

**Regulation with regard to the granting of subsidies for projects
in Central and Eastern Europe and the EU's new neighbouring countries**

1. General provisions

- 1.1. The commitment appropriation provided for budget item 12.01, standard allocations 30.01 and 30.05, shall be used for the (co-)financing of projects, selected in accordance with the terms and procedure outlined in this regulation.
- 1.2. For the purposes of this regulation the following should be understood by:

Flemish promoter: a company, organisation or institution which has its operational office within the borders of the Flemish Region or a Dutch-language Brussels-based body or a Flemish public institution, which is responsible for the project co-ordination and management and which shall, together with the foreign partner in the beneficiary country, be responsible for the project implementation.

Partner country: one of the Central and Eastern European countries that have entered the pre- or post-accession phase, or one of the countries of the outer belt, with which Flanders wishes to co-operate with priority.

Flemish Advisory Committee: representatives from the Flemish functional administrations appointed by the responsible ministers who, at meetings in preparation of the bilateral selection meetings with the partner countries, evaluate the quality of the projects submitted within the framework of the Co-operation Programme with Central and Eastern Europe and decide on the priority for Flanders. All of its members must observe the internal regulation.

This committee shall consist of one representative from each of the following policy domains:

- Foreign Policy, Foreign Trade, International Co-operation and Tourism, which holds the chair and the secretariat
- Economy, Science and Innovation
- Education and Training
- Welfare, Public Health and Family
- Culture, Youth, Sport and Media
- Work and Social Economy
- Agriculture and Fisheries
- Environment, Nature and Energy
- Mobility and Public Works
- Town and Country Planning, Housing Policy and Immovable Heritage.

Bilateral selection committee: the meeting of Flemish officials and officials from the partner country, appointed by their respective authorities, at which is decided which of the projects submitted within the framework of the Co-operation Programme with Central and Eastern Europe will be presented for financing to the responsible Flemish authorities.

Commercial project: a project the most important goal of which is to bring about a profitable activity or structure, in which the promoter continues to be involved afterwards. It is therefore the commercial goal which makes a project commercial; the promoter or foreign partner's legal status (public limited company, non-profit organisation, public body, etc) is of no importance here.

Commercial promoter: a Flemish promoter who works under the legal status of a public limited company, a company with limited liability, a co-operative society with limited liability or a partnership firm.

2. Aim of the Co-operation Programme with Central and Eastern Europe

The Flemish government wishes to continue to co-operate with the countries of Central and Eastern Europe. The idea is to co-operate with the countries concerned on the further development of a democratic society, the development of a free market economy and a balanced social model. In this way, the Flemish Government will strive to enhance the levels of welfare and wellbeing in the partner countries in Central and Eastern Europe as well as to create sustainable ties of co-operation.

3. Overall co-operation framework

- The two most important and most specific instruments for the implementation of the Flemish policy oriented towards Central and Eastern Europe are the Co-operation Programme with Central and Eastern Europe and the exclusive treaties concluded with these countries which are implemented through programmes of activities that are agreed on at regular intervals.
- In order to optimise the efficiency of the Flemish policy for Central and Eastern Europe, both instruments should fit in with one another as much as possible:
 - In the establishment of the programmes of activities in implementation of the treaties, certain activities agreed between the parties may be financed, on the Flemish side, via the Co-operation Programme for Central and Eastern Europe.
 - Conversely, the aim is to have the annual bilateral selection of the projects within the framework of the Co-operation Programme take place as much as possible in the context of the joint committees (generally, every two years) which are organised in implementation of the treaties.
 - If no joint committee is planned for the country concerned in implementation of the treaty, the selection of the projects within the framework of the Co-operation Programme with Central and Eastern Europe will take place at the meeting of a bilateral selection committee in Brussels.

4. Flemish priorities

In order to be able to guarantee sufficient impact of the Flemish policy, as well as for budgetary reasons, the Flemish government feels it is necessary to set priorities for the project-based co-operation within the framework of the Co-operation Programme with Central and Eastern Europe.

Three-track policy:

- Pillar I: Co-operation with the new EU member states
- Pillar II: Pre-accession support to candidate countries (Croatia and Macedonia) and to potential candidate countries of the Western Balkans (Albania, Bosnia-Herzegovina, Montenegro, Serbia and Kosovo)
- Pillar III: Co-operation with the new neighbouring countries (Ukraine being the only beneficiary in 2008).

4.1. Pillar I: Co-operation with the new EU member states

In these countries Flanders can build on the goodwill, the contacts, the network and its own expertise which it gathered in the past through projects and treaties. Through supporting actions the Flemish government wishes to increase the opportunities for Flemish companies, institutions and organisations to acquire access to funds which the EU appropriates for projects in the new member states. To many Flemish project managers and their partners, the Flemish projects may serve as a step-up to more large-scale EU projects.

