



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

REPUBLIC OF TÜRKİYE
THE MINISTRY OF LABOUR AND SOCIAL SECURITY
DIRECTORATE OF EUROPEAN UNION AND FINANCIAL ASSISTANCE

OF GRANTS PROJECT PRACTICAL GUIDE FOR THE IMPLEMENTATION

supported by
European Union Funds





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In the event of any discrepancy between the guidelines and the grant contract and its annexes, the latter shall prevail as legally binding. It should be noted that the issues stated in the guideline refer to the said Grant Scheme only.

Republic of Türkiye, Ministry of Labour and Social Security

Directorate of European Union and Financial Assistance
Operational Structure for IPA Employment, Education and
Social Policies Sectoral Operational Programme

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List of Abbreviations

CM	Contract Manager
CPA	Certified Public Accountant
EESP SOP	Employment, Education, and Social Policy Sectoral Operational Programme
EU	European Union
EUD	European Union Delegation to Türkiye
HRD OS	Human Resources Development Operating Structure =
Co-	Grant beneficiary organisations (Following the signature of the contract, the applicant whose project has been accepted and who is described as “Coordinator” in special conditions, is designated as the “Grant Beneficiary” or “Coordinator” organisation. Organisation(s) which is (are) described as co-applicant by the institution making the application is (are) designated as “co beneficiary” or “partner” following the signature of the contract. The term “beneficiaries” encompasses the Coordinator agency as well).
Grant Beneficiary	Grant Contractor
IAFA	Independent Account and Financial Advisor
IPA	IPA-Instrument for Pre-Ac
İŞKUR	Turkish Public Employment Service
ME	Monitoring Expert
MoFLSS	Republic Of Türkiye Ministry Of Labour And Social Security
MoNE	Ministry of National Education
NUTS	NUTS- Nomenclature of T
PRAG	Practical Guide for Contract Procedures for EU External Actions
PROJEMATİK	Grant Monitoring and Management Information System
VQA	Vocational Qualifications Authority
SSI	Social Security Institution

Foreword and Scope

This Guidelines covers “... .. **Grant Scheme**”, one of the components of “... ..” Operation funded under the “Employment, Education and Social Policies Sectoral Operational Programme” of Instrument for Pre-accession developed in the scope of financial cooperation between the Republic of Türkiye and the European Union. The Guidelines,

- Aims at **efficient implementation** of grant scheme projects;
- Provides the parties with the **necessary information** on the implementation and monitoring of the grant scheme projects;
- Explains the **obligations** of the beneficiaries and the **procurement procedures** which need to be respected;
- Explains the technical assistance provided for the Beneficiaries;
- Gives information regarding **the monitoring and auditing procedures** for grant projects;
- Defined the responsibilities and **roles of the institutions** involved in the implementation and monitoring.

As a matter of fact, **grant contract signed in English** between the Grant Beneficiary and the Contracting Authority, and contract annexes, have been taken from version ... of “Practical Guide for Contract Procedures for EU External Actions” (**PRAG**) and annexes, to which the Grant Scheme is subject to. Thus, Practical Guide for Grant Scheme Implementation has been prepared taking PRAG into consideration. Relevant version of PRAG can be accessed from the link: **<http://ec.europa.eu/europeaid/prag>**.

Guide for Applications, annexes and amendments, if any, are available in the link **<http://www.ikg.gov.tr/>** under “Tender Announcements” section with **EuropeAid/.../.../.../TR** reference number:

Guide for Applicants and annexes: **<http://ihale.ikg.gov.tr>**

This practical guide for implementation and guide for applicants are consisted of 5 separate sections integrated in Grant Monitoring Information System (PROJEMATİKPROEMATİK) which can be accessed through **www.ikg.gov.tr** website via user name and password. Documents and standard templates related to each section can be accessed through PROJEMATİK.

Section 1 – To start

Section 2 – Preliminary activities

Section 3 – Overall Activities

Section 4 – Change requests in the project

Section 5 – Reporting Requirements

Preliminary Information

1.1 Overall Information about the Programme

In the framework of EU membership, “financial assistance in the form of grants” by the EU have been grouped under **IPA-Instrument for Pre-Accession** for the purpose of supporting gradual harmonisation and implementation of the Union’s standards and policies in Türkiye. This assistance is provided free of charge in the scope of **complimentarily** for the purpose of supporting Türkiye to help meeting membership criteria and preparing for the EU Structural and Investment Funds after membership and they are different from ‘European Investment Bank Loans’ and ‘Community Programmes’¹.

Republic Of Türkiye Ministry Of Labour And Social Security (MoFLSS), Directorate of EU and Financial Assistance is the “Operating Structure” responsible for the preparation of programmes under Employment, Education and Social Services of IPA, collecting, evaluating, and selecting project proposal as well as managing, implementing, monitoring, auditing, and evaluating them. It is also the “**Contracting Authority**” for the grant scheme projects financed under EESP SOP and is responsible for the administrative and financial implementation of the grant programmes as well as contracting and payment.

EESP SOP² prepared by HRD OS is the main document which gives information about the current status in Türkiye regarding human resources development, particularly on employment, education, and social inclusion fields, includes socioeconomic analysis, and defines actions and activities. This programme has been prepared in line with the strategy documents such as Development Plan, Strategic Coherence Frameworks, Joint Inclusion Memorandum and Joint Assessment Paper, European Employment Strategy, Multi Annual Indicative Planning Document.

Ultimate goal of **EESP SOP** accepted by the European Commission is “To promote progress of Türkiye toward European social model and align the country with EU acquis in Employment, Education and Social Policy”. EESP SOP has 4 general objectives formulated as actions:

- To promote decent work, increase employment and enhance policy-making and implementation.
- To establish a flexible, transparent, innovative and quality based education system which supports social and economic development and prepares for employment, where all segments of society find the possibility to learn within their own needs.
- Promoting inclusion of disadvantaged persons by facilitating their access to employment, health and social protection services, and by eliminating the barriers in accessing the public services.
- Preparing Türkiye for the European Social Fund management through the proper implementation of EESP SOP.

¹ Community Programmes are those in which Türkiye, as other participant countries, has to pay participation fee to benefit from. It is operated by collecting the fees in a pool and the participant countries develop successful projects for the call for proposals during the programme duration. The objective of the projects to be submitted in the scope of Community Programme should overlap with the relevant EU policy or programme objectives, more than with the national level. National Agency - www.ua.gov.tr, Tübitak - <http://www.h2020.org.tr/>, MoFLSS - EaSI - <http://ec.europa.eu/social/main.jsp?catId=1081>

² For more information on HRDOP, please visit, www.ikg.gov.tr (http://www.ikg.gov.tr/wp-content/uploads/pdf/24032017_IESP_SOP.pdf).

Actions and Activities of EESP SOP

EMPLOYMENT	EDUCATION AND TRAINING	SOCIAL POLICIES AND INCLUSION
<p>This action aims at promoting quality employment through;</p> <ul style="list-style-type: none"> • promoting decent work (Activity I.I); • promoting employment and employability (Activity I.II); • supporting employment policy-making and implementation processes for better service provision (Activity I.III); • harmonization with acquis and EU policies 	<p>This action aims at investing in human capital through;</p> <ul style="list-style-type: none"> • improving the quality of education and training (Activity II.I) • increasing educational attainment and skill levels by providing access to all (Activity II.II) • strengthening the vocational qualifications system, LLL and adaptability (Activity II.III) • harmonization with acquis and EU policies 	<p>This action aims at promoting social inclusion and combating poverty through:</p> <ul style="list-style-type: none"> • capacity-building for social inclusion (Activity III.I) • facilitating access of the disadvantaged persons to social protection services and labour market (Activity III.II) • harmonization with acquis and EU policies

Various **operations and grant schemes** are developed in line with the actions and activities above for the implementation of EESP SOP.

Operations are generally carried out by **national public organisations** such as Ministry of National Education, Turkish Public Employment Service, Social Security Institution and Vocational Qualifications Authority which **operate activities nationwide**. These operation coordinator institutions are referred to as 'operation beneficiaries'. Under the scope of this grant scheme, Operation Beneficiary,

The grant schemes which are developed for contributing to the objectives of the operations, are short term and small scale projects and these are carried out by labour and employer organisations, associations, foundations, chambers of commerce and industry, education institutions, universities, and municipalities which operate at the local level. Grant coordinator organisations are referred to as '**grant beneficiaries**'.

The below details for EESP SOP grant schemes including this grant scheme

- objectives of grant scheme,
- eligible applicants,
- eligible activities and costs in the scope of the programme, as well as minimum and maximum limit of grant amount that can be awarded as a contribution to a project which is decided to be supported,
- the criteria and methods of evaluating project proposals,
- how to fill application forms, required documents to be annexed to the forms, and procedures to be followed during application,

can be accessed through “call for proposals” and guidelines for applicants and application package in its annexes which are published on EuropeAid Cooperation Office and below internet site of HRDOS

<https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?do=publi.welcome&userlanguage=en>

<http://www.ikg.gov.tr/> (Tender Announcements – Type: Grant)

Information on the operations and grant schemes implemented in the scope of EESP SOP are available in below links:

- www.ikg.gov.tr - (“Projects” tab)
- <http://www.ikg.gov.tr/projeler/proje-haritasi>
- <https://projematik.ikg.gov.tr/openform/MIS.aspx>- (“Grant Schemes”)

This grant scheme is carried out under, “... .. Operation”. The Operation is made of interrelated components as Technical Assistance, Supply and Grant Scheme:

In the scope of **Grant Scheme (Grant Component)**, Grant Contracts, euros each in average were signed on date with the successful applicants published on <http://ihale.ikg.gov.tr/...> with a budget of Million Euros for ... projects which are deemed eligible for funding among approximately project proposals. Various activities are foreseen for ... on with the projects with a duration of 12 months. The guidelines for application to the programme can be accessed via the link below:

<http://ihale.ikg.gov.tr/...>

85% of the total grant amount awarded for the projects are covered from the budget of the European Union and 15% is covered from the budget of the Republic of Türkiye. This grant amount to be provided by the Contracting Authority is equal to maximum 90% of the total grant project budget. Minimum 10% of each project budget is covered by the grant beneficiary institutions as co-financing. For instance, for a grant project of 100.000 euros, minimum 10 thousand euros should be covered by the Grant Beneficiary institution. 76,5 thousand of this 90 thousand grant amount is covered by the EU (85%), while 13,5 thousand is covered from the national budget (15%). (see Section 1.7.)

1.2 Signing Grant Contract and Its Annexes

The grant contract signed between the grant beneficiaries whose project proposals are accepted and the HRDOS, which is the Contracting Authority, is an official document defining the responsibilities of the parties reporting and accounting requirements, eligible expenses under the project, grant and co-financing amounts, project duration, and the methods for payment. One of the contract parties is HRDOS and the other is the grant beneficiary institution. **The correspondence with third parties regarding the implementation of the contract and verbal conferences are not binding for HRDOS.**

The contract is integral with its annexes and its sections **cannot be amended without a written agreement** with HRDOS. Communication of the Grant Beneficiary with HRDOS should be established with official letters which includes the signature of the authorised person indicated in the contract. The section explained below and the annexes 3 are integral parts of the contract. In the event of any discrepancy between the provisions in the Special Conditions and the provision(s) in any annex documents, the provisions in the Special Conditions shall prevail. In the event of any discrepancy between the provisions in the General Conditions and the provisions of the annexes, general conditions shall prevail:

Grant Contract – Main Text: The main text signed by the parties is titled ‘Special Conditions’. This section includes basic information such as title of the project, official start date, total project budget, the amount of the project to be covered as grant under the programme. In addition, payment schedule for the grant amount, reporting requirements as well as contact details of the parties and communication procedures are specified in this section. Furthermore, any additions to or exemptions from provisions of the general conditions of the contract are specified in special conditions as well.

ANNEX – I ‘Project Description’: This section is composed of the ‘Grant Application Form’ which is prepared and submitted by the grant beneficiary after the call for tenders and which includes the detailed description of the project (excluding the budget, including log frame and concept note). Upon signing the grant contract, the Beneficiary commits to carry out all activities proposed and to present all the identified results.

ANNEX – II ‘General Conditions’: This annex includes the financial and general rules which are to be implemented in any grant scheme, including legal issues, reporting requirements, suspension of the project and ownership of the goods procured. As long as no additions or exemptions are introduced via special conditions all provisions of general conditions shall be applicable.

ANNEX – III ‘Project Budget’: The Budget (including justifications and expected financial resources) is a breakdown of all costs related to the project. The original budget may have been revised. In any case, the budget is estimation of maximum amount.

ANNEX – IV ‘Procurement (Tender) Procedures’: The beneficiaries should comply with the minimum procedures stated in this annex for the subcontract they will sign for the provision of

³ It should be noted that the contract may have additional annexes. These documents have been prepared according to PRAG and its standard annexes are available in PROJEMATİK and in the links below:

- Guidelines for applicants and its annexes: <http://ihale.ikg.gov.tr/...>

the supply, service and works in this scope of grant contract. Any procurement and tenders to be conducted for the purpose of the project should be carried out with all due measures taken in terms of transparency, compliance with market conditions, competitiveness and equal treatment principles, particularly avoiding 'conflict of interest'.

Grant Beneficiary (GB) should respect to the rules regulated in Contract Annex IV during the implementation of procurement contracts. Detailed information on the compliance to these rules are presented in Sections 2.6 and 3.7 in this Guidelines and in PROJEMATİK. During procurement procedures, GB will be supported by HRD OS through control services. It is highly recommended that the GB use this support services.

In any event, GB is responsible for the implementation and finalisation of the accurate procurement procedures. The aim of control services is to help the GB in the process of procurement. Should a pre-financing payment is to be done to a company for any supply or service, or works provision, preliminary approval of HRD OS is required.

ANNEX – V ‘Financial Identification Form’ and ‘Request for Payment’: These documents are required for the payments by HRD OS to the beneficiary. The payments will be done upon the submission of requests for payment by the beneficiary organisations to HRD OS (excluding pre-financing payment). Financial identification form is the document that will be used for payment, which includes bank account information of the beneficiary. (See Sections 1.3 and 5.3)

ANNEX – VI ‘Narrative Report’ and ‘Financial Report’: This annex includes the templates for the reports which are required to be submitted in specific periods by the grant beneficiary. (See Sections 1.10, 1.11, 1.13, 1.14 and 5)

ANNEX – VII ‘Terms of Reference for Expenditure Verification and Sample Expenditure Verification Report’:

Beneficiary’s expenditures in the scope of the project must be verified by an independent financial auditor. Independent auditor must be a member of an internationally accepted legal auditing institution such as the Chamber of Certified Public Accountants. The sample

All documents given to the grant beneficiary by HRDOS during contract signing should be kept for use during implementation and stored for submission in any audit together with other implementation documents, with appropriate archiving methods for minimum 5 years upon the completion of final payment under the scope of the project and ongoing audits, if any

Terms of Reference that the Beneficiary should prepare for procuring this service is presented in this annex. The annex also presents a sample report to be prepared by the auditor. Expenditure verification is obligatory in this grant scheme. Two expenditure verification reports will be requested, one in interim reporting period and the other in final reporting period (see Section 1.14.)

ANNEX – VIII ‘Sample Financial Guarantee (No financial guarantee is sought if the coordinator is a non-profit organisation, a government department or public body).

ANNEX - IX Template for ‘Transfer of Ownership of Assets’: This annex presents the sample document that needs to be prepared in the event that the equipment and vehicles supplied in the scope of the project are required to be transferred to the local beneficiar(ies) and/or local affiliate(s) and/or final beneficiaries of the project (see Section 3.10.).

ANNEX - X 'Tax and Custom Arrangements': This annex presents information on tax exemptions for project expenses like value added tax (VAT) and Special Consumption Tax and related procedures. Since some taxes such as VAT and SCT cannot be included in the invoices for the payments in supply, service provision or works in the scope of grant contracts financed by the European Union, the GB must apply to the relevant tax office to obtain VAT Exemption Certificate (see Sections 1.6, 1.9, 2.2 and 3.9.)

1.3 Enforcement of the Contract and Initial Payment to the Grant Beneficiaries

The Grant Contract shall enter into force on the date on which it is signed by the last Contracting Party. The amount specified in Article 4.1 of Special Conditions, is paid as pre-financing payment within 30 days from the date of signing the contract. The amount of pre-financing payment is specified in the main text of the contract. For the payment to be done, the beneficiary institution should have opened a bank account in Euro specifically for the project and should have the financial identification form which include this bank account number approved by the bank and have submitted it to HRD OS. The signed contract is considered as the request for pre-financing payment and thus, if the information on the financial identification form is accurate, Grant Beneficiaries are not supposed to take any additional action for the pre-financing payment to be done by HRDOS within 30 days from the date of last signature in the contract.

It indicates the total of more than one pre-financing payments in projects with the implementation period exceeding 12 months and with a grant amount of more than 100 thousand Euros. In this case, special conditions will indicate the amount of first pre-financing payment and the total amount of following additional pre-financing payments. The amount of instalments following the first pre-financing payment will be based on updated estimations of following reporting period. In any case, total of pre-financing payment cannot exceed 90% of the amount specified in Article 3.2 of special conditions.

Grant Beneficiaries are free to select the bank for opening an account in the scope of the project. However, costs from account maintenance costs/bank wire cost cannot be covered from the project budget and interest cannot be charged from the account, which should be considered when selecting the bank.

On the other hand, a bank account in TRY should be opened in addition to Euro account for the payments of the personnel, social security premiums, and tax payments.

1.4 Project Implementation Period and the Date on which expenditure can start

As specified in Article 2.2 of the special conditions of the contract, "the Contract shall enter into force on date following after the last of the two Parties signs" "Project implementation starts on the first day of the month following the payment of pre-financing amount by the Contracting Authority." Thus, **project implementation period does not start on the date of official signing of the contract, it starts on date following after the last signature date/ on the first day of the month**

following the date of the first payment; it continues for the foreseen period; and only the costs realised within the implementation period are considered as eligible. (General Conditions 14.1.a).

Prior to the project implementation, in the scope of preparation, activities like market research can be conducted to seek personnel with project inputs; however, costs of these kinds of preparatory work cannot be covered under the project. So, the work contracts with the project personnel and the supply and service contracts planned in the scope of the project must be conducted within the project implementation period. In other words, spending from the project account is not allowed prior to the date following after the last signature date / the first day of the month following the pre-financing payment (See Section 1.9).

1.5 Monitoring, Auditing and Support Activities

Monitoring, auditing, and support activities aim at ensuring project implementation is carried out in line with the applicable legislation and regulations, verifying the information declared by the beneficiaries and project activities, carrying out the project as planned and with good performance, determining the problems in advance, and ensuring that beneficiaries get the support they require on time.

1.5.1 Monitoring Visits and On-the-spot checks

In each grant project, the following technical monitoring visits can be conducted by the Contract Manager, Monitoring Expert, and if needed, by other authorities. The dates of the visits are consulted with the beneficiaries:

1. Initial monitoring visit following the signing of the grant contract;
2. Interim monitoring visits after the submission of the interim narrative report, and
3. Final monitoring visit can be conducted before the submission of final report package.

Thematic control visits can be conducted to the projects by the Operation Beneficiary Organisations. In addition, on-spot checks can be organised in any phase by the authorised institution without prior notice. Grant Beneficiary institution is obliged to ensure that project authorised person, partners (co-applicant/co-beneficiary), key personnel like project coordinator, and accountant and reporting personnel are present during the visits that all documents and information are submitted during the controls, and an appropriate visit venue is allocated.

Ex-ante controls of procurement (tenders) for supply and service procurements with a value above 20,000 euros or any risky procurement regardless of the value and procurement (tenders) for supply and service procurements to be undertaken by any beneficiaries other than those subject to Public Procurement Law can be conducted by HRDOS. For this purpose;

- Procurement folder including Terms of Reference, Technical Specifications, and sample contract should be submitted to HRDOS before call for proposals is sent to the companies,
- At the end of the evaluation, the evaluation report should be submitted to HRDOS before signing the contract with the successful bidder.

Representatives of the organisation authorised with monitoring activities have the power to participate in tender evaluation sessions under grant projects as observers. In this manner, it is important that the beneficiaries should notify the date and venue for evaluation sessions through PROJEMATİK in advance (see Sections 2.6 and 3.7.).

1.5.2 Authorised Organisations

During and after the project implementation, the grant projects supported by HRD OP are subject to monitoring and auditing by,

- Contract Managers and Monitoring Experts authorised by HRD OS,
- Thematic Control/Monitoring Experts assigned under the Operation Beneficiary Organisations
- Board of Treasury Controllers operating as IPA Auditing Authority,
- Internal Auditing Unit under the Ministry Of Labour And Social Security,
- Turkish/European Court of Accounts,
- Anti-corruption Office (OLAF) and State Supervisory Council of the Presidency,
- European Commission
- Delegation of European Union to Türkiye.

It is mandatory that the grant beneficiaries comply with the findings, recommendations, and warning of these institution and authorised persons in the scope of monitoring, auditing, and technical assistance, particularly meet document submission requests, cooperates and consults with HRDOS in the implementation and monitoring of the project, and use Monitoring Information System (PROJEMATİK).

There are no private persons or organizations related to publicity, information, technical support, monitoring and auditing activities, other than or accredited by authorized institutions. If necessary, the authority of individuals or organizations should be confirmed from İKGPRO.

It is important that all reports, declarations, questions, and requests of the beneficiary should be first submitted to HRDOS through PROJEMATİK during the implementation period. When needed, the beneficiary might be provided unofficial and non-binding counselling by the contract managers, monitoring experts, and thematic control experts through question-answers modules of PROJEMATİK, or through telephone and e-mail. It should be noted that the final responsibility belongs to the beneficiary and the final controls and final approvals will be done by HRDOS during the verification of final report. If, during implementation, a formal opinion or approval of the Contracting Authority is required, the formal correspondence process must run in accordance with the communication provisions of the contract.

Contract Managers and Monitoring Experts of HRD OS, have the following powers and responsibilities in the scope of monitoring and managing grant projects:

- To provide technical assistance for the beneficiaries on the implementation of the projects;
- To facilitate the utilisation of the computer and internet based monitoring information system (PROJEMATİK) by the beneficiaries;

- To conduct ex-ante controls of the activities, reports, and declarations of the beneficiaries and to contribute the preparation of those;
- To audit if the supply and service procurement that the beneficiaries will conduct are in compliance with the relevant procurement procedures of the EU and to participate, when needed, in the tender evaluation process as observers;
- To design planning for 'technical monitoring visits' and 'on-spot checks',
- To carry out the monitoring visits and/or on-spot checks on the dates in accordance with the visit plan approved by HRDOS and to report those visits;
- To report the identified non-conformities and irregularities to HRDOS

Besides these exemptions on tender procedures and tax exemptions, it should be noted that Turkish legislation including tax, accounting, Labour and Social Security laws are applicable in the implementation of the Project; legislative breach is reported as 'irregularity' and sanctions are implemented.

Thematic Control/Monitoring Experts of Operation Beneficiary Institution '... ..',

To carry out 'thematic control visits' on the dates in accordance with the visit plan approved by HRDOS and to report those visits;

To supervise the compliance of the projects in thematic fields to the relevant national policies, strategies, programmes, plans, and legislation;

- To monitor the contribution of the projects to the indicators of EESP SOP, operation, and grant scheme;
- To ensure links that can be established with similar and complementary projects and programmes;
- To control the data entered by GBs into PROJEMATİK;
- To provide thematic support to the GBs;
- To carry out thematic controls for the reports received from the Beneficiaries;

To report the identified or reported non-compliances and irregularities to HRDOS...

1.6 Applicable Legislation

The Grant Beneficiaries must carry out their projects in accordance with the legislation of the Republic of Türkiye. There are only two exemptions to this general rule:

1. In accordance with **Article 18** of "Framework Agreement between the the Republic of Türkiye and the European Commission on the Regulations for Implementation of Financial Assistance to the Republic of Türkiye in the framework of the Instrument for Pre-Accession Assistance (IPA II)" which was approved by Law No. 6647, and **Article 10** of general conditions of grant contract, the beneficiaries can implement the Procurement and Tender Procedures of the European Union during the supply and service procurement and works contracts in the scope of the project budget including co-financing without prejudice to **punishment and ban from tendering**

provisions of Public Procurement Law No. 4734. In this framework, **procurement is not allowed from the real persons or legal entities which are banned with Law No. 4734 or having the country of origin which are not considered as eligible by the EU or to whom restrictive measures are applied by the EU**⁴. Paragraph 3/c of Public Procurement Law No. 4734 allows for the implementation of other international procurement rules for the procurement activities to be carried out with external financing in accordance with international agreements. On the other hand, as threshold values applicable to bids and detailed procedures are not described in grant contracts it should be noted that public institutions and agencies subject to the Law No. 4734 should apply the provisions of Public Procurement Law concerning these issues (see 2.6.3).

