Grant type's objectives   |  |  |  |
| My proposed activity is not on the list of activities that cannot be financed  |  |  |  |
| My sub-project addresses the specific destination needs /gaps identified in the relevant Development Plan(s) as per the call for proposal  |  |  |  |
| I don't belong to an institution-member of LRCP's Steering Committee   |  |  |  |
| For Infrastructure sub-grants: The applicant's proposal involves at least 60% civil works (and/or civil works machinery, equipment, vehicles etc.) from the requested Sub-Grant amount |  |  |  |
| I have filled in the Environmental Protection Questionnaire  |  |  |  |
| <b>FINANCING</b>   |  |  |  |
| My budgetary proposal respects the minimum co-financing rate in %  |  | My proposed co-financing rate is                 |  |
| My budgetary proposal respects the maximum LRCP co-financing ceiling in MKD  |  | The requested amount from LRCP Project in MKD    |  |
| I am not receiving financing from any other institutions/donors for the same activities proposed in this proposal  |  |  |  |

**Full application form**  
**Infrastructure Sub-grants**

|                   |  |
|-------------------|--|
|                   |  |
|                   |  |
| Sub-Project title |  |
| Applicant         |  |
|                   |  |
|                   |  |

Skopje

2018

FULL PROPOSAL APPLICATION LETTER

**Infrastructure sub-grants**

*Date:* \_\_\_\_\_

To: Project Implementation Unit-LRCP Project

Having examined the Invitation Letter for Full Proposals and Instructions for submission of the sub-grant proposal under LRCP, we would like to submit our proposal to LRCP with this letter:

| Basic information's |                                 |  |
|---------------------|---------------------------------|--|
| 1.                  | Proposed sub-grant amount:      |  |
| 2.                  | Percentage of our contribution: |  |
| 3.                  | Percentage of proposed funding: |  |
| 4.                  | Total:                          |  |

Table 1. Basic information's

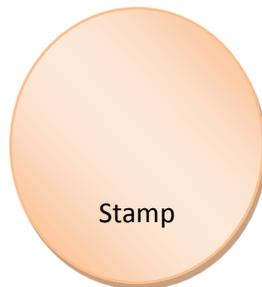
Should our proposal be selected, we are committed to implementing the proposal in adherence to the proposed contents and in compliance with the provisions set forth under the Sub-Grant Agreement. We are aware and we have informed our partners, that if our institution applies with several projects (as a leader or as a partner), LRCP can finance our institution only once, regardless of whether we appear as a partner or as a leader of the subproject.

We also agree to submit all necessary documentation in writing and/or electronic form, in accordance with the requirements for submitting the full proposal subproject. We, the undersigned, certify that to the best of our knowledge and belief, all information contained in the proposal is true and correct. Any information, if found to be incorrect, wrong or misleading, may lead to our disqualification from the application and selection in accordance with LRCP project's regulations.

**Applicant Representative:**

\_\_\_\_\_

Head of Entity



\_\_\_\_\_

Signature

| Basic information about the applicant (Please provide information as in official documents) |  |                   |                              |
|---|--|-------------------|------------------------------|
|   |  |                   | Sub-project number LRCP only |
| 1.  | Full Legal Name of Applicant<br>(As per registration certificate)    |                   |                              |
| 2.  | Name of Applicant (the entity)                                       |                   |                              |
| 3.  | Name of legal representative:  |                   |                              |
| 4.  | Address:   |                   |                              |
| 5.  | Contact details:   | Tel.              | Fax.                         |
|   |  | Mob.              |                              |
|   |  | e-mail:           |                              |
| 6.  | Web page:  |                   |                              |
| 7.  | Date of issuance of business<br>registration/establishment decision  |                   |                              |
| 8.  | Legal status of the entity (public entity,<br>shareholder's company) |                   |                              |
| 9.  | Registration Number:   |                   |                              |
| 10.   | TAX ID Number:   |                   |                              |
| 11.   | Primary sectors of the entity's operation                            |                   |                              |
| 12.   | Number of employees:   |                   |                              |
| 13.   | Annual Turnover:   |                   |                              |
|   | Annual Budget for 2017:  |                   |                              |
| 14.   | Applicant Sub-project Coordinator:                                   | Name and position |                              |
| 15.   | Contact details:   | Tel:              | Mob.                         |
|   |  | e-mail:           |                              |

Table 1. Basic information about the applicant

To be filled, in case of partnership:

| Basic information about the partner           |  |   |      |
|---|--|---|------|
| 1.  | Legal Name of the entity.  |   |      |
| 2.  | Legal status of the entity                                       |   |      |
| 3.  | Name of legal representative                                     |   |      |
| 4.  | Address:   |   |      |
| 5.  | Web page of the institution                                      |   |      |
| 6.  | Contact details:   | Tel   | Fax: |
|   |  | Mob.  |      |
|   |  | E-mail  |      |
| 7.  | Registration Number:   |   |      |
| 8.  | TAX ID Number  |   |      |
| 9.  | Primary sectors of the entity's operation                        |   |      |
| 10.   | Date of issuance of business registration/establishment decision |   |      |
| 11.   | Role in the project  | Describe the role of your partner organization in this sub-project. (Partnership Agreement to be provided as Annex) |      |
| 12.   | Annual Turnover:   |   |      |
| 13.   | In addition, we submit a contract for cooperation. <sup>36</sup> | Yes   | No   |
| Table 2. Basic information about the partner. |  |   |      |

<sup>36</sup> The document is mandatory, if you do not submit the document your application will be rejected.

| Basic information about the partner |  |   |      |
|-------------------------------------|--|---|------|
| 1.                                  | Legal Name of the entity.  |   |      |
| 2.                                  | Legal status of the entity                                       |   |      |
| 3.                                  | Name of legal representative                                     |   |      |
| 4.                                  | Address:   |   |      |
| 5.                                  | Web page of the institution                                      |   |      |
| 6.                                  | Contact details:   | Tel   | Fax: |
|                                     |  | Mob.  |      |
|                                     |  | E-mail  |      |
| 7.                                  | Registration Number:   |   |      |
| 8.                                  | TAX ID Number  |   |      |
| 9.                                  | Primary sectors of the entity's operation                        |   |      |
| 10.                                 | Date of issuance of business registration/establishment decision |   |      |
| 11.                                 | Role in the project  | Describe the role of your partner organization in this sub-project. (Partnership Agreement to be provided as Annex) |      |
| 12.                                 | Annual Turnover:   |   |      |
| 13.                                 | In addition, we submit a contract for cooperation. <sup>37</sup> | Yes   | No   |

Table 2. Basic information about the partner.

<sup>37</sup> The document is mandatory, if you do not submit the document your application will be rejected.

## Section 2: Sub-Project Profile

| Basic information about the sub-project |  |  |    |
|---|--|--|----|
| 1.                                      | Sub-Project title  |  |    |
| 2.                                      | Lead Partner (applicant) in case of partnership                  |  |    |
| 3.                                      | Duration of the sub-project                                      | in - months                                  |    |
| 4.                                      | Location where the project will be implemented                   | Destination/ municipality /specific location |    |
| 5.                                      | Sub-project Objective  |  |    |
| 6.                                      | Project will be realized in partnership with other public entity | Yes  | No |
| 7.                                      | Total Budget for the sub-project (in MKD)                        |  |    |

Table 4. Basic information about the subproject

**Please select the type of sub-project you are applying for:**

- Infrastructure Investments/Branding and promotion
- Grants to tourism sector organizations and training/educational service providers for enhanced tourism service-delivery
- Matching grants for local micro and small sized enterprises to enhance business linkages and innovation for destinations competitiveness

**Please select the type of gap that the proposed sub-project is addressing:**

**B) non-destination-specific gaps** (identified and described in the Tourism Development Plans specifically Volume II, chapter 2). They are also referred to as cross-destination gaps, occur across multiple destinations and at the national level, and include:

- Gap 1 Limited Service Culture
- Gap 2 Lack of guiding capacity and skills
- Gap 3 Inconsistent waste collection and waste management culture
- Gap 4 Limited online marketing and communication
- Gap 5 Lack of signage and roadside information
- Gap 6 Limited roadside visitor infrastructure

**or**

**B) destination- specific gaps** (identified and described in the Tourism Development Plans for each of the ten destinations) are identified for each destination in the following categories:

- Gap 1 Accommodation and Hospitality
- Gap 2 Activities and Experiences
- Gap 3 Attractions
- Gap 4 Capacity Building
- Gap 5 Marketing, branding and access to information
- Gap 6 Accessibility and infrastructure

## Destinations

### C) NON-DESTINATION SPECIFIC GAPS

Ten destinations have been identified as the areas with strong potential for tourism development in the country.<sup>38</sup> Sub-Projects addressing non-destination specific gaps may address multiple destinations or may be national. In case you're applying for A) non-destination specific gaps, in table 6, please mark the destinations<sup>39</sup> where the sub-project will be implemented. If it is national, please indicate that.

| Destination/s where the sub-project will be implemented         |  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
|---|--|-----------------------------------|---------------------------|-----------------------|-------------------------|-----------------------------|----------------------------------|-----------------------------|-------------------------|------------------------------|
| National  | Destination 1                          | Destination 2                     | Destination 3             | Destination 4         | Destination 5           | Destination 6               | Destination 7                    | Destination 8               | Destination 9           | Destination 10               |
|   | Ohrid, Sturga, Prespa and surroundings | Skopje, Kumanovo and surroundings | Pelagonija & surroundings | Tikves & surroundings | Malesevo & surroundings | Reka regions & surroundings | Gevgelija, Dojran & surroundings | Polog region & surroundings | Strumica & surroundings | Stip, Radovis & surroundings |
|   |  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
| Mark with X   |  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
| Table 6. Destinations where the sub-project will be implemented |  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |

<sup>38</sup>Destinations were prioritized by the Working Group that the government formed during the design of the Local and Regional Competitiveness Project, using a methodology supplied by the World Bank.

<sup>39</sup> All municipalities in Macedonia have the potential to contribute to one or more of the above listed destinations. Please review the definition of destination in the Grant Manual on pg.4.

## D) DESTINATION SPECIFIC GAPS

Ten destinations have been identified as the areas with strong potential for tourism development in the country. In table 7, please, mark the destination where the sub-project will be implemented:

| Location where the sub-project will be implemented               |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
|--|-----------------------------------|---------------------------|-----------------------|-------------------------|-----------------------------|----------------------------------|-----------------------------|-------------------------|------------------------------|
| Destination 1  | Destination 2                     | Destination 3             | Destination 4         | Destination 5           | Destination 6               | Destination 7                    | Destination 8               | Destination 9           | Destination 10               |
| Ohrid, Sturga, Prespa and surroundings                           | Skopje, Kumanovo and surroundings | Pelagonija & surroundings | Tikves & surroundings | Malesevo & surroundings | Reka regions & surroundings | Gevgelija, Dojran & surroundings | Polog region & surroundings | Strumica & surroundings | Stip, Radovis & surroundings |
|  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
| Mark with X  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
| Table 7 . Destinations where the sub-project will be implemented |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |

**A) CAPACITY OF THE APPLICANT**

In this section, please briefly describe the relevant experience on implementation of project(s) similar in type of activities/scope and scale that your entity brings in relation to the successful implementation of the proposed project.

| Previous experience in project implementation   |
|---|
| Please, list the most important, relevant project/s you have implemented, provide short project description in terms of the type of the project, size, scope and scale, and list the achieved results of the implemented project/s. <sup>40</sup> (max 500 words) |
| Table 5. Previous experience in project implementation  |

| Sub-Project Coordinator's Capacity  |
|---|
| Name, position and CV <sup>41</sup> (as attachment) of the proposed Project Coordination; or, in case of partnership, name position and CV (as attachment) of the selected Lead Coordinator. Please list 3-5 the most complex relevant project he/she has implemented, along with brief description, scale, results and a reference list, and description of the role he/she played.(max 500 words) |
| Table 6. Sub-Project Coordinator's Capacity   |

Please, provide information on the selected/appointed Sub-Project Coordinator and the relevant experience he/she has in relation to the successful implementation of the proposed sub-project.

| Transparency  |
|---|
| Have you published the financial reports and statements for the last two years? If yes, please provide us copy of the reports or link to the website where they are disclosed. (max. 500 words) |
| Table 7. Transparency   |

<sup>40</sup> Please, provide a reference list

<sup>41</sup> Please provide CV

| Partnership   |
|---|
| In case, the sub-project proposal is submitted in partnership, please explain the partner/s role in sub-project implementation, how they will add value to the proposal. (max. 300 words) <sup>42</sup> |
| Table 8. Partnership  |

---

<sup>42</sup> Please provide a copy of the contract between partners

## B) RELEVANCE

In this section please provide detail description of the proposed sub-project. You should clearly explain the purpose of the proposed sub-project and explicitly specify and explain all envisioned activities and how it is they are aligned to the objective of the call. The specified description of activities must correspond with the provided technical documentation and be aligned with the Environmental Assessment reports (ESIA, ESMP and ESPM checklist).

| Sub-project description  |
|--|
| <ol style="list-style-type: none"> <li>1. Describe the main problems/issues the sub-project will address; (Description of the current situation)</li> <li>2. The overall goal of the proposed sub-project;</li> <li>3. Describe the gap/s (from Specific Development Plans or cross destination gaps ) the sub-project is addressing</li> <li>4. Clearly specify the sub-project activities and explain how they will meet the specific gap/s in development plan;</li> <li>5. Please, describe the specific location of the sub-project:               <ol style="list-style-type: none"> <li>5.1 Describe the touristic potential and readiness of the site (existing or emerging attraction/product/area) and likely ability to attract visitors</li> <li>5.2 Describe the location of the site (accessibility, visibility and proximity to tourism resources, services or other infrastructure)</li> <li>5.3 Describe the attraction base of the wider destination and how the development of this site will contribute to growth and visitor retention.</li> </ol> </li> <li>6. Describe which priority market segments listed in the specific destination plan you will be able to attract and how? Who are the likely users of the facility/service/site?</li> </ol> <p><i>Maximum 1200 words</i></p> |
| Table9. Sub-project description  |

| Technical Soundness  |  |    |
|--|--|----|
| Sub-Project is in accordance with DUP / GUP  | Yes  | No |
| Technical documentation  | List all necessary documentation needed for implementation of the proposed sub-project (please, provide copy of all documentation that you have as Appendix 8) |    |
| Building permit  | Yes  | No |
| Permission from the relevant institutions in case of reconstruction of the buildings of cultural and archeological meaning.  | Yes  | No |
| Other permits from the relevant institutions   | Yes  | No |
| Ownership - Form of land property, plots where the project will be implemented (please, provide a copy of the documentation) | Yes  | No |
| Table 10. Technical Soundness  |  |    |

## B) RELEVANCE

In this section please provide detail description of the proposed sub-project. You should clearly explain the purpose of the proposed sub-project and explicitly specify and explain all envisioned activities and how they are aligned to the objective of the call. The specified description of activities must correspond with the provided technical documentation and be aligned with the Environmental Assessment reports (ESIA, ESMP and ESPM checklist).

