

This Project is co-funded by the European Union
and the Republic of Türkiye



IMPLEMENTATION GUIDELINES

FOR END BENEFICIARY / LEAD INSTITUTION

SERVICE CONTRACTS





FOREWORD

This Guideline has been prepared as a tool to be used by the End Beneficiaries and Lead Institutions during implementation and monitoring of Service Contracts. Practical Guide to Contract Procedures for EU External Actions (PRAG) and other relevant monitoring manual and documents of the European Commission have been taken into consideration during its preparation, as well as relevant Cooperation Agreements, Protocols and CFCU's Manuals of Procedures.

The purpose of this document is not to replace the provisions of the Service Contract, the applicable EU regulations and national laws, which are legally binding, but to strengthen the processes and capacities of the Lead Institutions and End Beneficiaries when practicing their roles.

Abbreviations

CFCU	Central Finance and Contracts Unit
CIR	Common Implementing Regulation
EB	End Beneficiary
EU	European Union
EUD	Delegation of the European Union to Türkiye
IPA	Instrument for Pre-Accession Assistance
KE	Key Expert
LI	Lead Institution
Log-frame	Logical Framework Matrix
MIS	Monitoring Information System
NAO	National Authorising Officer
NIPAC	National IPA Coordinator
NKE	Non-key Expert
O&M	Organisation and Methodology
OLAF	European Anti-Fraud Office
PRAG	Procurement and Grants for European Union external actions A Practical Guide
ToR	Terms of Reference
VAT	Value Added Tax



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factitive • *adj.*
a sense of causing a result, as well as an object, as to be terrified

factive • *adj.* Linguistics denoting a status of an established fact in a clausal object), e.g. known

CONTRAFACTIVE, NON-FACTIVE.

factoid • *n.* 1 an item of unreliable information repeated so often that it becomes accepted
Amer. a brief or trivial item of information.

factor • *n.* 1 a circumstance, fact, or influence that contributes to a result. ▶ Biology a gene that determines a characteristic. 2 Mathematics a number that divides another number or expression. 3 Psychology any of a number of elements or conditions which are involved in a process or situation. 4 a company that helps in a process or situation. 5 a person who helps in a process or situation.



CHAPTER 1

DEFINITIONS

A • Instrument for Pre-Accession Assistance II – IPA II

Instrument for Pre-Accession Assistance II (IPA II) is an instrument of the European Union aimed for providing financial assistance to the candidate and potential candidate countries for EU membership, for the period 2014-2020. It replaced the previous Instrument for Pre-Accession Assistance (IPA I) for the financial years 2007-2013.

The IPA II was established with Regulation No. 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-Accession Assistance (IPA II)¹ (**IPA II Regulation**). In addition to this, two more Regulations were adopted governing the IPA II: Regulation No. 236/2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action² (**Common Implementing Regulation – CIR**) and Commission Implementing Regulation No. 447/2014 on the specific rules for implementing IPA II Regulation³ (**IPA II Implementing Regulation**), setting out the applicable management and control provisions.

The IPA II replaced the previous “project” based approach under IPA I with the “sector” based approach for the period 2014-2020.

In this context, the funds provided to Türkiye under IPA II, as specified in the table below, are used for nine priority sectors under five priority areas, implemented through Annual or Multi-Annual Programmes:

1 https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/financial_assistance/ipa/2014/231-2014_ipa-2-reg.pdf

2 https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/financial_assistance/ipa/2014/236-2014_cir.pdf

3 https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/financial_assistance/ipa/2014/20140502-commission-implementing-reg-on-ipa2_en.pdf



IPA- II POLICY AREAS AND SECTORS⁴

POLICY AREA	SECTOR / SUB-SECTOR	LEAD INSTITUTION
1 PREPARATORY REFORMS FOR MEMBERSHIP TO THE UNION	1 Democracy and Governance 1.1 Civil Society 2 Rule of Law and Fundamental Rights 2.1 Judiciary 2.2 Fundamental Rights 2.3 Home Affairs	Ministry of Foreign Affairs Ministry of Foreign Affairs Ministry of Justice Ministry of Interior Affairs
2 SOCIO-ECONOMIC AND REGIONAL DEVELOPMENT	3 Environment and Climate Program 4 Transport 5 Energy 6 Competitiveness and Innovation	Ministry of Environment, Urbanization and Climate Change Ministry of Infrastructure and Transportation Ministry of Energy and Natural Resources Ministry of Industry and Technology
3 EMPLOYMENT, SOCIAL POLICIES, EDUCATION, PROMOTING GENDER EQUALITY AND HUMAN DEV. OF RESOURCES	7 Education, Employment, and Social Policies	Ministry of Labour and Social Security
4 AGRICULTURE AND RURAL DEVELOPMENT	8 Agriculture and Rural Development 8.1 Rural Development Program 8.2 Agriculture Program	Ministry of Agriculture and Forestry IPARD Agency
5 REGIONAL AND CROSS-BORDER COOPERATION	9 Regional and Cross-Border Cooperation	Ministry of Foreign Affairs

B - Practical Guide (PRAG)

Procurement and Grants for European Union external actions - A Practical Guide (PRAG) provides explanations and information in compliance with the rules and regulations in force, with practical assistance in preparing and implementing procurement and grant contracts in the field of EU external action.

PRAG is not a fixed document, it can be updated by EC without prior notice. For the Service Contracts signed, the applicable version of PRAG, to be used during implementation, is the one in force at the time of publication of the Contract Notice.

This Guideline is prepared based on the PRAG Version 2020.0 - 1 August 2020⁵

⁴ Presidential Circular numbered 2019/20 regulating the distribution of roles and responsibilities of the relevant institutions in Türkiye entered into force on 4 October 2019.

⁵ <https://ec.europa.eu/europeaid/prag/>



C - National IPA Coordinator

The Director for EU Affairs (Ministry of Foreign Affairs, Directorate for EU Affairs) is appointed as the National IPA Coordinator (NIPAC) in order to identify the priorities of the Programme and Strategy Paper for Türkiye and ensure that they complement each other; and also ensure the coordination of the work with stakeholders and the consistency between the programme practices and Indicative Strategy Paper for Türkiye; to ensure overall coordination of programming; monitoring, evaluation, and reporting of the implementation. The secretariat services of the National Pre-Accession Assistance Coordinator are provided by the Ministry of Foreign Affairs, Directorate for EU Affairs⁶.

D - National Authorising Officer

The Deputy Minister of Treasury and Finance is appointed as the National Authorizing Officer (NAO). The NAO bears overall responsibility for the financial management of the funds under IPA II and for ensuring the legality and regularity of the procedures.

The secretariat services of the National Authorizing Officer shall be provided by the Management Structure composed of the National Fund (NF) and Support Offices for the NAO, established within the Ministry of Treasury and Finance⁷.

E - Contracting Authority (Central Finance and Contracts Unit = CFCU)

The CFCU, as part of the Operating Structure under each IPA II Annual Programme, is designated as Contracting Authority responsible for the administrative and financial implementation of the Programme. The CFCU is responsible for the tendering, contracting, payments to the Contractors and as such has the ultimate responsibility of the correct utilization of the EU funds.

F - Project Manager

The Project manager is the person responsible for monitoring the implementation of a project on behalf of the Contracting Authority. In the contractual terms, the Project Manager is formally the Head of the CFCU.

G - Lead Institution (LI)

Lead Institution, as part of the Operating Structure under the IPA II Annual Programme, is the Ministry in charge of the relevant sector/sub-sector. Lead Institution, in the context of the Service Contracts, is responsible for the overall coordination and monitoring of the projects under the respective IPA Programme.

6 Presidential Circular numbered 2019/20 regulating the distribution of roles and responsibilities of the relevant institutions in Türkiye entered into force on 4 October 2019.

7 Presidential Circular numbered 2019/20 regulating the distribution of roles and responsibilities of the relevant institutions in Türkiye entered into force on 4 October 2019.



H • End Beneficiary (EB)

End Beneficiary (EB); it is the institution that is the end-user of the values, outcomes, and results to be delivered. End Beneficiary of the IPA Programme is in charge of technical implementation, management, and sustainability of the projects and monitoring of the contracts awarded under the overall supervision of the CFCU.

I • Delegation of the European Union to Türkiye (EUD)

The Delegation of the European Union (EUD) represents the European Commission in Türkiye. EUD oversees the implementation of the contracts. Moreover, EUD executes the ex-ante approval function in accordance with the PRAG, which includes approval and endorsement of the Addendum to the contract (if any).

J • Contractor

The Contractor is the natural or legal person or public entity or consortium of such persons and/or bodies, selected at the end of the procedure for the award of the service contract, with whom the Contracting Authority signed a Service Contract.

The Contractor may be a single entity or a consortium, which is a permanent, legally established grouping or an informal grouping for the implementation of the contract in the subject. All members of a consortium (i.e. the leader and all other partners) are jointly and severally liable to the Contracting Authority⁸.

K • Sub-contractor

Sub-contractor is an economic operator to whom the Contractor entrusts performance of a part of the services of the Contract. The subcontracting must be authorized by the Contracting Authority, otherwise, it may lead to sanction for breach of contract. The Sub-contractor must satisfy the eligibility and exclusion criteria applicable to the Contract. It shall be formalised with a written agreement for sub-contracting between the Contractor and Sub-contractor. However, this does not create any contractual relation between the Sub-contractor and the Contracting Authority and the Contractor bears the overall responsibility for its obligations under the Contract.







CHAPTER 2

SERVICE CONTRACT

Service Contract (hereinafter referred to as Contract) is a legally binding agreement between the Contracting Authority and Contractor, signed following the decision to award a procurement contract, with specific terms and an undertaking to provide services in return for a financial consideration⁹.

Based on the activities to be performed by the contractor, the Service Contracts can be:

- ▶ **Study Contracts** - which includes studies for the identification and preparation of projects, feasibility studies, economic and market studies, technical studies and audits, and
- ▶ **Technical Assistance Contracts** - where the contractor is called on to play an advisory role, to manage or supervise a project, or to provide the expertise specified in the contract.