2. In accordance with Article 28 of the Framework Agreement, the grant beneficiaries use the total amount of the budget, including the co-financing covered by themselves, exempted from specific taxes and duties such as Value Added Tax, Special Consumption Tax, Special Communication Tax, Motor Vehicles Tax, Customs Tax, Inheritance and Transfer Tax, Stamp Tax. Thus, VAT is not included in the payments to be done for the supply, service or works in the scope of contract budget. Detailed procedures regarding the implementation of tax exemptions are explained in Sections 2.2 and 3.9 of this Guidelines.

1.7 Co-financing by the Beneficiary

The amount of grant and the amount of co-financing for the project budget is indicated in the 'special conditions' and the third annex of the contract, 'Budget', in percentages. As a general rule, the beneficiary is obliged to cover minimum 10% of the budget. The Beneficiary may obtain this contribution from their own equities, partners (co-application/co-beneficiary institutions), associates, or other financial resources like the bank. In any event, the contribution should be financed from the resources other than the EU or European Development Fund. Costs like interest which may accrue due to the financial resource obtained in this framework shall not be covered from the project budget.

Although the beneficiary is not required to show the co-financing in cash at the beginning of the project, this amount can be transferred in lump sum or partially into the euro account opened in a bank especially for the project. In this scope, monetary transfers from the revolving fund of the beneficiary institution to the project budget may be considered as co-financing.

Whereas transmission to project account as not been realised, the beneficiary or partners will need to document that they make spending from their own accounts in the scope of co-financing during the project implementation. The spending that can be considered in the scope of co-financing may be done by corporate credit cards belonging to the beneficiary or partner organisations.

Whereas the total or a part of the co-financing will be provided by institutions like associates other than the beneficiary institutions, it is highly recommended that the foreseen contribution is transferred to the project account in lump sum or partially. In their own books, the associates may account this transferred amount as grant given to the beneficiary in the scope of the project. If this is applied, invoice-like expenditure document should be issued to the beneficiary or partner

⁴ Up-to-date sanctions lists are available at www.sanctionsmap.eu.

(co-applicant/co-beneficiary) in order for the spending by the associates to be considered as co-financing.

Should the cost “foreseen in the budget” for the personnel (gross salary and social security premiums of the employer) selected among the personnel working in the beneficiary institution or partner institution (co-applicant/co-beneficiary) or assigned from other business organisations or institutions is covered by the employing institution and no payment is done from the project grant amount for this personnel, the cost of the personnel can be considered as co-financing up to the amount foreseen in the budget. Information about personnel employment is explained in Section 2.3.

In any case, for the spending by the beneficiary(ies) to be considered as co-financing, these spending should be made among the foreseen expenditures in relevant budget items. Even within the scope of the project, **expenditure unforeseen in the budget is not considered as eligible cost or as co-financing**. In other words,

Contributing to the financing of the Project is a responsibility that the beneficiary is obliged to fulfil. Failure to perform this obligation may cause the termination of the contract solely on the grounds of this as in line with the relevant article of the General Conditions of the contract.

non-budgetary expenditures which the beneficiaries bear due to the project activities are not considered as co-financing. In this scope, the salary costs covered not from the grant can be considered as co-financing only to the maximum amount foreseen in the project budget for this staff position. Thus, it important that the budget has been well-prepared.

The budget is an estimation of costs and a ceiling for the ‘eligible costs’. At the end of the project, final reports and proof documents for expenditures like the invoices will be decisive in determining the actual spending and approval of them as ‘eligible’ by HRDOS.

In any case, actual and eligible total expenditure shall be covered by the grants of the programme and co-financing by the beneficiary according to the percentages specified in ‘special conditions’ of the contract.

Failure to spend the total budget at the end of the project and/or ineligibility of some of the expenditure may result in retaking some part of the pre-financing payment by HRDOS. Thus, the Beneficiaries should spend the amount foreseen in the budget in compliance with all rules and with optimum cost-effectiveness. The information about the calculation of final payment amount is explain in Section 5.3 of this Guidelines.

1.8. Unforeseen Costs

In the first six headings of the budget, there are the estimated costs foreseen to occur in the scope of the budget. The cost which are foreseen maximum amounts are referred as ‘direct eligible costs’ and the sub-total of which is indicated in heading No 7.

For an expenditure from the project bank account or from another resource to be accepted as ‘done in the scope of the project’, the costs related to this expenditure should have been foreseen in the related budget items.

Any other expenditure not foreseen in the first six items of the contract budget, or the budget amended during the project implementation with the approval of the HRDOS, shall not be considered as 'direct eligible costs'.

This kind of costs can be covered from the contingency reserve or administrative (indirect) costs on the conditions explained below.

1.8.1 Contingency Reserve

If there is an amount not exceeding %5 of the 'sub-total' of direct eligible costs (**budget item 7**) approved as 'contingency reserve'; additional costs which have not been foreseen in the related items of the budget above, occurring due to unforeseeable causes and due to external factors out of the control of the beneficiary, and the costs which are necessary for the implementation of the project, can be covered from this contingency reserve. The beneficiary should send a request letter explaining the costs with their justification with "Request for Contingency Reserve Utilisation" and take preliminary approval from HRDOS for using some part or all of the contingency reserve in the budget.

The amount of contingency reserve and administrative costs which will be approved as eligible at the end of the Project shall not be calculated according to the estimated budget approved with the contract but according to the direct eligible costs which have been realised and accepted by HRDOS and from the percentages specified for them.

For instance, total amount of 'direct eligible costs' (Item 7) might have been estimated as 200,000 Euros and accordingly the administrative costs as 14,000 Euros with a maximum rate of 7%. Should 'direct eligible costs' (Item No 7) which have been realised at the end of the Project and which are approved by HRDOS are, for instance, 180,000 Euros, then eligible administrative costs will be 12,6 thousand Euros.

Request for Contingency Reserve Utilisation can be produced from top mid panel in MİSTİKPROJEMATİK Change Requests → Financial → Changes → Start New Budget Design.

As a rule, contingency reserve can be requested for additional costs produced by external unforeseen factors such as general economic or social conditions and serious change in exchange rates.

1.8.2 Administrative Costs (Indirect Costs)

Whereas an amount of 'indirect eligible cost' not exceeding 7% of the sub-total direct eligible costs (**Item No 7**); the costs which are not included in the first 6 headings of the budget and which are necessary for the general administrative costs of the beneficiary can be spent without any other approval and as a rule, they don't need to be supported with accounting documents. In other words, any additional information or proof documents like invoice are not required from the grant beneficiary during the final evaluation of the expenditure under the direct costs heading.

The following explanations and examples should be seen as guiding, not limiting, on the utilisation of administrative costs. In addition, this information does not mean that the grant beneficiaries may avoid the performance of their contractual obligations, and they do not harm the right of HRDOS to request proof documents, if needed. Thus, this kind of documents should be kept and archived by the grant beneficiary. Administrative costs are related to the administration and management of the project. They are not related to the direct implementation of project activities. For instance, the salary of an administrative personnel which is necessary for project management but not foreseen in the budget can be covered from administrative costs but the salary of a trainer or engineer who has the necessary technical and thematic expertise for project implementation should not be covered from the administrative costs.

On the condition that they are not included in the relevant items under the first 6 headings of the budget, some costs which can be considered as 'administrative costs' are as follows:

Communication costs: Expenditure made for running the project (telephone, fax, internet, mail, etc.) and normally could have been foreseen in budget item 4.4 but not foreseen and required for the implementation of the project;

Rental costs, utility costs like electric, water, and heating: Expenditures such as office rent normally could have been foreseen in budget item 4.4 but not foreseen and required for the implementation of the project. In case the existing office/branch of the beneficiary institution is utilised, if the subject costs are able to be presented 'decomposable' from the other sections of the office and/or other office activities, and with supporting documents;

Transportation costs: Normally could have been foreseen in budget item 2 but not foreseen and required for the implementation of the project additional transportation costs not included in other budget items for the project personnel or equipment for the purpose of running the project;

Consumables: Stationery costs and software, copying, and printing costs for reporting (i.e., purchasing toner and cartridge) normally could have been foreseen in budget item 4.3 but not foreseen;

Costs for maintaining the project and office activities: costs of administrative support personnel which are normally included under number 1 'Human Resources' heading of the budget but not included there, costs for cleaning needs of the project office (material and human), and minor repair costs such as painting;

Office Furniture: office needs for running the project (purchasing desk, chair, cupboard, curtain, trash bin, carpet, coffee table, etc.) which normally are included under number 3 heading of the budget but not included there;

Direct eligible costs of the budget should be recorded in accounting books or tax documents of the beneficiary or its partner, if spent, should be identifiable and verifiable, and should be documented with original supporting documents like invoice.

⁵ 'Technical personnel' generally refers to those who have the thematic expertise and who contribute directly to the project objectives and target groups, such as training coordinator, consultant, expert, engineer, and trainer. 'Administrative personnel' defines the other personnel such as project coordinator, assistant, secretary, accountant, who supports the technical personnel in project activities and reporting.

Costs occurring during the management and accounting of project funds: announcement costs, translation costs, and auditing report costs on the condition that they are not included in the budget items;

Secondary costs resulting from legislation or other practices and not reflected in project items: costs of intermediary firm during visa and passport procedures;

Insurance and security costs: any insurance and security costs necessary for running project activities...

1.9 Costs not to be covered under the project

Costs not included in 'project implementation period' specified in the Special Conditions of the contract are not eligible (see Section 1.4). In this regard, feasibility works, proposal writing, and translation costs, notary fees and duties prior to the project implementation period, and personnel and rental costs after the end of project implementation cannot be covered under the project. In other words, documents for expenditures, like invoices, should be issued between the start and end date of the project. However, preparing the final report and final expenditure verification to be done by the CPA as occasion requires, are exemptions to the rule and they may be conducted after the end of implementation period. However, costs associated with the preparation of the final report, including the audit and final expenditure verification by the auditor, such as a CPA, and final evaluation activities, are exempt from this rule and may have been incurred after the end of the implementation period. Furthermore, procedures to award contracts may have been initiated and procurement contracts for supplies, services and works may be concluded by the beneficiaries before the start of the implementation period of the Action, provided the provisions of Annex IV have been respected.

Ineligible costs:

- Costs generated with a breach to applicable rule,
- Costs not within 'project implementation period', excluding the exemptions,
- Cost which are not estimated in the budget (excluding administrative costs and, if approved, contingency reserve),
- Costs which are not in compliance with principle such as good financial management, market prices, value for money, and cost effectiveness,
- Costs not corresponding to the activities specified in project description,
- Costs not documented with valid certificates and accounting books,
- Costs accrued by the institutions other than the grant beneficiary or partners (co-applicants/co-beneficiaries),
- Payments made through methods, which are to be made through bank transfer (excluding urgent payment not exceeding 600 euros per month),
- In accordance with IPA Framework Agreement, some taxes (Value Added Tax (VAT))⁶,

⁶ VAT can be considered eligible in the following conditions:

(i) If the value added tax cannot be refunded in any way;

(ii) If the tax is generated due to the costs of individuals involved in the project as final beneficiaries....

Customs Duties and Tariffs, Special Consumption Tax (SPT), Inheritance and Transfer Tax, Stamp Duties and Fees, Special Communication Tax and Motor Vehicles Tax and/or any other charge having equivalent effect are ineligible costs,

- Costs covered under another grant scheme or project,
- Banks and financing expenses (excluding financial services such as security deposit costs which stem from the requirements of the contract),
- Debts, losses or provisions for possible future liabilities,
- Fees of debt services (interest),
- Items financed under another resource,
- Purchase of land or building (Except where it is necessary for the direct implementation of the project in accordance with the conditions specified in the special conditions and contributes to the increase of the impact of the assistance⁷),
- Loss due to exchange rate,
- Loans to third parties provided that otherwise is not stated in special conditions,
- Passport fees/departure fees (except for school enrolment fees and intermediary firm costs during visa and passport procedures),
- Procurement of second hand equipment,
- Fines and court charges,
- In kind contributions (except works of volunteers if allowed in grant application guideline) Performance-based premiums included in personnel cost,
- Salaries (except salaries reflected as co-financing in the projects of their own projects) and fees (except works up to 10 hours per week and 240 hours throughout the project) of public officials such as civil servants and academicians,
- Costs associated with the establishment of a website (except for the cases where it is vital such as e-commerce and online training),
- Project development costs,
- Abnormal costs which cannot be covered by the beneficiary and/or affiliated institutions number normal circumstances and which are higher than market prices,
- Procurement of second-hand equipment,
- Costs associated with the renovation of a real state rented provisionally from project budget; Procurement or rental costs of equipment and material exceeding 15%, 20%, 25% of total of eligible costs specified in heading 11 of the project budget.

In the scope of Grant Contracts, the goods, services or works supplied to the grant beneficiary by a supplier are exempted from the following taxes so they cannot be paid from the grant budget; if paid, they will be considered as ineligible cost. Should existing legislation in some fields inhibits tax refund only then these costs will be considered as eligible:

Value Added Tax (except for cases that the tax cannot be refunded or it originates from the costs of final beneficiary)

- Special Consumption Tax
- Inheritance and Transfer Tax

⁷ In all cases the ownership shall be transferred to final beneficiaries in accordance with Article 7.5, at the latest at the end of the action.

- Custom Duties or Tariffs, fees and other similar charges and duties
- Income tax of non-Turkish citizens and non-residents in Türkiye
- Corporate tax for the legal entities which do not have a workplace or permanent office in Türkiye
- Special Communication Tax
- Motor Vehicles Tax

In order to use the exemptions for this tax, the beneficiary should apply to the relevant tax offices for obtaining Certificate of VAT Exemption. The documents and information to be used in the application for VAT Exemption Certificate will be provided by HRDOS to the beneficiaries. Detailed procedures on the implementation of tax exemptions are explained in Section 2.2 of this Guidelines.

The conditions regarding the eligibility of the human resources, per diem, travel, equipment, office, and service costs estimated in the budget are explained in detail in Section 3 of this Guidelines.

1.10 The Documents Required to be Recorded

The Grant Beneficiaries are obliged to document that they have carried out the activities which they committed to carry out in their project proposals and the costs they made for these activities, with appropriate proof elements. In this scope, the beneficiaries should comply with the financial and technical documentation requirements and should keep the documents on activities and costs ready in original or in copies including in electronic format for submission during the controls which can be conducted any time.

Effective use of PROJEMATİK will save time for the beneficiaries in terms of the documents to be recorded.

Failure to comply with the obligation to keep records and documents constitutes a case of breach of a substantial obligation under this contract. In this case, the contracting authority may in particular suspend the contract, payments or the time-limit for a payment, terminate the contract and/or reduce the grant.

Technical documentation of the project should contain sufficient details regarding the implementation of the activities and achievement of deliverables and services. In the scope of technical documentation, the beneficiaries are obliged to file and archive the following appropriately;

- Requests for change and contingency reserve utilisation;
- All documents used in tendering;
- Publication materials they printed;
- Documents and photos related to promotion and visibility activities;
- Trainee application documents for events and training programmes;
- Agenda, minutes and attendance sheets;
- Reports and presentations documenting the work and services of the project personnel.

In particular, written records of all tender and contract procedures should be kept and should be retained for 5 years following the completion of last payment related to the project. These records should contain the original copies of all offers received, as well as tender files and correspondences (for the detailed list of the documents which are required to be kept under technical documentation and submitted along with narrative report, please see Section 5.2.1).

Financial documentation of the project contains documents demonstrating that the expenditure has been done in compliance with the rules and obligations like related tax and social security premiums payments have been realised.

In this framework, the beneficiary should

1. record any expenditure on PROJEMATİK;
2. documents any expenditure with a valid certificate (expense document) such as invoice, receipt, pay slip, self-employment invoice, note of expenses, travel ticket and revolving fund receipt;
3. demonstrate payment to the relevant party with a valid payment documents such as bank slip or receipt, and in this framework
4. upload the expenditure and payment documents separately onto PROJEMATİK system.

PROJEMATİK will automatically generate and classify related account books and financial report according to the expenses.

Expenditure documents (Vouchers): Each and every expenditure should be documented with minimum one of the 'vouchers' such as invoice, receipt, self-employed invoice, pay slip (payroll) and note of expense listed in Chapter 3 (Vouchers) Articles 229-242 of the Law No. 213 on Tax Procedures.

The following information should be on an invoice:

- date of issuance,
- serial number and item number,
- name of issuer, trade title if any, work address, tax office, and account number,
- name of customer, trade title, address, tax office (if any), and account number,
- description of the good or works, amount, price, and total amount
- Date of delivery of the goods sold and dispatch number

Thus, the invoices issued for the procurements in the scope of the project should contain the following information in an explicit way,

- Brand, model, serial no, product code, unit, unit price for the purchased goods and service,
- Sub activities and items under the event,
- Date of activity and event,
- Location of the activity or event.

In addition, the invoice should be issued within 7 days after the delivery of the goods or service. If not issued in the given period, it will be deemed not to have been issued at all.

It should also be remembered that the invoice should have an inscription about VAT exemption (see Section 3.9.1).

The beneficiaries should first examine if the person they would make payment is required to issue an invoice, receipt, or self-employed invoice as a taxpayer. If they are, the invoice, receipt, self-employed invoice will be used as a certificate of expenditure. If the paid person cannot issue such documents and if the work or activity is in the scope of Article 94 of Income Tax Law, the payment can be documented through note of expenses to be prepared in two copies. In such payment, the beneficiary makes necessary tax cut and indicates that on the note of expense.

Whereas the paid person is not required to issue a document and the payment is not included in the scope of Article 94 of the ITL, then the Beneficiary may document the payment with other documents like note of expense or payment slip. Per diem and travel allowances and cash stipends for unemployed trainees can be listed in this scope. The payments in this scope are not cut back; the expense base amount is paid to the person exactly. The beneficiaries which are in the scope of Law on Associations should document this kind of payments with the expense voucher in the format identified by the legislation.

Under Items 1.1 and 1.2, payments for service procurements made with invoice shall not be accepted as eligible. Similarly, expense or payment slip will not be accepted under Item 5. In the cases where the beneficiaries are supposed to issue note of expense, failure to issue or incomplete or wrongful issuance will cause them to deal with the penal sanctions specified in the tax legislation.

Payment documents: the following valid payment vouchers should be kept under the financial documentation and should be recorded in PROJEMATİK as proofs of relevance and compliance of expenses:

- Bank receipts (e-receipts should be signed and stamped by the relevant bank);
- Social security premium receipts and tax declarations and tax payment receipts,
- Documents required in personnel recruitment, including letter of assignment, CV, work sheet, etc.
- Boarding passes for flights, passport records for international travels...

(for a details list of the documents which are required to be kept and submitted along with the financial report, please see Section 5.2.2)

1.11 Accounting Requirements

The Grant Beneficiaries should ensure accuracy and order of the accounts belonging to the project budget, using appropriate accounting and double-entry bookkeeping system. This system should be compatible with the accounting and bookkeeping rules and systems applied in Türkiye.

The project accounts and expenses should be easily definably and verifiable. This can be ensured by using separate accounts for the project; or the existing accounts of the beneficiary can be used on the condition that the project account is easily definable and traceable within the accounting

and bookkeeping system. The accounts should also clearly indicate any interest earned from the pre-financing funds given after the signing of the contract.

The public agencies in the position of grant beneficiary listed in table (I) and (II) attached to the Law No. 5018 on Public Financial Management and Control shall be subject to the provisions of 'Principles and Procedures on the Expenditures and Accounting of the Grants Transferred from the European Commission or International Organisations to Public Administrations'⁸ published on the Official Gazette No 26713 dated 27.11.2007 and updated in 2009 for performing the accounting requirements.

The financial report and annexes to be submitted at the end of the project should be in compliance with the relevant accounting books.

1.12 Methods of Payment

It is required that any payment from the project bank account or other resources in the scope of the project should be made via bank transfer and should be recorded in beneficiary's accounting system and PROJEMATİK.

However, for some urgent payments, payment can be made in person with a record. This amount cannot exceed 600 euros per month (**PROJEMATİK → Documents → Documents on per diem → [In person payment records](#)**)

1.13 The currency to be used for expenses and reporting

The project expenses are declared in Euro in the financial report. Thus, declarations in other currency like TRY should be converted into Euro. To mitigate the risks due to change in exchange rates and to facilitate financial reporting, vouchers like contract and invoices should be issues in Euro and payment and bank transfers should also be done in Euro.

Vouchers like invoices can be issues in foreign currency on the condition that it is indicated also in TRY in accordance with legislation⁹. When the invoice issued in Euro is paid in Euro, this expense amount is declared in the financial report specifically. If it is going to be paid in TRY, **the payment amount will be TRY amount calculated according to the current exchange buying rate of the bank in the time of payment**; reported amount will be the amount in Euro which is indicated on the invoice (Euro amount exchanged from the bank account for related payment in TRY). If the beneficiary fails to provide supporting documents for bank exchange rate of relevant transaction monthly inforeuro monthly exchange rate will be applied. To prevent confusion, it is important that the payment is made on the currency of the issued voucher.

⁸<https://www.mevzuat.gov.tr/Metin.Asp?MevzuatKod=7.5.11739&MevzuatIliski=0&sourceXmlSearch=Avrupa%20Birligi%20ve%20Uluslararası%20Kurulu%C5%9Far%C4%B1n>

⁹ Article 215 2/a of Law on Tax Procedures – TRY amount calculated according to 'buying rate of exchange' of the Central Bank valid on the date of its issuance' should be written on the invoice issued in Euro. The TRY amount indicated with legal requirements is indicative and should not be taken into account for reporting and payment.

The expenses to be paid by the Beneficiary through issuance of vouchers like pay bill and note of expenses on which income tax and social security premiums will be cut, should be actualised in the relevant month. In particular for this and other payments which are required to be made in TL, a bank account in TRY should be opened in addition to the euro account specific to the project. For payments in TRY, it is sufficient to transfer from the project Euro account into project TRY account and to consider the current exchange rate in the exchange receipt of the bank which realises the conversion and the transfer, and to use this exchange rate when entering into PROJEMATİK.

For reporting of the expenses related to the personnel considered as co-financing, monthly InfoEuro¹⁰ rate published for the relevant month of the salary is taken by PROJEMATİK automatically and reflected in the reports.

1.14 Verification of Expenditure by Independent Auditor

Grant Beneficiary is required to submit “expenditure verification report” along with the financial report. This report should be prepared by a certified public accountant affiliated with an internationally recognised auditing agency (i.e., Chamber of Certified Public Accountants) or by an independent accountant and financial advisor. The name and contact information of the auditor is specified in Article 5.2 of the Special Conditions. The auditor inspects whether the expenditure declared by the beneficiary is actual, accurate, and eligible according to the contract and also examines project income, if any. At the end of the audit, the auditor submits expenditure verification report of which sample is attached in Annex VII of the contract.

The expense on the verification for expenditure can be covered under the grant or co-financing if it is estimated in the relevant item of the contract budget; if not estimated in the budget, it should be covered under the administrative costs or by the beneficiary off the budget.

All the provisions in the contract and its annexes regarding the verification of expenditure are also valid. The Contracting Authority may request for an audit report covering a specific period of the project without waiting for the final report.

It is also recommended that a competent accountant is employed with a work contract as to be responsible for the financial procedures and documentation of the project or service is procured from an accountant (ICFA) affiliated with TÜRMOB in the scope of service procurement rules.

1.15 Visibility Rules

The Grant Beneficiary is obliged to take any measure to inform the public that the project is co-financed by the Republic of Türkiye and the European Union, and to ensure that its co-beneficiaries, associates, and sub-contractors comply with the visibility rules. Within this scope, a communication plan should be prepared and should be submitted to the Contracting Authority through PROJEMATİK for the approval of and presentation to the European Commission, and

¹⁰ http://ec.europa.eu/budget/contracts_grants/info_contracts/infoneuro/index_en.cfm

actions for the implementation of this plan should be described in the technical report. This kind of measures should be in line with the Communication and Visibility Manual for EU External Actions¹¹ prepared and published by the EU. In this scope, financial contribution of the Republic of Türkiye and the EU should be emphasised in all activities of the project including the venues, equipment, and vehicles used, information provided to the final beneficiaries and media, and in all relevant documents and reports. The Beneficiary should use the flags of Republic of Türkiye and the EU wherever appropriate. The expenditure from the project budget by the grant beneficiary and co-beneficiaries for visibility actions are considered as eligible costs.

Including those presented in the conferences and seminars, it should be indicated in any statement and publication by the beneficiary that the project is co-financed by the EU. The following disclaimer is added to any publication by the beneficiary related to the project, including internet or any other means:

'This publication is funded by the European Union and the Republic of Türkiye. The content of this publication is the sole responsibility of <Grant Beneficiary> and in no way reflects the views of the European Union or the Republic of Türkiye.'