### Sub-project description

1. Describe the main problems/issues the sub-project will address; (Description of the current situation)
2. The overall goal of the proposed sub-project;
3. Describe the gap/s (non-destination specific or destination specific from Tourism Development Plans) the sub-project is addressing
4. Clearly specify the sub-project activities and explain how they will meet the specific gap/s in development plan;
5. Please, describe the specific location of the sub-project:
  - 5.1 Describe the touristic potential and readiness of the site (existing or emerging attraction/product/area) and likely ability to attract visitors
  - 5.2 Describe the location of the site (accessibility, visibility and proximity to tourism resources, services or other infrastructure)
  - 5.3 Describe the attraction base of the wider destination and how the development of this site will contribute to growth and visitor retention.
6. Describe which priority market segments listed in the specific destination plan you will be able to attract and how? Who are the likely users of the facility/service/site?

*Maximum 1200 words*



### PROPOSAL IMPLEMENTATION PLAN

*The duration of the activities will be max 12 months for this type of grants.*

*Applicants are recommended to base the estimated duration for each activity and total period on the **most probable/realistic duration, based on relevant experience of implementation of similar activities**, and not on the shortest possible duration by taking into consideration all relevant factors that may affect the implementation timetable.*

***The activities stated in the implementation plan should correspond to the activities described in application.** Any months or interim periods without activities must be included in the action plan and count toward the calculation of the total estimated duration of the action. The implementation plan should be **sufficiently detailed** to give an overview of each activity. Please select specific and measurable indicators which help capture the achievement of project results. These indicators will form the basis for monitoring and evaluation.*

| <b>Task No.</b> | <b>Description of activity/tasks</b> | <b>Implementing Body</b> | <b>Start Date</b> | <b>End Date</b> | <b>Beneficiary</b> | <b>Expected Results</b><br><i>(you may merge cells if few tasks lead towards one result)</i> |
|-----------------|--------------------------------------|--------------------------|-------------------|-----------------|--------------------|--|
| 1               |                                      |                          |                   |                 |                    | Ex: increase of sales for 10%  |
| 2               |                                      |                          |                   |                 |                    | Increase of jobs   |
| 3               |                                      |                          |                   |                 |                    |  |
| 4               |                                      |                          |                   |                 |                    |  |

**SUB-PROJECT EXPECTED RESULTS**

| Destination impact  |
|---|
| Please clearly explain what will be the destination impact in tourism from the proposed sub-project. Please, present what are the expected destination outcomes from the implementation of the proposed sub-projects and how they will contribute towards the overall goals of the development plans. List the expected impacts for the destination from the point of: economic, socio-cultural, environmental impact after sub-project implementation .<br>(max 500 words) |
| Tabela 12. Destination impact   |

| Sub-project expected outcomes           |  |   |
|---|--|---|
| 1.                                      | Business Linkages  | How do you intend to stimulate business linkages in the destination (the sub-project will stimulate development of partnership, synergies with the private sector, etc)   |
| 2.                                      | Increased number of tourists                               | Explain whether your sub-project with the proposed activities will lead towards increased number of tourists and if yes, please explain how. Please, provide an estimated number (both direct and indirect)                           |
| 3.                                      | Increased number of tourist overnights                     | Explain if your sub-project and the proposed activities will lead towards increased tourist overnights. If yes, please explain how do you plan to increase tourist overnight and, provide estimated number (both direct and indirect) |
| 4.                                      | Sub-project will attract further private sector investment | Explain whether your sub-project proposal will contribute towards attracting private sector investment, and if yes, please provide clear description how.   |
| 5.                                      | Job creation   | Describe if your sub-project proposal will create new jobs (please list all type of expected new jobs (part time, full time, seasonal)  |
| Table 13. Sub-project expected outcomes |  |   |

**D) BUDGET AND FINANCE (Please note that, in case of Sub-Grant award, the sub-project will be VAT-exempt, therefore all items in the proposed budget should be presented without VAT)**

| Budget of the sub-project       |                                   |                             |         |
|---------------------------------|-----------------------------------|-----------------------------|---------|
|                                 |                                   |                             |         |
|                                 | Sub-Project title:                | Budget                      |         |
|                                 |                                   | Amount (in MKD without VAT) | %       |
| I                               | Budget of the sub-project         |                             | 100%    |
| II                              | Requested amount from LRCP        |                             | %       |
| III.                            | Applicants contribution:          | Total                       | Total % |
| 1.                              | Own contribution:                 | Total                       | Total % |
|                                 | Cash:                             |                             | %       |
|                                 | In-kind:                          |                             | %       |
| 2.                              | Partner 1 contribution            |                             | %       |
|                                 | Cash:                             |                             | %       |
|                                 | In-kind:                          |                             | %       |
| 3.                              | Partner 2 contribution            |                             | %       |
|                                 | Cash:                             |                             | %       |
|                                 | In-kind:                          |                             | %       |
| 4.                              | Other (ex. other donors etc)_____ |                             | %       |
|                                 |                                   |                             |         |
| Table Budget of the sub-project |                                   |                             |         |

### Detailed Budget Proposal

The below presented budget template and its components is presented in excel and it is intended to serve as a sample to assist you in writing the detailed budget proposal. Please, add any additional cost items that are necessary for sub-project implementation and please provide justification each cost element. It is of your best interest to provide realistic and cost-effective budget with unit prices that are based on the realistic market prices. Once you have filled in all the data in the sheets, please insert the tables below.



Budget  
infrastructure.xlsx

| Co-financing  |
|---|
| Type of co-financing (please state the amount)  |
| In-kind* _____  |
| Cash _____ MKD  |
| Cash and in-kind _____  |
| *If yes, please fill in the in-kind contribution form-Appendix 2. For selected sub-projects, authorized assessor must be engaged to estimate the value of the in-kind contribution. |
| Table 17. Co - financing  |

| Double co-financing  |
|--|
| Is the proposed sub project part of another bigger project? 0Yes 0No   |
| If yes, please shortly explain the bigger project (of how many phases it is consisted of)? Will the proposed sub-project function independently once completed? Do you think that you can successfully complete the sub-project with the above presented budget? |
| Have you applied for funding from any other institution/donor organization? 0Yes0No  |
| If yes, please provide further details (organization, time of application, requested amount, activities)   |
| Table 18. Double co-financing  |

**E) SUSTAINABILITY**

| Sustainability   |
|--|
| <p>Please describe how you intend to operate the sub-project results and maintain the sustainability of the sub-project results after the end of the project? Please, provide operation and maintenance plan and make sure that it will answer the following questions:</p> <ul style="list-style-type: none"> <li>• How the sub-project results will be used? What activities are envisaged to be implemented with use of the sub-project results? Who will be responsible for the facilities after their reconstruction/rehabilitation/renovation (the applicant itself or third entity will be engaged)? In case a third entity is engaged, please describe how this third party will be selected and engaged. What is the proposed timeframe for selection, what will be the legal agreement between the entity and the third party (i.e. how the outsourcing to the third party or involvement of the third party will be formalized), etc. Who and how will pay to the third party for maintenance? What is the estimated budget/maintenance cost?</li> <li>• If the maintenance is applicant's responsibility, please tell us how many people and who will be responsible for maintenance of the facility. Does your entity have skilled staff to run the site and ensure maintenance of the site, or you plan to employ additional staff with the qualification required? Will these people be part of the entity or will they be outsourced? Who will be responsible for their selection, including TOR preparation and selection process? From which budget this staff will be financed?</li> <li>• Does the maintenance require special equipment, does your organization owns that equipment? If not, do you have capacity to buy and to manage the necessary equipment?</li> <li>• Please provide us a copy of the decision of municipality's council or other institution (for budget allocation) that will be responsible for maintenance of the facilities after their construction, in case the sub-grant is awarded and the sub-project is implemented;</li> <li>• Please provide us an approximate annual calculation of future cost for maintenance of the facility, including staffing, equipment, suppliers/materials costs, etc.</li> </ul> |
| Table 19. Sustainability   |

**SECTION 4: RISK ANALYSIS TABLE**

*Please describe the potential risks that might occur during project implementation and after its completion. Please also describe the measures you would undertake in order to mitigate the anticipated risks. Please add rows under each risk category as needed.*

| Risk analysis           |  |   |   |   |
|-------------------------|--|---|---|---|
| Risk category           | Potential risk (narrative description) | Potential negative impact (1-5, 1 being the lowest and 5 being the highest) | Mitigation measures (narrative description) | Mitigation measures (narrative description) |
| 1.                      | Technological risks                    |   |   |   |
| 2.                      | Market risks                           |   |   |   |
| 3.                      | Legal risks                            |   |   |   |
| 4.                      | Management risks                       |   |   |   |
| 5.                      | Partnership risks                      |   |   |   |
| 6.                      | Environmental risks                    |   |   |   |
| 7.                      | Other (political etc.)                 | Add rows if needed  |   |   |
| Table 20. Risk analysis |  |   |   |   |

**SECTION 5: PROCUREMENT PLAN****Sample Simplified Procurement Plan**

| <b>Ref. No.</b> | <b>Contract Description</b> | <b>Estimated cost (MKD) VAT excluded</b> | <b>Expected date of contract signing</b> | <b>Expected date of contract completion</b> | <b>Competitive or Direct Contracting/Single source</b> |
|-----------------|-----------------------------|--|--|---|--|
|                 |                             |  |  |   |  |
|                 |                             |  |  |   |  |
|                 |                             |  |  |   |  |
|                 |                             |  |  |   |  |
|                 |                             |  |  |   |  |
|                 |                             |  |  |   |  |

The Grant funds earmarked for the implementation of the Local and Regional and Competitiveness Project (LRCP) are NOT provided for payment of cost for Value Added Tax (VAT), all taxes, import duties and excise duties on imported goods.

## **SECTION 6: ENVIRONMENTAL MANAGEMENT DOCUMENTATION**

### **6.1. Template for Environmental Management Plan**

A project's environmental management plan (EMP) consists of the set of mitigation, monitoring, and institutional measures to be taken during implementation and operation to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels. The plan also includes the actions needed to implement these measures.

1. Management plans are essential elements of EA reports for Category A projects; for many Category B projects the EA may result in a management plan only. To prepare a management plan, the recipient and its EA design team (a) identify the set of responses to potentially adverse impacts; (b) determine requirements for ensuring that those responses are made effectively and in a timely manner; and (c) describe the means for meeting those requirements.

More specifically, the EMP includes the following components:

#### **Mitigation**

2. The EMP identifies feasible and cost-effective measures that may reduce potentially significant adverse environmental impacts to acceptable levels. The plan includes compensatory measures if mitigation measures are not feasible, cost-effective, or sufficient. Specifically, the EMP;

(a) Identifies and summarizes all anticipated significant adverse environmental impacts (including those involving indigenous people or involuntary resettlement);

(b) Describes with technical details each mitigation measure, including the type of impact to which it relates and the conditions under which it is required (e.g., continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate;

(c) Estimates any potential environmental impacts of these measures; and

(d) Provides linkage with any other mitigation plans (e.g., for involuntary resettlement, indigenous peoples, or cultural property) required for the project.

#### **Monitoring**

3. Environmental monitoring during project implementation provides information about key environmental aspects of the project, particularly the environmental impacts of the project and the effectiveness of mitigation measures. Such information enables the recipient and the Bank to evaluate the success of mitigation as part of project supervision, and allows corrective action to be taken when needed. Therefore, the EMP identifies monitoring objectives and specifies the type of monitoring, with linkages to the impacts assessed in the EA report and the mitigation measures described in the EMP. Specifically, the monitoring section of the EMP provides (a) a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective

actions; and (b) monitoring and reporting procedures to (i) ensure early detection of conditions that necessitate particular mitigation measures, and (ii) furnish information on the progress and results of mitigation.

#### **Implementation Schedule and Cost Estimates**

4. For all three aspects (mitigation, monitoring, and capacity development), the EMP provides (a) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans; and (b) the capital and recurrent cost estimates and sources of funds for implementing the EMP. These figures are also integrated into the total project cost tables.