On the basis of how the Service Contract has been concluded, there are two types of contracts:

- ▶ **Global price contracts** - where clearly defined deliverables (like reports, studies, drawings, etc.) are specified in form of outputs which must be provided by the Contractor, and the service will be paid on the basis of the delivery and approval of the specified outputs.
- ▶ **Fee-based contracts** - where the outputs are unpredictable or the workload to achieve the specified output is impossible to quantify in advance, therefore the services are provided on the basis of fixed fee rates for each day worked by the experts and are paid based on the time actually worked.

The Study Contracts are usually concluded as global price contracts, while the Technical Assistance Contracts are fee-based contracts. However, there are mixed contracts which may contain a mix of fee-based and global price part, for projects that are structured into different phases, such as design and supervision project.

The Contractor and the Contracting Authority are the only parties to the Contract. The Contractor shall execute the contract with the requisite care, efficiency, and diligence in line with best practice in the field concerned and in compliance with the Contract¹⁰. The Lead Institution and the End Beneficiary shall provide all necessary support during the implementation and monitor the implementation.

9 PRAG 2020, Annex A1a - Glossary of terms (<https://ec.europa.eu/europeaid/prag/annexes.do?chapterTitleCode=A>)

10 PRAG 2020 - Annexes B - Annex I - General conditions for Service Contract



A - Parts of the Contract/Contract Annexes

The Service Contract signed under PRAG rules consists of Contract Agreement and Special Conditions and Annexes to the Service Contract, as follows:

Annex I	General conditions
Annex II	Terms of Reference (ToR)
Annex III	Organisation and Methodology (O&M)
Annex IV	Key experts (for contracts requiring key experts)
Annex V	Budget (for global price contracts) / Budget breakdown (for fee-based contracts)
Annex VI	Specified forms and other relevant documents
Annex VII	Report of factual findings and terms of reference for an expenditure verification (only for fee-based contracts)

The Contract Agreement, Special and General Conditions, together with the other annexes to the Service Contract, are the legally binding documents that govern the parties' rights and obligations under the contract.

The documents which are part of the Contract shall be deemed to be mutually explanatory, however, in case of ambiguity or divergence, they prevail in the order of precedence i.e. the order in which they appear in Article 3 of the Contract Agreement. Addenda shall have the order of precedence of the document they are amending¹¹.

Contract Agreement specifies the main information about the Contracts, such as the Contract number, the parties signing the Contract, the title of the project, the contract value, the dates of signature, etc.

Special Conditions stipulate the duration of the implementation period, the start date, the contact information, the payment options, and any necessary supplementing clauses or derogations to the General Conditions, clauses specific to the contract, and the terms of reference to which the contract refers. Since the Special Conditions' purpose is to amplify and supplement the General Conditions governing the Contract the numbering of the Articles of the Special Conditions is not consecutive but follows the numbering of the General Conditions.

General Conditions contain the general contractual provisions setting out the administrative, financial, legal, and technical clauses governing the execution of the Service Contract¹². They are complemented and may be subject to modification by the Special Conditions that are part of the Service Contract, as explained above.



The Special Conditions prevail over the General Conditions.

11 PRAG 2020 - Annexes B - Draft contract: Special conditions for Service Contract

12 PRAG 2020, Annex A1a - Glossary of terms (<https://ec.europa.eu/europeaid/prag/annexes.do?chapterTitleCode=A>)



More information on the parts of the standard Service Contract per PRAG is presented in the table below:

DOCUMENT	DESCRIPTION
Contract agreement and Special conditions	Determines the basic rules of the Service Contract, and supplemented with the annexes, represents the legal basis for contractual relation between the Contractor and the CFCU
General conditions	Annex I contains the general and administrative provisions of contract implementation, covering all the implementing rules and aspects. During the implementation phase, this document must be consulted in each formal step
Terms of Reference	Annex II is a document setting out its requirements and/or objectives in respect of the provision of services, specifying, where relevant, the methods and resources to be used and/or results to be achieved. ¹³ The technical responsibility for preparing the ToR belongs to the End Beneficiary, while the Contracting Authority processes the ToR by adding the administrative parts and providing comments in order to ensure compliance with the procurement rules. The ToR must be prepared in line with the programming documents i.e. it shall comply with the Action document.
Organisation and Methodology	Annex III is a document drawn by the Contractor during the tendering phase and it provides information on the Contractor's rationale, strategy, backstopping, subcontracting and capacity providing entities, the involvement of the members of the consortium, and of capacity providing entities, timetable of work, etc.
Key experts	Annex IV contains the list of the names of the key experts and their CV's
Budget / Budget breakdown	Annex V presents the maximum contract value. In the case of global price contracts, the price may be broken down based on the outputs/deliverables in the terms of reference. In the case of fee-based contracts, it is presented in form of a budget breakdown of the fees of the experts, the provision for incidental expenditure, provision for expenditure verification, and lump sums (if any).
Specified forms and other relevant documents	Annex VI includes the Legal Entity Form, the Financial Identification Form (FIF), the Pre-Financing Guarantee Form, etc.
Report of factual findings and terms of reference for an expenditure verification	Annex VII is only applicable for the fee-based contracts since before interim and final payments are made for fee-based contracts, an external auditor must examine and verify the invoices and the financial reports sent by the Contractor to the Contracting Authority. The auditor shall meet the requirements set out in the terms of reference for expenditure verification included in this annex. Also, the auditor must prepare the Expenditure Verification Report in line with the template in this annex.

13 PRAG 2020, Annex A1a - Glossary of terms (<https://ec.europa.eu/europeaid/prag/annexes.do?chapterTitleCode=A>)



B - Contractual Terms and Conditions

The contractual terms and conditions are the provisions stipulated in the Contract that regulate the rights and obligations of the parties.

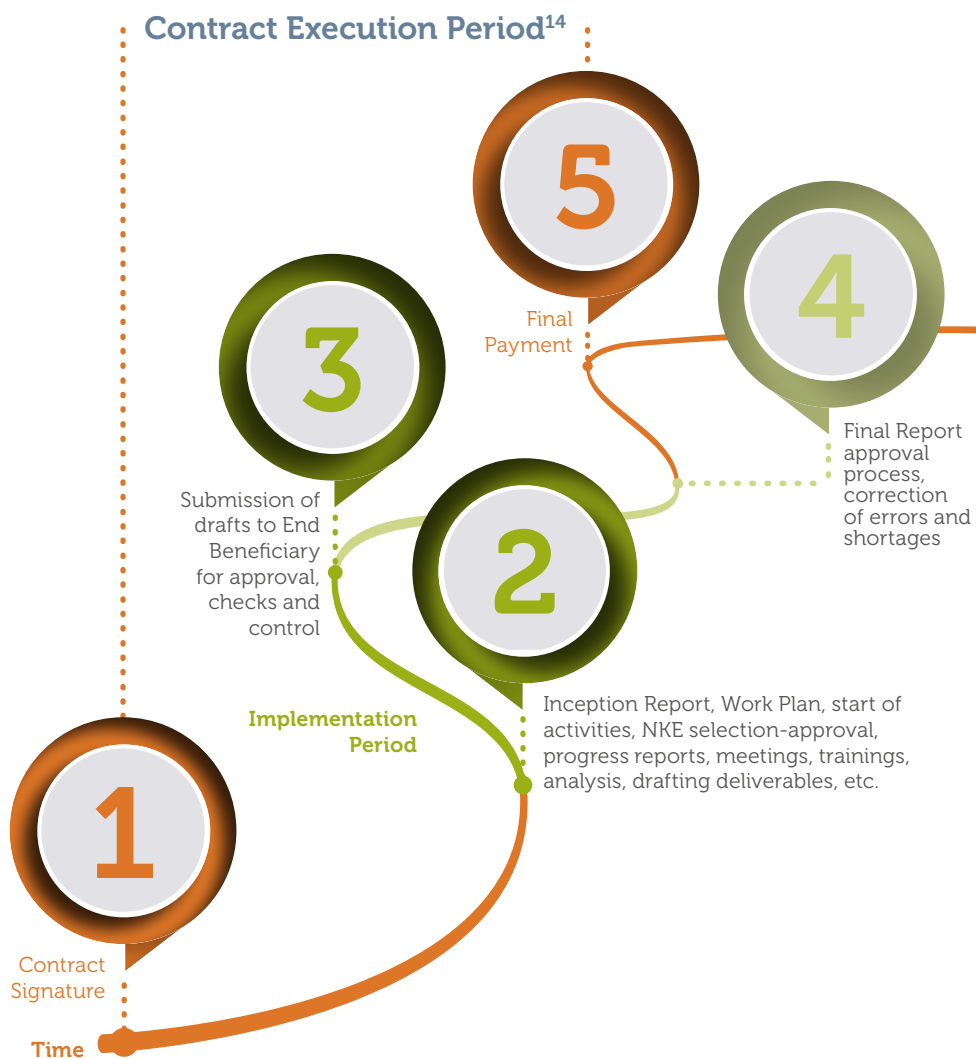
The Contract specifies, among others, the parties of the Contract, the date of signature, the commencement date, implementation period, execution period, contract value, reporting requirements, etc.

Contract signature date refers to the signature date on which the last signature on the contract was made.

Commencement date of the Contract is the date when the implementation period of the Contract starts. It can sometimes coincide with the signature date or be the exact date specified in the Special Conditions or the date on which implementation starts shall be set with an administrative notice issued by the Contracting Authority and shall be within 3 months of the signature of this contract.