The rules on communication and visibility activities are described in detail in Section 3.8 of this Guidelines.

1.16 Code of Ethics, Conflict of Interest and Irregularities

The Grant Beneficiaries should respect the code of ethics when running their projects, particularly in performance of activities such as expenditure, procurement, selection of project personnel and final beneficiaries; should avoid conflict of interest, monitor and report the non-conformities and irregularities, and should take preventive action.

Beneficiaries should always act reliably and discreetly in accordance with professional ethics. Beneficiaries should refrain from making public disclosures of the project or project services without prior approval of the contracting authority. Beneficiaries should also respect human rights, data protection rules, environmental legislation in the country in which the project is implemented, and the ILO's internationally recognized core business standards.

If one is aware that the code of ethics has been violated, **the Contracting Authority should be notified in writing within 30 days**. The Contracting Authority and the European Commission may carry out documentary or on-the-spot checks as it deems necessary to find evidence in case of suspicion of unusual commercial expenditure. Failure to comply with the code of ethics is considered a serious professional abuse that could lead to suspension or termination of the contract and / or sanctions for administrative and financial penalties.

All personnel in duty within any level of project implementation and monitoring activities are referred as economic actors and are responsible for reporting any non-conformity and conflict which may occur in the scope of irregularity. Reporting can be done anonymously. Report on irregularity can

¹¹ <http://avrupa.info.tr/ab-mali-destegi/goeruenuerluek-ilkeleri.html>http://www.ikg.gov.tr/wp-content/uploads/pdf/14112016_Go-runurluk_Rehber.pdf

be directly sent to HRDOP without notifying the persons and organisations suspected of being involved in the incident.

Irregularity: Breaching of European Union regulations or the laws in the Republic of Türkiye to which these rules refer is defined as **irregularity** even if it does not cause any financial loss in the funds. It is sometimes difficult to detect irregularity in some cases; however if an ineligible expenditure or breach of a rule exist, the presence of irregularity is obvious.

Fraud is intentional and deliberate irregularity committed by a person or a group for the purpose of getting wealth.

Conflict of interest refers to a conflict between public interest and contractual duties and personal interests. In the event of conflict of interest, there is generally the risk of compensating the neutrality and objectivity of a decision, opinion, or procedure for the sake of personal or private interest; in such a case would have a negative impact on the performance of an official duty and responsibilities in the favour of contractual requirements or public interest, thus necessary action should be taken to prevent them. Conflict of interest particularly occurs as a result of economic or shared interests, family bonds or affection, political or national affection.

If a person has such a personal or private interest, or perceived interest, related to his/her duties in the project, and

- This interest may affect the **performance of duty negatively**;
- It cast doubt on the **neutral and objective use** of the person's power, one can claim the presence of conflict of interest.

These conflict of interest cases are considered **as irregularity** and the related expenses are considered as ineligible costs unless the following is documented by the beneficiary:

- Necessary measures have been taken to avoid conflict of interest,
- Authority and duties have been performed in neutral and objective manner,
- The performance has not been affected by the private interest negatively...

Whereas a conflict of interest case occurs or risk for its occurrence is determined, it is a contractual obligation to take necessary actions to eliminate this case and risks and to immediately send written notification to the Contracting Authority (General Conditions, Article 4).

In order to avoid the risks of conflicts of interest and double funding and to comply with the principles of transparency, equal treatment, sound financial management and sustainability, it is strongly recommended that the following staff not be paid from the grant section of the project budget unless their salaries are considered co-financing:

- Persons such as executive board members of the co-beneficiary institution,
- Personnel who have an ongoing labour contract with co-beneficiary institutions.

The following can be examples of **irregularities**:

- Breach of the EU regulation or relevant Turkish legislation,
- Invoice issued for undelivered goods or services (fake invoice),

- Actual amount of prices not reflected in the invoices,
- Purchasing second hand equipment while it should be first hand or faking an existing equipment as purchased new,
- The equipment purchased in the project not installed or utilised,
- Use or submission of incorrect, faulty, or incomplete declaration and documents leading into embezzlement or unlawful retention of the funds; blacking out information through non-performance of a responsibility,
- Utilisation of the funds for the purposes other than the purpose of granting,
- Falsification of the accounting and other records or proof documents,
- Non-compliance to procurement rules or leaking information related to the tender during the process...
- Anonymous notifications are also taken into account for determining irregularities and it is obligatory for all economic actors to report the detected issues.

The Grant Beneficiaries that are determined to have committed irregularities or extraordinary expenditures shall, depending on seriousness of the observed facts and incidents, be subject to sanctions such as the termination of Project contract, financial fine and ban from the European Union funds, in addition to the related sanctions of the legislation in Türkiye.

Channels for reporting irregularities:

e-mail : irregularity@ikg.gov.tr

internet : <http://www.ikg.gov.tr/usulsuzluk>
<http://projematik.ikg.gov.tr/openform/Gorusler.aspx>

CİMER : **The Republic of Türkiye Presidency Communication Center**
www.cimer.gov.tr

Initial Activities to Perform

During the checks to be conducted by HRDOS after a short time following the signature of the grant contract, it is assessed whether;

- The beneficiary is equipped with enough financial resources and staff to implement the project,
- Amount of co-financing has been partially or fully transferred to the special bank account of the project,
- Key staff included in the project team has been employed as foreseen in the project proposal, and the staff resides in base of operation of the project,
- A realistic/feasible and up-to-date activity plan exists,
- How much the beneficiary knows about objectives, activities, outputs, results, target indicators and co-financing amount of the project.

Projects assessed as risky are suspended, and such projects are given some time in order to mitigate risk levels. In case the risk level remains the same during the time allocated, the contract is terminated. Thus, it is of vital importance that the beneficiaries conduct in particular required activities under the first actions in accordance with the rules.

During the initial checks, in addition to abovementioned assessments,

- Information is provided about Grant Implementation Manual and rules to be observed during the execution of the project,
- Suggestions are made regarding preparatory activities such as creation of the project team and establishment of the project office,
- Project activity plan is reviewed,
- Needs are identified,
- Support is provided for the elaboration and/or development of project activity, visibility and procurement plans and performance indicators,
- Information is provided about the use of PROJEMATİK, and assistance is provided to the beneficiaries for the entry of first data into the system,
- Tentative calendar of project tenders to be realised under the supervision of monitoring experts is prepared.

2.0 Use of PROJEMATİK

MIS, called as Management Information System or Monitoring Information System, which is an electronic system into which data should be entered regularly in accordance with the provisions of the contract for the purposes of the management and monitoring of the projects is called as PROJEMATİK under the scope of Employment, Education and Social Policies Sectoral Operational Programme. PROJEMATİK has been developed for following purposes:

- To implement and monitor EU funded grant projects effectively,
- To inform the general public adequately and to reach intended beneficiaries of the projects,

- To provide sufficient support to implementing agencies,
- To prevent any possible actions which are against the contract and the implementation manual,
- To reduce bureaucratic burdens.

PROJEMATİK is an internet-based information system. The system is accessible to everybody free-of-charge under the philosophy of public services. The system encompasses various different functions for different users. For instance, citizens who are not registered users of the system and wish to benefit from project activities can follow project events such as courses and seminars from websites automatically developed by the system for the projects, and they can make online application. Project officers authorised to run the project (coordinator, consultant, project secretary or accountant etc.) can complete various actions regarding the project via PROJEMATİK.

Basic Functions of the System:

- First of all, PROJEMATİK is a database. Documents, plans, progress and reports related to the project can be uploaded to the system and are stored in the system. The system produces various statistics by utilising such data.
- Secondly, PROJEMATİK is a communication channel. Technical assistance required during the implementation of the project can be received via PROJEMATİK. Questions and reports are presented, and actions are presented for ex-ante control via the system. Required information is communicated to the beneficiaries via the system as 'announcement'. All officers in charge of monitoring and GBs can access basic information and contact details of the project via the system (GB – Other → Other Grant Projects).
- Moreover, PROJEMATİK is a warning system. For instance, when deadline of required reports or dates of visits to be paid to the project by officers come closer, the system warns the officers of beneficiary institutions through means such as e-mail, thereby contributing to timely completion of required preparations.
- PROJEMATİK is a document information system. Documents to be prepared and composed of plenty of pages can be prepared within shorter period, more easily and correctly by utilising the form integrated into the system. Standard templates to be used for the documents are available on PROJEMATİK.
- Furthermore, PROJEMATİK is a management system. Thanks to planning, follow-up and control functions, for instance, activity and procurement plans can be developed; expenditures can be entered into the system to monitor the budget, and required reports can be derived from the system automatically.

Following steps are followed to register with the system, and authorisation is requested related to the project:

1. Access PROJEMATİK from following address: <https://PROJEMATIK.ikg.gov.tr>.
2. Enter the address and click the link [Register](#).
3. "First Registration Form" is filled in.
4. Since the Turkish ID number and name written into the form are checked through MERNİS it is highly important that the information is entered just like it appears in the ID card and

fully. “First registration information mail” automatically sent by the system to the e-mail provided is opened (Message sent by PROJEMATİK can be defined as junk or spam by e-mail account and may not appear in inbox. In this case, boxes called as “junk or spam” are checked. PROJEMATİK e-mail appearing in junk/spam/filter folders are marked as “Not Junk” or “Not Spam”. Thus further messages sent by PROJEMATİK appear in Inbox). (If no e-mail sent by the system the problem is communicated to monitoring expert)

5. In the message, first registration verification address is clicked.
6. In the address, user name and password is entered, and the registration is completed (No space should be left especially at the end of user name identified. It is recommended that the user avoids Turkish characters such as ç, ı, ş, ğ, ü, ö and capital İ. If e-mail address has been set as user name, the system can give error while entering the system. Thus, only first section of the e-mail address is used, and “@” and further part is not written).
7. The system is entered from the address <https://PROJEMATİK.ikg.gov.tr> using the user name and password set.
8. Those who occupy a position such as entitled to commit and represent the beneficiary institution, project coordinator, project assistant or accountant and authorised by project owner to complete project actions via PROJEMATİK should first of all request authorisation from this section in order to access the project and to complete project actions. To this end, information required about the project is entered from the link “Please click in order to request authorisation as grant beneficiary.” and the request can be sent. (Information required during authorisation request is already included in the signed grant contract.) Position held in the project should be written in the section called “explanation”.
9. Contract number should be entered into “Contract No” section in following format: TRH1.3.PREII/P-03/14 (contract number of the project numbered 14).
10. Once authorisation request is sent, it is assessed by system administrators, and authority is granted if considered appropriate. In order to see the authorisation, the user should sign out and enter the system again. Once the authority is granted “Grant Beneficiary Entry” link will appear.
11. If a problem occurs in authorisation requests though all information is entered correctly, you can send the information required during authorisation request (namely, contract number, sub-total of human resources in project budget and total project budget) and Turkish ID number to [Monitoring Expert](#) via e-mail.
12. Once authorisation request is received, first of all, data entered into the system previously about the project should be checked. Automatic website about the project provided by PROJEMATİK is published at the address projematik.ikg.gov.tr in “Grant Schemes” section.

This site should be updated fully pursuant to visibility rules. Key and up-to-date information about the project, photos, news and announcements can be published on the project website, and on-line application can be received from the citizens willing to participate in activities such as courses and seminars.



Objectives of the project, expected results and outputs achieved appearing on the web site are extracted automatically from the entries into “General Information” section of the system. Such information belonging to the project together with the information of other proj-

ects is published in “Other → Other Grant Projects” segment on right upper panel of the system once the system is entered. Project information appearing in General Information section should be completed and updated from link in the section “General Information” in left upper panel where project number is indicated.

In order to update other information to be published on the web site and to publish news, announcements and photos, “web site” segment in project management section should be used. In order to receive online application for the courses, first of all, the course should be defined in “courses” segment in project management section and then required entries can be made from “Online Application Status” link (see Section 2.5). Other information related to the use of the system is provided in relevant sections of the manual.

2.1 Opening a Special TRY Account for the Project

Contracting Authority transfers advance payment to Euro accounts of beneficiary institutions indicated in financial identity forms. Payments to be made by the GB under the scope of the project should be transferred from this special account. On the other hand, since in particular salary and social security premiums of project staff and tax payments and some payments need to be made in Turkish currency in some indispensable cases, it is required that a TRY account specific to the project be opened besides the Euro account.

Grant beneficiaries are free to select the bank where an account will be opened for the project. However, since expenditures stemming from transactions such as account maintenance fee and transfer cannot be covered from project budget, such issues should be taken into consideration while selecting the bank. It should be noted that no interest can be derived from the accounts intended for the project.

2.2 Obtaining VAT Exemption Certificate

Grant beneficiaries make project expenditures, including co-financing, as exempted from tax such as Value Added Tax and Private Consumption Tax. Thus VAT is not included in invoices for the payments related to purchase of goods, services or works under the scope of the contract. To this end, first of all, an application should be lodged with relevant tax administration, and VAT Exemption Certificate should be obtained in accordance with general communique with serial no. 1 of Ministry of Treasury and Finance¹².

Step 1 – Preparation of additional documents to be submitted during the application:

Approved copies of main text of the contract (special conditions) signed with the Contracting Authority and first three annexes (project description, general conditions and budget) should be signed by legal representative of the grant beneficiary by marking each page as ‘same as original’ and by writing the name and title of the person approving and the date. In projects with co-beneficiaries, should the institution in the position of the coordinator requests VAT Exemption Certificate for total budget co-beneficiary(ies) should also draft waiver letter (Annex 16 of the Communique) with wet signature where it is stated that they will not request VAT Exemption

¹² http://www.gib.gov.tr/sites/default/files/uluslararasi_mevzuat/1_SIRA_NOLU_KONSOLIDE_GENEL_TEBLIGI.pdf

Certificate. If the co-beneficiary requests VAT Exemption Certificate for its own budget share a sample of partnership agreement or budget table demonstrating budget distribution between the coordinator and co-beneficiary(ies) should be prepared.

Step 2 – Attaching “Info Form”: This form approved and presented to the beneficiaries by the Contracting Authority, template of which is presented in Annex 3 of the Communique should be signed by both by senior authorised representative of the beneficiary and Contracting Authority. If there exist any sections in this form filled in manually they should be initialised and stamped by the Contracting Authority. Should the co-beneficiary makes a request for its own budget share, the shares of the coordinator and the co-beneficiaries should be indicated separately in the Information Form or the table showing the budget shares should be signed by the coordinator and the Contracting Authority and annexed to the Information Form.

Step 3 – Preparation and Submission of Application Request Petition: The beneficiary should draft appropriate request petition in order to apply to “[Directorate of Tax Administration](#)”, if there is any in the province where its headquarters is registered, and if not, to “[Financial Income Office](#)”. Examples of request petitions are available on PROJEMATİK. (PROJEMATİK → Documents → Documents for Tax Exemptions) The beneficiary should prepare appropriate request petition, examples of which are presented in Annex 2 of the Communiqué, if there exists a “*Directorate of Tax Administration*”¹³ in the province where its registered headquarters is located and budget share allocated to it is less than 4(four) million Turkish Lira¹⁴ and should there is no Directorate of Tax Administration and budget share allocated to it is less than 2(two) million Turkish Lira submit it to the Directorate of Tax Administration and to Revenue Office respectively. Those where there exists a “Directorate of Tax Administration” in the province where its registered headquarters is located and budget share allocated to it is more than 4(four) million Turkish Lira, those where there exists no “Directorate of Tax Administration” in the province where its registered headquarters is located and budget share allocated to it is more than 2(two) million Turkish Lira and legal persons which do not own a workplace in Türkiye will apply to Revenue Administration regardless of the budget share allocated to them (Communique with Serial No. 1 4.2.2.1).

Step 4 – Obtaining the Certificate: Pursuant to Article 28(2)(c) of IPAll Framework Agreement, VAT Exemption Certificate should be issued and presented to the beneficiary within 30 days upon its application with the necessary documentation. Use of VAT Certificate and reporting to be made to the tax administration are described briefly in section 3.9 of the report and in detail in “General Communiqué”¹⁵ of the Framework Agreement¹⁶ Series No:1 (GENERAL COMMUNIQUÉ (SERIES NO: 1)).

Should there is any change in the duration, budget, subject and number of the grant contract or in the title of the beneficiary, an application should be lodged with the authority granting VAT Exemption Certificate with a copy of supporting document received from the Contracting Authority regarding the relevant change where it is marked as “same as original” and with the original of previous VAT Exemption Certificate (see Section 3.9).

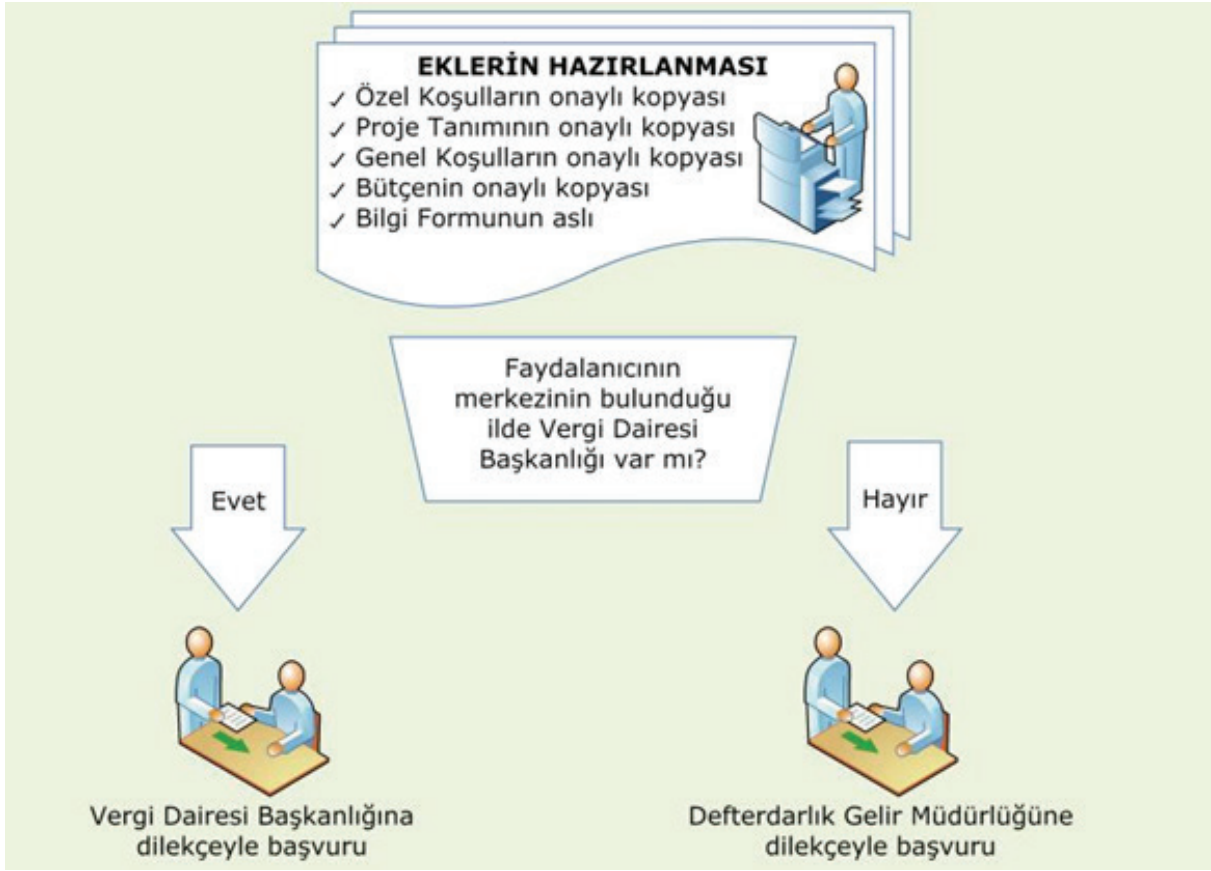
¹³ Provinces where a Directorate of Tax Administration exists according to Annex 1/a of the Communique: ANKARA, ANTALYA, AYDIN, BALIKESİR, BURSA, DENİZLİ, DİYARBAKIR, EDİRNE, ERZURUM, ESKİŞEHİR, GAZİANTEP, HATAY, İSTANBUL, İZMİR, KAHRAMAN-MARAŞ, KAYSERİ, KOCAELİ, KONYA, MALATYA, MANİSA, MERSİN, MUĞLA, SAKARYA SAMSUN, TEKİRDAĞ, TRABZON, ŞANLIURFA, ZONGULDAK

¹⁴ Bütçe payı Euro (€) cinsinden belirlenmiş olan faydalanıcıların başvuru makamının tespitinde, başvuru tarihindeki Türkiye Cumhuriyet Merkez Bankası döviz alış kuru esas alınacaktır.

¹⁵ http://www.gib.gov.tr/sites/default/files/uluslararası_mevzuat/1_SIRA_NOLU_IPAll_GENEL_TEBLIGI_TR.pdf

¹⁶ http://www.gib.gov.tr/sites/default/files/uluslararası_mevzuat/IPAll_CerceveAnl_Metinleri.pdf

Obtaining VAT Exemption Certificate



2.3 Establishment of Project Team and Recruitment of Staff

Project team is composed of technical, administrative and/or support staff foreseen to receive salary under first main heading of the budget and to undertake the management of the project. It is required that SSI employment procedures are completed as of the commencement date of the project for staff to work for the project, and assignment letters are obtained from the institutions of civil servants as of the commencement date of the project.

'Technical staff' refers to people such as training coordinator, consultant, expert, engineer and trainer. On the other hand, 'administrative staff' generally refers to other staff such as project coordinator, secretary, assistant and accountant. All staff to be recruited in accordance with below mentioned rules should be indicated in PROJEMATİK (PROJEMATİK left middle panel [Finance](#) → [Expenditure Entry](#) → 1.Human Resources → [Add contract](#)).

In general, project coordinator is in charge of successful and efficient management of the project, organisation of the project, good performance of project staff and their cost-effective operation, preparation of required reports and communication with local and central institutions involved in institutional framework of the grant scheme.

2.3.1 General Rules

1. Under human resources (the first heading of the project budget), only real persons can be contracted. It is not possible to recruit staff through service procurement from any institutions, agency or company. In other words, it is not possible to incur expenditures via invoice under this heading; wages of real persons to be recruited can be covered. In case service is procured from legal persons, it is important that budget heading 5 or 6 is used for the purposes of correct use of budget template and PROJEMATİK.
2. In employment relations established to recruit staff in grant contracts, since the duration and termination date of the legal relationship is known or foreseen by the parties, the moment the contract is made, fixed-term employment contract should be signed pursuant to Article 11 of Labour Act No. 4857. It is possible that fixed-term employment contract is drafted as fixed-term full-time or part-time employment contract considering the working time.
3. In a project with an implementation period of 10-18 months, 'fixed-term employment contract' should be signed with staff such as coordinator and secretary who will work on a continuous basis. Accordingly, labour relations will be established according to provisions of Labour Act No. 4857, and rights and obligations stemming from the Act will arise. Within this scope, for instance, statement of employment should be submitted to SSI, and pay slip (payroll) should be issued for the wage of staff.
4. Salary of staff to be recruited, tax obligations and social security premiums (including employer's contribution) are included in the cost in number 1 human resources heading of the budget, and each and every beneficiary institution running a grant project has to fulfil this obligation. In order to prove the fulfilment of such obligations, documents such as receipts of premium and/or tax payment and statements (accrual slip, receipt of payment, service breakdown document, SSI statement of employment, withholding tax return) should be converted into electronic format, be entered into PROJEMATİK, filed and archived by beneficiaries as financial documentation to be presented during reporting periods and for on-the-spot checks.
5. In case the grant beneficiary does not pay social security contributions or tax related to the staff, HRDOS reserves the right to terminate the contract without prior notice and without paying any compensation [Grant Contract – Annex II – 'General Conditions'].
6. Even if the number of premium payment days declared to SSI within the month for contracted staff is 30, which is maximum number, and daily amount of income is at upper limit, his/her work for the project and income obtained should be declared to SSI, and the premiums should be calculated accordingly. In any case, the month cannot exceed 30 days for the assessment of the service, and gross wage cannot exceed maximum income set in the legislation.
7. As for the staff to be employed subject to fulltime employment contract, in case amount of gross wage falls below "[minimum wage set](#)" for the relevant period compared to wage cost foreseen in the budget, either a change request should be submitted to HRDOP in order to make transfer from budget items to this one, or pre-approval should be received from HRDOP in order to use contingency reserve, or the difference between should be covered outside the budget. If it cannot be covered from the budget the difference is not considered as co-financing.