**Mitigation Plan**

| Construction Phase |                               |                                 |  |   |   |
|--------------------|-------------------------------|---------------------------------|--|---|---|
| Activity           | Expected Environmental Impact | Proposed Measure for Mitigation | Responsibility for Implementing Mitigation Measure | Period of Implementing Mitigation Measure | Cost associated with implementation of mitigation measure |
| 1.                 |                               |                                 |  |   |   |
| 2.                 |                               |                                 |  |   |   |
| ...                |                               |                                 |  |   |   |
| Operation Phase    |                               |                                 |  |   |   |
| 1.                 |                               |                                 |  |   |   |
| 2.                 |                               |                                 |  |   |   |
| ...                |                               |                                 |  |   |   |

**Monitoring Plan**

| Construction Phase                   |  |  |   |   |   |
|--------------------------------------|--|--|---|---|---|
| <b>What</b>                          | <b>Where</b>                             | <b>How</b>   | <b>When</b>   | <b>By Whom</b>  | <b>How much</b>   |
| <i>Parameter is to be monitored?</i> | <i>Is the parameter to be monitored?</i> | <i>Is the parameter to be monitored (what should be measured and how)?</i> | <i>Is the parameter to be monitored (timing and frequency)?</i> | <i>Is the parameter to be monitored—(responsibility)?</i> | <i>is the cost associated with implementation of monitoring</i> |
| 1.                                   |  |  |   |   |   |
| 2.                                   |  |  |   |   |   |
| ...                                  |  |  |   |   |   |
| Operation Phase                      |  |  |   |   |   |
| 1.                                   |  |  |   |   |   |
| 2.                                   |  |  |   |   |   |

|     |  |  |  |  |  |
|-----|--|--|--|--|--|
| ... |  |  |  |  |  |
|-----|--|--|--|--|--|

## 6.2. Environmental Management Plan checklist template

The checklist is composed from the textual part and the table format. The textual part should contain (organized as chapters):

- short introduction to the project
- overview of impacts
- elaborated purpose of EMP Checklist, disclosure requirements
- elaborated application of EMP Checklist,
- description of monitoring and reporting procedures and distribution of responsibility

The table part of the EMP Checklist contains of three sections that should be developed in the EMF:

- Part 1 constitutes a descriptive part that describes the project specifics in terms of physical location, the institutional and legislative aspects, the project description, inclusive of the need for a capacity building program and description of the public consultation process. This section could be up to two pages long. Attachments for additional information can be supplemented if needed (see Part 1 below).
- Part 2 includes the environmental and social screening in a simple Yes/No format followed by mitigation measures for any given activity. If any of given actions/problems are marked “yes”, a reference to the corresponding part of the Framework Environmental Management Plan with explicitly formulated environmental management measures and impact mitigation measures appears (see Part 2 below).
- Part 3 is a monitoring plan for activities during project construction and implementation. It retains the same format required for standard World Bank EMPs. It is the intention of this checklist that Part 2 and Part 3 be included as bidding documents for contractors which are evaluated in accordance with the proposed prices and along with this that a reasonable control be provided in process of works (see Part 3 below).

| <b>PART 1: INSTITUTIONAL &amp; ADMINISTRATIVE</b> |  |
|---|--|
| Country   |  |
| Sub-Project title                                 |  |

|   |                            |  |
|---|----------------------------|--|
| Scope of sub-project and particular activities  |                            |  |
| Institutional arrangements  | <b>Project management*</b> |  |
| (Name and contacts)   |                            |  |
| Implementation arrangements   | <b>Supervision**</b>       |  |
| (Name and contacts)   |                            |  |
|   |                            |  |
| <b>SITE DESCRIPTION</b>   |                            |  |
| Name of site  |                            |  |
| Describe site location  |                            | Annex 1: Site information (figures from the site) [ ]Y [ ] N |
| Who owns the land?  |                            |  |
| Geographic description  |                            |  |
| <b>LEGISLATION</b>  |                            |  |
| Identify national & local legislation & permits that apply to sub-project activity(s) |                            |  |
| <b>PUBLIC CONSULTATION</b>  |                            |  |
| Identify when / where the   |                            |  |

|   |  |
|---|--|
| public<br>consultation<br>process took<br>place and what<br>were the<br>remarks from<br>the consulted<br>stakeholders |  |
|---|--|

|  |  |
|--|--|
| <b>INSTITUTIONAL CAPACITY BUILDING</b> |  |
|--|--|

|  |   |
|--|---|
| Will there be<br>any capacity<br>building? | <input type="checkbox"/> N or <input type="checkbox"/> Y if Yes, Annex 2 includes the capacity building information |
|--|---|

## PART 2: ENVIRONMENTAL /SOCIAL SCREENING

| Will the site activity include/involve any of the following: | Activity                                      | Status   | Additional references |
|--|---|--|-----------------------|
|  | A. Building rehabilitation                    | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section B below   |
|  | B. New construction                           | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section B below   |
|  | C. Individual wastewater treatment system     | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section C below   |
|  | D. Historic building(s) and districts         | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Possible | See Section D below   |
|  | E. Acquisition of land <sup>43</sup>          | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section E below   |
|  | F. Hazardous or toxic materials <sup>44</sup> | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section F below   |
|  | G. Impacts on forests and/or protected areas  | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section G below   |
|  | H. Handling / management of medical waste     | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section H below   |
|  | I. Traffic and Pedestrian Safety              | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section I below   |

<sup>43</sup>Land acquisitions includes displacement of people, change of livelihood encroachment on private property this is to land that is purchased/transferred and affects people who are living and/or squatters and/or operate a business (kiosks) on land that is being acquired.

<sup>44</sup> Toxic / hazardous material includes and is not limited to asbestos, toxic paints, removal of lead paint, etc.

| ACTIVITY  | PARAMETER                          | MITIGATION MEASURES CHECKLIST |
|---|------------------------------------|-------------------------------|
| A. General Conditions                                     | Notification and Worker Safety     | (a)                           |
| B. General Rehabilitation and /or Construction Activities | Air Quality                        | (a)                           |
|   | Noise                              | (a)                           |
|   | Water Quality                      | (a)                           |
|   | Waste management                   |                               |
| C. Individual wastewater treatment system                 | Water Quality                      | (a)                           |
| D. Historic building(s)                                   | Cultural Heritage                  | (a)                           |
| E. Acquisition of land                                    | Land Acquisition Plan/Framework    | (a)                           |
| F. Toxic Materials  | Asbestos management                | (a)                           |
|   | Toxic / hazardous waste management | •                             |

| ACTIVITY                                      | PARAMETER   | MITIGATION MEASURES CHECKLIST |
|---|---|-------------------------------|
| G. Affects forests and/or protected areas     | Protection  | (a)                           |
| H. Disposal of medical waste (not applicable) | Infrastructure for medical waste management   | ▪                             |
| I Traffic and Pedestrian Safety               | Direct or indirect hazards to public traffic and pedestrians by construction activities | ▪                             |

| <b>PART 3: MONITORING PLAN</b>    |   |   |   |  |   |  |  |
|-----------------------------------|---|---|---|--|---|--|--|
| <b>Phase</b>                      | <b>What</b><br>(Parameter will be monitored?) | <b>Where</b><br>(Is the parameter to be monitored?) | <b>How</b><br>(Is the parameter to be monitored?) | <b>When</b><br>(Define frequency / the or continuity?) | <b>Why</b><br>(Is the parameter being monitored?) | <b>Cost</b><br>(If not included in project budget) | <b>Who</b><br>(Is responsible for monitoring?) |
| activity<br>During preparation    |   |   |   |  |   |  |  |
|                                   |   |   |   |  |   |  |  |
| activity<br>During implementation |   |   |   |  |   |  |  |
|                                   |   |   |   |  |   |  |  |
| activity<br>During supervision    |   |   |   |  |   |  |  |
|                                   |   |   |   |  |   |  |  |

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|

EMP Checklist Annex 1: Site information (figures from the site)

EMP Checklist Annex 2 includes the capacity building information

*\* Project management includes a) investor and b) the contractor; i.e. the persons responsible for ordering and implementing the works encompassed by the EMP Checklist*

*\*\* The Contractor Supervision is done on two levels as well: a) state or county inspectorate with their regular mandate to supervise all construction works and b) supervising engineer, in charge for the particular site. Supervising engineer can be a licensed person (for larger works) or a person authorized by the investor to carry out the supervision, i.e. someone who is checking that the construction / rehabilitation is being done according to the design and is reporting to the investor. This is usually also the person who also supervises the implementation of EMP Checklist and provides compliance reports.*

Legal Applicant Representative:

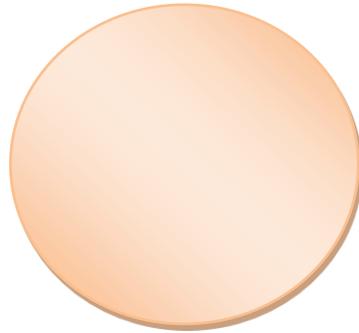
---

Signature:

---

Date:

---



**CO-FINANCING STATEMENT**

(Sub-Project Title) \_\_\_\_\_

*In the case of approval of the above mentioned sub-project, applying for Sub-Grant from the LRCP we hereby declare that*

\_\_\_\_\_

*(Name of Entity)*

*has examined and agreed on his tasks and activities described in the Full Application form, undertakes to comply with the principles of good partnership practice and to provide MKD \_\_\_\_\_ 0,00 (without VAT) as own contribution and/or other sources to the sub project budget.*

*We furthermore confirm that any sub project activity costs related to the above mentioned sub-project will not be funded by any other Donor program.*

\_\_\_\_\_

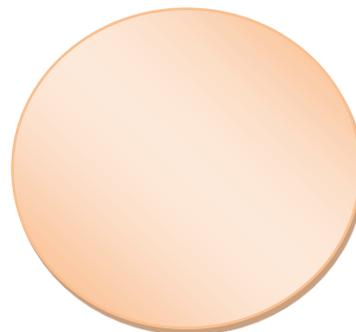
*(Name of the legal representative of the Applicant)*

\_\_\_\_\_

*(Position)*

\_\_\_\_\_

*(Date)*



*(Official Stamp of Applicant)*

**In-Kind Contribution Form**

| <i>Applicant Information</i>                                    |                             |                              |
|---|-----------------------------|------------------------------|
| <b>Legal name of the applicant:</b>                             |                             |                              |
| <b>Sub-Project name:</b>  |                             |                              |
| <b>Beneficiary Address:</b>                                     |                             |                              |
| <b>City:</b>  | <b>State:</b>               | <b>Zip Code:</b>             |
| <b>Telephone:</b>   | <b>E-mail:</b>              |                              |
| <i>Contributed Goods or Services</i>                            |                             |                              |
| <b>Description of Contributed Goods or Services:</b>            |                             |                              |
| <br><br><br><br><br>  |                             |                              |
| <b>Date(s) Contributed:</b>                                     |                             |                              |
| <b>Accounting/market Value of Contribution:</b>                 | <b>MKD</b>                  |                              |
| <b>Value determined by licensed valuator<sup>45</sup>:</b>      |                             |                              |
| <br><br><br><br><br>  |                             |                              |
| <b>Is there a restriction on the use of this contribution?:</b> | <input type="checkbox"/> No | <input type="checkbox"/> Yes |
| <b>If yes, what are the restrictions?:</b>                      |                             |                              |
| <br><br><br><br><br>  |                             |                              |

---

 Applicant's signature

---

 Date

---

<sup>45</sup>If selected, the beneficiary is responsible to obtain official assessment of the in-kind contribution value verified by a licensed valuator (the license is awarded by the Chamber of Valuers of the Republic of Macedonia. All expenses related to this assessment must be covered by the applicant.

Appendix 3: Financial statements for 2016, 2017

Appendix 4: Decision of the Applicant's governing body (Municipality Council, Board of Directors, Management Board etc.) adopted for approval of the financial contribution to the proposed sub-project.

Appendix 5: Beneficiaries planned budget for the upcoming year

Appendix 6: CV of the Sub-Project Coordinator/Lead Coordinator

Appendix 7: Partnership Agreement in case of multi entities proposals (or similar kind of document) which regulates the future cooperation of the parties (in accordance with the national legislation);

Appendix 8: Sub-project related documentation depending upon the type of the sub-project proposal:

- Extract from detail urban plan (obligatory for full proposal)
- Ownership: Property Certificate/Documents confirming right of use related to the application etc (obligatory for full proposal)
- Complete Investment-Technical documentation and all necessary reports according to the Law on Construction, if applicable; (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest)
- Certificate of object of cultural heritage if it is included in the proposal (if present, obligatory for full proposal);
- Complete Investment-Technical documentation according to the Law on Cultural Heritage Protection, if applicable (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest);
- Construction permit, Conservation approval and all other necessary permits according to the Law on Construction, Law on Cultural Heritage Protection and other applicable Laws, if applicable; (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest);

| <b>Full Sub-Project Proposal Check List</b>   |     |         |
|---|-----|---------|
|   | mkd | English |
| 1.1. Application Letter   |     |         |
| 1.2. Applicant Profile  |     |         |
| 1.3. Sub-Project Profile  |     |         |
| 1.4. Applicant's Implementation Capacity  |     |         |
| 1.5. Relevance  |     |         |
| 1.5.1. Implementation Plan  |     |         |
| 1.6. Expected Impact  |     |         |
| 1.7. Budget and Finance   |     |         |
| 1.8. Sustainability   |     |         |
| 1.9. Sample Procurement Plan  |     |         |
| 1.10. Risk Analysis   |     |         |
| 1.11 Environmental Due Diligence documentation  |     |         |
| 2. Electronic copy  |     |         |
| Appendix 1: Co-financing statement  |     |         |
| Appendix 2: In-kind contribution form (if needed)   |     |         |
| Appendix 3: Documents to confirm financial transparency and accountability                                      |     |         |
| Appendix 4: Applicant's planned budget for the upcoming year  |     |         |
| Appendix 5: Decision of the Applicant's governing body for co-financing   |     |         |
| Appendix 6: CV of the Sub-Project Coordinator/Lead Coordinator  | mkd | english |
| Appendix 7: partnership agreement in case of multi entities proposals)  |     |         |
| Appendix 8: Sub-project related documentation depending upon the type of the sub-project proposal:              |     |         |
| 8.1 Extract from detail urban plan (obligatory for full proposal)   |     |         |
| 8.2 Ownership: Property Certificate/Documents confirming right of use related to the application                |     |         |
| 8.3 Complete Investment-Technical documentation and all necessary reports according to the Law on Construction; |     |         |

|   |  |
|---|--|
| 8.4 Certificate of object of cultural heritage if it is included in the proposal  |  |
| 8.5 Complete Investment-Technical documentation according to the Law on Cultural Heritage Protection  |  |
| 8.6. Construction permit, Conservation approval and all other necessary permits according to the Law on Construction, Law on Cultural Heritage Protection and other applicable Laws |  |

**LRCP reserves the right to disqualify any incomplete and untimely submitted application.**

**Full Application Form****SUB-GRANTS TO TOURISM SECTOR  
ORGANIZATIONS AND TRAINING/EDUCATIONAL  
SERVICE PROVIDERS FOR ENHANCED TOURISM  
SERVICE-DELIVERY AND LOCAL ECONOMIC  
IMPACT (LINKAGES AND INNOVATION GRANTS)**

|                   |  |
|-------------------|--|
| Sub-Project title |  |
| Applicant         |  |

Skopje

2018

## FULL PROPOSAL APPLICATION LETTER

### **Sub-Grants for enhanced tourism service-delivery and local economic impact (innovation and linkages grants)**

*Date:* \_\_\_\_\_

To: Project Implementation Unit-LRCP Project

Having examined the Invitation Letter for Full Proposals and Instructions for submission of the Sub-Grant proposal under LRCP Project, we would like to submit with this letter our proposal to LRCP Project:

| Sub-project proposal title: |  |  |
|-----------------------------|--|--|
| 1.                          | Proposed Sub-Grant amount (in mkd <sup>46</sup> ): |  |
| 2.                          | Proposed co-financing amount (in mkd):             |  |
| 3.                          | Percentage of our contribution:                    |  |
| 4.                          | Total Sub-Project proposal amount (1+2):           |  |

Should our proposal be selected, we are committed to implementing the proposal in adherence to the proposed contents and in compliance with the provisions set forth under the Sub-Grant Agreement. We also agree to submit all required documentation prior to the signature of sub-grant agreement. In case we don't submit all the necessary documentation as required, our Sub-Grant proposal will be disqualified from financing. We are aware and we have informed our partners, that if our institution is applying with several sub-projects (as lead or as partner), LRCP can only finance our institution once per a call, regardless whether we are applying as a partner or as a lead applicant.