No quota will be fixed, so as to allow the most qualitative and creative proposals to be selected. However, a residual budget which is not used in the focus countries may continue to be available for special initiatives in those countries that do not belong to the focus countries in that respective year.

As for the actions that may be eligible, the idea is to give priority to projects that valorise previous contacts, put Flanders on the map more clearly, realise the establishment of networks between broad organisations in Flanders and Central and Eastern Europe, adopt an innovative approach, serve as a step-up to European projects, realise trilateral or cross-border co-operation, etc.

4.2. Pillar II: Co-operation with countries with which EU accession negotiations have been entered into

Within the framework of the commitment which Flanders has made to support partner countries in their efforts to meet the Community acquis as well as its implementation, Flanders must continue to co-operate with those countries that have been given the prospect of accession to the EU.

Focus is no longer placed on economy, agriculture, transport and the environment. The value of the projects will be determined by elements in terms of content, such

as valorising previous contacts, putting Flanders on the map more clearly, realising the establishment of networks between broad organisations in Flanders and Central and Eastern Europe, adopting an innovative approach, serving as a step-up to European projects, realising trilateral or cross-border co-operation, etc.

4.3. Pillar III: Co-operation with the EU's new neighbours'

Since 1992, Flanders has subscribed to a large extent to the priorities set by the EU (countries in Central and Eastern Europe on the road to integration into the EU) and its approach has been largely parallel with that of the EU (support in the adoption of the Community acquis, projects aimed at sharing expertise). By analogy with the EU, Flanders wishes to promote prosperity, democracy and stability here.

The EU will develop a new framework to support countries of the outer belt that do not have the prospect of accession to the EU. Flanders wishes to respond to this. In a first stage, it is opted to reinforce co-operation with the Ukraine. At a later stage, this may be extended to other countries, depending on the available financial means.

In the co-operation with the new neighbours – to help realise the Copenhagen criteria – the main focus will be placed on capacity building and on institutional, democratic and economic reinforcement. Community development, conflict prevention, human rights, networking, etc may be featured in this context.

5. Eligibility criteria

For a project proposal to be eligible, it must meet a number of formal and thematic criteria. Non-compliance with any of the conditions mentioned below shall result in the project not being eligible, which means that the project shall be excluded and shall no longer be eligible for financing during that selection round. The promoter is free to submit the project, provided the necessary adjustments have been made, at the next call for proposals.

5.1. Formal eligibility criteria

- The projects must relate to a co-operative venture between at least one Flemish promoter on the one hand and at least one partner from the partner country on the other.
- Following the submission procedure:
A project must be submitted:
 - on the application form made available for that purpose, in English and the amounts in euros;
 - in three identical copies: two (loose) paper copies, signed by the Flemish promoter and one electronic copy;

- to the Administration of Foreign Affairs of Flanders before the deadline of the submission, previously communicated at the launch of the call.
- Budget requirement (see 7.7.: Financing of projects):
 - the foreign partner or the partner country must make a minimum contribution of 15%;
 - for the projects in Pillar I a maximum of 50% shall be at the expense of the Flemish government; the other costs shall be covered by the partner country and the promoter and his partners, or in the case of trilateral co-operation: a maximum of 50% at the expense of the Flemish government and 50% to be paid by the foreign partners and the promoters;
 - commercial promoters seeking to submit an application must, besides the partner country contribution, guarantee a minimum contribution of 15% themselves;
 - the maximum amount per project or per year must not be exceeded.

5.2. Thematic eligibility criteria

The following projects shall not be eligible for subsidisation:

- projects that are mainly limited to the supply of materials or goods or the execution of infrastructure or construction activities;
- one-off activities such as seminars, congresses, cultural events and the like (except in Pillar I if they clearly provide an added value);
- projects mainly implying the supply of humanitarian aid;
- projects that largely consist of providing grants to Eastern European students or experts;
- research projects, in which Flemish educational or research institutions extend their own research, in co-operation with a partner from Central and Eastern Europe, and the main objective of which is therefore not the transfer of Flemish knowledge to the partner country, but rather the exchange or joint development of knowledge;
- feasibility studies. Studies shall only be eligible for (co-)financing if the study is an indispensable part of a larger concrete project. Furthermore, the execution of the feasibility study must be guaranteed. Applications which only aim at executing a study or general exploratory studies shall be excluded.
- commercial projects (An application can be made, however, on financing for the training of staff, provided that Flanders' contribution is limited to 50% and the training is provided by a non-commercial Flemish partner. In case it is a commercial Flemish partner, training must be provided by an external Flemish organisation);
- projects which do not obtain an average score of 50% in the Flemish Advisory Committee;
- projects which are vetoed by the functionally responsible administration.