8. Except for the exceptions indicated in this manual, whether they are covered from co-financing or grant amount, fees to be paid to individuals to be employed via employment contract under the project budget should be documented via [‘pay slip’](#) (payroll) to be issued in accordance with Article 37 of Labour Act, Article 102 of the Law No. 5510 and Article 238 of Tax Procedure Law. Within this scope, the grant beneficiaries can use the payrolls, examples of which are available on PROJEMATİK provided that they include at minimum the information provided in the examples ([PROJEMATİK → Documents → Documents related to staff](#)). Net wage should be paid to personal account of the staff via bank transfer. Tax deductions and social security premiums of staff required to be employed with social security should be transferred from project specific Euro account to TRY account opened specifically for the project in order to be paid to relevant public administrations.
9. According to Article 10 of the Labour Act, “Employment which, owing to its nature, lasts only up to 30 days is temporary; and employment which requires a longer period is continual”. Thus in employment contracts made in relation to temporary works in the project, various articles of the Labour Act are not applied; instead, provisions of Code of Obligations are applied. On the other hand, within the scope of the project, by making piece-work contract, service can be procured from individuals who can perform **one or more works of temporary nature by acting freely in terms of working procedures, location and working time** without entering labour relations and via exception or attorney agreement. Even if no employment contract is required in this case, it is subject to service procurement rules described in **11,04**
10. However, if the individual is not free in terms of working procedures, location and working time, then employment contract should be concluded. If foreseen in number 1 heading of the budget, in case of such piece-work, service procurement contract can be concluded only with real persons. Depending on the amount of service procurement, [“Employment Contract”](#) or [“Individual Service Procurement Contract”](#), examples of which are available on PROJEMATİK, should be made ([PROJEMATİK → Documents → Documents related to staff](#)). Provisions of Law of Obligations are applied in actions requiring service procurement. What is vital for the beneficiary is that the work is performed and delivered. It should be noted that according to procurement rules, no service can be procured from those involved in relationship based on self-interest. For instance, no service can be procured from those represented in the senior management of the beneficiary institution. Payments should be made via bank transfer after relevant tax deductions, and they should be documented via supporting documents (such as self-employed invoice, note of expenses) depending on the status of the person offering the service.

Since documents such as pay slip and self-employed invoice include elements to be paid in Turkish currency such as income tax and social security premiums they should be issued in Turkish currency.

2.3.2 Stages of Staff Recruitment

Step 1 - Identification of staff:

Local and international staff such as project coordinator directly responsible for the implementation of project activities and training coordinator are generally described as key staff. During

application stage, while submitting project proposal, qualifications of such staff can be described in the application form. As a general rule, except for cases where the legislation and rules do not allow and for practical reasons, all staff whose qualifications have been described should be recruited by the beneficiary. Replacement of the staff or termination of their contract or at any time during the project implementation is possible provided that staff with an equivalent CV is presented to HRDOP via change notification. It is not preferable that full-time staff resides outside the base of operation of the project, and it is deemed as risky.

In the selection of all local or international staff to be employed on a short or long term basis for the project, principles of transparency, proportionality, non-creation of conflict of interest and anti-discrimination should be observed. Within this scope, it is vital that detail job descriptions and fair selection criteria be identified, and vacancy announcement be published in order to make best selection especially for technical staff. CVs of selected staff should be put into personnel file, one of the technical documents under the scope of the project.

Step 2 - Determination of Working Time and Wage:

According to the Labour Act, working time is 45 hours at maximum/week. Thus if the staff work in more than one job, total working time of these jobs cannot exceed 45 hours/week. Given this, if the staff-to-be-employed already work in other jobs, working time used for such jobs should be identified, and it should be calculated how much he/she can work for the project. If working time to be allocated to the project is different from those foreseen in project proposal or budget, change procedure should be initiated. Depending on working time set, it is possible to recruit full-time or part-time staff in projects. In projects under grant schemes, values to be accepted as working time and to be considered during calculations are as follows:

- **1 DAY** is equivalent of minimum 7.5 hours of labour;
- **1 WEEK** is equivalent of minimum 5 days (or maximum 45 hours) of labour;
- **1 MONTH** is equivalent of 4 weeks – and minimum 20 days (minimum 150 and maximum 180 hours) of labour.

2/3 of 45 hours, accepted as weekly working time, is 30 hours. Accordingly, in projects, labour up to 30 hours (up to 120 hours and 16 days/month) is considered as part-time and those above it is considered as full-time.

It is possible that it has not been defined exactly in project description or project how many hours a week or how many days a month the staff will work. On the other hand, as the project staff work in other jobs, the time he/she can work for the project can be limited compared to maximum working time/week. Thus first of all, it should be determined what is total working time in the project per week or per month, and then full-time or part-time employment contract should be drafted based on the working time calculated.

It is calculated to how many hours working time expressed in fractions or percentages such as 'part-time', '2/3 time' or '25% time' equals to within a week in proportion to 45 hours which is weekly working time. Accordingly, for instance, 1/3 time work indicated in the budget is accepted as 15 hours of work ($45/3$), and part-time employment contract is signed based on this working time; 70% time work is accepted as 31.5 hours of work ($45*0.70$), and full-time employment contract is signed based on this working time.

Working time determined should not exceed 45 hours when combined with working times spent for other jobs, if any. Otherwise, either working time in other jobs or in the project should be decreased. It is possible to decrease the working time in other jobs through the revision of running contracts of other jobs. If the working time in the project is to be decreased, a notification should be sent, and salary foreseen in the budget should be decreased in proportion as well, and the employment contract should be signed based on this wage. In order to be entitled for wage set monthly in return for the full-time work for the project, one should work minimum for 20 days.

Full-time Work

Full-time employment contract” should be signed with the staff to be employed for more than 30 hours per week (120 hours/month, 16 days/month), and amount of ‘monthly wage’ should be written in the contract.

- An individual is entitled to wage set monthly in project budget in return for full-time work if he/she works minimum 20 days (150 hours) per month.
- As for the staff employed with social security, social security premiums contribution of employer should be deducted as explained in step 3.
- PROJEMATİK ‘Number of premium payment days’ is declared as 30 days to SSI, and amount of daily wage to be declared is calculated by dividing total monthly salary by 30.

Part-time Work

- For labour less than 30 hours per week (up to 120 hours/month, 16 days/month), written *part-time employment contract*” should be signed. In the contract, ‘hourly’ rate should be indicated. Timesheet is filled in on an hourly basis as well.

Part-time work in return for hourly rate

For the staff who will work continuously for certain hours during a day within a month and will be paid for the hours worked, part-time employment contract should be signed by determining hourly rate.

- Under the scope of part-time employment contract signed by determining hourly rate, working time within a week should not exceed 30 hours. For labour exceeding 30 hours per week, full-time employment contract should be signed, and gross monthly salary should be written in the contract.
- Moreover, weekly working time of the staff to work on an hourly basis should not exceed 45 hours per week when combined with working times spent for other jobs, if any.
- For the staff with whom part-time employment contract has been signed by determining hourly rate, number of days worked in a month is calculated by dividing the total of working time within the month by 7.5 hours. In the calculation, day fractions are considered as one day. Thus, timesheets should be filled in by indicating the hours worked.
- This figure is also the number of premium payment days to be declared to SSI.
- While reporting, it is reported the staff has worked on which days, dates of the days worked (maximum 16 days/month, maximum 4 days/week) and the staff has worked how many hours on this particular date (maximum 30 hours/week and maximum 120 hours/month)

on PROJEMATİK via [“timesheets”](#) on a daily and hourly basis (for part-time staff). An example of the timesheet is available on PROJEMATİK ([PROJEMATİK](#) → [Documents](#) → [Documents related to staff](#)).

- No more than 120 hours can be declared per month for such staff, and they cannot be entitled to wages corresponding to part-time work. No overtime wage is paid in the project.

Example: According to following budget, it is foreseen that atelier technician will work for 480 hours in total during the project, and will receive €10/hour.

Expenditures	Unit	Number of units	Unit cost €	Total cost €
1.1.1.3 Atelier technician ¹⁷	Per hour	480	10	4.800 ¹⁸

First of all, it should be considered how long it will take for the technician to spend these 480 hours during the course of the project.

If it is foreseen to split these 480 hours into equal duration of work each month, the contract can be signed based on monthly wage set for equal duration of work. For instance, if it is foreseen to utilise these 480 hours within 3 months, 3-month full-time employment contract can be signed for 160 hours of work per month by indicating monthly wage to be offered for 160 hours of work per month.

If it is foreseen to utilise total duration of work in 6 months, then part-time employment contract should be signed by determining hourly rate since 80 hours of work per month is below 120 hours.

If it is foreseen not to utilise 480 hours equally per month but to the extent needed, part-time employment contract based on hourly rate (on call work) should be signed, and rather than equal duration of work per week or month, total duration of work expected for the whole project period should be written in the contract. Article 14 of the Labour Act stipulates that if the daily working time has not been set in the contract, the employer should engage the employee in work for a minimum of four consecutive hours at each call. Thus, it would be appropriate to put minimum or maximum working time per day in the contract. Furthermore, pursuant to the Act, since the employee is entitled to wages irrespective of whether or not he/she is engaged in work during the time announced for work on call, it is important that project-related tasks are completed within this period so that expenditures are not considered as ineligible later. Accordingly, timesheets should be filled in on an hourly basis and by indicating the details of works performed.

In this case, if the technician has worked for 80 hours within a month, remaining 400 hours will be utilised in coming months. For the month he/she worked, number of days worked is 11 days ($80/7.5=10.6$). Accordingly, monthly wage will be €800 ($80*10$). If the staff is subject to social security, social security premiums contribution of employer should be deducted as explained in step 3, and remaining amount will be offered as monthly gross wage. The number of premium payment days to be declared to SSI is 11 days for this particular month. Amount of daily income

¹⁷ If the staff is not working full-time in the project, the percentage should be stated with the description of the item and reflected in the “number of units” (not the unit cost).

¹⁸ Costs and unit values should be rounded to the nearest Euro.

to be declared is found by dividing the total monthly income by 11. Not more than 120 hours of work can be declared for such staff within a month, and the staff is not entitled to wages higher than the one corresponding to part-time work.

Example: According to following budget, two field workers will work for 100 days each in return for €50/day during the course of the project.

Expenditures	Unit	Number of units	Unit cost €	Total cost €
1.1.1.2 Field Workers (2 STEs 100 m/d each)	Daily	200	50	10

First of all, it should be considered how long it will take for the field workers to utilise 200 days. For instance, if these 200 days will be spread along the duration of the project and will be utilised 10 days for each field worker in 10 months in a way to be equal each month, then **part-time employment contract** should be signed by determining hourly rate as it is less than 16 days per month. In this example, if the rate set for one day is €50, then 1 hour will be €6.6 over 50/7.5.

If 200 days will be utilised within a shorter period of time, for instance 20 days for each field worker in 5 months in a way to be equal each month, then **full-time employment contract** should be signed by determining monthly wage since it is more than 16 days per month. In this example, if the rate set for one day is €50, monthly wage will be €1000 for 20 days (50*20). If the staff is subject to social security, social security premiums contribution of employer should be deducted as explained in step 3, and remaining amount will be offered as monthly gross wage. Make sure that amount of gross wage is not below minimum wage.

If it is foreseen not to utilise 100 days allocated for 1 field worker equally per month but to utilise it to the extent needed, **part-time employment contract** based on hourly rate (**on call work**) should be signed, and rather than equal duration of work per week or month, total duration of work expected for the whole project period should be written in the contract. Article 14 of the Labour Act stipulates that if the daily working time has not been set in the contract, the employer should engage the employee in work for a minimum of four consecutive hours at each call. Thus, it would be appropriate to put minimum or maximum working time per day in the contract. Furthermore, pursuant to the Act, since the employee is entitled to wages irrespective of whether or not he/she is engaged in work during the time announced for work on call, it is important that project-related tasks are completed within this period so that expenditures are not considered as ineligible later. Accordingly, timesheets should be filled in on an hourly basis and by indicating the details of works performed.

If one of the field workers has worked, for instance, for 75 hours in total (10 days), then he/she will utilise remaining 90 days in coming months. In return for 10 days of work, €500 (10*50) will be calculated; if the field worker is subject to social security, social security premiums contribution of employer will be deducted as explained in step 3, and remaining amount will be offered as monthly gross wage. The number of premium payment days to be declared to SSI is 10 days (7.5 hours per day) for this particular month. Amount of daily income to be declared is found by dividing the total monthly income by 10. For each field worker, not more than 16 days of work can be declared per month, and the workers cannot be entitled to wages higher than those corresponding to such part-time work.

Step 3 - Calculation of Gross Wage for Those Employed with Social Security:

Unit or total amounts to be paid to staff per month, week, day, hour or piece under budget items 1.1 and 1.2 under first main heading of the budget are not net or gross wages for the staff to be employed with social security. Gross wage includes, besides net wage, only social security premiums of the staff, unemployment premium deductions and tax deductions. Total cost set in project budget includes gross wage plus social security contributions of the employer plus unemployment premium deductions from the employer. In other words, **amounts set in the project budget** encompass salary accrued, social security and unemployment premiums deduction on the side of both employee and employer, income tax and all other relevant costs such as any compensations. To put it differently, amounts budgeted are not salary but total cost of relevant staff or work in the budget. 'Gross wage' should be put in the contracts to be signed with staff to be employed with social security. Thus, gross wage should be calculated according to amount set in the budget. To this end, social security premiums contribution of employer should be deducted from the amount foreseen in the budget or from the amount reduced later in proportion to working time.

Example: If monthly cost foreseen in the budget or reduced later in proportion to working time is €1000 for one employee:

- Social security premiums contribution of employer: 20.5¹⁹ % and
- Unemployment premiums on the side of employer: 2%
- Total gross wage will be: € 1000 / (1+20.5%+2%) = €816.33

In case employees indicated in Article 4(b) and 4(c) of Social Security and Universal Health Insurance Law No. 5510 (previously known as employees subject to self-employment and retirement fund) are employed in the project in accordance with the legislation which they are subject to, and it is not required to make abovementioned calculation.

In order to calculate gross or net wages correctly, one can refer to the example available on PROJEMATİK "[Pay Slips](#)" (PROJEMATİK → Documents → Documents Related to Staff).

The beneficiary will be directly responsible for fines likely to arise due to his/her actions against national legislation in case required documents are not issued.

While calculating gross and net wages, supports such as **state assistance and incentives** related to tax and social security premiums where there are no legal obstacles to their application can be utilised as well. In this case, staff cost will be composed of social security premiums and tax to which incentives have been applied and the net wage.

Gross wages determined as a result of calculations can be specified in Turkish Lira in the employment contract ²⁰. Since labour, service procurement and consultancy agreements cannot be concluded in foreign currency ²¹ all risks likely to arise from change in currency exchange rates and all other costs such as severance and notice pay likely to arise from labour contract should be taken into consideration. Therefore, it is recommended that a lower amount is written

¹⁹ If there exist applicable state incentives, required deduction(s) should be taken into consideration.

²⁰ Decision on the Amendment of the Decision No. 32 on Protecting the Value of Turkish Lira (Decision No: 85)

²¹ Except labour and service contracts to which persons with no citizenship link to Türkiye are a party.

to be on the safe side given decreases in exchange rates and all other possible fee costs rather than putting the amount in Euro corresponding to the amount calculated by deducing employers' share in Turkish in the labour contract as gross amount.

Under normal circumstances, wage of project staff should not be higher than wages paid by the beneficiary and its partners for jobs of similar nature and amounts accepted in local market. Unless it is justified concretely that wages and salaries to be paid are compulsory for the implementation of the activity, they should not exceed market value normally offered by the beneficiary or its partners.

In the selection of all local or international staff to be employed on a short or long term basis for the project, principles of transparency, proportionality, non-creation of conflict of interest and anti-discrimination should be observed. Within this scope, it is vital that detail job descriptions and fair selection criteria be identified and vacancy announcement be published in order to find best candidate especially for technical staff.

Step 4 - Preparation of employment contracts in accordance with Turkish Legislation:

Once grant contract is signed, the beneficiary should recruit local or international staff to be employed in the project team continuously in accordance with the provisions of applicable Turkish legislation and should make required declarations to relevant institutions.

2.3.3 Staff to be recruited

While recruiting staff for the project, one should make sure that candidates have expertise and experience sought in the terms of reference for the relevant position, and that they do not have certain relation based on self-interest and family ties with people in the management of beneficiary institution or with people authorised to represent and bind in order to avoid conflict of interest. In other words, there should not be relation based on self-interest between staff-to-be-employed and person to verify and assess his/her work and services (as in timesheet) qualitatively and quantitatively.

Legal and social security status they are currently subject to, foreseen tasks and working time should be taken into consideration.

Employment of Officers of Grant Beneficiary Institution in the Project:

It is required that staff is selected in a fair manner; conflict of interest is avoided; the candidate has competences sought to fulfil responsibilities such as monitoring and reporting under technical, financial and administrative management of the project and he/she works actually in the project by allocating time foreseen for relevant position in the project. Furthermore, in order to avoid the risks of conflicts of interest and double funding and to comply with the principles of transparency, equal treatment, sound financial management and sustainability, it is not preferable and not recommended that persons such as executive board members of the grant beneficiary institution(s) and personnel who have an ongoing labour contract with co-beneficiary institutions be paid from the grant section of the project budget and assigned as project staff. Therefore, it is not preferable and not recommended that people in the management of grant beneficiary institution(s) are nominated as project staff. Because both during the first nomination and at each

and every stage of implementation, GB is required to prove that there exist no conflict of interest, and that requirements are met, and will be assessed by HRDOP and by institutions authorised for inspection.

Persons represented in the senior management of beneficiary institution(s) and personnel employed by it can be assigned, if they possess required qualifications, in accordance with appropriate procedures such as letter of assignment or letter of approval provided that regular salary they receive from the beneficiary institution are deemed as co-financing. It should be noted that it will be checked and verified that such personnel not paid from grant section of the Project and assigned by demonstrating their salary as co-financing work at required conditions and at working hours foreseen. . Since the type of nomination depends on the status of the individual, below mentioned options should be considered.

1) Individuals Not Working in Any Enterprise and Not Self-Employed

In order to recruit individuals not working in any enterprise and not self-employed in the project, fixed-term employment contract should be concluded with these individuals in line with the Labour Act No. 4857. The contract can be “full-time employment contract”, “part-time employment contract” or “part-time employment contract for on call work”. There exists no difference between full-time and part-time employees in terms of eligibility for social security rights. Beneficiary institution should make appropriate employment contract with these people provided that the contract entails minimum information provided in the examples available on PROJEMATİK. “CV” of the staff is attached to the contract by following the template available on PROJEMATİK (PROJEMATİK → Documents → Documents Related to Staff).

Labour Act No. 4857 and Social Security and Universal Health Insurance Law No. 5510 are applicable. Regardless of how many hours or days they will be employed, the beneficiary is obliged to declare people to be employed under the scope of the project to SSI with ‘statement of employment’ within the period defined by law.

2) Individuals working with an employment contract at enterprise(s) other than beneficiary institution’s (s’)

Individuals working with an employment contract at enterprise(s) other than beneficiary institution’s (s’) can be employed also in the project with an employment contract; however, when the working time foreseen for the project and working time spent for current job is combined, it should not exceed maximum weekly working time (45 hours). Maximum working time the staff can work for the project and accordingly the wage should be calculated.

According to legislation, employer has to document working time of employees through appropriate tools. Within this framework, weekly working time spent in other enterprises should be determined, and relevant supporting documents should be added to personnel file. In order to determine the working times spent at other enterprises, documents such as written statement of employer, employment contract signed with the enterprise, pay slips and timekeeping tables of previous months can be used as supporting documents.

Working time determined is deducted from 45 hours of legally defined working time, thereby finding out the working time one can work for the project. Once possible working time is calculated, part-

time or full-time employment contract should be signed accordingly. Regardless of from where (co-financing or grant amount) it is covered, the amount under project budget is limited with the amount set in the budget in return for the working time determined.

The beneficiary is obliged to declare the staff to SSI with 'statement of employment' within the period defined by law. Even if the number of premium payment days reported to SSI in the month is 30, which is the maximum number of days, and the daily income is at the upper limit due to the ongoing job or jobs of the staff, his/her works in the project and income obtained should be declared to SSI, and premiums should be calculated accordingly. In any case, the month cannot exceed 30 days and gross wage cannot exceed maximum income stipulated in the legislation. If premiums cut from the wage of contracted staff exceed the amount to be calculated over upper limit, upon the application of the staff, the difference will be returned to the staff in proportion to his/her share.

Example: Let's assume that weekly working time of an employee employed at any enterprise has been declared as 30 hours by his/her employer, and the duration has been verified via other supporting documents. In this case, the same employee can work maximum for 15 hours ($45-30=15$) per week under the scope of the project by concluding a part-time employment contract with the employer. This means 2 days a week, 8 days a month, and wage to be offered under the scope of the project is calculated accordingly. If €900/month has been foreseen in project budget for full-time work for the position, given that 1 month is the equivalent of 20 working days, wage cost of this person for 8 days in a month will be $(900/20*8=)$ €360. Monthly and daily income earned by employees working for more than one employer is considered separately, and the premiums are calculated accordingly.

3) Individuals Working at Grant Beneficiary Institution with an employment contract

Individuals working at grant beneficiary institution with an employment contract can be nominated for the project only under following conditions:

Employment by Receiving Extra Wage from the Project:

- In order to avoid the risks of conflicts of interest and double funding and to comply with the principles of transparency, equal treatment, sound financial management and sustainability, it is not preferable and not recommended that persons such as executive board members of the grant beneficiary institution(s) and personnel who have an ongoing labour contract with co-beneficiary institutions be paid from the grant section of the project budget and assigned as project staff.
- According to ongoing employment contract between the beneficiary institution and the staff, and if any, according to employment contract the staff has concluded with other employers, if total working time of the staff is less than 45 hours of maximum weekly working time, another employment contract can be made under the project for remaining working time. Part-time or full-time employment contract can be signed depending on remaining working time.
- Regardless of from where (co-financing or grant amount) it is covered, the amount under project budget is limited with the amount set in the budget in return for the working time determined.

- Working time, wages and job descriptions should be indicated clearly in the contracts.
- Working time foreseen in the employment contract for the works under the project should not be less than what the work requires.

If statement of employment has already been submitted by the beneficiary for an employee under the scope of previous contract, it is not required to submit a second statement for the contract under the scope of the project. **Regardless of under which name they are made, all payments made to staff under the scope of the project and in-cash payments made to be considered as in-kind assistance are subject to gross wage to be declared to SSI.**

Employment by not Receiving Extra Wage from the Project:

- If the project beneficiary nominates members of senior management or its staff to work in the project, of wage costs (gross wage and social security premiums of employer) covered by the grant beneficiary for the staff, maximum the share up to amount foreseen in project budget for the assigned position can be considered as co-financing, and no other payment can be made to the staff from grant amount of the project.
- It is not required to make an employment contract with the staff who will be considered under co-financing if they already have a contract, and it will be sufficient to submit “[assignment letter](#)”, examples of which are available on PROJEMATİK ([PROJEMATİK](#) → [Documents](#) → [Documents related to Staff](#)) (PROJEMATİK left middle panel [Finance](#) → [Expenditure Entry](#) → [1.Human Resources](#) → [Attach Contract](#) When required information is entered it is produced automatically by the system.)
- In addition, payroll issued by the institution of the staff should be uploaded to PROJEMATİK every month.

4) Civil Servants and University Teaching Faculty Members

- With the exceptions listed below, no in-kind or in-cash payment under the name of fee and similar names shall be made to civil servants subject to the Law No. 657 in the cadre of public institutions and academicians subject to the Law No. 2547 in the cadre of public universities from project budget. Subsistence expenditures of the personnel under this scope such as travel and accommodation can be covered from the Project over actual costs provided that its justification is given in the budget. With the exceptions listed below, salary costs of this personnel shall not be deemed as eligible cost if they are assigned to the project:

4.a) Employment by not Receiving Extra Wage from the Project and Demonstrating the Salary as Co-financing:

- The civil servants subject to the law no. 657 in the positions in the public institutions and
- Teaching staff members (professors, associate professors, assistant professors),
- Instructors,
- Lecturers and
- Ancillary staff (research assistants, specialists, translators and educational planners)

Subject to Law No. 2547 (**teaching faculty members**) who take the positions of the state universities.