We, the undersigned, certify that to the best of our knowledge and belief, all information contained in the proposal is true and correct. Any information, if found to be incorrect, wrong or misleading, may lead to our disqualification from the application and selection in accordance with LRCP project's regulations.

#### **Legal Applicant Representative**

*Name, title, stamp*

---

<sup>46</sup> All proposed amounts are presented without VAT

## Section 1: The Applicant

| Basic information about the applicant ( <i>Please provide information as in official documents, issued by the relevant institutions</i> ) |  |                   |      |                              |
|---|--|-------------------|------|------------------------------|
|   |  |                   |      | Sub-project number LRCP only |
| 1.  | <b>Full Legal Name of Applicant</b><br>(As per registration certificate) |                   |      |                              |
| 2.  | Full Name of Applicant (the entity)                                      |                   |      |                              |
| 3.  | Name of legal representative:  |                   |      |                              |
| 4.  | Address:   |                   |      |                              |
| 5.  | Contact details:   | Tel.              | Fax. | Mob. e-mail                  |
| 6.  | Web page:  |                   |      |                              |
| 7.  | Date of issuance of business registration/establishment decision         |                   |      |                              |
| 8.  | Legal status of the entity (public entity, shareholder's company)        |                   |      |                              |
| 9.  | Registration Number  |                   |      |                              |
| 10.   | TAX ID Number  |                   |      |                              |
| 11.   | Primary sectors of the entity's operation                                |                   |      |                              |
| 12.   | Number of employees:   |                   |      |                              |
| 13.   | Annual Turnover:   | _____             |      |                              |
| 14.   | Applicant Sub-Project Coordinator:                                       | Name and position |      |                              |

|     |                  |      |      |      |        |
|-----|------------------|------|------|------|--------|
| 15. | Contact details: | Tel. | Fax. | Mob. | e-mail |
|     |                  |      |      |      |        |

To be filled, in case of partnership:

| Basic information about the partner 1 |  |   |      |      |        |
|---------------------------------------|--|---|------|------|--------|
|                                       |  |   |      |      |        |
| 1.                                    | Legal Name of the entity   |   |      |      |        |
| 2.                                    | Legal status of the entity                                       |   |      |      |        |
| 3.                                    | Name of legal representative                                     |   |      |      |        |
| 4.                                    | Address  |   |      |      |        |
| 5.                                    | Web page of the institution                                      |   |      |      |        |
| 6.                                    | Contact details  | Tel.  | Fax. | Mob. | e-mail |
| 7.                                    | Registration Number  |   |      |      |        |
| 8.                                    | TAX ID Number  |   |      |      |        |
| 9.                                    | Field of work  |   |      |      |        |
| 10.                                   | Date of issuance of business registration/establishment decision |   |      |      |        |
| 12.                                   | Role in the sub-project  | Describe the role of your partner organization in this sub-project. (Partnership Agreement to be provided as Annex) |      |      |        |
| 13.                                   | Annual Turnover  |   |      |      |        |

| Basic information about the partner 2 |  |   |      |             |
|---------------------------------------|--|---|------|-------------|
| 1.                                    | Legal Name of the entity   |   |      |             |
| 2.                                    | Legal status of the entity                                       |   |      |             |
| 3.                                    | Name of legal representative                                     |   |      |             |
| 4.                                    | Address  |   |      |             |
| 5.                                    | Web page of the institution                                      |   |      |             |
| 6.                                    | Contact details  | Tel.  | Fax. | Mob. e-mail |
| 7.                                    | Registration Number  |   |      |             |
| 8.                                    | TAX ID Number  |   |      |             |
| 9.                                    | Field of work  |   |      |             |
| 10.                                   | Date of issuance of business registration/establishment decision |   |      |             |
| 12.                                   | Role in the sub-project  | Describe the role of your partner organization in this sub-project. (Partnership Agreement to be provided as Annex) |      |             |
| 13.                                   | Annual Turnover  |   |      |             |

## Sub-Project Profile

|    |  |            |          |                   |
|----|--|------------|----------|-------------------|
| 1. | Sub-Project title                                  |            |          |                   |
| 2. | Lead Partner (in case of partnership)              |            |          |                   |
| 3. | Duration of the sub-project                        | Start date | End date | Duration - months |
| 4. | Location where the sub-project will be implemented |            |          |                   |
| 5. | Sub-project Objective                              |            |          |                   |
| 6. | Sub-Project will be realized in partnership        | Yes        | No       |                   |
| 7. | Total Budget (in MKD) without VAT                  |            |          |                   |

**Please select the type of sub-project you are applying for:**

- Infrastructure Investments/Branding and promotion
- Grants to tourism sector organizations and training/educational service providers for enhanced tourism service-delivery
- Matching grants for local micro and small sized enterprises to enhance business linkages and innovation for destinations competitiveness

**Please select the type of gap that the proposed sub-project is addressing:**

**C) non-destination-specific gaps** (identified and described in the Tourism Development Plans specifically Volume II, chapter 2). They are also referred to as cross-destination gaps, occur across multiple destinations and at the national level, and include:

- Gap 1 Limited Service Culture
- Gap 2 Lack of guiding capacity and skills
- Gap 3 Inconsistent waste collection and waste management culture
- Gap 4 Limited online marketing and communication
- Gap 5 Lack of signage and roadside information
- Gap 6 Limited roadside visitor infrastructure

**or**

**B) destination- specific gaps** (identified and described in the Tourism Development Plans for each of the ten destinations) are identified for each destination in the following categories:

- Gap 1 Accommodation and Hospitality
- Gap 2 Activities and Experiences
- Gap 3 Attractions
- Gap 4 Capacity Building
- Gap 5 Marketing, branding and access to information
- Gap 6 Accesibility and infrastructure



## Destinations

### E) NON-DESTINATION SPECIFIC GAPS

Ten destinations have been identified as the areas with strong potential for tourism development in the country.<sup>47</sup> Sub-Projects addressing non-destination specific gaps may address multiple destinations or may be national. In case you're applying for A) non-destination specific gaps, in table 6, please mark the destinations<sup>48</sup> where the sub-project will be implemented. If it is national, please indicate that.

| Destination/s where the sub-project will be implemented         |  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
|---|--|-----------------------------------|---------------------------|-----------------------|-------------------------|-----------------------------|----------------------------------|-----------------------------|-------------------------|------------------------------|
| National  | Destination 1                          | Destination 2                     | Destination 3             | Destination 4         | Destination 5           | Destination 6               | Destination 7                    | Destination 8               | Destination 9           | Destination 10               |
|   | Ohrid, Sturga, Prespa and surroundings | Skopje, Kumanovo and surroundings | Pelagonija & surroundings | Tikves & surroundings | Malesevo & surroundings | Reka regions & surroundings | Gevgelija, Dojran & surroundings | Polog region & surroundings | Strumica & surroundings | Stip, Radovis & surroundings |
|   |  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
| Mark with X   |  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
| Table 6. Destinations where the sub-project will be implemented |  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |

<sup>47</sup>Destinations were prioritized by the Working Group that the government formed during the design of the Local and Regional Competitiveness Project, using a methodology supplied by the World Bank.

<sup>48</sup> All municipalities in Macedonia have the potential to contribute to one or more of the above listed destinations. Please review the definition of destination in the Grant Manual on pg.4.

## F) DESTINATION SPECIFIC GAPS

Ten destinations have been identified as the areas with strong potential for tourism development in the country. In table 7, please, mark the destination where the sub-project will be implemented:

| Location where the sub-project will be implemented |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
|--|-----------------------------------|---------------------------|-----------------------|-------------------------|-----------------------------|----------------------------------|-----------------------------|-------------------------|------------------------------|
| Destination 1                                      | Destination 2                     | Destination 3             | Destination 4         | Destination 5           | Destination 6               | Destination 7                    | Destination 8               | Destination 9           | Destination 10               |
| Ohrid, Sturga, Prespa and surroundings             | Skopje, Kumanovo and surroundings | Pelagonija & surroundings | Tikves & surroundings | Malesevo & surroundings | Reka regions & surroundings | Gevgelija, Dojran & surroundings | Polog region & surroundings | Strumica & surroundings | Stip, Radovis & surroundings |
|  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
| Mark with X  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |

Table 6. Destinations where the sub-project will be implemented

## A) SUB-PROJECT'S MANAGEMENT

In this section, please briefly describe the relevant experience that your entity brings in relation to the successful implementation of the proposed sub-project.

### Previous experience in project implementation

Please, list the most relevant project/s you have implemented, provide short project description in terms of the type of the project, size, scope and scale and list the results of the implemented project/s. Please, provide a reference list.<sup>49</sup>(max 500 words)

Please, provide information on the selected Sub-Project Coordinator and the relevant experience he/she has in relation to the successful implementation of the proposed sub-project.

### Sub-Project Coordinator's Capacity

Name, position and CV (to be provided as an attachment both in English and Macedonian) of the proposed Sub-Project Coordination; in case of partnership of the selected Lead Coordinator. Please list 3-5 most relevant project he/she has implemented, along with brief description, scale, results and a reference list. If additional staff will be engaged for the purposes of sub-project, please state position and required qualifications. (max 500 words)

### Applicant's financial soundness

Please, state the financial soundness of your organization and provide:

- Financial statements for the last 2 years or for the last 1 (one) year in case it is an organization that has been in existence for less than two years not for profit organization
- Financial statements for the last 2 (two) years for training and educational service providers

In case where non-profit organizations have annual turnover less than 2500 Euros, they will have to submit decision that they are exempt from providing financial statements;

<sup>49</sup> The PIU reserves the right to validate the reference list provided by the applicant

**Partnership**

In case, the sub-project proposal is submitted in partnership, please explain the partner/s role in sub-project implementation, how they will add value to the proposal (financial assistance, technical expertise, business linkages etc). (max. 300 words)

**B) RELEVANCE**

In this section please provide detail description of the proposed sub-project. You should clearly explain the purpose of the proposed sub-project and explicitly specify and explain all envisioned activities and how they are aligned to the objective of the call. The specified description of activities must correspond with the provided technical documentation and be aligned with the Environmental Assessment reports (ESIA, ESMP and ESPM checklist).

**Development Plans**

1. Describe the main problems/issues the sub-project will address; (Description of the current situation)
2. The overall goal of the proposed sub-project;
3. Describe the gap/s (from Specific Development Plans) the sub-project is addressing
4. Clearly specify the sub-project activities and explain how they will meet the specific gap/s in development plan;
5. Describe whether you will directly or indirectly improve the experience of any of the priority market segments described in the specific development plan and how? Who are the likely users of the facility/service/site?
6. List the expected results.

*Maximum 1500 words*

**Technical Soundness-** Please, make sure that the provided technical documentation is aligned with the Environmental Assessment reports (ESIA, ESMP and ESPM checklist).

The overall quality of the project should be presented, its impact and target group with an estimate of the anticipated direct and indirect beneficiaries. The plan of activities should be clearly defined with assigned resources to fulfill each of the listed activity, expected results and timeline. You should show a logical flow of activities, indicating that all the things that must happen have been carefully thought through from the current to the end of project.

*Maximum 1200 words*

## PROPOSAL IMPLEMENTATION PLAN

*The duration of the activities will be max 12 months for this type of grants.*

*Applicants are recommended to base the estimated duration for each activity and total period on the **most probable duration** and not on the shortest possible duration by taking into consideration all relevant factors that may affect the implementation timetable.*

***The activities stated in the implementation plan should correspond to the activities described in application.** Any months or interim periods without activities must be included in the action plan and count toward the calculation of the total estimated duration of the action. The implementation plan should be **sufficiently detailed** to give an overview of each activity. Please select specific and measurable indicators which help capture the achievement of project results. These indicators will form the basis for monitoring and evaluation.*

| <b>Task No.</b> | <b>Description of activity/tasks</b> | <b>Implementing Body</b> | <b>Start Date</b> | <b>End Date</b> | <b>Beneficiary</b> | <b>Costs</b> | <b>Expected Results</b><br><i>(you may merge cells if few tasks lead towards one result)</i> |
|-----------------|--------------------------------------|--------------------------|-------------------|-----------------|--------------------|--------------|--|
| 1               |                                      |                          |                   |                 |                    |              | Ex: increase of sales for 10%  |
| 2               |                                      |                          |                   |                 |                    |              | Increase of jobs   |
| 3               |                                      |                          |                   |                 |                    |              |  |
| 4               |                                      |                          |                   |                 |                    |              |  |

**C) SUB-PROJECT EXPECTED IMPACTS**

| Destination impact   |
|--|
| <p>Please clearly explain what will be the destination impact in tourism from the proposed sub-project. Please, present what are the expected destination outcomes from the implementation of the proposed sub-projects and how they will contribute towards the overall goals of the destination (s) as defined in the development plans. (max 500 words)</p> |

| Sub-project expected outcomes       |   |
|-------------------------------------|---|
| Increased number of tourists        | Explain whether your sub-project with the proposed activities from the implementation table will lead towards increased number of tourists. If yes, please explain how and provide an estimated number (both direct and indirect) |
| Increased tourist spend             | Explain if your sub-project and the proposed activities will lead towards increased tourist spend. If yes, please explain how do you plan to achieve this.  |
| Business Linkages                   | Explain in details how do you intend to stimulate business linkages in the destination and provide spillover effect   |
| Innovation                          | Explain to what extent this proposal is innovative?   |
| Job creation                        | Describe if your sub-project proposal will create new jobs (please list all type of expected new jobs: part time, full time, seasonal)  |
| Table Sub-project expected outcomes |   |

**D) BUDGET AND FINANCE (Please note that, in case of Sub-Grant award, the sub-project will be VAT-exempt, therefore all items in the proposed budget should be presented without VAT)**

| Sub-project budget              |                                    |                             |         |
|---------------------------------|------------------------------------|-----------------------------|---------|
|                                 |                                    |                             |         |
|                                 | Sub-Project title:                 | Budget                      |         |
|                                 |                                    | Amount (in MKD without VAT) | %       |
| I                               | Budget of the sub-project          |                             | 100%    |
| II                              | Requested amount from LRCP         |                             | %       |
| III.                            | Applicants contribution:           | Total                       | Total % |
| 1.                              | Own contribution:                  | Total                       | Total % |
|                                 | Cash:                              |                             | %       |
|                                 | In-kind:                           |                             | %       |
| 2.                              | Partner 1 contribution             |                             | %       |
|                                 | Cash:                              |                             | %       |
|                                 | In-kind:                           |                             | %       |
| 3.                              | Partner 2 contribution             |                             | %       |
|                                 | Cash:                              |                             | %       |
|                                 | In-kind:                           |                             | %       |
| 4.                              | Other (ex. other donors etc) _____ |                             | %       |
|                                 |                                    |                             |         |
| Table Budget of the sub-project |                                    |                             |         |

## Detailed Budget Proposal

The below presented budget template and its components is presented in excel and it is intended to serve as a sample to assist you in writing the detailed budget proposal. Please, add any additional cost items that are necessary for sub-project implementation and please provide justification each cost element. It is of your best interest to provide realistic and cost-effective budget with unit prices that are based on the realistic market prices. Once you have filled in all the data in the sheets, please insert the tables below.