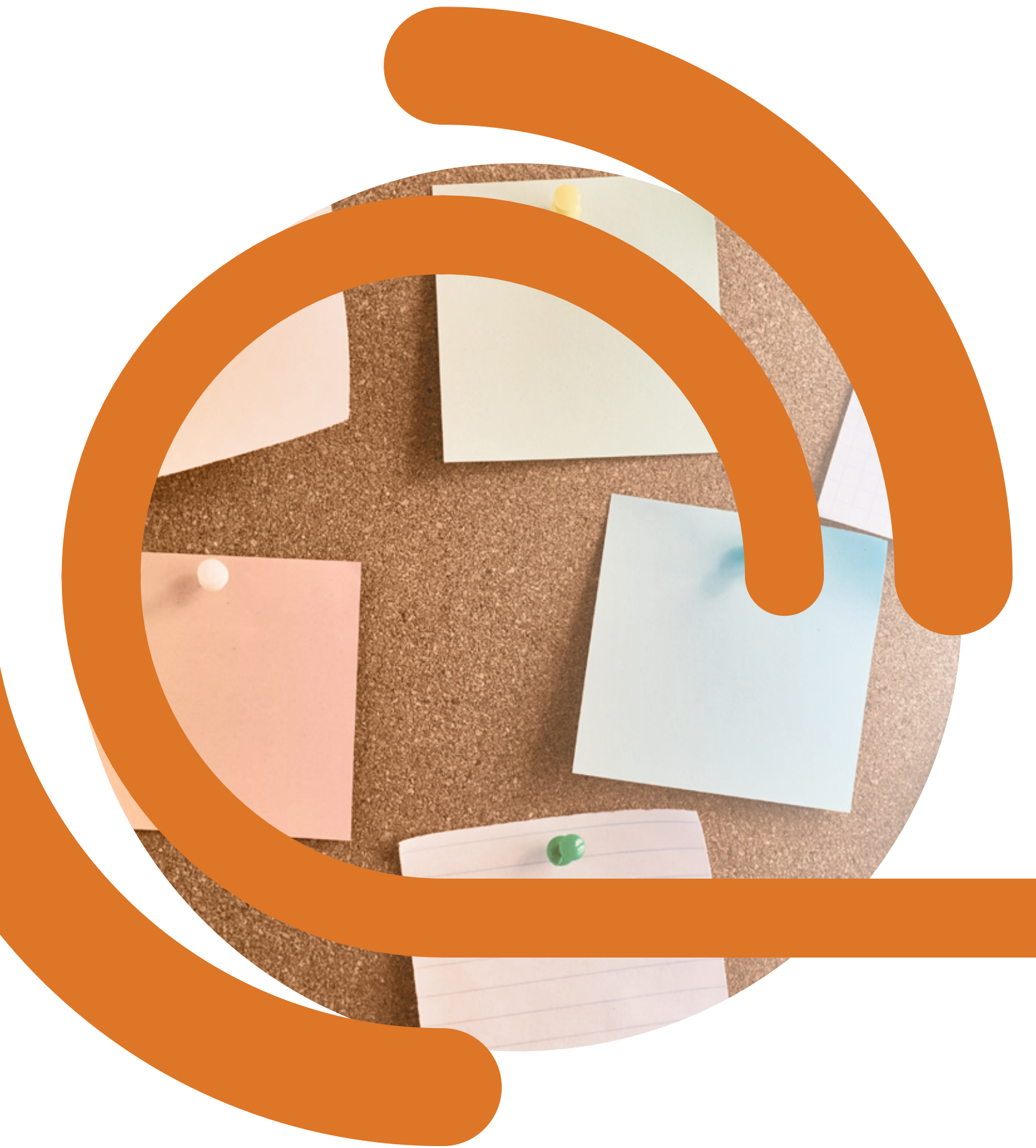
Implementation period is the period from the start date until all tasks have been carried out.

Execution period is the period from contract signature until final payment and in no event can this period last longer than 18 months after the end of the implementation period.



14 Table based on PRAG Version 2020.0 - 1 August 2020







CHAPTER 3

ROLES AND RESPONSIBILITIES

The roles and responsibilities and the framework of cooperation between the bodies within the Operating Structure under each IPA II Programme are determined in the **Cooperation Agreement** signed between CFCU and Lead Institution.

Furthermore, within the frame of provisions of this Cooperation Agreement, on behalf of Operating Structures, the Lead Institution signs a **Protocol (Operational Agreements)** with the End Beneficiary in order to designate their role and responsibilities.

In relation to the Service Contracts, in order to ensure the smooth technical implementation of the contracts and maximize the use of EU fund, each of these institutions has the following main functions:

A • CFCU's Role

CFCU acts as a Contracting Authority in the implementation of the Service Contracts. CFCU's responsibilities during service contracts implementation include, inter alia, the following:

- ▶ Signing the Service Contract with the Contractor
- ▶ Submission of a copy of the Contract to the Lead Institution and the End Beneficiary
- ▶ Issuing commencement orders and formal instructions to the Contractor regarding the contractual obligations
- ▶ Formalizing the kick-off meetings following the notification of the Lead Institution/End Beneficiary
- ▶ Formal approval of the Inception, Interim and Final Reports in line with the contract provisions
- ▶ Formal approval of the experts in line with the contract provisions
- ▶ Approval of the visibility materials in line with the rules set in the Visibility Guidelines for European Commission Projects in Türkiye
- ▶ In case of interim and final payments of the service contracts, sending the related invoice to the End Beneficiary (by keeping the Lead Institution in the information) for approval of the invoice ("Read and Approved" process)
- ▶ Making payments to the Contractor in line with the EU procedures and according to contract provisions
- ▶ Carrying out financial checks, controlling the financial report (if any), and any other documents required for making payment to the Contractor
- ▶ Conducting monitoring visits/on-the-spot checks
- ▶ Participates in meetings regarding the implementation of the contract
- ▶ Manages contract changes (Administrative Order/ Addendum)
- ▶ Requests recovery amounts (if deemed necessary) from or finalises payments to the Contractor after the financial checks
- ▶ Terminating the contract (if deemed necessary), or imposes administrative/ financial penalties (when applicable).



B - Lead Institution's Role

Lead Institution is in charge of the overall coordination and monitoring of all contracts under a respective IPA Programme, including the service contracts. As such, its responsibilities include, but not limited to, the following:

- ▶ Ensuring that End Beneficiary fulfilled all the requirements and conditionality stated in the IPA Programme documents and that all the conditions necessary for the implementation of the contracts are met
- ▶ Ensuring that kick-off meeting is organised by the End Beneficiary and participates on the same
- ▶ Asking and guiding the End Beneficiary on the timely checking and approving the invoices of the Contractor provided by the CFCU before the relevant payment is executed by the CFCU ("Read and Approved" process)
- ▶ Asking and guiding the End Beneficiary on the timely checking and approving the experts' timesheets submitted by the Contractor
- ▶ Supervising the End Beneficiary in checking the Interim and Final Reports and outputs submitted by the Contractors and approving the reports and outputs in due time as per contract conditions
- ▶ Supervising the End Beneficiary during the technical management of the contract
- ▶ Monitoring of the service contracts execution through the programme priorities
- ▶ Notifying the CFCU/EB about the possible needs for changes in the contracts or deficiencies in the contracts' implementation and/or reviews and provides comments/ agreement/ approval to the changes/ requests/ reports etc., where relevant, related to the contracts requested by other parties
- ▶ Participating in meetings regarding the implementation of the contracts
- ▶ Notifying the CFCU for non-performance of the Contractor during contract implementation
- ▶ Reporting irregularities and following-up the reported irregularities including those reported by the End Beneficiary
- ▶ Monitoring the action's outputs in order to ensure the sustainability of the programme.

C - End Beneficiary's Role

End Beneficiary is an institution in charge of technical implementation, management, and sustainability of the projects and monitoring of the service contracts. The End Beneficiary is finally responsible for the tasks delegated to it, which include, among others, the following:

- ▶ Ensuring the national contribution funds for the respective service contracts are transferred to the National Fund
- ▶ Fulfilling any requirement/conditionality stated in the programme documents and prepares necessary conditions for the Contractor stated in the Contract in a timely manner
- ▶ Organising the kick-off meeting and participate in the same
- ▶ Checking and approving in a timely manner the invoices of the Contractor provided by the CFCU before the relevant payment is executed by the CFCU ("Read and Approved" process).



- ▶ Checking and approving in a timely manner the timesheets provided by the Contractor (for the fee-based service contracts)
- ▶ Informs the CFCU/LI in case of any ineligible amount detected or any expenditure unapproved
- ▶ Checking the inception/ interim/ final reports and outputs submitted by the Contractors and approving the reports and outputs before the execution of the payment or provides comments in due time as required by contract conditions
- ▶ Notifying the CFCU/LI about the possible needs for change or deficiencies of the contract
- ▶ Reviewing and providing comments/approval to the contract amendments requests by the other parties
- ▶ Notifying the CFCU/LI for non-performance during contract implementation
- ▶ Participating in or organising meetings regarding the implementation of the contracts
- ▶ Reporting on irregularities and following-up on the reported irregularities including those reported by the LI/CFCU
- ▶ Monitoring and reporting on the sustainability of the projects during and after contract completion
- ▶ Setting up procedures and fulfilling the archiving requirements in compliance with EU regulations.



FINANCE REPORT

ACCOUNT REPORT

DASHBOARD > INCOME

DAILY WEEKLY MONTHLY



TOTAL INCOME

37.91%

31.86%

30.23%

LINE ITEMS	15.10 MB
SHIPPING	0.15 MB
TAXES	0%
TOTAL	15.25 MB

LINE ITEMS	13.5 MB
SHIPPING	0.2 MB
TAXES	0%
TOTAL	13.7 MB

LINE ITEMS	13.00 MB
SHIPPING	0.5
TAXES	0%
TOTAL	13.5 MB



CHAPTER 4

MONITORING AND TECHNICAL IMPLEMENTATION

Monitoring can be defined as the collection, analysis, and use of information for the purpose of management and decision-making systematically, which:

- ▶ compares the actual performance and situation with the planned or expected ones according to pre-determined targets,
- ▶ identifies the strengths and weaknesses in project implementation, thus enabling managers to recognize the problems, find solutions and adapt to changing circumstances, in order to improve the project's performance,
- ▶ provides an "early warning system", which allows for timely and appropriate intervention if a project is not adhering to the implementation plan.