In case they are assigned to a project run by the institution or university where they hold a position or where their own institution or university is co-applicant/beneficiary, without receiving salary from grant amount in project budget, of normal salary offered to them (the sum of the income on the monthly payroll including additional tuition fees, if any, and the total cost), the share up to the amount set in project budget can be considered as co-financing. If the personnel is engaged in a project where the beneficiary is a different institution salary he/she receives from non-beneficiary institution will not be considered as co-financing. It is not required to make an employment contract with the staff who will be considered under co-financing, and it will be sufficient to submit “assignment letter”, examples of which are available on PROJEMATİK (PROJEMATİK → Documents → Documents related to Staff → 03.Assignment letter_(co_financing)). In addition, payroll issued by the institution of the staff should be uploaded to PROJEMATİK every month.

4.b) Employment by Receiving Extra Wage from the Project:

Furthermore, civil servants and teaching faculty members can perform the jobs of which cost can be paid from the grant amount in the project budget similar in nature to those listed below for grant beneficiaries in line with rules applicable to service procurement in grant projects, and in all cases on condition that the weekly hour does not exceed 10 hours and 240 hours during the project period PROJEMATİK

- Under Article 8 of the Law No. 5580, with the written authorisation of the institution they work for, lecturing in return for hourly lecture fee:
- Books; visual and audio materials such as promotion films and other scientific, literary and artistic materials falling under ‘copy rights’ in accordance with Law on Intellectual and Artistic Works No. 5846; Design and development of written publications. PROJEMATİK
- Services provided by medical and medical personnel in accordance with Article 12 / c of Law no. 1219, chemical engineers according to Article 5 of the Law no. 6269 on Chemists and Chemical Engineering; engineers, architects and science officers and professors and associate professors working as lawyers in accordance with Article 12 of Law no.1136 in the form of execution of self-employment...
- **“Paid work approval”** letter should be issued by the authority for which the public personnel to work under above-mentioned situations work, and a contract containing the details of the work to be carried out should be made before the start of actual work. after that. Within this scope, **“supply/individual service procurement contract”** in PROJEMATİK (Documents → Staff Documents) can be utilised as a template. This contract should include information on the nature of the service to be provided within the project, on which day and hours it will be provided, the hourly fee, the bank account number to which the fee will be deposited, the daily amount if per diem will be given and the other expenses to be made. Payments for these works will be made in accordance with Article 234 of Tax Procedural Law by issuing **“self employment invoice”** or **“note of expenses”** (in 2 copies), examples of which are presented in PROJEMATİK, after making relevant tax cuts via EFT/Money order to the account of the employee.
- On the other hand, payments to be made to revolving fund account of universities under provisional services to be offered by teaching faculty members **“in connection with their duties”** pursuant to relevant provisions of the Law No. 2547 such as scientific opinion and research services to be requested by grant beneficiaries from **the universities and their**

affiliated units in the university or where the service requires should be documented with valid invoices. This situation is considered as service procurement from university by the beneficiary. It should be noted that no services should be procured from partner university or associate university of the project in order to avoid the risk of conflict of interest.

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As declarations are already made to SSI for the civil servants working in the project in return for wage under Article 4 (I/c) of the Law No. 5510, no further declarations will be made regarding the income obtained thanks to their work in the project.

5) Merchants and Craftsmen and Other Self-employed and Farmers

Persons who are defined in Articles 65 and 66 of Income Tax Law (GVK) and who are engaged in all kinds of self-employment activities, real persons defined in Article 37 and obtaining personal commercial gains from all kinds of industrial and commercial activities, 'farmers' who obtain agricultural income as a result of the agricultural activities defined in Article 52, founding partners and/or members of the board of directors of joint-stock companies, active partners of partnership limited by shares, all partners of other companies and equities participating companies and of tradesman and handicraftsman, merchants exempted from tax specified in Article 9 of the GVK can be employed in the project with full-time or part-time employment contract.

- It is required that an employment contract is concluded with them who will work continuously in the project. Industrial relations are established here; thus, provisions of the Law No. 4857 apply. If declarations are already made to SSI for the staff under Article 4 (I/b) of the Law No. 5510, it is in staff's own discretion to decide whether further declarations will be made regarding the income obtained thanks to their work in the project. However, "[pay slip](#)" will be issued for such staff, and tax such as income tax will be cut from their wage.
- Works which do not have a continuous nature can be received from people falling under this category in accordance with service procurement rules. In this case, "[employment contract](#)", example of which is available on PROJEMATİK, should be signed in 2 copies with these individuals ([Documents](#) → [Documents Related to Staff](#)), and "[self-employment invoice](#)" should be issued for making payments. The contract should entail all details of the services offered.

6) Foreign nationals

According to the relevant legislation, the foreign experts appointed in the projects implemented within the scope of EU Financial Cooperation Programs do not need to receive work permit during their tenure. Moreover, foreigners should first of apply for an exemption of work permit from Ministry of Labour and Social Security according to Law on International Labour Force No. 6735. Work Permit Exemption Confirmation Document is considered as the residence permit as well according to Article 27 of the Law on Foreigners and International Protection no 6458.

If they will be employed in works of continuous nature, an employment contract should be concluded in accordance with the Labour Act, and these people should be put under social security coverage according to Law No. 5510. Foreigners with below mentioned status do not need to be put under social security coverage:

- Based on rule of reciprocity, those holding the nationality of a country with which international social security contract has been made (*Germany, Albania, Austria, Azerbaijan, Bosnia and Herzegovina, Czech Republic, Denmark, Georgia, France, the Netherlands, England, Sweden, Switzerland, TRNC, Canada, Quebec, Lebanon, Luxembourg, Macedonia, Norway, Montenegro, Slovakia, Serbia, Croatia, Tunisia, Hungary, Iran, Moldova, Poland, Mongolia, Kyrgyzstan*)
- Foreigners sent to Türkiye by and in the name and on behalf of any institution established in a foreign country to work and who can document that he/she is subject to social security abroad.

Those who are in a position to be considered as insured under Law No. 5510 should add proof documents to their employment contracts. Wages paid to them should be documented with pay slip, example of which is available on PROJEMATİK.

- In case of works of not continuous nature, if temporary services are procured via “[employment contract](#)” in line with service procurement rules, payment can be made with note of expenses. Incomes obtained by real persons not residing in Türkiye are not subject to income tax.

7) Retired People

It should be noted that pensions of persons to work in the project in return for fee as a retired person can be subjected to a total cut or partial cuts such as the Social Security Support Contribution can be applied. Starting to work in public institutions and organisations within the scope of Article 30 of the Law No. 5335 as employee with labour contract requiring to be insured requires that pension is cut with the exceptions determined by the mentioned law. Accordingly, it should be noted that **pensions** retired people to be employed with the status of workers in the EU-funded projects implemented by the institutions listed in the relevant article **will be cut**.

Employment contract can be signed with retired people who work part-time or full-time in the projects. Payments to be made via bank transfer are documented with pay slip.

Works of not continuous nature are procured from retired people via employment contract. Payments to be made via bank transfer by cutting required tax are documented with note of expenses.

2.4 Establishment of Project Office

Right after the signing of the contract, the beneficiary institution should identify an office where the project will be conducted, which local and central teams can contact, where team meetings can be held and (if there exists no more suitable place) folders can be archived or should establish an office specifically and should equip it.

It is not possible that land, building or other real estate belonging to the beneficiary, partners or associates are rented under project budget through any financial methods.

The office can be established in a place where the beneficiary institutions, or associates can provide as in-kind support to the project as well as in a place to be rented from outside in foreseen in **budget item 4.2** of approved contract **budget**. The amount set in the budget for rent is the amount for whole rental cost including tax. Since withholding tax will accrue how the withholding tax is to be applied depends on the arrangements in the lease agreement. If there exists no provision in the contract clarifying whether rental fee will be net or gross, the fee should be deemed as gross. Thus, it is important that the contract is prepared accordingly (see 3.6).

If in the project proposal of the beneficiary it has been foreseen that project office, training venue and similar venues will be provided as in-kind contribution, it is a must that such contribution is provided.

Where the lease is the case, the grant beneficiary should act in accordance with the principles of transparency, proportionality, equal treatment and non-discrimination in order to obtain the best price-quality ratio in the selection of premises with the most appropriate features and a central location. Only part of the rental costs belonging to project implementation period can be covered from the project budget. Other costs associated with lease actions are not eligible costs. Rental contract should be presented with the copy of title deed registry record. It should be taken into consideration that the grant beneficiary cannot realize leasing from the affiliated organisation of the beneficiary institution, co-beneficiary or any associates, due to the reason of conflict of interest.

2.5 Updating Activity Plan

The grant beneficiary, at the beginning of the project, should elaborate on the **“activities”**, committed to be developed in project proposal, and **“performance indicators”**, foreseen to be attained, with the support of monitoring expert in accordance with the forms available on PROJEMATİK and should upload them to the system (PROJEMATİK left middle panel [Performance Indicators– Activity Plan](#)). If any, activities such as training, seminars and vocational training courses foreseen in the project should be described in **“courses”** and **“event management”** sections.

The screenshot displays the PROJEMATİK system interface for managing courses. The sidebar on the left contains the following menu items: İşlem Bilgileri / Transactions, Performans Göstergeleri / Performance Indicators, Faaliyet Planı / Activity Plan, Etkinlik Yönetimi / Event Management, **Kurslar / Courses** (highlighted with a red arrow), Değişiklikler / Amendments, and Raporlar / Reports. The main form area includes the following fields:

- Kurs Adı (TR)
- Kurs Adı (EN)
- Kurs Türü
- Meslek
- Şehir
- Yer
- Planlanan Başlama Tarihi
- Kursun Süresi (Gün)
- Toplam Kapasite
- Hedef Grup
- Katılımcılara Dağıtılacak Dokümanlar:
- İlişkili Olduğu Faaliyet

Additional form elements include dropdown menus for 'Kurs Türü', 'Meslek', 'Şehir', and 'İlişkili Olduğu Faaliyet'. There are also text input fields for 'Kursun kaç gün süreceği.' and 'Kursun kaç kursiyere göre planlandığı.'

Especially in the identification of vocational training courses, it is important to indicate in which occupations and how they will be delivered in order to ensure the recognition of the course and validity of certificate at the end. Within this framework, it is required that the courses are identified according to occupations defined in “[Turkish Occupations Dictionary Index](#)”²², which has been developed according to ‘International Standard Classification of Occupations’ (to access the index please see ([PROJEMATİK](#) → [Courses](#) → [\[Add New Course\]](#) → [Occupation](#))). Furthermore, it is highly recommended that in the development of course curriculum, primarily occupational standards and competences developed, approved and published by [Vocational Qualifications Authority](#) are taken into consideration.

The grant beneficiaries, to the extent the project allows, should exert all efforts to revise course curriculum in line with these modules or with the standards set by the Ministry of National Education. Within this scope, it is also expected that after the courses the beneficiaries take the necessary precautions to ensure that they are certified by the authorized documentation institutions or the certificates are approved by MoNE and consult to such competent institutions as Province Directorate of National Education regarding course curriculum .

Besides, it is important that in order to ensure that the trainees have “insurance of occupational accidents and professional diseases”, required by legislation, collaboration be made with Province Directorate of MoNE and İŞKUR.

2.6 Development of Procurement Plan

2.6.1 Expenditures not Subject to Procurement Rules

Provided that basic principles such as transparency, proportionality, anti-discrimination, not causing conflict of interest competitiveness and accountability are reserved, expenditures similar those listed below are not subject to procurement rules and procedures such as rules of origin and nationality.

- Expenditures of staff employed in the project by making an employment contract under the project budget, and duty and travel per diems,
- Except for exceptional cases, travel expenses personally incurred by staff by taking ticket or invoice of ticket from providers or from their mediators such as agency who provide city, intercity or internationally scheduled services which are foreseen in travel budget item number 2 (except for rent a car, mass ticket purchase and handling of goods).
- Expenditures of vehicles purchased under the scope of the project or included in activities as in-kind contributions such as fuel,
- Lease of land, building or other real estate not belonging to the beneficiaries, or associates through any financial methods; power, maintenance and cleaning expenditures of the office such as electricity/water/heating and communication expenditures such as telephone/fax, post and courier. Such expenditures might have been foreseen under 4. Local Office or 8. Administrative Costs budget items (except for the purchase of consumables and office supplies).

²² <https://esube.iskur.gov.tr/Meslek/meslek.aspx>

- If foreseen, expenditures and administrative costs similar to those listed above from 6. Other or 8. Administrative Costs budget items

Explanations regarding how such expenditures are to be incurred are presented under Section 3 'General Activities' of the manual.

2.6.2 Types of Procurement

The beneficiaries or co-beneficiary(ies) can make three types of procurement:

1. Procurement of goods: Purchase or lease of vehicle; furniture; any kind of computing equipment such as computers; written material such as literary, visual or audio books and DVDs; machinery, tools, spare parts, consumables and office equipment and equipment from a supplier are deemed as the purchases of goods and subject to the rules on procurement of goods. Second hand goods cannot be purchased; they can only be leased. In principle, procurement of goods should be foreseen in budget items 3. Equipment and Materials or 4.3 Consumables – Office Materials. Accordingly, technical specifications should be prepared for the goods that are needed for the purchase or lease of ready-made finished goods which are sold or rented as retail or wholesale from the goods supplier on the market. However, in general, lease of a car is confused with transportation. Lease of a car is different from transportation service. If the car will be rented without a driver, procurement of goods procedure applies, and procurement of goods documents are used. In the context of the project, if not only renting a vehicle, but also a business that has a high service content (for example, a job requiring the allocation of a vehicle with a driver to move students to certain areas at certain times) is at stake, then the type of procurement should be procurement of services and documents for procurement of services should be used.

2. Procurement of service: As a rule, the beneficiary and project partners are directly responsible for the organization and management of all activities foreseen in the projects. In this respect, the management of the project cannot be transferred or outsourced. In the scope of fulfilment of an activity directly by the beneficiary(ies) with the necessary human and other input resources, procurement of various items and services are foreseen in different items of the budget. For example, the requirements for training activities such as recruitment of trainers, procurement of training materials, training venue and transportation are included in the budget as purchases of goods or services in different budget items. However, if it is directly one of the requirements of the contract and included in the approved budget, realization and organisation of some activities together with all its inputs can be subcontracted. In principle, such mass procurement of services should be included in budget items "5. Other Costs, Services" and "6. Other". Regardless of under which budget item they are foreseen, procurement of works similar to those mentioned below through their performance by external contractors collectively or individually is deemed as procurement of service and is subject to rules on service procurement.

a) Written, visual and/or audio publications and publicity services: This includes the design, preparation, printing, reproduction, publishing, distribution and similar services of visual and audio materials such as books, brochures and advertisements, promotional films and internet sites, and other promotional materials. According to visibility rules, it is required to introduce the project activities to general public and to ensure the visibility of the European Union's financial support in this context. In addition to this, such services can also be taken in order to disseminate

information within the scope of the project and to increase the level of awareness and sensitivity among the target groups and final beneficiaries rather than among general public. For example, for the development of a material, the grant beneficiary may procure the necessary input resources through service and supply contracts, and the remaining services might be subcontracted. Therefore, it may be the case that this type of service procurement takes place in multiple budget items for a single activity. However, if publications have been foreseen under 5.1 Publications budget item; as a rule, services needed for the development of a written material cannot be split. Including preparation and design, all services to be performed should be contracted. However, as for publications including copy rights, a separate contract can be made directly with the author or designer during preparation stage.

b) Research and study services: This includes market research and public opinion survey services, architectural and engineering services, building planning and landscaping, feasibility and feasibility studies, technical testing and analysis services. The procurement of necessary input resources and services such as employment of interviewers for a research or study activity might be foreseen in different items of the budget. However, as a rule, all works to be completed for each research and study foreseen under “5 Research, Study” should be contracted to a single contractor without splitting them. In this case, input resources needed for these works cannot be covered additionally from the project budget.

c) Accounting services: Services such as bookkeeping, record keeping, inspection and verification of expenditures can be considered under this scope. In terms of projects with a value over € 100,000, inspection and expenditure verification services should be foreseen under budget item 5.3 Verification of Expenditures/Audit to be carried out by a certified public accountant or independent accountant and financial advisor. Direct procurement method can be used for the preparation of the expenditure verification report in this context. Other accounting services can be foreseen in different items. Service procurement rules do not apply in the employment of an accountant through employment contract; however, it is recommended that instead, service is procured from an accountant or advisor registered with TÜRMOB.

d) Assessment services: This includes services to be procured in order to measure independently the impact of project activities and results on the target groups and final beneficiaries, whether the project has achieved expected targets, how effective it was in terms of cost and how sustainable it is and other assessment services specific to the project. Arrangements towards monitoring and evaluation should be described in detail in the application form. Specifications regarding evaluation initiatives, draft evaluation reports should be sent to the Contracting Authority through PROJEMATİK to be presented to the European Commission for comments. Representatives of the European Commission shall be invited to participate in monitoring and in the evaluation exercises. Dates of these actions as well as all monitoring and evaluation reports including indicators set in logical framework shall be sent to the Contracting Authority through PROJEMATİK to be presented to the European Commission as well.

e) Translation services: Except for the employment of translator, all translation and interpretation services are subject to service procurement rules.

f) Organisation services: This includes logistic support, invitation, presenter, reservation, passenger and cargo transportation and accommodation services and similar services for the

organization of activities such as training, workshops, conferences, seminars and panels. Such service procurement for the realisation of the organisation might be foreseen in different items of the budget separately. However, if they are foreseen under “5.7 Conference/Seminar Costs” budget item, as a rule, all services required for the organisation of a conference or seminar should be contracted to a contractor collectively. Separate service procurement contracts may be made with persons such as experts, speakers, rapporteurs or panellists who are invited to the organization to transfer information only where technical expertise is required.

g) Other services: Technical, financial and legal services such as training, design, preparation of technical specifications, inspection and control; scientific and technical consultancy services such as information technology, software development and electronic communication services; other services such as insurance services, maintenance and repair services through service contract from the service providers as legal persons, and service procurement made from real persons who can perform one or more specific works of no continuous nature by acting freely in terms of working procedures and working time etc through individual service procurement contract.

3. Works: In grant schemes under EESP SOP, only inevitable repair and arrangements in existing buildings that are owned by the beneficiary are allowed very rarely provided that it is foreseen in the budget and is necessary. In such cases, rules regarding works apply. It should be noted that the costs associated with the renovation of a real estate to be temporarily rented from the project budget are not eligible.

2.6.3 Procurement Procedures

In the procurement and subcontracting contracts related to the procurement of goods, services or construction works within the scope of the project budget, grant beneficiaries or affiliated organisations should comply with principles and rules set in “ANNEX II-General Conditions” Article 10 and “Annex-IV Procurement Procedures” and summarised below:

In procurement, the tender may be awarded to the bidder who offers the **best price and quality ratio** or, where appropriate, the **lowest price**, avoiding any conflict of interest and following the basic principles of Annex IV to the contract.

- If the Beneficiary uses an invitation procedure instead of an open tender procedure in its procurement, the selection of the bidders invited to give an offer should be justified.
- In all cases, the beneficiary should evaluate according to objective criteria which allow the quality of tenders to be measured and take the price into account.
- In the procurement procedure applied, Adequate and appropriate documentation should be kept in the tender procedure that can be used as the basis for the pre-selection of the invited tenderers and the decision to award the tender in case of invitation without announcement.
- Pursuant to **nationality rule** in procurements, only real persons who are the citizens of following countries accepted by the EU and legal persons established in these countries can participate in tenders:
- Austria, Belgium, Bulgaria, Czech Republic, Croatia, Cyprus, Denmark, Estonia, Finland,

France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom

- Albania, Bosnia and Herzegovina, Kosovo, Montenegro, Serbia, Türkiye, Republic of Northern Macedonia
- Iceland, Liechtenstein, Norway
- Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestinian Territories, Syria, Tunisia, Ukraine
- Furthermore, according to the **rule of origin**, if the total amount of each purchase is more than EUR 100 thousand, the equipment and materials to be purchased should also originate from the countries mentioned above. In this case, for equipment with a unit price of more than EUR 5,000 per product, the contractor should provide the beneficiary with proof of origin at the latest together with the first invoice. The rule of origin does not apply if the total amount of goods to be purchased at one time is less than 100 thousand Euros.
- In Article 10 of the General Conditions summarised above and the principles and rules in Annex IV, threshold values and monetary limits are not defined. In addition, it is not explained which procedures should be implemented by which processes. Therefore, **institutions and organisations which are subject to the Law No. 4734** in the procurement within the scope of the national budget should comply with the procedures set in national Public Procurement Law in addition to Article 10 of General Conditions and rules and principles laid down in Annex IV in procurements in EU funded grants projects where they act as the beneficiary. Beneficiary organisations that are not subject to Public Procurement Law may decide to implement the procurement procedures set out in the PRAG 23. If the procedures in the Public Procurement Law or PRAG are followed correctly, the principles in Annex IV will be considered to be complied with Procedures that are not subject to the Public Procurement Law to be followed by the grant beneficiaries, to be used for procurement according to PRAG and to be applied are selected according to type of procurement and approximate value of the procurement except for exceptions. In order to ensure best value for the money and meet the requirements at optimum level, similar goods or services foreseen to be procured in the budget should be procured in groups and collectively rather than individually. Total estimated cost, VAT excluded, for each group to be determined via 'procurement plan' shows approximate value of the group. Accordingly

Tenders should be launched by applying '**Simplified Procedure**' procedure up to €100,000 in goods groups exceeding €20,000 and up to €300,000 Euro in service groups and works.

Expenditures of 2,500 Euros and less can be incurred in return for invoice without pre-acceptance of an offer. For goods and services procurement and works costing €2,500 and less, **single bid procedure** can be applied up to €20,000. For the preparation of expenditure verification report; in humanitarian aid and civil protection-oriented operations and in crisis management situations; if the services are transferred to non-profit organisations or public institutions, in case of failed tenders where bids eligible in terms of finance and quality are not received, in procurements made from product exchange market, liquidation/enforcement officer or after a contest involving patents or copy rights and in other exceptional cases described under 'Procurement Processes', single bid negotiation procedure can be applied regardless of the value.

²³ Practical Guide on Contract Procedures for European Union External Action- <http://ec.europa.eu/europeaid/rag>

- Products and services similar in nature should be procured together to benefit from price advantage. To this end, budget items are divided into goods and service groups, as described in following section, at the beginning of the project (see 2.6.5). It is forbidden to decrease procurement value by creating uncompleted groups and to avoid tender procedures called artificial division.
- **“Procurement Plan”** available on the system is prepared **by the GB on PROJEMATİK** during initial training programmes and first monitoring visits with the support of Technical Monitoring Expert or Contract Manager. Budget item grouping and calendar created by the GB in this section is taken into consideration by the Contracting Authority, and **budget item groups are determined by the Co Authority** in left panel **“Tender” section**. In this way, procurement procedure to be applied for each budget item is determined, and procurement documents are prepared by the GB on the system to be submitted via the system. (PROJEMATİK PROJEMATİK left middle panel **Tender →Update Tender Information, Prepare (Stage 1),**)

2.6.4 Maximum Procurement Values

In grant schemes,


- The total amount (excluding rent) related to procurement of equipment and supplies to be purchased cannot exceed **15%, 20%, 25%** of direct eligible costs (budget item 11).
- The grant beneficiary is responsible for project management, and the management of the project cannot be handed over to a subcontractor via tender under service procurement. Staff to be employed in the project should be recruited individually.
- Under works, only small-scale repair and maintenance costs are eligible.

On the other hand, beneficiaries can make subcontracting agreement for actions related to a portion of the Project within following limits provided that they abide by procurement rules and principles:

- The subcontracting contract cannot cover the core tasks of the Project, and the main tasks of the project cannot be assigned to a subcontractor.
- The nature of the project and the issues required for its implementation should justify the subcontracting contract.
- The estimated costs of the subcontracting contract should be clearly identified in the contract budget.
- If not foreseen in ANNEX – I “Description of action” (application form) of the contract, the Contracting Authority should be notified by the beneficiary that subcontracting contract will be utilised.

2.6.5 Completion of Procurement Plan

The GB should prepare especially during initial training programmes and first monitoring visits a procurement plan on PROJEMATİK by following below mentioned steps with the support of Technical Monitoring Expert or Contract Manager (**PROJEMATİK left middle panel PROJEMATİK →**

Procurement Plan →  → Update Budget Item). The Contracting Authority takes the grouping made in this section by the GB into account, and goods or service groups to be procured via tender are determined by the Contracting Authority in PROJEMATİK → Tender section.

Step 1 - Determination of goods and service groups

A collective tender should be launched for multiple goods or services of similar nature for which a tender can be launched individually. For this purpose, first of all, required market research should be conducted and goods and service groups to be procured collectively should be determined.

Use of tender procedures related to, goods procurement exceeding €100,000 and service or works procurement exceeding €300,000 does not seem possible due to below mentioned maximum procurement values. In case such a need arises, the grant beneficiary should contact the Contracting Authority.