Budget  
associations.xlsx

| Summarized overview of budget lines per project partner |               |                               |                |           |           |
|---|---------------|-------------------------------|----------------|-----------|-----------|
|   | Бр.           | Budget line                   | Lead-Partner 1 | Partner 2 | Partner 3 |
| 1.  | Budget line 1 | Current costs                 |                |           |           |
| 2.  | Budget line 2 | Conferences, events etc.      |                |           |           |
| 3.  | Budget line 3 | Visibility activities         |                |           |           |
| 4.  | Budget line 4 | Consulting services           |                |           |           |
| 5.  | Budget line 5 | Civil works                   |                |           |           |
| 6.  | Budget line 6 | Goods/Non-consulting services |                |           |           |
| 7.  | Total         |                               |                |           |           |
| 8.  | % from total  |                               |                |           |           |
| Total sub-project proposal budget                       |               |                               |                |           |           |

#### Co-financing

Type of co-financing (please state the amount)

Cash \_\_\_\_\_ MKD

#### Sub-Project details

Is the proposed sub project part of another bigger project?  Yes  No  
If yes, please shortly explain the bigger project.  
Have you applied for funding from any other institution/donor organization?  Yes  No  
If yes, please provide further details (organization, time of application, requested amount, activities, approval date)

## E) SUSTAINABILITY

### Sustainability

Please describe how you intend to maintain the sustainability of the sub-project results after the end of the project. Specifically, explain how you intend to store knowledge gained and how this knowledge will be replicated (if applicable). Depending upon the proposed activity, please define the on-going management, staffing and maintenance of the project after the grant disbursement is completed. Sustainability plan should be clear, concise and realistic. (max. 1000 words)

**F) RISK ANALYSIS TABLE**

*Please describe the potential risks that might occur during project implementation and after its completion. Please also describe the measures you would undertake in order to mitigate the anticipated risks. Please add rows under each risk category as needed.*

| <b>Risk category</b>           | <b>Potential risk<br/>(narrative description)</b> | <b>Potential negative<br/>impact (1-5, 1 being<br/>the lowest and 5 being<br/>the highest)</b> | <b>Mitigation measures<br/>(narrative description)</b> |
|--------------------------------|---|--|--|
| <b>Technological risks</b>     |   |  |  |
| <b>Market risks</b>            |   |  |  |
| <b>Legal risks</b>             |   |  |  |
| <b>Management risks</b>        |   |  |  |
| <b>Partnership risks</b>       |   |  |  |
| <b>Environmental risks</b>     |   |  |  |
| <b>Other (political, etc.)</b> |   |  |  |

## **G) ENVIRONMENTAL MANAGEMENT DOCUMENTATION**

### **G.1. Template for Environmental Management Plan**

A sub-project's environmental management plan (EMP) consists of the set of mitigation, monitoring, and institutional measures to be taken during implementation and operation to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels. The plan also includes the actions needed to implement these measures.

1. Management plans are essential elements of EA reports for Category A projects; for many Category B projects the EA may result in a management plan only. To prepare a management plan, the recipient and its EA design team (a) identify the set of responses to potentially adverse impacts; (b) determine requirements for ensuring that those responses are made effectively and in a timely manner; and (c) describe the means for meeting those requirements.

More specifically, the EMP includes the following components:

#### **Mitigation**

2. The EMP identifies feasible and cost-effective measures that may reduce potentially significant adverse environmental impacts to acceptable levels. The plan includes compensatory measures if mitigation measures are not feasible, cost-effective, or sufficient. Specifically, the EMP;

(a) Identifies and summarizes all anticipated significant adverse environmental impacts (including those involving indigenous people or involuntary resettlement);

(b) Describes with technical details each mitigation measure, including the type of impact to which it relates and the conditions under which it is required (e.g., continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate;

(c) Estimates any potential environmental impacts of these measures; and

(d) Provides linkage with any other mitigation plans (e.g., for involuntary resettlement, indigenous peoples, or cultural property) required for the project.

#### **Monitoring**

3. Environmental monitoring during project implementation provides information about key environmental aspects of the project, particularly the environmental impacts of the project and the effectiveness of mitigation measures. Such information enables the recipient and the Bank to evaluate the success of mitigation as part of project supervision, and allows corrective action to be taken when needed. Therefore, the EMP identifies monitoring objectives and specifies the type of monitoring, with linkages to the impacts assessed in the EA report and the mitigation measures described in the EMP. Specifically, the monitoring section of the EMP provides (a) a specific description, and technical details, of monitoring measures, including the parameters to be

measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions; and (b) monitoring and reporting procedures to (i) ensure early detection of conditions that necessitate particular mitigation measures, and (ii) furnish information on the progress and results of mitigation.

#### **Implementation Schedule and Cost Estimates**

4. For all three aspects (mitigation, monitoring, and capacity development), the EMP provides (a) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans; and (b) the capital and recurrent cost estimates and sources of funds for implementing the EMP. These figures are also integrated into the total project cost tables.

**Mitigation Plan**

| Construction Phase |                               |                                 |  |   |   |
|--------------------|-------------------------------|---------------------------------|--|---|---|
| Activity           | Expected Environmental Impact | Proposed Measure for Mitigation | Responsibility for Implementing Mitigation Measure | Period of Implementing Mitigation Measure | Cost associated with implementation of mitigation measure |
| 1.                 |                               |                                 |  |   |   |
| 2.                 |                               |                                 |  |   |   |
| ...                |                               |                                 |  |   |   |
| Operation Phase    |                               |                                 |  |   |   |
| 1.                 |                               |                                 |  |   |   |
| 2.                 |                               |                                 |  |   |   |
| ...                |                               |                                 |  |   |   |

**Monitoring Plan**

| Construction Phase                                  |  |  |  |   |  |
|---|--|--|--|---|--|
| <b>What</b><br><i>Parameter is to be monitored?</i> | <b>Where</b><br><i>Is the parameter to be monitored?</i> | <b>How</b><br><i>Is the parameter to be monitored (what should be measured and how)?</i> | <b>When</b><br><i>Is the parameter to be monitored (timing and frequency)?</i> | <b>By Whom</b><br><i>Is the parameter to be monitored—(responsibility)?</i> | <b>How much</b><br><i>is the cost associated with implementation of monitoring</i> |
| 1.  |  |  |  |   |  |
| 2.  |  |  |  |   |  |
| ...   |  |  |  |   |  |
| Operation Phase                                     |  |  |  |   |  |

|     |  |  |  |  |  |
|-----|--|--|--|--|--|
| 1.  |  |  |  |  |  |
| 2.  |  |  |  |  |  |
| ... |  |  |  |  |  |

## G.2. Environmental Management Plan checklist template

The checklist is composed from the textual part and the table format. The textual part should contain (organized as chapters):

- short introduction to the sub-project
- overview of impacts
- elaborated purpose of EMP Checklist, disclosure requirements
- elaborated application of EMP Checklist,
- description of monitoring and reporting procedures and distribution of responsibility

The table part of the EMP Checklist contains of three sections that should be developed in the EMF:

- Part 1 constitutes a descriptive part that describes the sub-project specifics in terms of physical location, the institutional and legislative aspects, the project description, inclusive of the need for a capacity building program and description of the public consultation process. This section could be up to two pages long. Attachments for additional information can be supplemented if needed (see Part 1 below).
- Part 2 includes the environmental and social screening in a simple Yes/No format followed by mitigation measures for any given activity. If any of given actions/problems are marked “yes”, a reference to the corresponding part of the Framework Environmental Management Plan with explicitly formulated environmental management measures and impact mitigation measures appears (see Part 2 below).
- Part 3 is a monitoring plan for activities during project construction and implementation. It retains the same format required for standard World Bank EMPs. It is the intention of this checklist that Part 2 and Part 3 be included as bidding documents for contractors which are evaluated in accordance with the proposed prices and along with this that a reasonable control be provided in process of works (see Part 3 below).

| <b>PART 1: INSTITUTIONAL &amp; ADMINISTRATIVE</b>                                  |   |
|--|---|
| Country  |   |
| Sub-Project title  |   |
| Scope of sub-project and activity  |   |
| Institutional arrangements   | <b>Project management*</b>                                  |
| (Name and contacts)  |   |
| Implementation arrangements  | <b>Supervision**</b>  |
| (Name and contacts)  |   |
| <b>SITE DESCRIPTION</b>  |   |
| Name of site   |   |
| Describe site location   | Annex 1: Site information (figures from the site) [ ]Y [ ]N |
| Who owns the land?   |   |
| Geographic description   |   |
| <b>LEGISLATION</b>   |   |
| Identify national & local legislation & permits that apply to sub project activity |   |
| <b>PUBLIC CONSULTATION</b>   |   |

|   |  |
|---|--|
| <p>Identify when / where the public consultation process took place and what were the remarks from the consulted stakeholders</p> |  |
| <p><b>INSTITUTIONAL CAPACITY BUILDING</b></p>   |  |
| <p>Will there be any capacity building?</p>   | <p><input type="checkbox"/> N or <input type="checkbox"/> Y if Yes, Annex 2 includes the capacity building information</p> |
|   |  |

| PART 2: ENVIRONMENTAL /SOCIAL SCREENING                      |   |  |                       |
|--|---|--|-----------------------|
| Will the site activity include/involve any of the following: | Activity                                      | Status   | Additional references |
|  | J. Building rehabilitation                    | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section B below   |
|  | K. New construction                           | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section B below   |
|  | L. Individual wastewater treatment system     | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section C below   |
|  | M. Historic building(s) and districts         | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Possible | See Section D below   |
|  | N. Acquisition of land <sup>50</sup>          | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section E below   |
|  | O. Hazardous or toxic materials <sup>51</sup> | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section F below   |
|  | P. Impacts on forests and/or protected areas  | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section G below   |
|  | Q. Handling / management of medical waste     | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section H below   |
|  | R. Traffic and Pedestrian Safety              | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section I below   |

<sup>50</sup>Land acquisitions includes displacement of people, change of livelihood encroachment on private property this is to land that is purchased/transferred and affects people who are living and/or squatters and/or operate a business (kiosks) on land that is being acquired.

<sup>51</sup> Toxic / hazardous material includes and is not limited to asbestos, toxic paints, removal of lead paint, etc.

| ACTIVITY  | PARAMETER                          | MITIGATION MEASURES CHECKLIST |
|---|------------------------------------|-------------------------------|
| A. General Conditions                                     | Notification and Worker Safety     | (b)                           |
| B. General Rehabilitation and /or Construction Activities | Air Quality                        | (b)                           |
|   | Noise                              | (b)                           |
|   | Water Quality                      | (b)                           |
|   | Waste management                   |                               |
| C. Individual wastewater treatment system                 | Water Quality                      | (b)                           |
| D. Historic building(s)                                   | Cultural Heritage                  | (b)                           |
| E. Acquisition of land                                    | Land Acquisition Plan/Framework    | (b)                           |
| F. Toxic Materials  | Asbestos management                | (b)                           |
|   | Toxic / hazardous waste management | •                             |
| G. Affects forests and/or protected areas                 | Protection                         | (b)                           |

| ACTIVITY                                      | PARAMETER   | MITIGATION MEASURES CHECKLIST                       |
|---|---|---|
| H. Disposal of medical waste (not applicable) | Infrastructure for medical waste management   | <ul style="list-style-type: none"> <li>▪</li> </ul> |
| I Traffic and Pedestrian Safety               | Direct or indirect hazards to public traffic and pedestrians by construction activities | <ul style="list-style-type: none"> <li>▪</li> </ul> |

| <b>PART 3: MONITORING PLAN</b> |   |   |   |  |   |  |  |
|--------------------------------|---|---|---|--|---|--|--|
| <b>Phase</b>                   | <b>What</b><br>(Parameter will be monitored?) | <b>Where</b><br>(Is the parameter to be monitored?) | <b>How</b><br>(Is the parameter to be monitored?) | <b>When</b><br>(Define the frequency / or continuity?) | <b>Why</b><br>(Is the parameter being monitored?) | <b>Cost</b><br>(If not included in project budget) | <b>Who</b><br>(Is responsible for monitoring?) |
| During activity preparation    |   |   |   |  |   |  |  |
|                                |   |   |   |  |   |  |  |
| During activity implementation |   |   |   |  |   |  |  |
|                                |   |   |   |  |   |  |  |
| During activity supervision    |   |   |   |  |   |  |  |
|                                |   |   |   |  |   |  |  |

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|

## Appendix 1

EMP Checklist Annex 1: Site information (figures from the site)

EMP Checklist Annex 2 includes the capacity building information

*\* Project management includes a) investor and b) the contractor; i.e. the persons responsible for ordering and implementing the works encompassed by the EMP Checklist*

*\*\* The Contractor Supervision is done on two levels as well: a) state or county inspectorate with their regular mandate to supervise all construction works and b) supervising engineer, in charge for the particular site. Supervising engineer can be a licensed person (for larger works) or a person authorized by the investor to carry out the supervision, i.e. someone who is checking that the construction / rehabilitation is being done according to the design and is reporting to the investor. This is usually also the person who also supervises the implementation of EMP Checklist and provides compliance reports.*

Legal Applicant Representative:

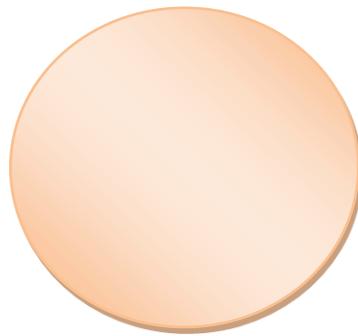
---

Signature :

---

Date :

---



## CO-FINANCING STATEMENT

(Sub-Project Title) \_\_\_\_\_

*In the case of approval of the above mentioned sub-project, applying for Sub-Grant from the LRCP we hereby declare that*

\_\_\_\_\_

*(Name of Entity)*

*has examined and agreed on his tasks and activities described in the Full Application form, undertakes to comply with the principles of good partnership practice and to provide MKD \_\_\_\_\_ 0,00 \_\_\_\_\_ (without VAT) as own contribution and/or other sources to the sub project budget.*

*We furthermore confirm that any sub project activity costs related to the above mentioned sub-project will not be funded by any other Donor program.*

\_\_\_\_\_

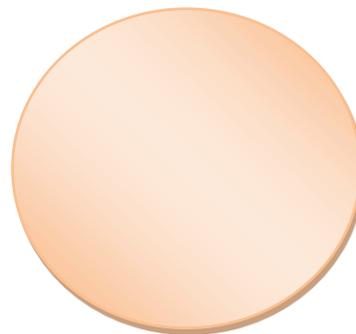
*(Name of the legal representative of the Applicant)*

\_\_\_\_\_

*(Position)*

\_\_\_\_\_

*(Date)*



*(Official Stamp of Applicant)*

Appendix 2: Financial statements for 2016, 2017

Appendix 3: CV of the Sub-Project Coordinator/Lead Coordinator

CVs of the key personnel engaged in the sub-project (maximum 5) that will demonstrate that the team has the needed expertise for successful implementation (management, procurement etc.)