6. Evaluation criteria

6.1. Pillars II and III

The Flemish Advisory Committee shall evaluate the project proposals on the basis of a number of criteria. The better a project meets the criterion set, the more positive it shall be assessed on that point.

These evaluation criteria shall be the following:

- Flemish priorities:
 - Is there sufficient transfer of the promoter's own expertise or of Flemish expertise?
 - To which extent does the project contribute to the transfer of Flemish knowledge and experience?
 - Is Flanders put on the map more strongly?
 - Are networks being developed with Flanders?...
- EU priority:
 - Does the project support the efforts the partner country should make to meet the requirements the EU imposes on the country to enable accession?
 - Is the project linked to multilateral or EU programmes which comply with the requirements imposed on the beneficiary country with regard to the adoption or application of the *acquis communautaire*? Is there a connection with the association agreements which countries from the outer belt have concluded with the EU?
- Sustainability of the plan:
 - Is it sufficiently shown that the project will result in structural improvements or that the foreign partner will be able and willing to continue the project after the financing from Flanders has been ended?
- Transferability of the plan:
 - To what extent has a multiplier effect been built in? Can this project be transferred to other cities, regions by the partner country or the very Central European partner?
- Involvement of the partner country:
 - How large is the partner country or the foreign partner's contribution in the project costs? Does it remain limited to the obligatory 15% or is there a larger financial contribution?
 - Did the project proposal come about at the explicit request of the partner country? How are they involved in the project management? Is there only a commitment from the private partners or from the public sector as well?
- Methodology of the project:
 - Have the needs which the project tries to cater for been clearly defined?

- Is the result to be obtained described clearly and concretely enough? Is there a clear step-by-step plan/plan of activities which can be verified by the administration at any time?
 - Have all the possible problems and opportunities been sufficiently and correctly assessed?
- **Budgetary equilibrium:**
 - Is the budget in the right proportion to the results aimed at? Is there an overall equilibrium between costs and benefits?
 - Are the different costs useful and necessary? Are the personnel costs realistic? Are they detailed enough? Are the travel expenses not too high?

6.2. Pillar I:

The afore-mentioned criteria also apply to the projects in the new EU member states, but the selection and evaluation of the projects is not done by a broad Flemish advisory committee here. Action proposals are collected in consultation with the partner countries, abandoning the sectoral focus here as well. The proposals are discussed at the joint committee, after which the functional administration and the Administration of Foreign Affairs of Flanders give advice (both in terms of content and financing) to the Minister responsible for Foreign Policy, who decides on the selection of the projects and the allocated budget.

7. **Financing of the projects**

7.1. Distribution of the available means

The responsible minister shall each year determine the way in which the available means are distributed among the three Pillars.

7.2. Maximum project budget financed by Flanders

- The maximum duration of a project shall be three years. The maximum subsidy per project shall be EUR 300,000. The maximum amount that can be allocated per project per 12 months shall be EUR 150,000.
- The maximum subsidy from the Flemish government in projects in Pillars II and III shall be 85%. At least 15% must be financed by the foreign partner or the partner country (cf. 5.1.).
- For the projects in Pillar I the following distribution of the costs is proposed: 50% at the expense of the Flemish government; the other costs shall be covered by the partner country and the promoter and his partners, or in the case of trilateral co-operation: a maximum of 50% at the expense of the Flemish government and 50% to be paid by the foreign partners and the promoters;
- Commercial promoters seeking to submit an application must, besides the partner country contribution, guarantee a minimum contribution of 15% themselves;

- For commercial projects, the contribution from the Flemish government shall be limited to a maximum of 50% of the costs related to training and transfer of technology, provided that the investment by the promoter took place previously. The fact that at least 15% must be financed by the foreign partner or the partner country (cf. 5.2.) shall apply here as well.

7.3. Costs eligible for subsidisation

On the application form the following headings shall be mentioned of the costs that shall be eligible for subsidisation:

- 1° preparation and planning costs,
- 2° staff costs,
- 4° operational costs,
- 5° overhead costs,
- 2° investment costs,
- 6° travel and accommodation expenses,
- 7° subcontracting.

At the call for proposals the Administration of Foreign Affairs of Flanders shall provide the promoters with the necessary information about the different cost headings and about the conditions that must be complied with in order for the costs to be eligible.

7.4. Application of the subsidies

- Subsidies shall only be granted to the Flemish promoter. It shall be the Flemish promoter who is responsible for the co-ordination, the management and the reporting in terms of content and financing of the project and who, together with a foreign partner (public body, institution, NGO, etc) will be responsible for the project implementation.
- The subsidy may be used for the implementation of a project, but not for capital participation, investments or credits, project financing afterwards, capital endowments, joint ventures, export activities, or scholarships.
- Training between private companies shall only be eligible for financing if provided by external, specialised Flemish institutions.
- A subsidy cannot be used to cover deficits after a project has ended.
- Promoters must comply with a number of requirements with regard to the reporting on and the payment of the subsidies.