In this context, in terms of technical features and areas of expertise, equipment that can be offered collectively by each of the various suppliers of goods on the market should be included in a group of goods (for instance, office furniture group); the equipment that can be procured from other suppliers should be included in another group of goods (for instance, IT goods group). Services to be procured should be grouped in a way to be procured from service providers in the market as a package.

Different procurement procedures are followed for each set of goods and services identified according to their value. It is forbidden not to include relevant equipment or services to be included in a group of goods (or services), and to divide them artificially in particular with the intention of reducing the price and avoiding procurement procedure. In other words, goods (or services) whose suppliers (or service providers) are known to be strictly different can be included in different groups. On the other hand, each group should be homogenous and attractive enough so that suppliers or service providers do not refrain from placing a bid as some materials or works included in the group do not fall into their field of expertise.

Lots should be created in a way not to create artificial division. The point to be considered when creating a lot is that it can be procured from the same supplier. As for procurements which cannot be procured from the same supplier and requiring a different type of expertise, the Contracting Authority is notified via PROJEMATİK.

Budget item groups are finally determined by the Monitoring Expert or the Contracting Authority on MİSTİK → Tender section. In this process, the Contracting Authority can take the grouping made the GB on PROJEMATİK → Procurement Plan section into account.

While notifying the CA via PROJEMATİK, existence of supporting documents (such as market research) is highly important.

Example:

Expenditures	Unit	Number of units	Unit cost	Total cost	
3. Equipment and materials					<p>In this sample budget, it will be appropriate to put PC, printer and projector and laptop in the first goods group collectively; to put office desk and file cabinet in the second goods group collectively and to put work clothes in the third goods group and procure them, and to procure item 3.1.1 separately.</p> <p>Accordingly, total estimated value foreseen in the budget is €63,000, €18,000 and €14,000 respectively for the first, second and third good groups.</p> <p>A tender can be launched for groups whose approximate value exceeds €20,000 PROJEMATİK</p>
3.1 Procurement or lease of car					
3.1.1 Lease of a bus	Car	6	250	1.500	
3.2 Furniture, computer equipment					
3.2.1 PC	Piece	40	1.200	48.000	
3.2.2 Printer (Laser)	Piece	3	1.000	3.000	
3.2.3 Office desk	Piece	3	200	600	
3.2.4 File cabinet	Piece	3	400	1.200	
3.2.5 Projector	Piece	5	1.000	5.000	
3.2.6 Laptop	Piece	5	1.400	7.000	
3.3 Machines, tools...					
3.4 Spare parts/equipment and tools for machines					
3.5 Other (please specify)					
3.5.1 Work clothes	Piece	200	70	14.000	
5. Other costs, services					
5.1 Publications					
5.2 Study, research					
5.3 Expenditure verification	Piece	1	4.000	4.000	
5.4 Assessment costs					
5.5 Translation, translators					
...					

Step 2– Determination of Procurement Calendar

Goods or service groups to be procured via tender are determined by the Contracting Authority in PROJEMATİK → **Tender** section. After this, the procurement plan should be completed by foreseeing when the tender dossier will be made ready, when the invitation letter will be sent to the candidates, the deadline for submission of bids, the date the bids are opened and evaluated, the date the contract is signed and the date set for the delivery for procurements to be made via tender. Within this scope, it should be noted that

- Before the tender dossier is sent to potential suppliers or service providers together with invitation letter, it should be sent to HRDOS for ex-ante control,
- The candidates should be given minimum 30 days to prepare their bids after the receipt of invitation letter,
- Evaluation should immediately start right after the deadline for the submission of bids,
- Deadline for the submission of bids is 'tender date' and the bid of the awarded tenderer is valid minimum for 30 days after this date,
- HRDOP experts can participate in evaluation without waiting for invitation,
- Date of evaluation and any changes in the date should be notified to HRDOS before the session,

- As a result of the evaluation, all bids received from firms and evaluation report should be sent to HRDOS via PROJEMATİK for ex-post control, and a contract can be signed with the awarded firm after receiving the response of HRDOS. After the signing of the contract, non-awarded firms can be notified.
- Accordingly, dates in PROJEMATİK “Tender → [Update Tender Date](#)” should be entered into the system as tentative dates. If required, the tenders defined in the system can be announced on the website developed automatically for the project by PROJEMATİK ([Tender → Update Tender Information → Publish on internet → Yes](#)).

Example: Procurement plan of first group of goods exceeding €20,000 in value can be completed as follows: Equipment Tender for first group of goods:

Expenditures	Unit	Number of units	Unit cost (Euro)	Total cost (Euro)
3.2.1 PC	Piece	40	1.200	48.000
3.2.2 Yazıcı (Lazer)	Piece	3	1.000	3.000
3.2.5 Projeksiyon cihazı	Piece	5	1.000	5.000
3.2.6 Laptop	Piece	5	1.400	7.000
Toplam				63.000

Type of procurement	Procurement of goods
Approximate value	63,000
Procurement procedure ²⁴	Simplified Procedure (the beneficiary should receive bids minimum from 3 suppliers)
Date of Call for Tender: Once the tender dossier is ready it should be submitted to HRDOS (Tender → Submit for Ex-ante control before invitation) and after that, invitation letter should be sent to potential tenderers.	November 21, 2020
Deadline for the submission of bids: (Date of tender) Minimum 10 days should be given after the invitation.	December 28, 2020
Date of Bid Opening Meeting: Evaluation should immediately start right after receiving the bids and the deadline for the submission of bids. Following the completion of the evaluation, evaluation report including evaluation results and the bids received should be submitted to HRDOS for ex-ante control (Tender → Submit for Ex-ante control before signing the contract).	December 29, 2020
Contract Signature Date: Deadline for signing the contract is the deadline for the validity of the bids. The bids should be valid minimum for 30 days following “Deadline for the Submission of Bids” (Tender Date).	January 25, 2021

This tentative calendar should be updated after the completion of each stage in tender process ([Tender → Update Tender Date](#)). How to carry out procurement activities is explained in detail in section 3.7.

²⁴ Though tender notice is not obligatory as a rule in procurements with a value above €20,000, for the purposes of ensuring transparency and competitiveness, tender above this value are published on the website created automatically for the project on PROJEMATİK.

3.1 Payment of Project Staff

The Grant Beneficiary should pay the net salary amounts, which is calculated for each staff member after the deduction of statutory taxes and/or social security premiums (including employers' contribution), directly into the staff members' account by bank transfer, under the budget items no 1.1 for local staff and **1.2** for international staff. Wages, salaries, compensation, salary increase, advance, additional bonus, bonus and all other payments made to personnel are called wages.

In order to ensure an accurate and consistent calculation of net salary amounts of the project staff employed in accordance with the procedures described under '2.3 Formation of Project Team and Staff Recruitment' section, "[Pay slips](#)" a copy of which is provided under PROJEMATİK ([Documents](#) → [Personnel Documents](#)) may be taken as a guide.

In the payment of project staff, the incomes other than project income, if applicable, must be added to the tax base so that the tax band to be subjected is determined accordingly.

In order to avoid any penal sanction, it is vital that the project staff in charge of the accounts pays utmost attention and the authorities thoroughly check on this matter.

In the payment of project staff, the amount estimated on monthly basis in Euro and reflecting the total monthly expenditures should be deposited in the Turkish Lira account of the Project. Following the transfer, the vouchers like pay slips should be prepared based on the contract signed with the personnel. The premiums and taxes should be declared and paid to the relevant public institutions by the Beneficiary Institution. The bank receipt that indicates the transaction from Project's Euro account into the Project's TRY account and the rate ruling on the date of exchange should be kept and submitted as a proof document in drafting the financial reports.

Unless otherwise stated, the amounts indicated under the budget is the total cost of the work.. For example, if a total of 1000 Euros is estimated in a month, this amount corresponds to minimum 20 working days. In the event that a project staff work for 5 days, his/her total cost for the Project amounts to 250 Euro and the GB will prepare a voucher like a payroll and make such deductions as salary, SSI contributions, income tax etc. based on this amount.

"Incomes of the natural persons who are non-Turkish nationals and not residents in Türkiye are exempt from income tax in Türkiye". Hence, there will be no income tax cut from the salaries of such persons.

Name and number of the project, SSI workplace registry number, tax office and tax number, payroll month, payroll year, employee's name, SGK number, employee and the number of days paid (working time or period of wage), gross salary (monthly, weekly, daily, hourly or part wage), daily professional earnings, total of all payments, SSI worker share, unemployment insurance worker share, cumulative tax base, income tax base, amount subject to deduction, income tax amount, SSI employer share, unemployment insurance employer share, total of legal deductions, net paid and signature section in pay slip (payroll) to be issued for those working as subject to full or part-time labour contract.

In the 2 copies of the self-employed receipt to be issued for the self-employed persons involved in the project, the serial and sequence number of the receipt, the surname, name or title, address, tax office and account number of the receipt issuer; the name or title and address of the grant beneficiary organisation as the customer and the person authorised to represent and bind the organisation; the amount of the money received and the date of receipt of the money shall be written and these receipts shall be signed by the self-employed person.

Under the headings 1.1 and 1.2 of the budget, the real person to whom the service is to be paid and to be paid does not carry out the work continuously and as regular profession and does carry out the project activity incidentally and therefore cannot issue a self-employment receipt and the work or activity is subject to Article 94 of Income Tax Law (GVK), two copies of the note of expenses should be issued. In the note of expenses, the nature, type, number, price, amount, total, tax rate and net amount of the work; name, surname (title of legal entities), address, tax office and account number (if any), serial and joint sequence number and date of regulation should be included.

The project officer who has deducted the income tax withholding on the payroll, self-employment receipt or expense bill in accordance with the relevant legislation is obliged to notify the deductions to be made to the tax office of the place where the accrual has been made or until the evening of the 23rd of the following month. Those who have 10 or less professionals may submit their declarations regarding withholding according to Article 94 until the evening of 23rd of January, April, July and October instead of each month, provided that they inform the tax office in advance. The withholding tax pursuant to Article 94 shall be deposited by the taxpayers at the tax office to which they are bound until the evening of the 26th day of the month on which they will file a declaration.

The grant beneficiary in the capacity of employer is obliged to submit the workplace declaration to the SSI at the latest on the date it starts to employ the employer. In addition, the persons to be employed in the project with the labour contract should be notified to the SSI by the insured employment entry declaration before the start date of the insurance (starting to work). Persons working in the project with the labour contract shall also inform the SSI that they have started working as insured within one month at the latest from the date they start working. The beneficiary prepares the premium and service document on a monthly basis and submits it to SSI. The SSK accrual and payment documents together with a detailed withholding table and the concluding statement of the relevant period should be attached to the payroll annex. At the end of the project, it is necessary to provide the documents of the insured persons who do not have any debts to be issued by the SSI.

These documents should be kept together with their annexes as financial documentation and should be included in final report in order.

3.2. Procurement of Travel and Transportation Needs

Travel and transportation needs can be met by means of:

1. Procurement of ticketed or invoiced services from service providers which offer scheduled services for staff or goods by inner city, intercity or international roadways, airways or seaways, or from such agents as travel agencies and tourism companies etc.
2. Reimbursement of fuel costs of the vehicles provided to the Project by the beneficiaries, or associates as in-kind contribution or private vehicles of the project staff,
3. Purchase or leasing of vehicles etc.

In any case, these methods are required to be described under the approved budget of the Grant Contract.

If the purchase or leasing of vehicles is indicated under the budget item no. 3.1, it is subject to the tendering procedures for the procurement of goods, and the related payments should be executed by bank transfer. However, a single need for leasing a vehicle is generally confused with transportation activities. The mere act of leasing a vehicle differs from a transportation service. If a service-weighted procurement is intended under the Project rather than the mere act of leasing equipment from a company (for instance, a job requiring the allocation of vehicle with a driver for the transportation of students to pre-determined destinations on pre-determined times), it should be made through service procurement; hence, terms of reference should be prepared and the service procurement procedures should be respected.

On the other hand, some travel and transportation needs may be associated with a more comprehensive activity such as conferences, training courses, field studies and study visits under the Project. The Grant Beneficiary may outsource this comprehensive activity including travel and transportation arrangements to a subcontractor. In this case, the tendering procedures for service procurement shall also prevail, and the payment of such cost under the budget items no. 5.7 or 6 shall be executed by bank transfer.

Only 'economy class' is eligible for the beneficiaries, personnel of the associates or final beneficiaries to be covered by the project budget in the procurement of ticketed or invoiced services from service providers which offer scheduled services for staff or goods by inner city, intercity or international roadways, airways or seaways, or from such agents (including taxis) as travel agencies and tourism companies etc. Travel expenditures cannot exceed the amounts normally covered by grant beneficiaries within the scope of their own budget. The payments in this scope can be executed by bank transfer or cash-in-hand (**PROJEMATİK** → **Documents** → **Documents regarding Subsistence allowance** → [Form of Cash-in-Hand Payment](#)) under **the budget item no. 2** in case of intercity and international travels of the staff or **the budget item no. 6 or 8** in case of inner city travels and material transportation of the staff.

In order to ensure accurate and consistent calculation of the fuel etc. costs of vehicles provided as an in-kind contribution, "[Fuel Cost Declaration Form](#)" a copy of which is provided under PROJEMATİK (**Documents** → **Documents regarding Subsistence allowance**) should be filled and signed by the declarant and approved by the Project Officer. The payments in this scope can be made under the budget item no. 4.1 or 8. In the event where the declared activities are not realised, they are likely to be judged as 'non-eligible costs'.

In the event the travel cost are paid by the staff personally in advance, these cost may be reimbursed on presentation of [“Subsistence Allowance Declaration Form”](#) a copy of which is provided under PROJEMATİK (Documents → Documents regarding Subsistence allowance) to the Beneficiary Institution with the supporting documents such as tickets and invoices. In case of using private vehicles, the fuel cost declaration form should also be added to this Subsistence allowance form.

3.3 Payment of Per Diems

In the event of ‘accommodation’ for mission and/or transit purposes in the region other than the original place of office of the project staff, local project staff may be paid ‘mission/travel allowances’ for abroad and domestic appointments for accommodation according to the duration and generally per night under the budget item 1.3.2 for international staff and the budget item no. 1.3.1 for local staff.

Per diems and travel costs are paid together in principle. If the travel and accommodation cost have been paid by the staff personally in advance, these costs are declared to the Beneficiary Institution by means of “Subsistence Allowance Declaration Form” and “Fuel Cost Declaration Form”. Subsistence Allowance Form indicate both travel cost and per diem rates.

In the event of ‘accommodation’ for participation to a conference or seminar to be held under the project, participants (who are not project staff) of the events organized in the locations other than their place of duty, if justified under the project, may be paid per diems for accommodation under the budget item 1.3.3. The staff of the associates are evaluated under this scope.

During the activities held under the project, travel and accommodation cost may be paid by the staff personally in advance. In this case, the staff may be reimbursed on declaration of [“Subsistence Allowance Declaration Form”](#) a copy of which is provided under PROJEMATİK (Documents → Documents regarding Subsistence Allowance) to the Beneficiary Institution with the supporting documents such as invoices. In the event of using private vehicles, the [fuel cost declaration form](#) should also added to this subsistence allowance form.

In cases where the **subsistence allowance is required to be paid in advance**, a preliminary approval should be taken from the HRD OS. Preliminary approval process shall be monitored through Q&A module on the PROJEMATİK.

Per diem is a flat rate covering such cost as accommodation, subsistence and travel within the boundaries of the place of mission and is **lump sum** in nature and this amount cannot exceed the amounts normally covered by grant beneficiaries within the scope of their own budget.²⁵ Moreover the maximum ceiling amounts set up by the European Commission for each country is available on:

(http://ec.europa.eu/europeaid/work/procedures/implementation/per_diems/index_en.htm)

²⁵ This situation is especially important for public institutions and organizations subject to the Travel Allowance Law No. 6245. In determining the amount normally covered, not only the per diem (per diem), but all the elements of the per diem such as travel expenses, daily wages, family expenses and relocation costs should be taken into account.

Hence, if the per diem rates indicated on the project budget is higher than the rate set up by the Commission at the time of contract signature, the payment should not exceed the latter.

Inner-city travel costs cover airport transfer, airport-hotel-airport transfer and the cost on the other means of transport within the city. Therefore, in case of the payment of full per diem, the reimbursement of transfer service cost from the project budget is not appropriate according to “the prohibition of double funding”.

In the event that an independent expenditure is made for airport transfer under the travel item or by service procurement, the sum of transfer cost per person + the per diem to be received cannot exceed the ceiling amount set up by the EU. In such cases, it must be indicated on the subsistence allowance declaration form that “airport transport cost is excluded”.

The number of hours or overnight stays should be taken as a basis in the calculation of the amount of per diem to be claimed, and the per diem payments should be in consistent with the duration of accommodation. The budget should demonstrate the regions/countries where per diem will be utilised, amounts applicable, number of participants and number of nights to be spent during the event as shown in the example below.

Costs	Unit	# of units	Unit value (in EUR)	Total Cost (in EUR)
Seminar (France): 7 nights x 12 participants = 84 nights	UNIT COST per diem	84	130	10.920

On the condition that the documents proving the relevant travel or accommodation are presented, the per diem (accommodation invoice, restaurant and taxi bills) may be paid to the project staff and associates including the participants of the events, whether public officials or not, without presenting the documents indicating actual costs (**on lump-sum basis**). In case an accommodation document is failed to be presented, travel tickets which should be submitted for the payment of the travel cost in any case can be evidence.

On the other hand, it is required that if the system normally adopted by the Beneficiary Institution and the co-applicants requires the calculation of per diems on the basis of actual costs, this system is employed in the calculation of the project per diems. In cases where the **actual cost based system** is employed, all the documents related to the per diem expenditures must be kept as a part of financial documentation and presented with the financial report. In other words, according to the actual cost based system, such supporting documents as invoices that indicate accommodation and inner city travel cost as well as intercity travel tickets should be added to the subsistence allowance declaration form. In such cases, per diem cannot be paid as lump sum; the exact amount of invoices is covered. Here, the ceilings limit specified under the legislation and the maximum amounts published during the signing of the grant contract by the EU should be respected.

“Subsistence allowances” covering intercity travel cost and per diems should be paid by banks. However, in cases of practical necessity such as the payment of per diems for the foreign nationals assigned under the project or per diems for national or international experts during an abroad visit under a project activity, or conference participation fees ([PROJEMATİK](#) → [Documents](#) → [Document regarding Subsistence Allowance](#) → [Form of Cash-in-hand Payment](#)).

In principle, allowances and per diems must not exceed those normally borne by the Beneficiary or co-applicants. In accordance with the Paragraph 2 of Article 24 of the Income Tax Law No. 193, if the allowance is paid to contract staff or -whether or not the Travel Allowance Law does not apply- exceeds the ceiling limits set up by the state, the gap is taxed as a salary. Since the expense document is not required in the payment of subsistence allowances to these persons, the income tax should be calculated. The amount paid on the basis of lump sum (without documented declaration) should be taken as a basis.

Example-1 (in-country): A full-time Project Coordinator based in Giresun under the grant project will be paid per diem of 162 Euro as stipulated under the Project budget for a training -involving one overnight stay- to be held in Ankara on 11th May 2020. "Buying rate of Euro" of the bank where the project account is held on the date of payment (May) is 6,33 TRY.

Amount of Subs. Per diem indicated by the Project	162 EUR x 9,47*	1.534,14 TRY
Max. Per diem limit allowed by the State ²⁶		73,50 TRY
Amount of Subs. Per diem subject to income tax	1.534,14-73,50	1.460,64 TRY
Estimated income tax	1.460,64 TRY x %15	219,096 TRY
Income tax in Euro	219,096 TRY / 9,47*	23,14 €.
Total amount to be paid to the person	162 EUR – 23,14 EUR	138,86 €.

* Exchange rate of the bank where the project account is held on the date of payment

The amount to be exempted from income tax in paying allowances to the project staff/participants/associates' staff in the events on the basis of lump sum is indicated on the H chart annexed to the Central Budget Law of the relevant year. The amount indicated on the Article 1-A/b of the H chart titled "Amounts of Per Diems and Compensations to be Paid as Per the Provisions of the Travel Allowances Law no. 6245 and dated 10.02.1954" represents the amount to be exempted from the income tax. In 2020, this amount is 66,85 TRY per day. The daily amount exceeding it represents the income tax base and is subject to income tax.

Another important issue here is the rate that applies to the determined base. If the person to whom the payment is made receives salary under the project, the rate is determined according to the "cumulative income tax base". In this scope, the tax bands -specified under the "Article 103 of the Income Tax Law"²⁷ and updated every year- should be respected. If one exceeds the first tax band due to the salary payments under the project, the per diems are taxed based on the current income tax band (20% or 27%).

Example-2 (abroad): A part-time Training Coordinator working for the grant project will be paid an allowance of 245 Euro per day as stipulated under the Project budget for a technical visit -involving fifteen (15) overnight stays- to be held in Paris-France on 12th October 2020. "Buying rate of Euro" of the bank where the project account is held on the date of payment is 6,33TRY.

In order to determine the taxable amount of per diem, the relevant Presidency Decision should be referred to for the ceiling limit of the subsistence allowances for abroad missions allowed by the

²⁶ https://www.sbb.gov.tr/wp-content/uploads/2020/10/2021-Yili-Merkezi-Y%C4%B1netim-Kanun_Teklifi_WEB.pdf

²⁷ Income Tax Law No. 193, <http://www.mevzuat.gov.tr/MevzuatMetin/1.4.193.pdf>

state as per Article 34 of the Travel Allowance Law no. 6245. On the other hand, according to the Paragraph 1 of the Article 4 of the Presidency Decision No. 2016/8363 amended with the Presidency Decision no 714 , the per diems for the first ten days of the visit is calculated by increasing the base amount by 50%. Hence, in calculating the maximum per diem limit for the first ten days of the technical visit, the amounts on the chart are to be increased by 50%.

The daily subsistence allowance amount for France is 240 Euro (160 + 160 x 0,50) for the first ten days.

Amount of per diem indicated by the Project	Per Day	245,00 €
Amount of Subs. Allowance in TRY	245 EUR x 6,33*	1.550,85 TRY
Ceiling per diem limit allowed by the State	(160+(160x0,50))	240,00 €.
Amount of Subs. Allowance subject to income tax	245 EUR - 240 EUR	5,00 €.
Taxable amount in TRY	5 EUR x 6,33	31,65 TRY
Estimated income tax	31,65 TRY x %15	4,7475 TRY
Income tax in Euro	4,7475/6,33*	0,75 €.
Total amount	245 EUR - 0,75 EUR	244,25 €.

* Exchange rate of the bank where the project account is held on the date of payment.

Amount of per diem indicated by the Project		245,00 €.
Amount of per	245 EUR x 6,33*	1.550,85 TRY
Ceiling Allowance limit allowed by the State		160,00 €.
Amount of Subs. Allowance subject to income tax	245 EUR - 160 EUR	85,00 €.
Taxable amount in TRY	85 EUR x 6,33	538,05 TRY
Estimated income tax	538,05 TRY x %15	80,7075TRY
Income tax in Euro	80,7075/6,33*	12,75 €.
Total amount of per diem to be paid to the person (€)	245 EUR -12,75 EUR	232,25 €.

* Exchange rate of the bank where the project account is held on the date of payment.

The total allowance amount to be paid to the training coordinator is $(10 \times 244,25 \text{ €}) + (5 \times 232,25 \text{ €}) = 3.618,75 \text{ €}$

The exchange rate of the bank, where the personal account is held, on the date of the execution in payments, of advance payment in advance clearing and of the transaction in other transactions is taken as a basis in the project accounting forms.

3.4 Organisation of Events/Courses

The Beneficiary is expected to describe the activities and courses indicated on the project proposal on PROJEMATİK in the first place in line with the procedures specified under the section 2.5.

In the selection of event participants and trainees, the principles of transparency, proportionality, equal treatment and non-discrimination should be respected, and the objective selection criteria should be set out. The necessary measures should be taken in order to ensure fair announcement of the events and training courses to be held under the project among potential participants, and easy application of aspirants to these programmes.

It is important to ensure that the courses and events are properly described on the PROJEMATİK system and the aspiring participants can easily apply via the project web site.

Especially as for vocational courses, there should be efforts to involve the Provincial Directorates of Turkish Employment Agency in the selection of trainees and to register the trainees of the planned courses to the relevant İŞKUR systems. So, the participation of the trainees is monitored and reported to İŞKUR by the beneficiary on monthly basis. On the other hand, the cooperation with the Provincial Directorates of Ministry of National Education and İŞKUR is of great importance in order to ensure that the trainees are insured against "occupational accidents and professional diseases" as required by the relevant legislation.