Monitoring is a tool to verify that funds are used for their stated purpose in the Contract and also to ensure that the projects are implemented in compliance with the applicable rules and procedures.

Management of service contract sometimes can be a complex task; especially when complex service projects are in question, involving a high number of activities to be implemented under the contract, engaging a lot of non-key experts to be mobilized, or when under the service contract there is the number of beneficiaries, etc.

In order to optimize the benefit from a service contract, the projects should be monitored and supported in a way that all the implementation will comply with PRAG and national rules.

Therefore, Monitoring System to be set shall not only control the implementation but also support the Contractors in order to keep their projects on track.

The Monitoring System refers to all actors, tools, and procedures involved in the monitoring activities.

Taking into account that this Guideline is intended to be used by the End Beneficiaries and Lead Institutions, their tasks related to the monitoring and technical implementation of the service contracts and support to be provided to the Contractors, will be elaborated step-by-step under this chapter. Moreover, this is due to the fact that the End beneficiary has prime responsibility for the day to day monitoring of the performance of the service contractor, as well as it has responsibilities in the technical implementation of the contract related to ensuring counterpart staff, office space (where required by the contract), attendance of beneficiary institution trainees, etc.

Before the start of the contract implementation, the End Beneficiary shall designate a **Working Group** in order to ensure the timely delivery of the services with the acceptable level of quality, information sharing, saving time and effort, and effective communication by directly cooperating with the experts. In the case of more complex projects with multiple components, sub-groups per component/activity can be formed. The officers in this group can then take part in the acceptance and report control processes.



A - Meetings

In service contracts, regular meetings with the Contractor are the main tool for the follow the progress in the implementation of activities and the delivery of outputs. Therefore, if the Terms of Reference do not identify a specific schedule of progress meetings, it is recommended that such a tentative schedule is agreed upon either at the Kick-off meeting or during the contract inception phase.

Meetings shall be held regularly in order to discuss the progress of the Contract and resolve any outstanding issues. Meetings should be as concise as possible with prior set agenda and should be documented in minutes. The date, time, and location of meetings should be agreed between all parties. In principle, regular meetings shall be organised by the Contractor who will be in charge of preparing the agenda/minutes and circulated it to all parties. Received comments from the participants shall be accordingly reflected. It might be agreed during the Kick-off Meeting that the Contractor might serve as a Secretariat to Contract progress meetings and prepare/circulate the Agenda/Minutes of the meetings, if not stipulated in the ToR.

During contract audits, minutes of meetings are used both with the reports, as the first source of information about the progress of the Contract. Inadequate Minutes or low-quality reports are indicative of poor contract implementation.

Kick-off Meeting

After the signature of the Service contract, the CFCU will transfer copies of the Contract to the End Beneficiary.

Soon after the action commencement date (as stipulated in the Contract/in the Administrative order issued by CFCU) a Kick-off Meeting with the Contractor is to be organized to confirm requirements for the contract implementation and discuss any questions on unclear issues.

The aim of the Kick-off Meeting is the following:

- ▶ To introduce all parties formally;
- ▶ To identify the stakeholder who will act as liaison officer for the contract;
- ▶ To fine-tune the methodology to be used;
- ▶ To agree on information/ documents to be provided by the stakeholders for the preparation of the project Inception report;
- ▶ To inform the parties about the procedures related to contract implementation such as reporting requirements, use of incidentals expenditure, NKEs recruitment/ mobilization, visibility rules, obtaining work/ residence permit, etc.;
- ▶ To provide the contractor with relevant information about the financial issues and about the application for VAT exemption;

Detailed and up-to-date information and documents on the subject of tax exemption (VAT exemption and other tax exemptions) may be found on the page of the Revenue Administration:

https://www.gib.gov.tr/uluslararasi_mevzuat

- ▶ Discuss project visibility;
- ▶ To agree on schedule and organization of meetings (Secretariat of the meetings);
- ▶ To discuss the Steering Committee membership and Rules of Procedures, the role of Secretariat, etc.



The meeting is organized by the CFCU and chaired by the CFCU or the End Beneficiary. The participants in the meeting usually include – End Beneficiary, Lead Institution, CFCU, EUD, Project Director from the Contractor side, Team Leader and Key experts, other key stakeholders. The Kick-off Meeting as a general rule is to be chaired by a high-level official from the End Beneficiary.

The Meeting shall be recorded in Minutes, taken by the Contractor. The draft Minutes are generally recommendable to be circulated within **5 working days** after the meeting to attendees.

It is recommendable the participating parties provide comments (if any) within **5 working days** from receiving the Minutes.

The Minutes is accordingly revised and the final version of the Minutes is distributed to all related parties by the Contractor along with the related documents such as participant list, presentations, working documents, etc.

Steering Committee Meetings

The Steering Committee shall operate in accordance with the provisions set in the Terms of Reference.

The Contractor prepares Agenda/ Invitation letter/ Documents (reports, outputs, etc.) and submits it to End Beneficiary for reviewing. The Contractor shall send the Invitation Letter/ Agenda/ Documents to the SC members recommendable not later than **10 working days** before the scheduled date for the meeting.

The SC meetings shall be recorded in Minutes, taken by the Contractor. The Minutes shall be circulated within the time period set in the ToR, if there is no time-frame prescribed it is recommendable to be within **3 working days** after the meeting to attendees by the Contractor. It is recommendable the participating parties provide comments (if any) within **5 working days** from receiving the Minutes.

Contract Progress Meetings

Regular Contract Progress meetings (in addition to the one organized with the Steering Committee meetings) provide an opportunity to discuss the progress in project implementation and resolve any difficulties if have emerged.

These are usually monthly/bi-monthly and the purpose of these meetings is to review the progress of the projects on **a monthly basis**, to discuss problems, and find solutions – thereby facilitating project implementation and achievement of its objectives. It also provides an opportunity for timely update of contract Work Plan and more efficient use of resources. The timing of the meetings is to be agreed between the stakeholders at the Kick-off Meeting, if not specified in ToR.

The meetings are chaired by the representative of the End Beneficiary and are attended by CFCU. The EUD may join the meeting as an observer (when necessary). At these meetings, the Contractor shall provide a briefing on the progress of the contract.

Ad-hoc Meetings

Meetings may take place if an issue has been raised by the Contractor, the End Beneficiary, or the CFCU. Meetings are likely to take place if there has been any specific matter that came up suddenly, or any point about the progress on the contract or quality of project outputs is detected.

Ad-hoc meetings shall be properly documented in Minutes that are to be taken by the Contractor and shall be submitted to all participants recommendable within **3 working days** after the meeting.



B - Check and Approval of Reports and Outputs

Reporting requirements for the Service Contract are specified in the Special Conditions, General Conditions, and in the Terms of Reference. The timetable for the submission of the reports for service contracts is also stated in article 7 of the Terms of Reference and should be checked by the End Beneficiary. The General Conditions for Services Contracts describe the general reporting requirements of the Contractor (Article 26 - Interim and Final Reports and Article 27 - Approval of Reports and Documents). The ToR may stipulate additional reports that have to be prepared by the Contractor depending on the specifics of the contract.

In general, Contractors may be required to submit the following reports:

- ▶ **Inception Report;**
- ▶ **Interim Reports;**
- ▶ **Final Report.**

All the reports should be reviewed by the End Beneficiary prior to their approval by CFCU. In fee-based contracts, the Interim and Final Reports consist of a Narrative section and a Financial section. The narrative part of the Reports must be accompanied by all the outputs produced during the assignment.

Inception Report

When the implementation of the project begins, the Inception Report shall be prepared based on the ToR and the O&M. This is due to the fact that between the preparation of the ToR/ preparation of the O&M and the start date of the Contract there has been at least several months delay, thus the situation might have changed (new legislation and regulations may have been adopted, new similar projects may have started, etc.). Therefore, it is important to prepare an Inception report in order to update on the current situation and the new context and adjust the Work Plan accordingly.

The Inception Report is generally required in order the Contractor to provide the following:

- ▶ Contractor's opinion on the project environment, in relation to the contract, any difference from described in the ToR;
- ▶ Contractor's understanding of any issues in the ToR that might be vague or unclear;
- ▶ Contractor's approach to the contract implementation, if it differs from that of the original technical proposal;
- ▶ Proposed Work Schedule
- ▶ Distribution of working days per activity (in fee-based contracts);
- ▶ Any other issues that should be identified at the earliest stages of the contract implementation, in order to minimize any potential delays or problems during the implementation phase;
- ▶ Draft use of Incidentals (in fee-based contracts);
- ▶ Communication and visibility plan.

An example content of the Inception Report is provided in **Annex 1** to these Guidelines.

The Inception Report is to be reviewed by the End Beneficiary who will recommend to CFCU approval or non-approval of Report. The End Beneficiary shall prepare consolidated comments (including the recommendations of the Steering Committee) and send them to the CFCU with its recommendation. After all the parties agreed on the revisions, the final version of the Inception Report shall be approved by the CFCU within the time limits given in the ToR or in the General Conditions.



It should be noted that the Inception Report is not a tool to revise the Terms of Reference/ O&M, it is a just platform to raise the expected variations. Any modifications to the Contract, Terms of Reference, and O&M are made in the form of "Administrative Order" or "Addendum" issued by the Contracting Authority. Without having one of these documents no change can be made in the contract by the Contractor and/or End Beneficiary.

Interim Reports

As stipulated in Service Contract General Conditions (Article 26), the Contractor must prepare Interim Reports during the period of contract execution and submit them to the Contracting Authority in the required number of copies, format, and time-frame, as specified in article 7 of the ToR.

Interim reports are intended to assess and inform about the progress in implementation of activities, delivery of outputs and results and to plan the activities for the next reporting period.

An example content of the Interim Report is provided in **Annex 2** to these Guidelines.