8. Procedure

8.1. Collection of the project proposals

- The Department of Foreign Affairs of Flanders shall launch a call for the submission of project proposals.

- It shall ensure that the necessary forms and information (regulation, submission procedure, final submission date, application form, etc.) are put at the disposal of the Flemish promoters (through the website, direct mailing, etc.).
- The Department of Foreign Affairs of Flanders shall collect the project proposals and forward them to the Flemish line departments and to the partner country concerned.
- The partner country can also collect project proposals and forward them to the Department of Foreign Affairs of Flanders before the deadline. If necessary, the Flemish departments shall assist the partner country in finding a suitable Flemish promoter.
- A promoter can submit a maximum of three project proposals each year. This also includes acting as a co-promoter or being to a large extent responsible for a project as an external expert.
- After having collected the project proposals, the Department of Foreign Affairs of Flanders shall draw up a list of project proposals per country, which shall be forwarded to the Flemish line departments and to the partner country.

8.2. Eligibility

- The Department of Foreign Affairs of Flanders shall check whether a project proposal complies with all conditions established in the submission procedure.
- If the necessary conditions for submission have been met, the Flemish Advisory Committee shall evaluate the projects per list of countries on the other eligibility criteria.

8.3. Qualitative evaluation (Pillars II and III)

- If a project proposal is admitted, the Flemish Advisory Committee shall proceed to its qualitative evaluation. First, the functionally responsible administration shall be appointed for each project proposal. It shall be the first to get the opportunity to clarify its evaluation/score to the Flemish Advisory Committee. Next, the other members of the Advisory Committee present shall give a score, upon which the average score of each project proposal shall be calculated. A ranking shall be made per country on the basis of the average score of each project proposal.
- Projects that are vetoed by the functional administration or that did not comply with the 50% quality standard shall be declared inadmissible.
- The partner country shall also make a ranking of the project proposals submitted in its country on the basis of its own procedure and evaluation criteria.

8.4. Selection of the projects to be financed (Pillars II and III)

- The Department of Foreign Affairs of Flanders shall discuss, together with the partner country, the date of the meeting of the joint committee or the bilateral selection committee.

- At the joint committees or bilateral selection committees all project proposals shall be discussed. Both parties shall jointly decide, taking into account the eligibility criteria and both of their rankings, which projects can be financed within the limits of the budget at their disposal.

8.5. Starting the subsidisation procedure

- Per country the Department of Foreign Affairs of Flanders shall present a list of projects to be selected to the Minister responsible for Foreign Policy.
- Before the financing procedure can be started, the Minister responsible for Foreign Policy must give his consent in principle to the projects presented.
- After the Minister has given his consent in principle, the Department of Foreign Affairs of Flanders shall inform the promoters of the results of the selection.
- On the basis of the remarks and reports of both selection committees, a budget reduction may be negotiated with the promoter followed by a possible adjustment in terms of content. This shall be done in consultation between the functional administration and the Department of Foreign Affairs of Flanders.
- The Department of Foreign Affairs of Flanders shall forward the selected projects to the line departments which shall be responsible for the further monitoring in terms of content and the examination of the reporting regarding the dossiers.
- The functionally responsible department shall send an advisory opinion relating to the content of the final project proposal to the Department of Foreign Affairs of Flanders for provisional commitment. The Department of Foreign Affairs of Flanders shall submit the decision for subsidisation to the Finance Inspectorate and possibly to the Minister responsible for the Budget for advice.
- The Administration of Foreign Affairs of Flanders shall present the decision for subsidisation to the Flemish Minister responsible for Foreign Policy for signature.
- The Department of Foreign Affairs of Flanders shall ensure the commitment of the dossier, send a notice to the promoter who shall sign and send back a commitment to execution and give notice of the start of the project. Subsequent to this, the Department of Foreign Affairs of Flanders shall make the payment of the first instalment of the subsidy amount and send a notice of this to the line department.

8.6. Further follow-up and audit

- The functionally responsible departments shall ensure the progress monitoring, the evaluation and the settlement of the subsidy dossier and shall submit it through the Department of Foreign Affairs of Flanders, for payment of the balance.
- The Department of Foreign Affairs of Flanders shall provide a reporting specimen to the promoters.

- The promoter shall put on any publication relating to the subsidy dossier the lion logo mentioning the phrase “with the support of the Flemish Government”.
- Even after the subsidy has been granted, the promoter must be able to justify the use of means in a way that is acceptable to the government. Audits by the Administration, the Finance Inspectorate and the Belgian Court of Audit may result in the rejection of unjustified costs.