Appendix 4: Applicant related documentation that can be provided as signed and stamped photocopies, but not older than 6 months:

- Confirmation issued by Central Registry of the Republic of Macedonia that there are no liquidation nor bankruptcy cases against the Applicant;
- Certificate of paid taxes, benefits and other public duties issued by a competent body in the Republic of Macedonia;
- Confirmation from the Register of penalties for committed criminal offenses of legal entities proving that no secondary penalty-temporary or permanent ban on performing particular activity has been pronounced;
- Confirmation from the Register of penalties for committed criminal offenses of legal entities proving that no secondary penalty-ban on participating in open call procedures, awarding public procurement contracts and contracts on public-private partnership has been pronounced;

Appendix 5: Partnership Agreement in case of multi entities proposals (or similar kind of document) which regulates the future cooperation of the parties (in accordance with the national legislation);

Appendix 6: Sub-project related documentation depending upon the type of the sub-project proposal:

- Extract from detail urban plan (obligatory for full proposal)
- Ownership: Property Certificate/Documents confirming right of use related to the application etc (obligatory for full proposal)
- Complete Investment-Technical documentation and all necessary reports according to the Law on Construction, if applicable; (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest)
- Certificate of object of cultural heritage if it is included in the proposal (if present, obligatory for full proposal);
- Complete Investment-Technical documentation according to the Law on Cultural Heritage Protection, if applicable (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest);
- Construction permit, Conservation approval and all other necessary permits according to the Law on Construction, Law on Cultural Heritage Protection and other applicable Laws, if applicable; (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest);

| <b>Full Sub-Project Proposal Check List</b>   |     |         |
|---|-----|---------|
|   | mkd | english |
| 1.1. Application Letter   |     |         |
| 1.2. Applicant Profile  |     |         |
| 1.3. Sub-Project Profile  |     |         |
| 1.4. Applicant's Implementation Capacity  |     |         |
| 1.5. Relevance  |     |         |
| 1.5.1. Implementation Plan  |     |         |
| 1.6. Expected Impact  |     |         |
| 1.7. Budget and Finance   |     |         |
| 1.8. Sustainability   |     |         |
| 1.9. Sample Procurement Plan  |     |         |
| 1.10. Risk Analysis   |     |         |
| 1.11 Environmental Due Diligence documentation  |     |         |
| 2. Electronic copy  |     |         |
| Appendix 1: Co-financing statement  |     |         |
| Appendix 2: Financial statements for the last 2 years (or one)  |     |         |
| Appendix 3: CV of the Sub-Project Coordinator/Lead Coordinator  | mkd | english |
| Appendix 4: applicant's related documentation from Central Register (Confirmation No.1, 2, 6, 7, 8 and 9)   |     |         |
| Appendix 5: partnership agreement in case of multi entities proposals)  |     |         |
| Appendix 6: Sub-project related documentation depending upon the type of the sub-project proposal:  |     |         |
| 6.1 Extract from detail urban plan (obligatory for full proposal)   |     |         |
| 6.2 Ownership: Property Certificate/Documents confirming right of use related to the application  |     |         |
| 6.3 Complete Investment-Technical documentation and all necessary permits according to the Law on Construction;   |     |         |
| 6.4 Certificate of object of cultural heritage if it is included in the proposal  |     |         |
| 6.5 Complete Investment-Technical documentation according to the Law on Cultural Heritage Protection  |     |         |
| 6.6. Construction permit, Conservation approval and all other necessary permits according to the Law on Construction, Law on Cultural Heritage Protection and other applicable Laws |     |         |

## **Full Application Form**

Matching Sub-Grants for local micro and small sized enterprises to enhance business linkages and innovation for destinations competitiveness

|                   |  |
|-------------------|--|
| Sub-Project title |  |
| Applicant         |  |

Skopje

2018

## FULL PROPOSAL APPLICATION LETTER

Matching Sub-Grants for local micro and small sized enterprises to enhance  
business linkages and innovation for destinations competitiveness

*Date:* \_\_\_\_\_

To: Project Implementation Unit-LRCP Project

Having examined the Invitation Letter for Full Proposals and Instructions for submission of the \_\_\_\_\_ under LRCP Project, we would like to submit with this letter our proposal to LRCP Project:

| Sub-project proposal title: |  |  |
|-----------------------------|--|--|
| 1.                          | Proposed Sub-Grant amount (in mkd <sup>52</sup> ): |  |
| 2.                          | Proposed co-financing amount (in mkd):             |  |
| 3.                          | Percentage of our contribution:                    |  |
| 4.                          | Total Sub-Project proposal amount (1+2):           |  |

Should our proposal be selected, we are committed to implementing the proposal in adherence to the proposed contents and in compliance with the provisions set forth under the Sub-Grant Agreement. We also agree to submit all required documentation prior to the signature of sub-grant agreement. In case we don't submit all the necessary documentation as required, our Sub-Grant proposal will be disqualified from financing. We are aware and we have informed our partners, that if our institution is applying with several sub-projects (as lead or as partner), LRCP can only finance our institution once per a call, regardless whether we are applying as a partner or as a lead applicant.

We, the undersigned, certify that to the best of our knowledge and belief, all information contained in the proposal is true and correct. Any information, if found to be incorrect, wrong or misleading, may lead to our disqualification from the application and selection in accordance with LRCP project's regulations.

### Legal Applicant Representative

*Name, title, stamp*

---

<sup>52</sup> All proposed amounts are presented without VAT

**Section 1: The Applicant**

| Basic information about the applicant <i>(Please provide information as in official documents, issued by the relevant institutions)</i> |  |                              |
|---|--|------------------------------|
|   |  | Sub-project number LRCP only |
| 1.  | <b>Full Legal Name of Applicant</b><br>(As per registration certificate) |                              |
| 2.  | Full Name of Applicant (the entity)                                      |                              |
| 3.  | Name of legal representative:  |                              |
| 4.  | Address:   |                              |
| 5.  | Contact details:   | Tel.                         |
|   |  | Mob.                         |
|   |  | e-mail                       |
| 6.  | Web page:  |                              |
| 7.  | Date of issuance of business registration/establishment decision         |                              |
| 8.  | Legal status of the entity (public entity, shareholder's company)        |                              |
| 9.  | Registration Number  |                              |
| 10.   | TAX ID Number  |                              |
| 11.   | Primary sectors of the entity's operation                                |                              |
| 12.   | Number of employees:   |                              |
| 13.   | Annual Turnover:   | _____                        |
| 14.   | Applicant Sub-Project Coordinator:                                       | Name and position            |
| 15.   | Contact details:   | Tel.                         |
|   |  | Mob.                         |
|   |  | e-mail                       |

## Full Application Forms for Micro and Small Enterprises

To be filled, in case of partnership:

| Basic information about the partner 1 |  |  |
|---------------------------------------|--|--|
| 1.                                    | Legal name of the entity   |  |
| 2.                                    | Legal status of the entity                                       |  |
| 3.                                    | Name of legal representative                                     |  |
| 4.                                    | Address  |  |
| 5.                                    | Web page of the institution                                      |  |
| 6.                                    | Contact details  | Tel.   |
|                                       |  | Mob.   |
|                                       |  | E-mail:  |
| 7.                                    | Registration Number  |  |
| 8.                                    | TAX ID Number  |  |
| 9.                                    | Field of work  |  |
| 10.                                   | Date of issuance of business registration/establishment decision |  |
| 12.                                   | Role in the project  | Describe the role of your partner organization in this project.<br>(Partnership Agreement to be provided as Annex) |
| 13.                                   | Annual Turnover  |  |

## Full Application Forms for Micro and Small Enterprises

### Partner 2:

| Basic information about the partner 2 |  |   |
|---------------------------------------|--|---|
| 1.                                    | Legal name of the entity   |   |
| 2.                                    | Legal status of the entity                                       |   |
| 3.                                    | Name of legal representative                                     |   |
| 4.                                    | Address  |   |
| 5.                                    | Web page of the institution                                      |   |
| 6.                                    | Contact details  | Tel.  |
|                                       |  | Mob.  |
|                                       |  | e-mail  |
| 7.                                    | Registration Number  |   |
| 8.                                    | TAX ID Number  |   |
| 9.                                    | Field of work  |   |
| 10.                                   | Date of issuance of business registration/establishment decision |   |
| 12.                                   | Role in the sub-project  | Describe the role of your partner organization in this project. (Partnership Agreement to be provided as Annex) |
| 13.                                   | Annual Turnover  |   |

Section 2: Sub-Project Profile

|    |   |  |          |                   |
|----|---|--|----------|-------------------|
| 1. | Sub-Project title                       |  |          |                   |
| 2. | Lead Partner (in case of partnership)   |  |          |                   |
| 3. | Duration of the sub-project             | Start date                                 | End date | Duration - months |
| 4. | Location of the sub-project (from DPs)  | Destination/Municipality/Specific location |          |                   |
| 5. | Sub-project Objective                   |  |          |                   |
| 6. | Project will be realized in partnership | Yes  | No       |                   |
| 7. | Total Budget (in MKD without VAT)       |  |          |                   |

**Please select the type of gap that the proposed sub-project is addressing:**

**D) Non-destination-specific gaps** (identified and described in the Tourism Development Plans specifically Volume II, chapter 2). They are also referred to as cross-destination gaps, occur across multiple destinations and at the national level, and include:

- Gap 1 Limited Service Culture
- Gap 2 Lack of guiding capacity and skills
- Gap 3 Inconsistent waste collection and waste management culture
- Gap 4 Limited online marketing and communication
- Gap 5 Lack of signage and roadside information
- Gap 6 Limited roadside visitor infrastructure

**Or**

**B) Destination- specific gaps** (identified and described in the Tourism Development Plans for each of the ten destinations) are identified for each destination in the following categories:

- Gap 1 Accommodation and Hospitality
- Gap 2 Activities and Experiences
- Gap 3 Attractions
- Gap 4 Capacity Building
- Gap 5 Marketing, branding and access to information
- Gap 6 Accesibility and infrastructure

**G) NON-DESTINATION SPECIFIC GAPS**

Ten destinations have been identified as the areas with strong potential for tourism development in the country.<sup>53</sup> Sub-Projects addressing non-destination specific gaps may address multiple destinations or may be national. In case you're applying for A) non-destination specific gaps, in table 6, please mark the destinations<sup>54</sup> where the sub-project will be implemented. If it is national, please indicate that.

| Destination/s where the sub-project will be implemented         |  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
|---|--|-----------------------------------|---------------------------|-----------------------|-------------------------|-----------------------------|----------------------------------|-----------------------------|-------------------------|------------------------------|
| National  | Destination 1                          | Destination 2                     | Destination 3             | Destination 4         | Destination 5           | Destination 6               | Destination 7                    | Destination 8               | Destination 9           | Destination 10               |
|   | Ohrid, Sturga, Prespa and surroundings | Skopje, Kumanovo and surroundings | Pelagonija & surroundings | Tikves & surroundings | Malesevo & surroundings | Reka regions & surroundings | Gevgelija, Dojran & surroundings | Polog region & surroundings | Strumica & surroundings | Stip, Radovis & surroundings |
|   |  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
| Mark with X   |  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
| Table 6. Destinations where the sub-project will be implemented |  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |

<sup>53</sup>Destinations were prioritized by the Working Group that the government formed during the design of the Local and Regional Competitiveness Project, using a methodology supplied by the World Bank.

<sup>54</sup> All municipalities in Macedonia have the potential to contribute to one or more of the above listed destinations. Please review the definition of destination in the Grant Manual on pg.4.

H) DESTINATION SPECIFIC GAPS

Ten destinations have been identified as the areas with strong potential for tourism development in the country. In table 7, please, mark the destination where the sub-project will be implemented:

| Location where the sub-project will be implemented |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
|--|-----------------------------------|---------------------------|-----------------------|-------------------------|-----------------------------|----------------------------------|-----------------------------|-------------------------|------------------------------|
| Destination 1                                      | Destination 2                     | Destination 3             | Destination 4         | Destination 5           | Destination 6               | Destination 7                    | Destination 8               | Destination 9           | Destination 10               |
| Ohrid, Sturga, Prespa and surroundings             | Skopje, Kumanovo and surroundings | Pelagonija & surroundings | Tikves & surroundings | Malesevo & surroundings | Reka regions & surroundings | Gevgelija, Dojran & surroundings | Polog region & surroundings | Strumica & surroundings | Stip, Radovis & surroundings |
|  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |
| Mark with X  |                                   |                           |                       |                         |                             |                                  |                             |                         |                              |

Table 6. Destinations where the sub-project will be implemented



**A) SUB-PROJECT'S MANAGEMENT**

In this section, please briefly describe the relevant experience that your entity brings in relation to the successful implementation of the proposed project.