The General Conditions of service contracts require Interim progress reports to be submitted at least every six months. The Terms of Reference may provide for more frequent reporting and preparation of monthly, bi-monthly, or quarterly reports. These reports do not replace the obligation to submit an Interim Report every six months. The Interim Reports clarify the progress with project implementation, confirm the project deliverables, revise the project Work Plan and make recommendations on the most efficient achievement of objectives and activities as described in the ToR.

The Interim Report is to be structured in line with the template provided during the kick-off meeting. All the contract deliverables for the respected reporting period have to be annexed to the Report.

Submission of the Interim Report and its approval is a precondition for the Contractor to receive the interim payment. According to the contract terms, the Contractor's invoices for any interim payment must be accompanied by the Interim Report. For the fee-based contracts, the Interim Report must contain a financial section in addition to a narrative section. The financial section must contain details of the time inputs of the experts, incidental expenditure, lump sum (if any), and expenditure verification.

According to Article 26.2 of the General Conditions, all invoices for fee-based contracts must be accompanied by an up-to-date financial report and an invoice for the actual costs of the expenditure verification. The structure of the interim financial report shall be the same as that of the contractually approved budget (Annex V). This financial report shall indicate, at a minimum, the expenditure of the reporting period, the cumulative expenditure, and the balance available.

The financial report sent by the Contractor is expected to be supported by the copies of experts' timesheets and by the other supporting documents such as invoices from the service providers for the expenditures under incidental, etc.



The Interim Report is to be reviewed by the End Beneficiary. End Beneficiary provides comments and sends them to the CFCU with its recommendation.



Final Report

The Final Report for Service Contracts must be submitted not later than 1 month before the end of the implementation period.

The Final Report shall provide a complete account of all aspects of the project implementation in a way that allows: assessment of achievement of the project purpose, results, critical study of major problems which might have arisen during the performance of the contract, as well as sustainability of project results.

The information provided should be sufficiently detailed and consistent to allow comparison with the contract. The Report should provide verifiable indicators against the originally stated in the description of the action/ the log-frame/ Inception Report, etc. The Final Report shall also detail the activities related to visibility/publicity actions.

The Final Report shall include in Annexes all deliverables, both in hard copy and electronic form.

An example content of the Final Report is provided in **Annex 3** to these Guidelines.

Submission of the Final Report and its approval is a precondition for the Contractor to receive the final payment. According to the contract terms, the Contractor's invoices for final payment must be accompanied by the Final Report. For the fee-based contracts, the Final Report must contain a financial section in addition to a narrative section. The financial section must contain details of the time inputs of the experts, incidental expenditure, lump sum (if any), and expenditure verification.

According to Article 26.2 of the General Conditions, all invoices for fee-based contracts must be accompanied by an up-to-date financial report and an invoice for the actual costs of the expenditure verification. The structure of the final financial report shall be the same as that of the contractually approved budget (Annex V). This financial report shall indicate, at a minimum, the expenditure of the reporting period, the cumulative expenditure, and the balance available.

The financial report sent by the Contractor is expected to be supported by the copies of experts' timesheets and by the other supporting documents such as invoices from the service providers for the expenditures under incidental, etc.

The Final Report is to be reviewed by the End Beneficiary. End Beneficiary shall prepare comments and send them to the CFCU with its recommendation.

The Final Report has to be approved within 90 days from its reception by the Contracting Authority. It is recommended that the End Beneficiary provides its approval/comments to the Final Report within **30 days**.

All the documents related to the approval of the final report must be correctly filed and stored for future audit missions.

Outputs/Deliverables

One of the main tasks of the End Beneficiary is the approval of the project outputs. Namely, since the Contracting Authority does not have specific expertise in the technical issues related to each project, the quality of the outputs produced under the contract shall be confirmed by the End Beneficiary to whom this responsibility is delegated with the Cooperation Agreements/ Protocols signed and who has the technical expertise required.



In practice, the formal approval of the outputs is done with the approval of the Interim and Final Reports. However, the End Beneficiary shall assess and provide comments on the deliverables produced under the contract during its implementation on daily basis. This is especially relevant for global price contracts, as this will ensure smooth and timely implementation of the contract, and also the approved outputs are the basis for payment under this type of contract.

The End Beneficiary shall ensure compliance of the delivered project outputs with the requirements of the contract (especially with the requirements of the ToR and O&M) (scope, depth, method, consistency, validity, applicability, number, visibility requirements, etc.).

C - Monitoring Visits

Monitoring visits for Service contracts **are not obligatory** and the decision of CFCU to carry them is made in accordance with the contract risk assessment level. In addition to CFCU, monitoring visits during the implementation of the Contract can be conducted by the Lead Institution, EUD representatives, NAO, NIPAC, etc. In addition to these actors, visits on the spot of the contract implementation can be also undertaken by an auditor, such as, internal auditors, Audit Authority, European Court of Auditors, OLAF, external auditors engaged by the European Commission, etc., which are referred as audits (please refer to Chapter 8 below).

Prior to the monitoring visit, CFCU sends an official letter to the End Beneficiary (copy to the Contractor), in order to inform them on the planned monitoring visit date and time, the purpose of the visit and checks to be performed.

The main objective of such visits is to identify if the subject contract is implemented properly and to check whether implementation of the contract is ongoing according to the documents which are provided to the Contracting Authority, through check on the results achieved and services provided from the point of view of the scope, quantity, quality, eligibility, EU visibility, time schedule, type, nature, and aim of the contract.

Prior to the Monitoring Visit the Contractor, but also the End Beneficiary shall prepare itself since some of the checks are related to it. Within the scope of preparation for Monitoring Visits, the following items should be checked in advance by the End Beneficiary:

- ▶ The Contractor carries out its activities in line with ToR and O&M
- ▶ There is no anticipated delay that may exceed the implementation deadline and a sufficient number of staff have been appointed by the End Beneficiary
- ▶ The project office is available and operational in accordance with ToR
- ▶ The meetings are held regularly as defined in the ToR and minutes are kept ready for review
- ▶ Contractor / End Beneficiary / other stakeholders are informed about the meetings and deliver meeting documents on time
- ▶ The Contractor delivers the deliverables on time and the End Beneficiary reviews the outputs, reports, and documents on time
- ▶ The Contractor must be able to confirm that support services are provided and that all project documentation is kept and recorded in hard and electronic version
- ▶ Visibility rules are applied during activities and outputs

The subject of the check during the monitoring visit is not just the Contractor, but also the End Beneficiary. In relation to the End Beneficiary, it is checked whether the End Beneficiary reviews the outputs, reports, documents timely and in line with the ToR requirements, whether the adequate number of personnel/project management unit is assigned by the End Beneficiary, if the End Beneficiary keeps and records all the project documents in hard copy and soft version, etc.



Following the Monitoring Visit, if an issue is discovered that should be overcome in order to secure proper implementation of the Contract, CFCU takes an action with formal correspondence addressed to the relevant party i.e. the Contractor or the End Beneficiary. Namely, in the official letter, based on the findings of the Monitoring Visit, CFCU presents its observations and the appropriate measures/actions that should be fulfilled by the concerned party.

D - Selection/Approval of Non-Key Experts

During the implementation of the Service Contract, the Contractor selects and hires other experts as required, according to the profiles identified in the Contract - Organisation & Methodology and the ToR.

Mobilization of Non-key experts has to follow a transparent procedure and be based on pre-defined objective criteria, including professional qualifications, language skills, and work experience. It shall follow the requirements in the ToR and any instruction issued by CFCU.

Selection and Recruitment of Non-Key Experts

In practice, the CFCU asks the Contractor to draft a Terms of Reference for Non-key experts. This document shall specify the purpose of the assignment, activities and outputs, duration and timing of missions, reporting formats/reporting lines, selection/award criteria related to professional background and expertise, etc.

The selection criteria must clearly identify minimum requirements below which a candidate is not eligible – eliminatory criteria, and criteria allowing objective comparison among the experts meeting the minimum requirements – comparative criteria..

The selection procedure for recruitment of Non-Key Experts is conducted by the Contractor.

Mobilisation of Non-Key Experts

The CFCU seeks the agreement of the End-Beneficiary while approving an expert. Following the CFCU approval of the selected expert, the Contractor shall start the procedure for expert mobilization.

In accordance with Article 16.3 of the General Conditions, the experts working on the contract shall reside close to their normal place of posting.

E - Training

The Contractor shall deliver the training specified in the Contract (number of participants, training period, training dates, etc.).

The Beneficiary is required to determine the personnel to receive training, taking into account the sustainability of the project outputs, and to decide the training program with the Contractor in line with the relevant provisions of the Contract. In addition, the records of the training, workshops, seminars, and study visits should be kept by the End Beneficiary. The End Beneficiary should be able to evaluate the quality, content, and effects of the training.

F - Approval of the Experts' Time-sheets (Fee-based Contracts)

For each expert (key and non-key) working under the Contract, Time-sheet for the working days invoiced by the Contractor must be provided. In accordance with the General Conditions Article 24.2, a minimum of 7 hours worked are deemed to be equivalent to one day worked and the time input of the experts shall be rounded to the nearest whole number of days worked for the purposes of invoicing. The Time-sheets must be signed by the Expert, by the Contractor, and by the End Beneficiary authorized representative.



The Time-sheets are prepared on monthly basis and include information on the Contract title and number, name of the Contractor, name of the Expert, his/her position, days worked, place of work, activities implemented, etc.

The End Beneficiary shall check whether the days stated in the Time-sheet by the expert correspond to the days actually worked, whether the activities stated to correspond to the activities of the ToR, the place of work is correct, there are no public holidays or non-working days charged (or if there are there is prior approval from the Contracting Authority), the dates of the days of the non-key experts are after the date of their mobilization, the days correspond to the approved number of working days, etc.

It is recommendable to instruct the Contractor to submit the Time-sheets 15 days following the end of the respective month, taking into account that the End Beneficiary shall complete its checks and countersign them.

G - Visibility Activities Approval

In accordance with Contract Article 9 of the Terms of Reference, the Contractor shall take all necessary steps to publicise the fact that the European Union has financed or co-financed the project. Such measures shall comply with the EU's Communication & Visibility Manual. This refers to all projects' activities such as seminars, conferences, training, opening/final events, etc., or visibility actions (leaflets, posters, brochures, banners, etc.). Also, all materials, deliverables, and outputs produced under the Contract should respect the visibility rules.