3.5 Payment of Allowances

As for the subsistence allowances for the trainees under the project, their daily income losses incurred by the participation to the training are reimbursed. However, a clear justification as well as the details (the recipient, duration etc. of the allowance) must necessarily be presented on the budget and/or the application form in applying for the project. The Contracting Authority recommends the reimbursement of inner city travel and subsistence costs of the participants in relation with the project activities rather than paying daily subsistence allowance.

The reimbursements of domestic travel and subsistence costs of all the end beneficiaries involved in the project cannot exceed the amount indicated under the budget per day per person (generally maximum 10 Euro). These reimbursements are eligible provided that they are not covered by another budget item.

The daily allowances indicated under the item "6. Miscellaneous Costs" in the grant budget and to be paid to the participants and trainees under the project activity should be calculated on monthly basis and deposited into the bank account of the person entitled.

It should be kept in mind that in-person payments, even in exceptional cases, should be particularly considered in risk assessments to be conducted by HRD OS in relation to the project.

Daily allowances that cannot be paid by banks for various reasons may be paid cash-in-hand on the condition that a preliminary approval is obtained from the HRD OS through an official letter or PROJEMATİK in advance of payment.

Following the preliminary approval, "[Form of Daily Allowances Paid Cash-in-hand](#)" a copy of which is provided under PROJEMATİK (Documents → Personnel Documents) is filled in full and signed by the participants to be paid cash-in-hand, and then the payment is made in cash.

All the documents related to these transactions, including abovementioned forms, must be kept as a part of financial documentation and presented with the financial report to the HRD OS.

In cases where the daily allowances are paid cash-in-hand, it is required that the persons who are authorised to withdraw money from the bank account opened under the grant contract make the payment in person, fill and sign the relevant form.

3.6 Reimbursement of Local Office Costs

In case a property is rented in line with the procedures explained under the title 2.4 from third parties under the budget item no. 4.1 for the implementation of the Project, the payment is made directly into the landowner's account by a bank order for 'rental payment' and by means of bank transfer. The rent payment made is subject to withholding tax based on the income tax of the landowner. How the withholding tax is applied on the rent depends on the provisions under the rental contract. If gross rent is agreed, this amount should be taxed and only the remaining amount is transferred to the landowner. If net rent is agreed, it should be converted into gross amount which shall be subject to withholding. In case the rental contract does not include any provision regarding whether it is gross rent or net rent, the amount indicated is regarded as gross rent. The amount indicated for gross rent corresponds to the total rent cost including taxes. Hence, it is important that the contract is drafted accordingly.

In case an office that will be used exclusively by the Project and is necessary for the Project implementation is provided to the Project as an in-kind contribution or rented, the cost of office consumables and the utilities such as telephone/fax, energy/heating and maintenance may be covered under the budget items 4.3 and 4.4 respectively. In case an office -owned by the grant beneficiary or rented beforehand for routine activities by the beneficiary using their own sources- is used as project office in the meantime, the result of 'rent per square meter x area used as project office' multiplication may be regarded under the item no 4.2 or as administrative cost. The costs of energy, water and heating are assigned by implementing a method of sharing the costs as realized expenses on the basis of submeter data if applicable, or if not applicable, on the basis of cost accounting principles; the amount corresponding to the area used as project office can be regarded under the item no 4.4 or as administrative cost. This assignment should be supported with technical report in an appropriate quality. Indicators such as the ratio of the staff assigned to the project to the total number of personnel in the office or the ratio of the office space used for the project to the total area can be taken as basis in the distribution system. The distribution arbitrary should be supported by an appropriate technical report and the description of the cost-sharing system used to determine office costs used for purposes other than the project must be submitted as a separate document attached to the budget and approved by the Contracting Authority. The amount included in the financial report as cost incurred should be documented based on the calculation of the office space used by the project staff, and the phrase "APPORTIONMENT" should be included in the units column of the report to indicate that a cost sharing system is applied.

In case the existing office/branch of the beneficiaries is used as project office, the abovementioned costs can be covered as well under the item no. 8 on 'administrative costs' provided that they are declared in 'separable' fashion from the rest of the office and/or other activities in the office, with the relevant supporting documents.

The overall operating costs (telephone, internet, energy, water, heating, dues, payments to the public institutions or organisations in the characteristics of public institution etc.) which commonly requires cash payment on monthly or regular basis under the project may be paid in cash-in-hand.

3.7 Rules of Procurement

In the procurement of goods and services and small-scale construction works that are planned according to the standards explained under the title 2.6 under the Project, Grant Beneficiary should abide by the principles and rules stated in the document called “ANNEX-IV Procurement (Tender) Procedures”. These rules apply to the procurements by the beneficiary itself, co-applicants or associates in the scope of co-financing. Along with these rules, the provisions on penal liability of tenderers and prohibition from participation in tenders of the Public Procurement Law No. 4734 also prevail.

Institutions and organisations subject to the Law No. 4734 should comply with the procedures set in the national public procurement law in addition to rules and principles laid down in Article 10 of General Conditions and Annex IV (see 2.6.3).

These rules do not apply to such administrative costs as employment contracts; per diems; personal travel tickets and fuel costs; property/office not belonging to the beneficiaries /associates; energy/water/heating, stationary and postal service costs (see 2.6.1).

3.7.1 Eligible Participants in the Award of Procurement

The goods, services and construction works can be procured only from those who are not subject to the prohibitions indicated under the title below and from natural 28 or legal 29 persons eligible in terms of “nationality condition” and to which the EU has not imposed measure of restriction ³⁰ :

- Natural persons who are nationals of or legal persons established in the EU countries: Austria, Belgium, Bulgaria, Czech Republic, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxemburg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom ³¹.
- Natural persons who are nationals of or legal persons established in the beneficiary states of the Instrument for Pre-Accession Assistance (IPA):, Republic of North Macedonia, Türkiye, Albania, Bosnia-Herzegovina, Montenegro, Serbia, Kosovo
- Natural persons who are nationals of or legal persons established in the beneficiary states of the European Neighbourhood and Partnership Instrument: Algeria, Armenia, Azerbaijan,

²⁸ Real persons such as self-employed persons who are not legal entities and similar companies and ordinary companies

²⁹ Individual companies, such as a legal entity or a limited partnership, and a limited liability company, a joint stock company, a capital company such as a limited partnership, or a company capable of providing related goods, services,

³⁰ Up-to-date sanctions lists are available at HYPERLINK “<http://www.sanctionsmap.eu>” www.sanctionsmap.eu.

³¹ The UK ceased to be an EU Member State on 31 January 2020, but under the Withdrawal Agreement signed between the EU and the UK, references to Member States in projects under IPA II include the UK.

Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Moldova, Palestine, , Russia, Palestine, Syria, Tunisia, Ukraine

- Natural persons who are nationals of or legal persons established in the member states of the European Economic Area: Iceland, Liechtenstein, Norway

Nationality condition applies only to the participants in the award of procurement or tendering; not to the experts employed by the persons concerned for the delivery of services. In other words, a natural or legal person eligible in terms of the nationality condition may propose, in tendering process, the mobilisation of and employ an expert who is non-eligible under the national condition after the procurement is awarded.

Eligibility of natural or legal person in terms of nationality condition should be documented by a certificate to be granted by the Chambers of Commerce of the relevant country so that it can be examined in the assessment process.

3.7.2 Non-Eligible Participants in the Award of Procurement

In accordance with the principle of 'fair competition', grant beneficiary should create an appropriate competitive environment, provide equal access to opportunities and information for all candidates so that they can make awardable offers, and avoid unfair competition. In this respect, those who are/were in relation

ship based on self-interest with the grant beneficiary institution are not eligible to participate in tenders. Relationship based on self-interest is state that affects the capacity of fair and impartial assessment. Those who are included in the category of prohibition from tenders according to EU and Turkish legislations also cannot participate in tenders.

Within this framework, procurement from the following natural and legal persons cannot be made in any method under the project budget; the persons concerned can be neither provider of goods or service nor contractor (subcontractor/vendor) in the project in return for an amount to be paid under the project budget:

- Grant beneficiary itself or affiliated institutions,
- Partners of grant beneficiary (co-applicants/beneficiaries),
- Associates of grant beneficiaries,
- Managers of grant beneficiary institution and the companies of which management they assume a role,
- Those who have a relationship based on self-interests (including the members of assessment committee),
- Those who have been identified as persons violating their tax liabilities and not paying social insurance premiums, in violation of the Turkish legislation according to restrictive court decision or administrative decision,
- Those involved or consulted in the preparation process of the project or a tender under the project,
- Those who do not meet the nationality condition,

- Those prohibited under Turkish Public Procurement Law No. 4734,
- Those on whom restrictive measure has been imposed by the EU.
- Those have been found to violate legislation or professional ethics rules and standards (heavy negligence, misconduct that may affect professional credibility, wrong intent, misrepresentation, forgery of documents, breach of competition, violating intellectual property rights, influencing the contracting authority's decision-making process). work, attempting to obtain confidential information) with a final court verdict or administrative decision;
- Those convicted of a crime related to a professional activity by a non-appealable judgement,
- Those who have been identified as persons performing irregularity according to a restrictive court decision or administrative decision Those convicted of crimes such as fraud, corruption and being involved in a criminal/terrorist organisation, money laundering, financing terrorism, child labour or other types of human trafficking.
- Those identified as having significant deficiencies in complying with the main obligations in the implementation of an EU-financed project contract (which may have resulted in early termination of the contract or the application of contractual penalties such as delay penalties or in inspections or examinations by the Contracting Authority, the OLAF or the European Court of Auditors);;
- The insolvents or those in a liquidation process whose business is being conducted by a court, a trustee or a guardian, those who have filed for bankruptcy protection and reconciled with creditors and whose activities are suspended, and those in similar conditions due to the addressees of the processes concerned and the processes stipulated in Turkish legislation; (except for the procurement of direct supply from a supplier winding up its business activities, especially in exceptional circumstances where procurement on advantageous terms is in question and as allowed by Turkish legislation).
- Those who have been identified by a final court verdict or administrative decision that they have created a business in a territory with different rules with the intention of bypassing the financial, social or other legal obligations applicable in the place where the registered office, central administration or principal workplace is located

Natural or legal persons should declare that he/she is not included in any of the prohibited categories, which needs to be investigated in the assessment process.

3.7.3 Rules of Origin

Under the project, if the total cost of each procurement is 100 thousand Euro and over, the countries of origin of the equipment and material should be as follows:

- Austria, Belgium, Bulgaria, Czech Republic, Croatia, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom
- Albania, Bosnia and Herzegovina, Kosovo, Montenegro, Serbia, Türkiye, Republic of Northern Macedonia

- Iceland, Liechtenstein, Norway
- Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestinian Territories, Syria, Tunisia, Ukraine

If a total cost of a procurement is 100 thousand Euro and over, grant beneficiary should ask suppliers to declare and document the origin of goods. In this case, the rule of origin applies to all items tendered and procured. It is not sufficient that a certain percentage of goods tendered and procured or a certain percentage of contract value respects this rule.

Documents certifying the country of origin other than the following cannot be accepted;

- Original 'Certificate of Origin' for the goods produced outside Türkiye and imported into Türkiye or for the goods produced in Türkiye to be exported.
- Original or notarized copy of '[Turkish Goods Certificate](#)'³² issued by Chamber of Commerce and/or Industry for the equipment produced in Türkiye ...

These documents must be prepared in standard format by authorised institutions such as chamber of commerce and/or industry of the country of origin 33.

In case the abovementioned documents are failed to be presented due to force majeure reasons, any of the following documents can be based on in the certification of the country of origin:

- An **official letter** by the Chamber of Commerce and/or Industry located in the place of production, which confirms that the goods are produced in that place and includes address details of the producer and production place,
- '**Certificate of activity**' or '**Copy of Chamber of Commerce Registration**', issued by the Chamber of Commerce and/or Industry where the producer is registered, on the condition that it proves the producer is engaged in 'the production of brand goods'
- '**Appraiser's Report**' by the Chamber of Commerce and/or Industry located in the place of production, including information about producer, place of production and production subject
- '**Workplace Competence Certificate**' with unexpired quality and standards documents, issued by TSE, on the condition that it includes information about producer, place of production and production subject
- '**Industrial Registration Certificate**' issued by Ministry of Industry and Commerce, on the condition that it includes information about producer, place of production and production subject
- '**Declaration of Origin**' by producing company (wet signed and sealed) on the condition that it is approved by the Chamber of Commerce and/or Industry located in the place of production...

³² <http://www.tobb.org.tr/DisTicaretMudurlugu/Sayfalar/IPATurkMaliBelgesi.php>

http://www.tobb.org.tr/DisTicaretMudurlugu/Documents/IPA/Yeni_IPA_UsulveEsaslar.doc

³³ Refer to the HRD OS in these cases.

The documents listed below cannot be accepted alone in the certification of country of origin:

1. Capacity Report
2. Written declaration of the Producer
3. CE Certificate
4. Certificates of Origin or official letters issued by Chamber of Commerce and/or Industry located in any other place than where the goods are produced
5. Domestic Goods Certificate issued by Chamber of Commerce and/or Industry located in any other place than where the goods are produced
6. ATR Movement Certificate
7. Shipping documents such as bill of lading and carrier's receipts
8. Certificate of Competency for Post-Sale Services

Request for Derogation from the Rule of Origin

There may be some requests for derogation from the rule of origin which is applied to the procurements of which total cost is 100 thousand Euro and over in certain situations. For this, the grant beneficiaries are required apply to the HRD OS with reasonable and important justifications such as:

- unavailability of products and services in the markets of the countries concerned,
- reasons of extreme urgency,
- if the eligibility rules would make the realisation of a Project impossible...

It should be considered that the request for derogation is required to be approved by the Delegation of the European Union to Türkiye as well, and this process may take time. Besides, the following materials are regarded as "goods not specific for the project activities and not necessarily required for the project implementation" by the Delegation of the European Union to Türkiye and the request of derogation for these materials are rejected.

- SLIDE PROJECTOR,
- CAMERA (INCLUDING PROFESSIONAL ONES),
- PRINTER,
- MULTIFUNCTIONAL PRINTER,
- FAX MACHINE and such general equipment.

In this respect, it is highly recommended that any request for derogation except for those specific to the Project activities and objectives is not filed. As any cost arising from the procurement of these goods from non-eligible countries of origin will be regarded as non-eligible, it is also highly recommended that these goods are financed by different sources outside the Project budget in order to continue to carry out the Project activities, avoiding any disruption in the implementation.

Adequate amount of market research should be conducted prior to the procurement procedures and tendering process and as the necessary documents such as technical terms of reference is being drafted. In these researches, the rule of origin which will be applicable for procurements costing 100 thousand Euro and over should be respected: the availability of the equipment in the

eligible countries of origin should be checked and their technical specifications should be minimized in accordance with that of eligible countries of origin in determining the availability.

For the goods of which unavailability in the eligible countries of origin is confirmed by the market research, a request for derogation from the rule of origin should be submitted to the HRD OS, using [“Request for Derogation from the Rule of Origin”](#) a copy of which is provided under PROJEMATİK ([Documents](#) → [Sample Procurement Documents](#)).

On the other hand, the fact that a product with non-eligible country of origin is cheaper compared to products with eligible country of origin cannot form the basis for making an exception.

In the event that estimated amounts for the equipment in the budget remain low compared to the market prices in eligible countries of origin;

- a) bridging the price gap through transfers from other budget items with minor or major changes
- b) reducing unit numbers or renting rather than procurement should be considered.

3.7.4 Procurement Process

Institutions and organisations subject to the Law No. 4734 should comply with the procedures set in the national public procurement law in addition to rules and principles laid down in Article 10 of General Conditions and Annex IV. Two types of procurement method are utilized with regards to purchases by grant beneficiaries who are not subject to public procurement law:

“**Simplified Procedure**” method is used up to €100.000 for product groups with an amount exceeding €20.000 and up to €300.000 for service groups and works. Expenditures of 2,500 Euros and less can be incurred in return for invoice without pre-acceptance of an offer.

In procurements of service and goods costing more than 2.500 Euro and in works up to 20 thousand Euro **single offer** may be applied. In both cases, it should be remembered that general rules such as and origin will apply.

- As defined in Section 2.6, procurement plan is conducted through PROJEMATİK by Grant Beneficiary and according to this Tender Plan is conducted by TEKİZ/SY. Thereafter procurement method which must be utilized in goods and service groups including each budget item is determined for the grant beneficiaries who are not subject to public procurement law and procurement documents become presentable following their preparation through system by Grant Beneficiary ([Left centre panel on PROJEMATİK Tender](#) → [Update Tender Date, Prepare \(1st Phase\)](#)).

It is very crucial that all transactions are of verifiable nature in procurement process. Therefore all records and reports should be well kept demonstrating also justifications of decisions taken during tender evaluations. Besides it must be remembered that:

- Tender participants must be informed why they have or have not been selected in order to enhance their qualifications and effectiveness,

- Contracts cannot be tendered retrospectively (in other words, they cannot be tendered after carrying out activities/implementations),
- No payment shall be made and no product or service shall be procured prior to the signature of the contract,
- Parties of the contract shall demonstrate actual signature dates,
- European Commission may carry out inspections after implementation.

Simplified Procedure

“Simplified procedure” method is used by the grant beneficiaries who are not subject to the public procurement law up to €100.000 for product groups with an amount exceeding €20.000 and up to €300.000 for service groups and works.

According to this method, the beneficiary should:

1. Without making **any tender call**, list at least three commercial enterprises that have been determined by itself and justify why these enterprises are chosen ,
2. discuss and negotiate by ensuring a competitive environment
3. In order to achieve this, invite in writing enterprises for simultaneous and written offers by also sending the tender folder,
4. Minimum 30 days should be given so that the candidates selected can prepare and submit their offers;³⁴
5. Ensure evaluation of offers by an evaluation committee,

Sign procurement contracts with bidders of the best (lowest) price in terms of supply procurement and with the bidders who will provide the best value for money to be spent in terms of service procurement.

Herein “Commercial enterprise” concept includes concepts such as legal and natural product suppliers, service providers and contractors, builders or subcontractors. Enterprises which receive invitation may require participation by giving an offer as a group with other enterprises.

Following the consultation with the bidders, the tender may be awarded to valid bidder provided that the bidding criteria are met if only one bid which is technically and administratively eligible has been received.

Negotiation procedure may be opted for if the simplified procedure is unsuccessful, ie no qualitative and / or financially valuable bids have been received and the tender documents have not undergone any significant

In market research, estimated price and the whole specification text should be kept secret from potential suppliers and other unauthorised parties. Research results should be documented accordingly.

changes. In this case, after the tender procedure is canceled, after the approval of HDR OS, one or more tenderers from the tender invitations are negotiated and a “negotiation report”, the sample of which is available in PROJEMATİK ([Documents](#) → [Procurement Sample Documents](#)) is prepared.

³⁴ Deadline for applications should coincide with a working day. In order to allow the arrival of offers sent on the last day it is recommended to organise opening session one week after the deadline.

In each step, grant beneficiary should take opinions of all parties involved in the project.

Step 1 – Review of “Procurement Plan” and “Tender Plan” and Market Research:

Within the framework of “Preliminary Works”, procurement plan and tender plan which should be prepared immediately after the beginning of the project, should be taken into consideration (See Section 2.6.5). In order to carry out a research on cost estimates of products and services to be procured and their current situation in the market, a market research should be conducted by contacting potential suppliers. In this stage, precaution is a must, approximate price and the whole specification text should be kept secret from potential suppliers and other unauthorised parties. Especially with regards to product purchases, in addition to product acquisition cost, other relevant costs (transportation, assembly, rendering operational, delivery, guarantee, etc.) should be included in unit prices. If necessary, training costs regarding these products should be separately indicated as lump-sum in market research.

Results of market research should be documented in line with [“Market Research Table”](#), a copy of which can be found in PROJEMATİK (Documents → Sample Purchasing Documents). All relevant evidence (proforma, invoices, correspondence, internet sources, supplier letters, etc.) should be included in standard market research.

Following market research and needs analysis, due updates, if any, concerning dates anticipated in this plan or product and service groups should be carried out. At this stage:

- Deadline for applications should coincide with a working day. In order to allow the arrival of offers sent on the last day it is recommended to organise opening session one week after the deadline.
- Needs during project preparation phase and current product and service needs should be compared, and if any, “small amendment” or “major amendment” requests should be made to HRD OS according to procedures in Section “4. Project Amendment” in order to eliminate these nonconformities,
- It should be checked if way of grouping products or services to be purchased is in line with market conditions and if there is any nonconformity, group compositions should be revised,

For equipment that are included in a procurement costing 100 thousand Euro and more whose origin appears not to be available in relevant countries according to market research, HRD OS should be applied with [“Request for Exception of Rule of Origin”](#), a sample of which can be found in PROJEMATİK (Documents → Sample Purchasing Documents). [“Market Research Table”](#) should also be added to this request.

- If estimated costs in the budget are lower than market prices, amendment requests for transfers between budget items or renting instead of purchasing should be considered.

After product and service groups that must be purchased by tender are determined, budget items that have tender plan appear in PROJEMATİK → İhale/Tender section (See Section 2.6.5). Relevant update of the table shown in this section is carried out (Update Tender Date and Update Tender Information).

Step 2 – Determination of Needs

- At this stage, minimum requirements of supplies to be procured are indicated in [“Technical Specification”](#), (administrative specifications) details of services required are indicated in “Terms of Reference” (Left centre panel on PROJEMATİK Tender → Prepare (1st Phase),...).

Needs and requests should be clearly and explicitly indicated. These documents inform beneficiaries about nature of offer they will provide and guide them; in addition to this, these documents play a key role since they become main references during implementation as they will be included into the contract to be signed following the tender.

Exact preparation of terms of reference and technical specifications is very important for the final success of purchasing. Well-organised terms of reference and technical specifications ensure well-designed product and service purchase, and that purchasing is carried out within the estimated period and resources are not wasted. It is the responsibility of beneficiary that these documents are organised; however during preparation phase HRD OS and relevant parties may be consulted and assistance of an expert may be sought concerning purchases with technical complexity.

Names of company, manufacturer or trademarks are not indicated in these documents. If it is necessary that such names are supposed to be indicated, “or equivalent” expression should be added along these names. However this expression should not be used in order not to explain functions of this product or service. In addition to this, it is very important that flexibility is ensured in terms of required qualifications instead of very limited conditions.

Supply Procurement	Service Procurement
<p>“Technical Specifications”, is prepared through PROJEMATİK.</p> <p>This document indicates why each supply within product group is requested to be purchased, its definition, minimum technical qualifications, exposure time or how long it is expected to endure, its performance, safety qualifications, dimensions and conformity requirements with available products of beneficiary. Functions of products should be stated rather than their brands. Besides, following information should be included in required qualifications section, if necessary:</p> <ol style="list-style-type: none"> 1. Technical documents, catalogues and other printed material expected to belong to product, 2. Transportation, insurance, delivery, assembly and, if available, after sales service and maintenance, inspection, check/test and training needs. <p>During definition process of needs in technical specification, it would be convenient to take advantage of internet search engines and brochures and leaflets of various product groups.</p>	<p>“Terms of Reference”, is prepared through PROJEMATİK.</p> <p>This document covers information such as objectives and scope of service procurement, which services are needed, relevant conditions, methods required to be applied, timing requirements, resources and inputs required to be used and reporting requirements.</p> <p>In terms of reference, “expected outputs and results” should be explained rather than how services in need will be provided.</p> <p>In service procurement, going out to tender just by stating number and qualifications of personnel to be employed, without giving any details of work, means that beneficiary indirectly employ personnel rather than procurement of the service. And it should be recognised that this will be evaluated as being contrary to fundamental purchasing principles.</p>
<p style="text-align: center;">PROJEMATİK →Tender → Prepare (1st Phase)</p> <p style="text-align: center;">Explanations/specifications related to budget items within lot is entered into the system.</p> <p style="text-align: center;">Prepare (2nd Phase)</p> <p style="text-align: center;">Word document, which is automatically prepared following the first phase, is downloaded to computer and due updates and revisions are performed.</p> <p style="text-align: center;">Upload Draft</p> <p style="text-align: center;">After the document is prepared, it should be uploaded to the system in the Word document format.</p>	

Step 3 – Determination of selectioncriteria

All purchasing and tenders are only open to natural and legal persons obeying rule of nationality and not being subject to prohibitions or restrictions. These conditions are named “exclusion criteria”. While grant beneficiaries and co-beneficiaries perform purchasing, in accordance with “neutrality” principle, they should treat all commercial enterprises equally and should not discriminate between them. In addition to this, a distinction can be made among these people only in terms of technical needs or quality and security. Therefore, beneficiaries should determine selection criteria in addition to exclusion criteria including nationality and prohibition requirements in order to evaluate financial, economic, technical and professional capacities of those who will participate to their tenders. These criteria may include capacity conditions such as termination of works of a certain quantity and quality. These additional criteria are named “efficient or selection criteria” and during administrative conformity evaluation process, these criteria, apart from nationality and prohibition requirements, are taken into consideration and only those meeting

these criteria are separated to be evaluated. These criteria will not lead to unfair competition, they will be objectively determined in line with relevant needs, and suppliers should be aware of these criteria in advance. Candidates may be required to prove if they meet efficient criteria through various additional declarations and additional legal documents, and if they have necessary competence to apply tender. This situation may be especially beneficial in cases where there is no sufficient knowledge about enterprises. On the other hand, minimum capacity levels determined by efficient criteria cannot exceed scope and extent of tender.