**Business/entrepreneurial experience**

Please explain, what experience you bring that is relevant to the project implementation (how many years you have been in operation, what type of business experience you have, etc)  
(max 500 words)

**Applicant's Capacity**

Do you have operational and managerial capacity to be actively involved in the implementation of the proposed activities? Please, specify the key personnel that will implement and manage the sub-project, their current positions, skills and competencies needed for the successful implementation. If you don't have human resources, please specify the needed positions and competencies that will be needed for successful sub-project implementation.  
(max 300)

**Partnership**

In case, the sub-project proposal is submitted in partnership, please explain the partner/s role in sub-project implementation, how they will add value to the proposal. (financial assistance, technical expertise, know-how, business linkages etc) (max. 300 words)

**Financial Soundness**

Please, state the financial soundness of your enterprise and provide financial statement for the last two or one year of operation in case of a company that has been in existence one year as of the date on which the call for proposals was launched.

## B) RELEVANCE

In this section please provide detail description of the proposed sub-project. You should clearly explain the purpose of the proposed sub-project and clearly specify and explain all planned activities and how they are aligned to the objective of the call. The specified description of activities must correspond with the provided technical documentation and be aligned with the Environmental Assessment reports (ESIA, ESMP and ESPM checklist).

### Development Plans

1. Describe the main problems/issues the sub-project will address; (Description of the current situation)
2. The overall goal of the proposed sub-project;
3. Describe the gap/s (either non-destination specific or destination specific from Tourism Development Plans) the sub-project is addressing
4. Clearly specify the sub-project activities and explain how they will address the specific gap/s in development plan;
5. Describe to what extent the sub-project will improve the visitor experience for priority market segments listed in the development plans Who are the likely users or beneficiaries of the sub-project?  
. List the expected results.

*Maximum 1500 words*

### Technical Soundness

Please, make sure that the provided technical documentation (if applicable) is aligned with the Environmental Assessment reports (ESIA, ESMP and ESPM checklist).

The overall quality of the project should be presented, its impact and target group with an estimate of the anticipated direct and indirect beneficiaries. The plan of activities should be clearly defined with assigned resources to fulfill each of the listed activity, expected results and timeline. You should show a logical flow of activities, indicating that all the things that must happen have been carefully thought through from the current to the end of project.

*Maximum 1200 words*

## PROPOSAL IMPLEMENTATION PLAN

*The duration of the activities will be max 12 months for this type of grants.*

*Applicants are recommended to base the estimated duration for each activity and total period on the **most probable duration** and not on the shortest possible duration by taking into consideration all relevant factors that may affect the implementation timetable.*

Full Application Forms for Micro and Small Enterprises

**The activities stated in the implementation plan should correspond to the activities described in application.** Any months or interim periods without activities must be included in the action plan and count toward the calculation of the total estimated duration of the action. The implementation plan should be **sufficiently detailed** to give an overview of each activity. Please select specific and measurable indicators which help capture the achievement of project results. These indicators will form the basis for monitoring and evaluation.

| <b>Task No.</b> | <b>Description of activity/tasks</b> | <b>Implementing Body</b> | <b>Start Date</b> | <b>End Date</b> | <b>Beneficiary</b> | <b>Costs</b> | <b>Expected Results</b><br><i>(you may merge cells if few tasks lead towards one result)</i> |
|-----------------|--------------------------------------|--------------------------|-------------------|-----------------|--------------------|--------------|--|
| 1               |                                      |                          |                   |                 |                    |              | Ex:<br>increase of sales for 10%   |
| 2               |                                      |                          |                   |                 |                    |              | Increase of jobs   |
| 3               |                                      |                          |                   |                 |                    |              |  |
| 4               |                                      |                          |                   |                 |                    |              |  |

### C)-SUB-PROJECT EXPECTED RESULTS

#### Destination Outcomes

You should clearly explain what are expected outcomes from the proposed sub-projects and how they are related to the destination (non-destination or destination specific) gaps and how the project will contribute to the overall goals of the destination(s) as defined in the development plans. Please, explain how your sub-project will contribute to further tourism development in the destination (max 500 words)

#### Sub-project expected outcomes

|   |   |
|---|---|
| Increased tourist spends                                  | Explain if your sub-project and the proposed activities will lead towards increased tourist spend. If yes, please explain how specifically do you plan to achieve this.   |
| Increased number of tourists                              | Explain whether your sub-project with the proposed activities from the implementation table will lead towards increased number of tourists. If yes, please explain how and provide an estimated number (both direct and indirect)       |
| Sub-project enhances the tourism offer in the destination | Explain how your sub-project will further grow the current tourism offer in the destination and contribute towards destination competitiveness and attractiveness   |
| Business Linkages   | Explain in details how do you intend to stimulate business linkages in the destination and provide spillover effect (enhanced business cooperation, transfer of technology, knowledge, skills, improving business-management practices) |
| Innovation  | Please explain to what extent is your proposed sub-project innovative?  |
| Job creation  | Describe if your sub-project proposal will create new jobs (please list all type and number of expected new jobs: part time, full time, seasonal)   |

**D) BUDGET AND FINANCE (Please note that, in case of Sub-Grant award, the sub-project will be VAT-exempt, therefore all items in the proposed budget should be presented without VAT)**

| Budget of the sub-project        |                                  |                             |         |
|----------------------------------|----------------------------------|-----------------------------|---------|
|                                  |                                  |                             |         |
|                                  | Sub-Project title:               | Budget                      |         |
|                                  |                                  | Amount (in mkd without VAT) | %       |
| I                                | Budget of the sub-project        |                             | 100%    |
| II                               | Requested amount from LRCP       |                             | %       |
| III.                             | Applicants contribution:         | Total                       | Total % |
| 1.                               | Own contribution                 | Total                       | Total % |
| 2.                               | Partner 1 contribution           |                             | %       |
| 3.                               | Partner 2 contribution           |                             | %       |
| 4.                               | Other (ex.other donors etc)_____ |                             | %       |
|                                  |                                  |                             |         |
| Table Budget of the sub- project |                                  |                             |         |

### Detailed Budget Proposal

The below presented budget template and its components is presented in excel and it is intended to serve as a sample to assist you in writing the detailed budget proposal. Please, add any additional cost items that are necessary for sub-project implementation and please provide justification each cost element. It is of your best interest to provide realistic and cost-effective budget with unit prices that are based on the realistic market prices. Once you have filled in all the data in the sheets, please insert the tables below.

## Full Application Forms for Micro and Small Enterprises



Budget MME.xlsx

### Sub-Project details

Is the proposed sub project part of another bigger project?  Yes  No

If yes, please shortly explain the bigger project.

Have you applied for funding from any other institution/donor organization?  Yes  No

If yes, please provide further details (organization, time of application, requested amount, activities, approval date)

## E) SUSTAINABILITY

### Sustainability

Please describe how you intend to maintain the sustainability of the sub-project results after the end of the sub-project. Please, make sure that your sustainability plan is realistic, reasonable and effective. (max 300 words)

**SECTION 4: RISK ANALYSIS TABLE**

*Please describe the potential risks that might occur during sub-project implementation and after its completion. Please also describe the measures you would undertake in order to mitigate the anticipated risks. Please add rows under each risk category as needed.*

| <b>Risk category</b>         | <b>Potential risk (narrative description)</b> | <b>Potential negative impact (1-5, 1 being the lowest and 5 being the highest)</b> | <b>Mitigation measures (narrative description)</b> |
|------------------------------|---|--|--|
| <b>Technological risks</b>   |   |  |  |
| <b>Market risks</b>          |   |  |  |
| <b>Legal risks</b>           |   |  |  |
| <b>Management risks</b>      |   |  |  |
| <b>Partnership risks</b>     |   |  |  |
| <b>Environmental risks</b>   |   |  |  |
| <b>Other (political etc)</b> |   |  |  |

## SECTION 5: PROCUREMENT PLAN

### Sample Simplified Procurement Plan

| Ref. No. | Contract Description | Estimated cost (MKD) VAT excluded | Expected date of contract signing | Expected date of contract completion | Competitive or Direct Contracting/Single source |
|----------|----------------------|-----------------------------------|-----------------------------------|--------------------------------------|---|
|          |                      |                                   |                                   |                                      |   |
|          |                      |                                   |                                   |                                      |   |
|          |                      |                                   |                                   |                                      |   |
|          |                      |                                   |                                   |                                      |   |
|          |                      |                                   |                                   |                                      |   |
|          |                      |                                   |                                   |                                      |   |

The Grant funds earmarked for the implementation of the Local and Regional and Competitiveness Project (LRCP) are NOT provided for payment of cost for Value Added Tax (VAT), all taxes, import duties and excise duties on imported goods.

## SECTION 6: ENVIRONMENTAL MANAGEMENT DOCUMENTATION

### 6.1. Template for Environmental Management Plan

A sub-project's environmental management plan (EMP) consists of the set of mitigation, monitoring, and institutional measures to be taken during implementation and operation to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels. The plan also includes the actions needed to implement these measures.

1. Management plans are essential elements of EA reports for Category A projects; for many Category B projects the EA may result in a management plan only. To prepare a management plan, the recipient and its EA design team (a) identify the set of responses to potentially adverse impacts; (b) determine requirements for ensuring that those responses are made effectively and in a timely manner; and (c) describe the means for meeting those requirements.

More specifically, the EMP includes the following components:

#### Mitigation

2. The EMP identifies feasible and cost-effective measures that may reduce potentially significant adverse environmental impacts to acceptable levels. The plan includes compensatory measures if mitigation measures are not feasible, cost-effective, or sufficient. Specifically, the EMP;

(a) Identifies and summarizes all anticipated significant adverse environmental impacts (including those involving indigenous people or involuntary resettlement);

(b) Describes with technical details each mitigation measure, including the type of impact to which it relates and the conditions under which it is required (e.g., continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate;

(c) Estimates any potential environmental impacts of these measures; and

(d) Provides linkage with any other mitigation plans (e.g., for involuntary resettlement, indigenous peoples, or cultural property) required for the project.

### **Monitoring**

3. Environmental monitoring during project implementation provides information about key environmental aspects of the project, particularly the environmental impacts of the project and the effectiveness of mitigation measures. Such information enables the recipient and the Bank to evaluate the success of mitigation as part of project supervision, and allows corrective action to be taken when needed. Therefore, the EMP identifies monitoring objectives and specifies the type of monitoring, with linkages to the impacts assessed in the EA report and the mitigation measures described in the EMP. Specifically, the monitoring section of the EMP provides (a) a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions; and (b) monitoring and reporting procedures to (i) ensure early detection of conditions that necessitate particular mitigation measures, and (ii) furnish information on the progress and results of mitigation.

### **Implementation Schedule and Cost Estimates**

4. For all three aspects (mitigation, monitoring, and capacity development), the EMP provides (a) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans; and (b) the capital and recurrent cost estimates and sources of funds for implementing the EMP. These figures are also integrated into the total project cost tables.

### Mitigation Plan

| Construction Phase |                               |                                 |  |   |   |
|--------------------|-------------------------------|---------------------------------|--|---|---|
| Activity           | Expected Environmental Impact | Proposed Measure for Mitigation | Responsibility for Implementing Mitigation Measure | Period of Implementing Mitigation Measure | Cost associated with implementation of mitigation measure |
| 1.                 |                               |                                 |  |   |   |
| 2.                 |                               |                                 |  |   |   |
| ...                |                               |                                 |  |   |   |
| Operation Phase    |                               |                                 |  |   |   |
| 1.                 |                               |                                 |  |   |   |
| 2.                 |                               |                                 |  |   |   |
| ...                |                               |                                 |  |   |   |

### Monitoring Plan

| Construction Phase                   |  |  |   |  |   |
|--------------------------------------|--|--|---|--|---|
| <b>What</b>                          | <b>Where</b>                             | <b>How</b>   | <b>When</b>   | <b>By Whom</b>   | <b>How much</b>   |
| <i>Parameter is to be monitored?</i> | <i>Is the parameter to be monitored?</i> | <i>Is the parameter to be monitored (what should be measured and how)?</i> | <i>Is the parameter to be monitored (timing and frequency)?</i> | <i>Is the parameter to be monitored— (responsibility)?</i> | <i>is the cost associated with implementation of monitoring</i> |
| 1.                                   |  |  |   |  |   |
| 2.                                   |  |  |   |  |   |
| ...                                  |  |  |   |  |   |
| Operation Phase                      |  |  |   |  |   |
| 1.                                   |  |  |   |  |   |
| 2.                                   |  |  |   |  |   |

|     |  |  |  |  |  |
|-----|--|--|--|--|--|
| ... |  |  |  |  |  |
|-----|--|--|--|--|--|

## 6.2. Environmental Management Plan checklist template

The checklist is composed from the textual part and the table format. The textual part should contain (organized as chapters):

- short introduction to the project
- overview of impacts
- elaborated purpose of EMP Checklist, disclosure requirements
- elaborated application of EMP Checklist,
- description of monitoring and reporting procedures and distribution of responsibility

The table part of the EMP Checklist contains of three sections that should be developed in the EMF:

- Part 1 constitutes a descriptive part that describes the project specifics in terms of physical location, the institutional and legislative aspects, the project description, inclusive of the need for a capacity building program and description of the public consultation process. This section could be up to two pages long. Attachments for additional information can be supplemented if needed (see Part 1 below).
- Part 2 includes the environmental and social screening in a simple Yes/No format followed by mitigation measures for any given activity. If any of given actions/problems are marked “yes”, a reference to the corresponding part of the Framework Environmental Management Plan with explicitly formulated environmental management measures and impact mitigation measures appears (see Part 2 below).
- Part 3 is a monitoring plan for activities during project construction and implementation. It retains the same format required for standard World Bank EMPs. It is the intention of this checklist that Part 2 and Part 3 be included as bidding documents for contractors which are evaluated in accordance with the proposed prices and along with this that a reasonable control be provided in process of works (see Part 3 below).

| <b>PART 1: INSTITUTIONAL &amp; ADMINISTRATIVE</b>                                     |  |
|---|--|
| Country   |  |
| Sub-Project title   |  |
| Scope of sub-project and particular activities  |  |
| Institutional arrangements<br>(Name and contacts)                                     | <b>Project management*</b>                                       |
| Implementation arrangements<br>(Name and contacts)                                    | <b>Supervision**</b>   |
| <b>SITE DESCRIPTION</b>   |  |
| Name of site  |  |
| Describe site location  | Annex 1: Site information<br>(figures from the site) [ ] Y [ ] N |
| Who owns the land?  |  |
| Geographic description  |  |
| <b>LEGISLATION</b>  |  |
| Identify national & local legislation & permits that apply to sub-project activity(s) |  |
| <b>PUBLIC CONSULTATION</b>  |  |

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Identify when / where the public consultation process took place and what were the remarks from the consulted stakeholders

**INSTITUTIONAL CAPACITY BUILDING**

Will there be any capacity building?