The EU's Communication & Visibility Manual is complemented by the visibility guidelines of the Delegation of the European Union to Türkiye, to be found on the following links:

- ▶ https://ec.europa.eu/europeaid/funding/communication-and-visibility-manual-eu-external-actions_en
- ▶ <http://www.avrupa.info.tr/en/learn-about-eu-visibility-guidelines-16>

All designs of printed materials must comply with the visibility rules defined in the above-mentioned Manuals/Guidelines. Therefore, the Contractor is strongly recommended that final designs, before the materials are printed, are shared with the End beneficiary to receive feedback and informal approval.

Formal approval shall be afterward requested and received from CFCU. Printing costs of incorrect designs which do not comply with the visibility rules may be assessed as "ineligible".





CHAPTER 5

AMENDMENTS TO THE CONTRACT

Service Contractor and the parties involved should make an effort to implement the project as originally planned. Nonetheless, there might be a situation where some changes in the activities or budget or replacement of some experts shall be done. In such situations, an amendment to the Contract shall be applied. The amendments of the Service Contract shall be done in accordance with Article 20 of the General Conditions of the Service Contract.

The procedures for amendment of the service contract can be categorized into three groups depending on the type of change that should be made:

- ▶ **Notifications by the Contractor**
- ▶ **Administrative Order by the Project Manager**
- ▶ **Addendum to the Contract** to be signed by all parties before implementing the change. Addendum requires prior approval of the CFCU and endorsement of the EUD.

A - Important Principles Related to Contract Amendments

- ▶ Requests for contract amendment **must be sent in writing** by the party requesting the amendment. Also, the amendment must be confirmed in writing through Administrative Order or Addendum signed.
- ▶ Contracts cannot be amended after the **execution period** ends. Note: execution period of the contract is longer than the implementation period.
- ▶ The amendment shall be in accordance with the programming documents, i.e. shall comply with the Action Document.
- ▶ The amendment shall not lead to decreasing the amount within the contractual budget allocated to expenditure verification.
- ▶ The amendment may not have the purpose or the effect of making changes to the contract that would call into question the **award conditions** prevailing at the time the contract was awarded. This means that major changes such as a radical change in the Terms of Reference, which will affect the tendering conditions, cannot be made through an addendum or an administrative order.
- ▶ The contractor must duly **justify and substantiate** its request for amendment. In particular, must include all information necessary for the Contracting Authority to take an informed decision on the matter including (but not limited to): the reasons behind the amendment, and, the impact of the amendment on the implementation of the contract (i.e. on the activities and on the budget). Requests with insufficient or no justification can be rejected.
- ▶ An amendment must be requested **at least 30 days** before it occurs. However, it may take longer for all the involved parties to assess the amendment, thus it is recommended to send a request for amendment, as early as possible. Late submission can result in its rejection.
- ▶ Any amendment for the extension of the contract shall consider the implementation to be completed before the **operational implementation period deadline** of the relevant Financing Agreement.



- ▶ The amendments are not acceptable if: the changes result from non-performance of the Contractor or are not needed for the efficient/effective implementation of the contract (changes because of savings), or proposed modification threatens the successful project implementation.
- ▶ The amendments are not acceptable if it is required due to a default or breach of contract by the contractor, any additional cost attributable to such amendment shall be borne by the contractor.
- ▶ Any amendment carried out by the contractor without an administrative order or without an addendum to the contract is not allowed and made at the contractor's own financial risk.

B - Notifications by the Contractor

The amendments to the Contract related to change of address and bank account or change of auditor shall be done through written notifications by the Contractor to the Contracting Authority. The Contracting Authority has the right to oppose the change of the contractor's bank account, while the replacement auditor must be approved by the Contracting Authority.

C - Administrative Order for Contract Amendment


The Administrative Order is an instruction issued in writing by CFCU to the Contractor regarding the implementation of the contract. This may be used when the amendment is not considered to be 'substantial' i.e. does not affect the object or scope of the contract.

Examples of this would include:

- ▶ Additions or omissions to the contract services;
- ▶ Substitutions related to the contract services;
- ▶ Changes in quality, quantity, or specified sequence of the contract activities;
- ▶ Changes in method or timing of implementation of the contract services;
- ▶ A transfer within the Fees;
- ▶ A transfer from the Fees to the Incidental expenditures.

The request for such modification can come either from the Contractor or from the Contracting Authority (CFCU), or in some cases from the End Beneficiary. If the modification is at the request of CFCU, the Project Manager shall notify the Contractor of nature and the form of the proposed amendment and ask the Contractor to submit a written proposal with justification and relevant supporting documents (revised budget breakdown, revised Work Plan, etc.).

The Contractor shall submit the proposal to the CFCU as Contracting Authority. The CFCU sends the proposal to the End Beneficiary for its opinion and consent. If the End Beneficiary and CFCU provide comments, the Contractor shall revise the written proposal for amendment accordingly and resubmit it to the CFCU. Sometimes, in order to facilitate and speed up the procedure, the End Beneficiary and the Contractor may prepare the request together. In any case, the End Beneficiary must officially inform the CFCU of its approval of the amendment.



End Beneficiary shall thoroughly check the written proposal for amendment of the Contractor and shall provide its comments and consent to the CFCU.

The Administrative Order preparation is the responsibility of CFCU. Copy of the administrative order is sent to the End Beneficiary.



Administrative Order shall not be issued retroactively, except in exceptional circumstances, the amendment may have a retroactive effect provided the execution period has not expired.¹⁵

STEP NO.	ACTIVITY	RESPONSIBLE	DURATION
1	Prepare a written proposal for amendment with justification and supporting documents and submit it to CFCU	Contractor	Preferably 20 days before the date of applying the modification or earlier
2	Submits the proposal to End Beneficiary for comments or approval	CFCU	As soon as possible
3	Provides comments on the Contractor's amendment request, or provides its consent or reject it	EB	Preferably within 5 days following the delivery of the amendment request
4	Assess the Contractor's amendment request, and: 1. Provides consolidated comments (if any) (procedure to be restarted from step 1), or 2. Issues Administrative Order to the Contractor (copy to EB) if the amendment is approved, or 3. Rejects the request	CFCU	As soon as possible

Although modifications are allowed, the Contracting Authority has the right to refuse the changes, if it finds that the conditions listed in the General Conditions of the Contract have not been respected. In such cases, the proposed amendment must have no effect and any cost relating to this amendment must be considered ineligible.

It is, therefore, in the interest of the Contractor, who bears the financial responsibility, to inform the End Beneficiary and the Contracting Authority as soon as the need for amendment is identified and if possible, prior to any intended changes taking effect to avoid incurring ineligible costs.

D - Addendum to the Contract

It is strongly advised to avoid making changes to the Contract that would require an Addendum. The addendum procedure can be long and complicated and should be initiated only if absolutely necessary.

An amendment to the contract shall be formalized through an Addendum in case the change affects the object or scope of the contract, such as:

- ▶ amendment to the total contract amount;
- ▶ replacement of an Expert whose CV is part of the contract
- ▶ change of the period of implementation (usually an extension of the contract implementation period).

¹⁵ The Contractor will only receive confirmation that the Contracting Authority has agreed to its request once the addendum has been duly signed or an administrative order has been issued and he bears the financial risk of any costs incurred or goods and services provided before the addendum or administrative order has been issued, because the contracting authority has the right to refuse to sign the addendum or issue the order with retroactive effect.



The Contractor bears the financial risk of any costs incurred before the addendum has been issued because the Contracting Authority has the right to refuse to sign the addendum. Only once the addendum enters into force the Contractor can claim payments for the costs.



**The addendum takes effect on the date of the last signature.
The Contractor cannot implement the change before
the signature of the Addendum.**

The role of the End Beneficiary in the procedure of preparing an addendum to the contract is of crucial importance. Taking into account that the process is time-consuming, as there are many actors involved (Contractor, End Beneficiary, CFCU, EUD), a well-prepared request for an addendum can significantly facilitate and accelerate the whole procedure.

Thus, the End Beneficiary is the first filter for the eligibility of the requests for addendum from the Contractor. The End Beneficiary bears the responsibility towards the CFCU for approving the requested addendum. Therefore, the comments provided from the End Beneficiary to the Contractor, in the early stage of preparation of the request, can only contribute to better preparation and justification of the request and subsequently to its approval.

In addition to the assessment of the justification for the request, the End Beneficiary is responsible to make an assessment of the annexes of the Contract that are affected by the Addendum and cross-check whether the Contractor has duly reflected the changes in all of them.





Steps to be followed in case of Addendum

STEP NO.	ACTIVITY	RESPONSIBLE	DURATION
1	Prepares request for addendum with supporting documents and submits to CFCU	Contractor	At least 30 days before the before the date on which the intended addendum is required to enter into force
2	Submits the proposal to EB for comments or approval	CFCU	As soon as possible
3	Provides comments on the Contractor's addendum request, or provides its consent or reject it	EB	Preferably within 5 days following the delivery of the amendment request
4	Assesses addendum request, and: 1. Provides consolidated comments to Contractor (a procedure to be restarted from step 1), or 2. If the request is acceptable, prepares the addendum documents and submit them to the EUD for endorsement	CFCU	According to the Article 20 of the General Conditions, The requested party shall notify the requesting party of its decision concerning the request within 30 days from its receipt
5	1. Rejects the request, or; 2. Provide comments (a procedure to be restarted from step 1), or; 3. if it is acceptable, provides endorsement to the addendum	EUD	
6	If endorsed, CFCU sends the addendum (3 originals) to the Contractor for the last signature	CFCU	
7	Keep one original of the signed addendum and sends the other two originals and their annexes back to the CFCU	Contractor	As soon as possible
8	Send a copy of the signed Addendum to EB and one original addendum to the EUD for their records	CFCU	As soon as possible
9	Implement project according to the final decision (approval/ rejection) of addendum	Contractor	As soon as possible



Amendment to the total contract amount

The amendment of the total contract amount is always done through an addendum to the Contract. The increase of the amount of the Contract is one of the most challenging types of activity. Namely, the increase of the contract amount can be done through a simple addendum or through a negotiated procedure in accordance with the PRAG, depending on the nature of the services to be included i.e. additional services or repetition of similar services.

The PRAG version applicable to the Contract in question, as well as the provisions of the Contract Notice and the Contract itself, must be carefully inspected, since the rules related to this issue change throughout the different PRAG versions.

In both cases the outcome is the signature of an Addendum, however, the negotiation procedure is more time-consuming and must be duly justified.

Replacement of personnel

The change of the personnel whose CV is included in Annex IV of the Contract is done through an Addendum to the Contract. The contractor must propose an exchange on its own initiative in the following cases:

- ▶ In the event of death, illness, or accident of a Key Expert;
- ▶ If a Key Expert needs to be replaced for other reasons beyond the Contractor's control (e.g. resignation, etc.).

Also, the End Beneficiary and/or the Contracting Authority are entitled to request the replacement of a Key Expert based on a justification due to the bad performance of the expert.

The Contractor must propose a replacement expert within 15 calendar days from the first day of the agreed staff's absence and it must have at least the qualifications and experience of the expert which is replaced. The remuneration to be paid to the replacement cannot exceed that received by the agreed staff who has been replaced even in case the newly proposed expert has better qualifications and experience.

Where the contractor is unable to provide a replacement with equivalent qualifications and/or experience, the Contracting Authority may either decide to terminate the contract, if the proper performance of it is jeopardized, or, if it considers that this is not the case, accept the replacement with less experience and qualifications¹⁶ (however not below the one stated in the Terms of Reference). In that case, the fees of the new expert are renegotiated to reflect the appropriate remuneration level.

To start the replacement procedure, the Contractor has to submit a package of documents containing the following:

- ▶ Documents proving the needed replacement (e.g. sickness leave document, resignation letter from the expert);
- ▶ CVs of proposing replacement experts (preferably 2 experts);
- ▶ Employers' certificates and diplomas of proposed candidate/s;
- ▶ Comparison table (with scouring) of the CVs of the proposed experts with the CV of the expert who will be replaced (if relevant);
- ▶ Up-dated table of experts (part of Annex Organization and Methodology to the Contract);
- ▶ Statements of Exclusivity and Availability of proposed candidate/s.



The End Beneficiary shall first assess the CVs of the proposed experts, make the comparison of the years of experience substantiate with reference letters/employer's certificates, assess the strong and weak points of each proposed expert, and select the best expert proposed as a replacement.

The package of documents is submitted to the Contracting Authority.

Extension of the implementation period

The extension of the implementation period is always done through an Addendum. Although, it is the CFCU as the Contracting Authority to make the final decision regarding the request for extension requested by the Contractor, the End Beneficiary responsibility to technically evaluate the requests for change.

The most important issue to take into account in case of extension of the contract implementation, is that it shall not go beyond the operational implementation period of the respective Financing Agreement under which the contract is financed.



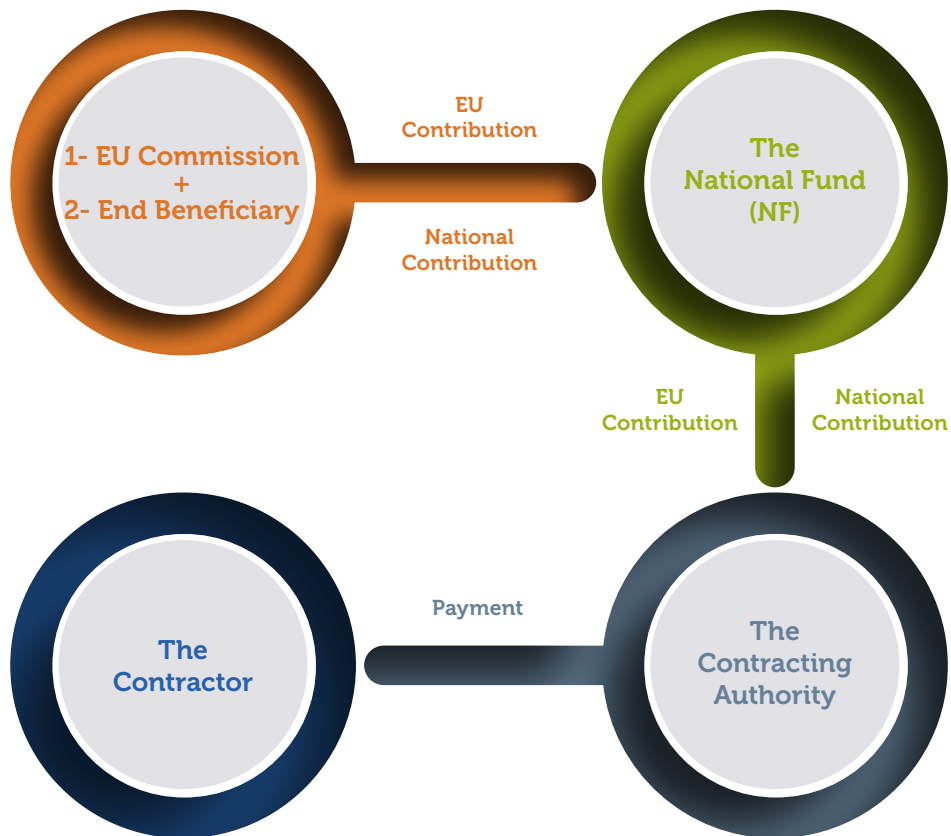


CHAPTER 6

FINANCIAL ISSUES

A - National Contribution

The majority of the projects (so the contracts) require financial contribution from the Beneficiary in addition to the European Union. For the projects requiring national contribution, the End Beneficiary is responsible for providing the necessary national contribution. In this context, the National Fund requests the national contribution from the End Beneficiary taking into account the fund requests/forecasts made by the CFCU. Following the transmission of the requested amount to the National Fund by the Beneficiaries, the National Fund transfers the national contribution amounts to the relevant accounts. CFCU becomes to be able to make payments to the Contractors only after the transfer is made by the National Fund (please see below the table showing the fund flow).



In order to avoid any delay in the payment process of a contract, the End Beneficiary is expected to transfer the contribution requested by the National Fund in a timely manner.





B - Role of the End Beneficiary in the Payment Process

Under the Service Contract, there can be pre-financing, interim, and final payments. For any payment, the Contractor is required to issue an Invoice and submit it to the Contracting Authority, whereas for the interim and final payments the invoice shall be accompanied by the Interim/Final Report. For the fee-based contracts, the Contractor shall submit an Interim/Final Financial Report with the same structure as that of the contractually approved budget, accompanied with the Expenditure Verification Report. Copies of the experts' timesheets and the other supporting documents such as invoices showing the actual costs of incidental expenditures are also submitted with the Financial Report.

Regardless of whether the contract is a fee-based or global price, the End Beneficiary should approve the invoice of the Contractor before the CFCU execute the interim/final payment. Therefore, CFCU sends an official letter to the End Beneficiary accompanied by the copy of the Contractor's invoice and an Invoice Checklist to be used by the End Beneficiary, as well as the supporting documents (if any).

Within the period specified in the CFCU's letter, the End Beneficiary's authorized representative and one more authorized End Beneficiary's employee shall provide approval of the Invoice ("read and approved") and send it to the Contracting Authority. If the invoice or part of the invoice cannot be approved by the End Beneficiary, the CFCU must be informed in writing without any delay. This shall be done in order for the Contracting Authority to be able to execute the payment within the deadline, otherwise, the Contractor is entitled to claim late payment interest in case the payment is not executed within the period stated in the Contract.



It is important the End Beneficiary to submit the requested information and documents by the Contracting Authority in due time, correct and complete, in order to ensure smooth payment process.







CHAPTER 7

SUSTAINABILITY OF PROJECTS

The importance of the **sustainability issue** of the EU assistance under IPA II has been emphasized and underlined.

Namely, the Common Implementing Regulation stipulates the following: *“The longer-term outcomes and impacts and the sustainability of effects of the Instruments shall be evaluated in accordance with the monitoring, evaluation and reporting rules and procedures applicable at that time”*.

In addition to this, the IPA II Implementing Regulation states: *“The sectoral monitoring committee shall report to the IPA monitoring committee and may make proposals on any corrective action to ensure the achievement of the objectives of the actions and enhance the efficiency, effectiveness, impact, and sustainability of the assistance provided”*.

The use of the term sustainability is broad and it is difficult to be defined precisely. **Sustainability is the ability to exist constantly**. Sustainability relates to whether the positive impact of the project at the purpose level is likely to continue after the end of the external funding.

Sustainability of a project implies the continuation of project activities and sustenance of project outcomes after the contract finalization.



The monitoring of the sustainability is launched with the completion of the contract and following the approval of the Final Report.

The responsibilities related to monitoring for ensuring sustainability are as follows:

1. NIPAC has an overall responsibility to monitor and ensure the sustainability of the projects/actions financed under the IPA framework.
2. Lead Institution has a responsibility to monitor and ensure the sustainability of the project/actions within the relevant IPA programmes under its responsibility and acts as a liaison between NIPAC office and End Beneficiary.
3. End Beneficiary has the final responsibility to ensure and maintain the sustainability of the completed projects.



Responsibilities related to sustainability of the contracts

LEAD INSTITUTION	END BENEFICIARY
Prepares and submits the evaluation plan to the NIPAC (copy to CFCU) in compliance with the Framework Agreement by 15 November each year	Helps the LI in preparation of the evaluation plan which shall be submitted to the NIPAC in compliance with the Framework Agreement
Asks and supervises the EB, particularly for the monitoring of sustainability of the projects	Ensures sustainability of project results to be used in the scope of the contracts and in line with the action objectives
Monitors the action's outputs in order to ensure the sustainability of the action/programme	Helps LI for monitoring the action's outputs in order to ensure the sustainability of the action/ programme

The ownership of the results and outputs according to the Contract is wasted to the Contracting Authority. However, they shall be transferred to the End Beneficiary as a final owner of the results and outputs produced under the Contract. Therefore, the End Beneficiary shall ensure the sustainability of the completed projects in a long term.