N or  Y if Yes, Annex 2 includes the capacity building information

**PART 2: ENVIRONMENTAL /SOCIAL SCREENING**

| Will the site activity include/involve any of the following: | Activity                                      | Status   | Additional references |
|--|---|--|-----------------------|
|  | S. Building rehabilitation                    | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section B below   |
|  | T. New construction                           | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section B below   |
|  | U. Individual wastewater treatment system     | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section C below   |
|  | V. Historic building(s) and districts         | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Possible | See Section D below   |
|  | W. Acquisition of land <sup>55</sup>          | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section E below   |
|  | X. Hazardous or toxic materials <sup>56</sup> | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section F below   |
|  | Y. Impacts on forests and/or protected areas  | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section G below   |
|  | Z. Handling / management of medical waste     | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section H below   |
|  | AA. Traffic and Pedestrian Safety             | <input type="checkbox"/> Yes <input type="checkbox"/> No                                   | See Section I below   |

<sup>55</sup>Land acquisitions includes displacement of people, change of livelihood encroachment on private property this is to land that is purchased/transferred and affects people who are living and/or squatters and/or operate a business (kiosks) on land that is being acquired.

<sup>56</sup> Toxic / hazardous material includes and is not limited to asbestos, toxic paints, removal of lead paint, etc.

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| ACTIVITY  | PARAMETER                          | MITIGATION MEASURES CHECKLIST |
|---|------------------------------------|-------------------------------|
| A. General Conditions                                     | Notification and Worker Safety     | (c)                           |
| B. General Rehabilitation and /or Construction Activities | Air Quality                        | (c)                           |
|   | Noise                              | (c)                           |
|   | Water Quality                      | (c)                           |
|   | Waste management                   |                               |
| C. Individual wastewater treatment system                 | Water Quality                      | (c)                           |
| D. Historic building(s)                                   | Cultural Heritage                  | (c)                           |
| E. Acquisition of land                                    | Land Acquisition Plan/Framework    | (c)                           |
| F. Toxic Materials  | Asbestos management                | (c)                           |
|   | Toxic / hazardous waste management | •                             |

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| ACTIVITY                                      | PARAMETER   | MITIGATION MEASURES CHECKLIST                       |
|---|---|---|
| G. Affects forests and/or protected areas     | Protection  | (c)   |
| H. Disposal of medical waste (not applicable) | Infrastructure for medical waste management   | <ul style="list-style-type: none"> <li>▪</li> </ul> |
| I Traffic and Pedestrian Safety               | Direct or indirect hazards to public traffic and pedestrians by construction activities | <ul style="list-style-type: none"> <li>▪</li> </ul> |

| <b>PART 3: MONITORING PLAN</b> |   |   |   |  |   |  |  |
|--------------------------------|---|---|---|--|---|--|--|
| <b>Phase</b>                   | <b>What</b><br>(Parameter will be monitored?) | <b>Where</b><br>(Is the parameter to be monitored?) | <b>How</b><br>(Is the parameter to be monitored?) | <b>When</b><br>(Define the frequency / or continuity?) | <b>Why</b><br>(Is the parameter being monitored?) | <b>Cost</b><br>(If not included in project budget) | <b>Who</b><br>(Is responsible for monitoring?) |
| During activity preparation    |   |   |   |  |   |  |  |
|                                |   |   |   |  |   |  |  |
| During activity implementation |   |   |   |  |   |  |  |
|                                |   |   |   |  |   |  |  |
| During activity supervision    |   |   |   |  |   |  |  |

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|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|

EMP Checklist Annex 1: Site information (figures from the site)

EMP Checklist Annex 2 includes the capacity building information

*\* Project management includes a) investor and b) the contractor; i.e. the persons responsible for ordering and implementing the works encompassed by the EMP Checklist*

*\*\* The Contractor Supervision is done on two levels as well: a) state or county inspectorate with their regular mandate to supervise all construction works and b) supervising engineer, in charge for the particular site. Supervising engineer can be a licensed person (for larger works) or a person authorized by the investor to carry out the supervision, i.e. someone who is checking that the construction / rehabilitation is being done according to the design and is reporting to the investor. This is usually also the person who also supervises the implementation of EMP Checklist and provides compliance reports.*

Applicant Representative:

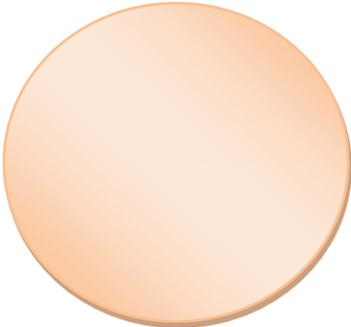
---

Signature :

---

Date :

---



**CO-FINANCING STATEMENT**

(Sub-Project Title) \_\_\_\_\_

*In the case of approval of the above mentioned sub-project, applying for Sub-Grant from the LRCF we hereby declare that*

\_\_\_\_\_  
*(Name of Entity)*

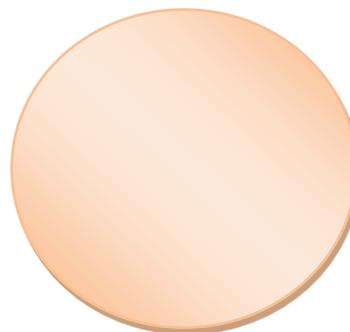
*has examined and agreed on his tasks and activities described in the Full Application form, undertakes to comply with the principles of good partnership practice and to provide MKD \_\_\_\_\_ 0,00 \_\_\_\_\_ (without VAT) as own contribution and/or other sources to the sub project budget.*

*We furthermore confirm that any sub project activity costs related to the above mentioned sub-project will not be funded by any other Donor program.*

\_\_\_\_\_  
*(Name of the legal representative of the Applicant)*

\_\_\_\_\_  
*(Position)*

\_\_\_\_\_  
*(Date)*



*(Official Stamp of Applicant)*

## Appendices

Appendix 2: Financial statements for 2016, 2017

Appendix 3: CV of the Sub-Project Coordinator/Lead Coordinator

Appendix 4: Applicant related documentation:

- Confirmation issued by Central Registry of the Republic of Macedonia that there are no liquidation nor bankruptcy cases against the Applicant;
- Certificate of paid taxes, benefits and other public duties issued by a competent body in the Republic of Macedonia;
- Confirmation from the Register of penalties for committed criminal offenses of legal entities proving that no secondary penalty-temporary or permanent ban on performing particular activity has been pronounced;
- Confirmation from the Register of penalties for committed criminal offenses of legal entities proving that no secondary penalty-ban on participating in open call procedures, awarding public procurement contracts and contracts on public-private partnership has been pronounced;

Appendix 5: Partnership Agreement in case of multi entities proposals (or similar kind of document) which regulates the future cooperation of the parties (in accordance with the national legislation);

Appendix 6: Sub-project related documentation depending upon the type of the proposed civil works:

- Extract from detail urban plan (obligatory for full proposal)
- Ownership: Property Certificate/Documents confirming right of use related to the application etc (obligatory for full proposal)
- Complete Investment-Technical documentation and all necessary reports according to the Law on Construction, if applicable; (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest)
- Certificate of object of cultural heritage if it is included in the proposal (if present, obligatory for full proposal);
- Complete Investment-Technical documentation according to the Law on Cultural Heritage Protection, if applicable (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest);
- Construction permit, Conservation approval and all other necessary permits according to the Law on Construction, Law on Cultural Heritage Protection and other applicable Laws, if applicable; (to be provided in case the Sub-Grant is awarded, before signing the Sub-Grant agreement, the latest);

| <b>Full Sub-Project Proposal Check List</b>   |     |         |
|---|-----|---------|
|   | mkd | English |
| 1.1. Application Letter   |     |         |
| 1.2. Applicant Profile  |     |         |
| 1.3. Sub-Project Profile  |     |         |
| 1.4. Applicant's Implementation Capacity  |     |         |
| 1.5. Relevance  |     |         |
| 1.5.1. Implementation Plan  |     |         |
| 1.6. Expected Impact  |     |         |
| 1.7. Budget and Finance   |     |         |
| 1.8. Sustainability   |     |         |
| 1.9. Simple Procurement Plan  |     |         |
| 1.10. Risk Analysis   |     |         |
| 1.11 Environmental Due Diligence documentation  |     |         |
| 2. Electronic copy  |     |         |
| Appendix 1: Co-financing statement  |     |         |
| Appendix 2: Financial statements for the last 2 years (or one)  |     |         |
| Appendix 3: CV of the Sub-Project Coordinator/Lead Coordinator  | mkd | english |
|   |     |         |
| Appendix 4: applicant's related documentation from Central Register (Confirmation No.1, 2, 6, 7, 8 and 9) and not older than 6 months |     |         |
| Certificate of paid taxes, benefits and other public duties (Public Revenue Office)   |     |         |

Appendices

|   |  |
|---|--|
| Appendix 5: partnership agreement in case of multi entities proposals)  |  |
| Appendix 6: Sub-project related documentation depending upon the type of the sub-project proposal:  |  |
| 6.1 Extract from detail urban plan (obligatory for full proposal)   |  |
| 6.2 Ownership: Property Certificate/Documents confirming right of use related to the application  |  |
| 6.3 Complete Investment-Technical documentation and all necessary permits according to the Law on Construction;   |  |
| 6.4 Certificate of object of cultural heritage if it is included in the proposal  |  |
| 6.5 Complete Investment-Technical documentation according to the Law on Cultural Heritage Protection  |  |
| 6.6. Construction permit, Conservation approval and all other necessary permits according to the Law on Construction, Law on Cultural Heritage Protection and other applicable Laws |  |

## Grievance Form

| <b>Grievance Form</b>   |  |
|---|--|
| <b>Reference No:</b>  |  |
| <b>Name and Surname</b>   |  |
| <b>Contact Information:</b><br><br>Please note how you like to be contacted (mail, phone, e-mail) | By Post: Please provide mailing address:<br><br>_____  |
|   | By Phone:<br><br>_____   |
|   | By E-mail<br><br>_____   |
| <b>Preferred language for communication</b>   | [Macedonian]<br><br>[Other: _____]   |
| <b>Description of Incident or Grievance:</b>  |  |
| What did happen? Where did it happen?   |  |
| Who did it happen to?   |  |
| What is the result of the problem?  |  |
| <b>Date of Incident/Grievance</b>   |  |
|   | One time incident/grievance (date _____)<br>Happened more than once (how many times? _____)<br>On-going (currently experiencing problem) |

|  |
|--|
|  |
| <b>What would you like to see happen to resolve the problem?</b> |
|  |
| Signature: _____ Date: _____                                     |
| <b>Please return this form to:</b>                               |

**Financial Management Annexes**

**Appendix 1**

Letter for approval of activity

In reference to Sub-Grant Agreement No. \_\_\_\_\_ for the Sub-project \_\_\_\_\_ and the Contract no. \_\_\_\_\_ from \_\_\_\_\_, we approve the (Invoice, Interim payment, etc.) No. \_\_\_\_\_ from date \_\_\_\_\_ in total amount of \_\_\_\_\_.

Please proceed with the payment process.

Authorized signatures

\_\_\_\_\_

**Appendix 1.1 - Breakdown of Sub-Grant costs paid with funds from Sub-Grant**



Financial Report  
LRCP Fund.xlsx

**Appendix 1.2 - Breakdown of Sub-Grant costs paid with funds from beneficiary contribution**



Financial Report  
Beneficiary Contribu

**Appendix 2 – Brief narrative description of the factors influencing the financial and physical progress of sub-project activities and further plans for completion**

For the quarter ending xx/xx/20xx (in MKD)

Financial Management

Appendix 3 – **Payment request**

**Sub-Grant project Number:** \_\_\_\_\_

Local and Regional Competitiveness Project

*To be filled out when the contractor requests payment*

**Date of invoice:** \_\_\_\_\_

**Implementation Progress**

| Output       | Unit | Actual Quantity | Actual Unit Price | Actual Cost |
|--------------|------|-----------------|-------------------|-------------|
|              |      |                 |                   |             |
|              |      |                 |                   |             |
|              |      |                 |                   |             |
|              |      |                 |                   |             |
| <b>Total</b> |      |                 |                   |             |

**Reconciliation**

|   |  |             |
|---|--|-------------|
| <b>Total Amount of Contract</b>                   |  | <b>100%</b> |
| <b>Total Amount Recovered</b>                     |  |             |
| <b>Total Amount Requested in this application</b> |  |             |
| <b>Balance</b>                                    |  |             |

Financial Management

|            |
|------------|
| Contractor |
|------------|

Comments:

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|                                   |  |
|-----------------------------------|--|
| Name of Contractor                |  |
| Name of Contractor Representative |  |
| Signature                         |  |

|            |
|------------|
| Supervisor |
|------------|

Comments:

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|                    |  |
|--------------------|--|
| Name of Supervisor |  |
| Date               |  |
| Signature          |  |

|             |
|-------------|
| Beneficiary |
|-------------|

Comments:

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|                     |  |
|---------------------|--|
| Name of Beneficiary |  |
| Date                |  |
| Signature           |  |

Local and Regional Competitiveness Project Representatives

|  |  |
|--|--|
| Name of Civil Engineer Specialist/<br>Environmental Specialist<br><br>(if appropriate) |  |
| Date   |  |
| Signature  |  |

Comments:

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Financial Management

|   |  |
|---|--|
| Name of Tourism / Local and Regional Development Specialist<br>(if appropriate) |  |
| Date  |  |
| Signature   |  |

Comments:

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Procurement Specialist/Officer

Comments:

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|  |  |
|--|--|
| Name of Procurement Specialist/Officer |  |
| Date                                   |  |
| Signature                              |  |

Financial Management

Financial Management Specialist

Comments:

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|   |  |
|---|--|
| Name of Financial Management Specialist |  |
| Date                                    |  |
| Signature                               |  |

M&E Specialist

Comments:

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|                        |  |
|------------------------|--|
| Name of M&E Specialist |  |
| Date                   |  |
| Signature              |  |

## Financial Management

|                  |
|------------------|
| Project Director |
|------------------|

Comments:

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|                          |  |
|--------------------------|--|
| Name of Project Director |  |
| Date                     |  |
| Signature                |  |

|                                 |
|---------------------------------|
| Financial Management Specialist |
|---------------------------------|

|   |  |
|---|--|
| Invoice Payment date:                         |  |
| Exchange rate (EUR to Denar) at payment date: |  |
| Invoice Amount Paid in Denars:                |  |
| Invoice Equivalent Amount in EUR              |  |
| Date  |  |
| Signature                                     |  |