In relation to the Service Contracts this might refer to the following:

- ▶ the developed legislation is adopted and in use
- ▶ the elaborated strategic documents are adopted
- ▶ the elaborated procedures are adopted and operational
- ▶ the established structures are still operational
- ▶ the trained staff is retained
- ▶ the developed training packages are used, etc.

The monitoring of the service contracts in relation to sustainability should provide answers to the following questions:

- ▶ Were the achieved results sustainable?
- ▶ Were the identified impacts sustainable?
- ▶ Are the outputs/results of the project still visible/ in use/ likely to last?
- ▶ Can you describe sustainability at the policy, institutional, financial levels and if applicable at the level of environment?
- ▶ Are there sufficient resources to ensure the sustainability of project's outputs/results?
- ▶ Are there any follow-up projects or activities?
- ▶ Is the relevant project/contract documentation kept properly

The Report on Sustainability shall be submitted by the End Beneficiary to the Lead Institution, before the final closure of the relevant IPA Programme.

The Lead Institution can also perform monitoring visits for verification of sustainability. Lead Institution shall report to NIPAC on the sustainability of all the projects within the relevant IPA Programme under its responsibility on a consolidated basis before each Sectoral Monitoring Committee.

BUSINESS

What your business plan should include
1. Company name, address and

120

100

80

0

20

40

60

80

100

120







CHAPTER 8

OTHER ISSUES

A - Value Added Tax (VAT) Exemption and Application

Contractors will be exempted from VAT for services rendered and/or goods supplied and/or works carried out under the European Community (EC) contract. Goods provided or services rendered or works performed by the sub-contractor are also exempt from VAT. This exemption applies only to the goods provided or services rendered by the Contractor under the EC contract or to the works or services performed or works performed in connection with the goods provided. The term "Contractor" will also include members of the consortium or joint venture.

An application must be made to the Turkish Revenue Administration or the relevant Tax Office by the contractor. In order to benefit from the VAT Exemption Certificate, the following documents must be submitted during the application:

- a. A copy of the contract signed between the Contracting Authority and the Contractor, initialed by the authorized representative of the applicant firm and stamped as "same as the original",
- b. A copy of the Project budget clearly indicating which part of the budget will be used by the partners (members of the consortium or joint venture) or a statement from the Beneficiary indicating which part of the Project budget will be used by the Partner. This issue should also be specified in the Information Form to be signed by the Contracting Authority.
- c. First of all, the VAT Exemption Information Form prepared by the Contractor and submitted for the approval of the Contracting Authority and approved and sealed by the Contracting Authority.

Detailed and up-to-date information and documents on the subject of tax exemption (VAT exemption and other tax exemptions) can be found on the Revenue Administration page: https://www.gib.gov.tr/uluslararasi_mevzuat



B - Irregularity Reporting

The End Beneficiary shall inform the CFCU when an irregularity of fraud has been detected. Accordingly, Irregularity Report is prepared by the CFCU to be submitted to the OLAF.

According to EU regulations, an irregularity is any infringement of a provision of EU law resulting from an act or omission by an economic operator which has, or would have, the effect of prejudicing the general budget of the European Union or budgets administered by the EU by charging an unjustified item of expenditure, reducing or losing revenue collected on behalf of the EU from national sources.

The Irregularity Report shall be prepared in case of suspicion of the existence or in case of detection of situations that may harm funds of EU and Republic of Türkiye.

CFCU should be notified about irregularities immediately upon its suspicion or detection.



C - Audit Trail

As mentioned above, audits related to the implementation of the Contracts can be conducted by the internal auditors, Audit Authority, European Court of Auditors, OLAF, external auditors engaged by the European Commission, or other staff or agents of the European Commission. The audits can be conducted during contract implementation and also after the completion of the Contract **up to seven (7) years** after the final payment of the Contract has been executed.

Thus, the End Beneficiary shall ensure at all times a sufficiently detailed audit trail. In order to create adequate audit trails and in order to facilitate the retrieval of documents at any given point of time by any authorized person a proper filing and archiving system shall be established and maintained.

The End Beneficiary will ensure that:

- ▶ For each Contract, a file is opened and the respective documents are archived in it
- ▶ Keep the following record in an accurate and reliable manner:
 - Copy of the Contract and all amendments (Addendums and Administrative Orders),
 - Draft and final copies of Contractor's Interim and Final Reports,
 - Project outputs
 - Copies of Monitoring Visit Reports,
 - Checklists and amendment request,
 - Correspondence with CFCU on corrective measures,
 - Irregularity Reports,
 - All correspondence related to the respective Contract.





Annexes

Annex 1: Inception Report Suggested Content

Annex 2: Interim Report Suggested Content

Annex 3: Final Report Suggested Content



Annex 1 - Inception Report Suggested Content

1. Project Information Sheet
2. Introduction
3. Executive Summary
4. Review of Project Design
 - a. Policy and Programme Context Including Linkage to Other Operations
 - b. Objectives to be achieved (Overall Objective, purpose, results)
 - c. Activity Implementation Plan
 - c.i. Inception Phase
 - c.ii. Implementation Phase
 - c.iii. Closure Phase
 - d. Proposed Deviations from Terms of Reference and Technical Offer
 - e. Management and Coordination Arrangements
 - e.i. Management Approach,
 - e.ii. Schedule of the Meetings
 - e.iii. Support of backstopping team
 - f. Communication and Visibility Plan
 - g. Resources Schedule and Budget (*experts positions planned to be recruited with estimated man-days, incidental budget utilization plan etc.*)
5. Involvement of Consortium Members and Capacity Providers to the Implementation
6. Updated Assumptions and Risks (including risk management plan)
7. Monitoring and evaluation
 - a. Results to be delivered
 - b. Indicators in Article 8.1 of the ToR (*with the relevant activities and planned achievement dates*)
8. List of Annexes
Annexes
 - Updated Log frame (*if there is no update, should be indicated*)
 - Timetable of activities
 - Work plan of experts
 - Milestones table
 - Reporting table
 - Any amendments to the contract issued
 - The minutes, attendance list, presentations of meetings

Annex 2 - Interim Report Suggested Content

1. Project Information Sheet
2. Introduction
3. Executive Summary
4. Review of Progress During the Reporting Period
 - a. Policy and Programme Context Including Linkage to other operations
 - b. Progress Towards Achieving Objectives (*Overall Objective, purpose, results*)
 - c. Activities Undertaken
 - d. Management and Coordination (*all meetings held*)
 - e. Communication and Visibility (*including distribution table of visibility materials*)
 - f. Resources Used (*approved experts, man-day allocation table and incidental utilization*)
 - g. Delivered and Approved Outputs/Activities (*in table format with approval dates; especially important for annual payments*)
5. Work Plan for the Next Reporting Period
 - a. Activity Schedule
 - b. Updated Work Plan
 - c. Management and Coordination (estimated dates of meetings etc.)
 - d. Resources to be Used (planned man-day allocation table and incidental utilization)
6. Proposed and Realized Changes to the ToR
7. Involvement of Consortium Members and Capacity Providers to the Implementation
8. Updated Assumptions and Risks (*including risk management plan*)
9. Monitoring and Evaluation
 - a. Results to be Delivered
 - b. Status of Indicators in Article 8.1 of the ToR (*with the relevant activities and planned achievement dates*)
10. List of Annexes
Annexes
 - Updated Log frame (*if there is no update, should be indicated*)
 - Updated timetable
 - Updated work plan of experts
 - Updated Milestones table (*indicating their status on date of report*)
 - Updated Reporting Table (*indicating their status on date of report*)
 - The minutes, attendance list, presentations of all meetings,
 - The photos, attendance sheets and materials of the events carried out
 - Produced visibility materials
 - Any amendments to the contract issued

Annex 3 - Final Report Suggested Content

1. Project Information Sheet
2. Introduction
3. Executive Summary
4. Review of Progress and Performance at Completion
 - a. Policy and Programme Context, Including Linkage to Other Operations
 - b. Objectives Achieved (*Overall Objective, Purpose, Results*)
 - c. Activities Undertaken
 - d. Management and Coordination (*all meetings held*)
 - e. Communication and Visibility (*including distribution table of visibility materials*)
 - f. Resources Used (*human resources, incidental etc.*)
 - g. Delivered and Approved Outputs/Activities (*in table format with approval dates*)
 - h. Status of Indicators in Article 8.1 of the ToR
 - i. Specific Activities to Support Sustainability
5. Realized Changes to the Contract
6. Involvement of Consortium Members and Capacity Providers to the Implementation
7. Updated Assumptions and Risks
8. Lessons Learned
 - a. Policy and Programme Context
 - b. Process of Project Design and Planning
 - c. Project Scope
 - d. Assumptions and Risks
 - e. Project Management, Coordination Arrangements and Stakeholder Participation
 - f. Financing
9. Recommendations for Sustainability
10. List of Annexes
 - Annexes
 - Updated Logframe Matrix
 - Produced Visibility Materials
 - Any Amendments to the Contract Issued
 - All Produced Outputs, Deliverables and Activity Documents (*reports, presentation, attendance list, agenda, photos, minutes etc*)

References

- ▶ Procurement and Grants for European Union external actions (PRAG) Version 2020.0 - 1 August 2020
- ▶ DEVCO Companion to financial and contractual procedures (Version 11.0 - February 2021)
- ▶ Presidential Circular numbered 2019/20 regulating the distribution of roles and responsibilities of the relevant institutions in Türkiye entered into force on 4 October 2019
- ▶ Cooperation Agreement between the Central Finance and Contracts Unit and the Lead Institution on the functions and the responsibilities of the Operating Structure - template

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