Example of financial and economic capacity criteria:

Annual average turnover of tender candidates should be higher than € <.....>.

Year-beginning and year-end averages of cash and equivalents assets of applicants should be positive.

Example of technical and professional capacity criteria:

In accordance with this tender, tender candidates should have <.....> certificate:

Tender candidates should employ at least <.....> personnel in regards to relevant areas of this tender.

Tender candidates should have successfully completed, during the last three years, a similar project, with a budget of at least € <.....> in regards to relevant areas of this tender.

In order to verify economic and financial capacity, enterprises requiring participation by submitting an offer are requested to submit documents such as bank statement, letters of guarantee, financial statements of the last two years, and turnover declarations over the last three years.

In order to verify technical and professional capacity, enterprises are requested to present documents similar to the following:

- Certificates confirming educational or professional qualifications of service provider or contractor itself or its administrative personnel;
- A summary of similar services or products procured provided over the last three years;
- A list of works undertaken over the last five years and the documents of completion;
- Description of technical equipment, facility and devices to be used by company to implement service supply and construction works contracts;
- Certificates which are accepted by relevant authorities to be in conformity with current product purchasing standards and specifications;
- Number of administrative personnel or declaration of annual average work force of service provider or applicant over the last three years.

Step 4 – Determination of Enterprises

At this stage, following market research, enterprises which can meet needs in related area and submit administratively eligible offers and they are included into the system (**Tender → 2 – Prepare Invitation Letter → Add Company**). It should be noted that it should be documented that criteria, justifications, methods and tools employed in order to select the participants are objective and justifiable. Although simplified method does not require purchasing to be announced publicly, if

sufficient information (especially through project website) about those that can submit an offer cannot be obtained as a result of market research, it will be convenient to make an effective announcement. It should not be forgotten that visibility rules still apply at this stage and the EU and the Republic of Türkiye co-financing should be rendered visible.

Beneficiary should seek to identify as many reputable enterprises as possible to ensure that it receives at least three offers that it can find “administratively eligible” at administrative conformity stage.

At this stage, it should be considered that there will no conflict of interest and that enterprises unable to supply are not identified (See Sections 1.16 and 3.7.2).

Step 5 – Completion of Tender Dossier

At this stage beneficiary should prepare an official “A Letter of Invitation to Tender” to be sent to enterprises that it will invite to tender. Template will be downloaded from this link: [Tender → 2 – Prepare Invitation Letter → Prepare Letter](#) and information about general requirements, general instructions and distinction/selection criteria, documents required during application, application address, deadline and contact details for additional information requests of applicants is included in this letter. After the letter is prepared, it should be uploaded to the system in the Word document format via [Upload Draft](#) link.

Step 6 – Sending Tender Dossier to Ex-Ante control

As soon as draft specifications and invitation letter is completed, they should be sent by the grant beneficiary which is not subject to public procurement law to HRD OS through PROJEMATİK for ex-ante control. At this stage, it is very crucial that technical specifications or terms of reference and invitation letters are fully prepared ([Tender → Send to Ex-ante Control Before Invitation](#)).

Step 7– Call for Tender

Once draft specification and invitation letter is subject to ex-ante control of HDROS, the tender should be launched without delay. In this step, invitation letters including tender dossier as well are sent to the identified firms simultaneously. This procedure should be documented with an official letter including date and number hand-delivery document/post-delivery etc and recorded in a way to allow justification with the dates of sending and delivery.

It is important that all bids have similar format to enable consistent comparison. Furthermore, it is obligatory that all actions under procurement processes are verifiable via documents and records. Thus, documents to be used during the tender and sent to the firms in the attachment of invitation letter should be composed of the following at minimum:

Tender Dossier for Procurement of Supplies	Tender Dossier for Procurement of Services
<p>“Invitation to Tender” PROJEMATİK → Tender → 2-Prepare invitation letter → Download it is downloaded from this link, finalized according to the necessary controls and signed.</p> <p>Annexes</p> <ol style="list-style-type: none"> 1. “Technical Specification + Technical Proposal”: PROJEMATİK → Tender → 1-Prepare Technical Specification → Download Its first section is filled in by the beneficiaries by considering the points underlined in step 2. It is attached to the letter to be filled in by the firms. 2. “Bid Form” PROJEMATİK → Tender → 3-Upload the Bids Received → Example (it is downloaded from this link and attached). The firms complete this document, including their statement and commitment, in a way to be the cover letter of their bids. “Financial Offer”: The beneficiary does not indicate any approximate value or price in the table included in this document. The firms should quote a price in line with features offered in technical offer. In addition, prices of training and other services and spare parts and consumables requested in the specification but not included in main equipment prices should be included in the offer and should cover technical specification. 3. “Evaluation Report”: PROJEMATİK → Tender → 6-Prepare Evaluation Report → Prepare (It is downloaded from this link. It is attached to the letter as blank by not indicating the identity of evaluators in order to give an idea to the firms about how and according to which criteria the evaluation will be made. 4. “Contract”: PROJEMATİK → Tender → 7-Sign Supply Procurement Contract → Prepare It is attached to the letter as blank to give an idea. No price should be indicated. 	<p>“Invitation to Tender” PROJEMATİK → Tender → 2-Prepare invitation letter → Download (it is downloaded from this link, finalized according to the necessary controls and signed).</p> <p>Annexes</p> <ol style="list-style-type: none"> 1. “Terms of Reference”: PROJEMATİK → Tender → 1-Prepare Terms of Reference → Download The terms of reference is attached to the letter for the information of the firms. 2. “Bid Form”: PROJEMATİK → Tender → 3-Upload the Bids Received → Example (it is downloaded from this link and attached). The firms complete this document, including their statement and commitment, in a way to be the cover letter of their bids. “Technical Offer – Financial Offer”: This document encompasses two different offers, and the firms are free to change the forms of the offers. They should be attached to the letter without any amendment by the beneficiary. The firms prepare their technical offer according to ‘terms of reference’ and their financial offer according to approximate value indicated in the ‘invitation to tender’. 3. “Evaluation Report”: PROJEMATİK → Tender → 6-Prepare Evaluation Report → Prepare (It is downloaded from this link. It is attached to the letter as blank by not indicating the identity of evaluators in order to give an idea to the firms about how and according to which criteria the evaluation will be made. 4. “Contract”: PROJEMATİK → Tender → 7-Sign Service Procurement Contract → Prepare It is attached to the letter as blank to give an idea. No price should be indicated.

At this stage, it should be noted that conflict of interest should be avoided, and invitation should not be sent to individuals from whom procurement cannot be made (see section 1.16 and 3.7.2).

In order to start the evaluation and complete the tender, it is vital that the beneficiary has minimum three bids which fulfil the requirements of participation in the tender and have all documents required complete; in other words, which are “administratively eligible” during the determination of administrative eligibility and comparable. Otherwise, since required competitive environment

has not been created during tendering process, the invitation letter is recommended to be sent to more than three firms.

Sufficient time should be given to bidders expected to participate in the bid to respond to the invitation or, if made, to the announcement with a bid package. In other words, delivery period should be long enough to ensure the quality of the tender and to allow a genuine competitive tender. To this end, there should be minimum up to 30 days between the date the invitation to tender is sent or the announcement is made and the deadline for the delivery of offers. The beneficiary cannot open bid packages. On the other hand, in tenders organised by sending just invitation without making announcement, provided that all firms to whom invitation letter has been sent have sent their responses and approval has been received from HRDOS via PROJEMATİK, the beneficiary does not have to wait for the completion of 30 days in order to open the packages, to launch administrative eligibility process and to award the tender.

The grant beneficiary may give up or cancel the procurement after the invitation letter has been sent or tender has been announced without granting any right of compensation to the candidates and bidders.

Cancellation is possible in cases similar to those listed below:

- The Project or the works or products subject to procurement has undergone fundamental changes technically and financially,
- It is no longer possible to execute the contract at its ordinary course,
- Irregularities have been discovered concerning tendering process.

The cancellation should be immediately announced to all firms receiving an invitation letter together with the reasons. If it has been announced, the cancellation should be announced together with its reasons.

Step 8 - Establishment of Evaluation Committee

Demands for participation in tender and all offers eligible administratively should be evaluated and ranked by an evaluation committee. To this end, the grant beneficiary nominates an evaluation committee composed of members with equal voting rights during waiting period. The number of members should be odd, and should be minimum 3. Each member should be nominated by indicating the name. To this end, sample nomination list is downloaded from PROJEMATİK → Tender → 4-Set up Evaluation Committee → Prepare, and once it is signed by the person authorised to represent the GB it is uploaded to the system from the link Upload. There should not be any hierarchical link between the members (superior-subordinate relationship). If nominated, the president and/or the secretary does not have voting rights. It is required that there exists no conflict of interest, and no relationship exists between the bidders and members of the evaluation committee. For the purposes of this, members of the committee sign impartiality and confidentiality statement (PROJEMATİK → Tender → 5 – Get Impartiality/Confidentiality Statement → Prepare and Upload).

In addition, the persons authorized to nominate the member of the evaluation committee on behalf of the beneficiary and/or sign the contract at the end of the tender cannot be the chairperson or member of the committee. Members who have the right to vote should have the technical and

administrative competence to give the right opinion on the offers. If necessary, experts can be invited to the committee to benefit from their views. It will be useful to ensure participation of the representatives from the partner and related institutions on the committee. In such cases, these participants should be nominated by their own institution and appointed by the beneficiary institution. Experts of HRDOS or the representatives of the Delegation of the European Union to Türkiye can participate in the bid evaluation sessions as observers.

Step 9: Getting Participation Requests in Written

Participation requests are made with bid packages and should be delivered to the delivery address specified in the invitation letter until the deadline.

The package should be prepared using the bid form. Offers for service procurement are presented in a double envelope. Accordingly, technical and financial offers should be put in two separate envelopes. The technical and financial offers for the procurement of supplies may be in one envelope. Envelopes should be submitted in a single package, enclosed and sealed, with supporting documents.

Representative of the beneficiary receiving bid packages should register them with "[The Bid Has Been Received Document](#)" (PROJEMATİK → Documents → Sample Procurement Documents) by indicating the date and time of the receipt of the bid, and should give a "received" document for those delivered by hand. Bid packages (regardless of whether they have been received before or after the deadline) should be ranked and numbered according to the date of receipt. The offers should be uploaded to the system (PROJEMATİK → Tender → 3-Upload the offer received → upload).

Step 10: Opening Bid Packages

The entire evaluation process should be completed while the offers are still valid. In this respect, all bid packages received should be opened at the same time and immediately after the deadline. On the other hand, in tenders organised by sending just invitation without making announcement, packages may be opened before the deadline to save time provided that all firms to whom invitation letter has been sent have sent their responses and approval has been received from HRDOS. In this case, all bidders should submit their offers / responses and make a declaration that they will not change the offer and/or submit offers until that time. Financial offers in service procurement should be opened at the financial evaluation stage only as are enclosed separately in the bid package.

Date and time of the evaluation session should be notified to HRDOS. If required, HRDOS can participate in the session as observer.

At this stage, first of all, all members of the evaluation committee and, if any, observers and experts should sign "[Impartiality and Confidentiality Statement](#)", an example of which is available on PROJEMATİK (PROJEMATİK → Tender → 5 – Get Impartiality /Confidentiality Statements → Prepare and Upload). A member, observer or expert who is involved in a possible interest relationship due to a connection with any of the bidders should notify it and immediately withdraw from the evaluation. For whatever reason, a new member should be appointed to replace the

member who has withdrawn from the Evaluation Committee and the evaluation process should be resumed. No matter at what stage, no consideration should be given to any evaluation which has been made by a voting member who has withdrawn from the Committee. No information about the examination, disclosure, evaluation or award of bid can be disclosed before the contract is signed by the contractor who has won the contract.

Step 11: Determination of Administrative Eligibility

All bid packages received prior to this phase are deemed only as request for participating in the tender'. These requests can be accepted as 'bids' only after their administrative eligibility is determined. Administrative eligibility is determined in accordance with pre-announced participation requirements and criteria in the letter of invitation or, if any, in the announcement.

In this context, the Evaluation Committee will use the "administrative eligibility" section of the "evaluation report" and will check each bid package to see whether application deadline has been observed, documents requested in the invitation letter have been attached and bid form has been signed by authorised persons; in other words, will examine whether the bid package is 'full and complete'. It should also be confirmed by the committee that each bidder meets exclusion criteria; in other words, the committee should confirm that the bidder is the national of eligible countries and does not fall within the categories of prohibition. This confirmation should be based on supporting documents and declarations required to be presented by bidders. The committee should finally confirm that the separation/selection criteria are met at this stage. Participation requests that are only fully presented and meet the exclusion criteria and the separation/selection criteria are considered 'administratively eligible' and are evaluated. Firms whose participation requests were accepted will be notified by giving reasons similar to the following:

- We did not receive your bid before the deadline.
- Your bid was not closed and sealed appropriately.
- Required statements have been amended or are missing.
- There is a firm not complying with rule of nationality in your consortium.
- Your financial capacity (financial capacity of your consortium) fails to meet following separation criteria which are set in the tender dossier: <.....>
- Your technical capacity (technical capacity of your consortium) fails to meet following separation criteria which are set in the tender dossier: <.....>

Step 12 – Evaluation of Offers:

The evaluation committee evaluates the administratively eligible offers in three stages:

First Stage of the Evaluation – Technical Evaluation: At this stage, the committee evaluates only the technical offers of 'administratively eligible' bidders. To ensure that the technical evaluation process can be carried out independently in service procurements, the financial offers of the bidders should not be opened at this stage and they should not be known beforehand. Compliance with technical specifications for procurement of supplies and terms of reference for service procurement is sought. The technical evaluation parts of the tables in the evaluation report are used.

Technical offers in case of procurement of supplies are not subject to scoring. Proposed features are compared with the features sought in the specification. Only the offers considered to meet minimum requirements are considered 'technically sufficient' and are evaluated at the next stage.

In procurement of services, firstly, each voting member evaluates each bid independently and gives a point out of 100. These points are raw points. To find the average score of each bid, the arithmetic average of the 'raw scores' given by the single members is taken. The highest average score is determined as the 'reference score' and 100 times of the average score of each bid is divided by the reference. Thus, according to the determined 'technical scores, the bid with the highest average score gets 100. Those whose average score is below 75 are not considered for financial evaluation.

Second Stage of the Evaluation – Financial Evaluation: Offers found adequate during the technical evaluation are subject to financial evaluation. As for service procurements, the financial offers presented in a separate envelope should be opened for the first time at this stage. At this stage, prices quoted are compared. Financial evaluation sections of the tables in the evaluation report are used.

In the procurement of supplies, financial offers are not scored. Proposed prices are transferred to the evaluation table.

In service procurement, the offer quoting the lowest price receives 100 as 'financial score'. 100 times of the lowest price given should be divided by this price one by one in order to determine financial score of other offers.

Third Stage of the Evaluation- Ranking and award of the contract:

At this stage, awarding criteria are used.

In procurement of supplies, awarding criterion is the price. Accordingly, the bidder with the lowest price which is 'administratively eligible' and 'technically sufficient' is awarded.

In service procurement, awarding criterion is the 'best value for money'. This criterion allows the assessment of the quality of the proposed methodology and resources together with the price quoted. Accordingly, from the administratively appropriate and technically sufficient ones, the tender is awarded to the bid offering the best and the most value for the money to be spent among the ones administratively eligible and technically sufficient. For this purpose, technical and financial scores calculated at previous stages should be weighted. Weights of technical and financial scores are 80% and 20% respectively. Weighted technical and financial scores are added to each other and thus the tender is awarded to the bid with the highest score.

	Highest	Bid 1	Bid 2	Bid 3
Section 1: Technical Evaluation				
Evaluator A	100	55	88	84
Evaluator B	100	60	84	82
Evaluator C	100	59	82	90
Total	300	174	254	256
Average score (arithmetic average)		$174/3=58.00$	$254/3=84.67$	$256/3=85.33$
Technical score (score of the bid/ highest bid score)		Disqualified*	$(84.67/85.33 \times 100=99.22$	100.00
Section 2: Financial Evaluation				
Total value		Disqualified as result of technical evaluation due to being under 75 scores	€ 27000	€ 28500
Mali puan (en düşük fiyat / teklif fiyatı x 100)			100	$27000/28500 \times 100=94.74$
Section 3: General Evaluation				
Technical score x 0.80		Disqualified as result of technical evaluation	$99,22 \times 0.80=79.38$	$100.00 \times 0.80=0.00$
Financial score x 0.20			$100.00 \times 0.20=0.00$	$94.74 \times 0.20=18.95$
General score			$79.38 + 20.00=9.38$	$80.00 + 18.95=8.95$
Disqualified as result of technical evaluation			1	2

Step 13 - Decision-making according to the Results and Submission of the Evaluation Report for Ex-ante Control

The committee should document its decision concerning the evaluation of administratively eligible minimum three offers through "Evaluation Report", an example of which is available on PROJEMATİK (PROJEMATİK → Tender → 6-Prepare Evaluation Report → Prepare). The evaluation committee can implement one of the following suggestions as a result of the evaluation.

1. Making contract with the bidder offering administratively eligible and technically sufficiently bid with the best price: The beneficiary **should send all bids received from the firms and evaluation reports to HRDOS via PROJEMATİK without delay for ex-ante control (Tender → Send for Ex-ante control before signing the contract)** and should initiate contract signing process by notifying the successful bidder **upon the receipt of a positive response**. Upon the signing of the contract, unsuccessful bidders are notified by giving reasons similar to the following
 - Your technical offer is not in compliance with following requirements of technical specification/terms of reference: <.....>
 - Your bid is not the best bid among those technically sufficient.
 - Your financial offer has exceeded the maximum budget set in the contract.

- Tenderers who believe that they have suffered from an error or irregularity in the procurement process may apply to the relevant authorities by using the procedures set in the relevant Turkish legislation. Letters to be submitted to bidders who have won or lost the tender should be archived to be presented during the reporting period under the technical documentation.
- 2. Following the consultation with the bidders, the tender may be awarded to valid bidder provided that the bidding criteria are met if only one bid which is technically and administratively eligible has been received.
- 3. Though administratively eligible offers have been received, cancellation of the tender as **technically sufficiently bids exceed the budget allocated**: In this case, all bidders should be notified that the tender has been cancelled as **technically sufficiently bids exceed the budget allocated** also stating any other reasons relevant for each bidder. Following this notification, a new procurement process can be initiated or rental options can be evaluated instead of procurement. In addition, the beneficiary may use the negotiation/bargaining method with one or more bidders who found to be eligible for participation in the tender following the determination of administrative eligibility and whose bids have been evaluated without introducing fundamental changes to the original conditions and upon written approval of HRDOS. In this case, a “**negotiation report**”, the sample of which is available in PROJEMATİK ([Documents](#) → [Procurement Sample Documents](#)) is prepared.
- 4. Though minimum three administratively eligible bids have been received, cancellation of the tender as **none of the bids is technically sufficient**: In this case, all bidders should be notified that the tender has been cancelled as none of the bids has been considered technically sufficient also stating any other reasons relevant for each bidder. In addition, the beneficiary may use the negotiation/bargaining method with one or more bidders who found to be eligible for participation in the tender following the determination of administrative eligibility and whose bids have been evaluated without introducing fundamental changes to the original conditions and upon written approval of HRDOS. In this case, a “**negotiation report**”, the sample of which is available in PROJEMATİK ([Documents](#) → [Procurement Sample Documents](#)) should be prepared.

Step 14 – Signing the Contract:

After all the proposals received from the firms and evaluation reports have been sent to HRDOS for ex-ante control and a positive response is received; the contract prepared in two copies according to the template used in the tender dossier is signed between the grant beneficiary and successful tenderer before the expiration of the validity period of successful bid. Following the signing of the contract, justified results should be communicated to unsuccessful bidders in writing ([PROJEMATİK](#) → [Documents](#) → [Procurement Sample Documents](#) → [Notification of the Tender Result](#)).

The contract should be uploaded to the system once it is signed by all parties ([PROJEMATİK](#) → [Update Tender Information or Tender](#) → [7-Sign Supply/Service Procurement Contract](#) → [Upload](#)).

The contract comes into force starting from the day of the last signature. A contract cannot cover previous services or cannot come into effect before this date.

Following the signing of the contract, it is the responsibility of the beneficiary to ensure that the contractor complies with the timetable and quality conditions are provided according to contract and tender conditions.

Single Offer Procedure

Procurement Plan is prepared by Technical **Monitoring Expert or Contract Manager on PROJEMATİK** in consultation with the GB during initial training programmes and first monitoring visits. At this stage, procurement plan prepared by the GB on the system is taken into consideration as well. In this way, procurement procedure to be applied for goods or service group including each budget item is determined, and procurement documents are made ready to be prepared by the GB which is not subject to public procurement law on the system and to be submitted via the system (PROJEMATİK left middle panel **Tender** → **Prepare (Stage 1), ...**).

However, in any case, it should be noted that general procurement principles set in Annex IV “Procurement Procedures” of the contract such as avoiding conflict of interest and general procurement rules such as nationality should be observed.

Sample tender documents and processes and with single offer for GBs that are not subject to public procurement law presented in PROJEMATİK need to be used for the purchases amounting 20.000 euros and less. It is highly recommended to obtain and evaluate minimum 3 valid offers since it is required that general procurement principles have been complied with and the best value for money has been obtained for the purchases amounting 20.000 euros and less. On the other hand, it should be noted that **“supply contract” must be signed if the amount of purchase is exceeding 3,500 TRY excluding VAT** in accordance with the legislation on tax exemption.

Each phase of procurement should be recorded for ensuring traceability and should be kept in files for potential controls in the future. In this procedure, it is not mandatory to appoint an evaluation committee. A **“negotiation report”**, an example of which is presented in PROJEMATİK (**Documents** → **Sample Procurement Documents**) explaining how the participants in the bargaining processes were selected, how they met the selection criteria, how the price was determined, and the reasons behind the award decision should be prepared. The rules of nationality, exclusion and selection criteria should be strictly followed and the relevant documents should be submitted by the negotiators. The selection criteria should be included in the tender invitation letter and the job description or technical specifications, tender form and draft contract should be included in the tender dossier. The invitation letter should state the negotiation procedure, the deadline for submission of the tender, the award criteria and the keys to the process. It can also be stated in the Tender Documents that the right to submit the tender without pre-negotiation is made through the first offers.

The following sample procurement documents are available in PROJEMATİK for purchases equivalent of 20.000 euros or less for the Beneficiary which is not subject to public procurement law (**PROJEMATİK** → **Documents** → **Procurement Sample Documents**):

- Letter of invitation to tender
- Technical specification + proposal form
- Letter of proposal
- Supply contract
- Bargain report

In this process, the negotiation steps shown in the negotiation report template should be followed.

Negotiation sessions can be organised by inviting the bidders to discuss the technical and financial offers that can be explained at any time during the process.

The minimum requirements in the specification, the criteria in the tender dossier and the latest tenders may not be negotiated. It is obligatory to inform the bidders who are not excluded from the tender, who have submitted an offer in accordance with the tender documents and made a written request about the progress of the negotiation process.

This information should not prejudice the legitimate commercial interests of tenderers or interfere with fair competition between them.

Recommendations for the award decision are based on the outcome of the discussions during the negotiations and documented in the negotiation report. .

Expenditures of 2,500 Euros and less

In case of purchases with a price of 2,500 Euros or less, it is possible to meet the needs by conducting a price survey in the market by the person or persons assigned by the grant beneficiary institution. These expenditures can be made against invoice without pre-acceptance of an offer. In addition, it is required that the procurement is concluded with a written contract in the following situations:

- Whereas the delivery of the goods or the service or works require a certain period;
- Whereas the goods which are subject to Special Consumption Tax (SCT) is directly procured from those who are obliged to pay SCT;
- Whereas the value of purchase exceeds 3,500 TRY excluding VAT;
- For the service procurement not exceeding 20,000 Euros from a real person in the scope of budget items No 1.1 or 1.2 who can perform the work, which does not require 'work contract' and which are not continuous, acting freely in terms of working procedures and hours during the project period ...

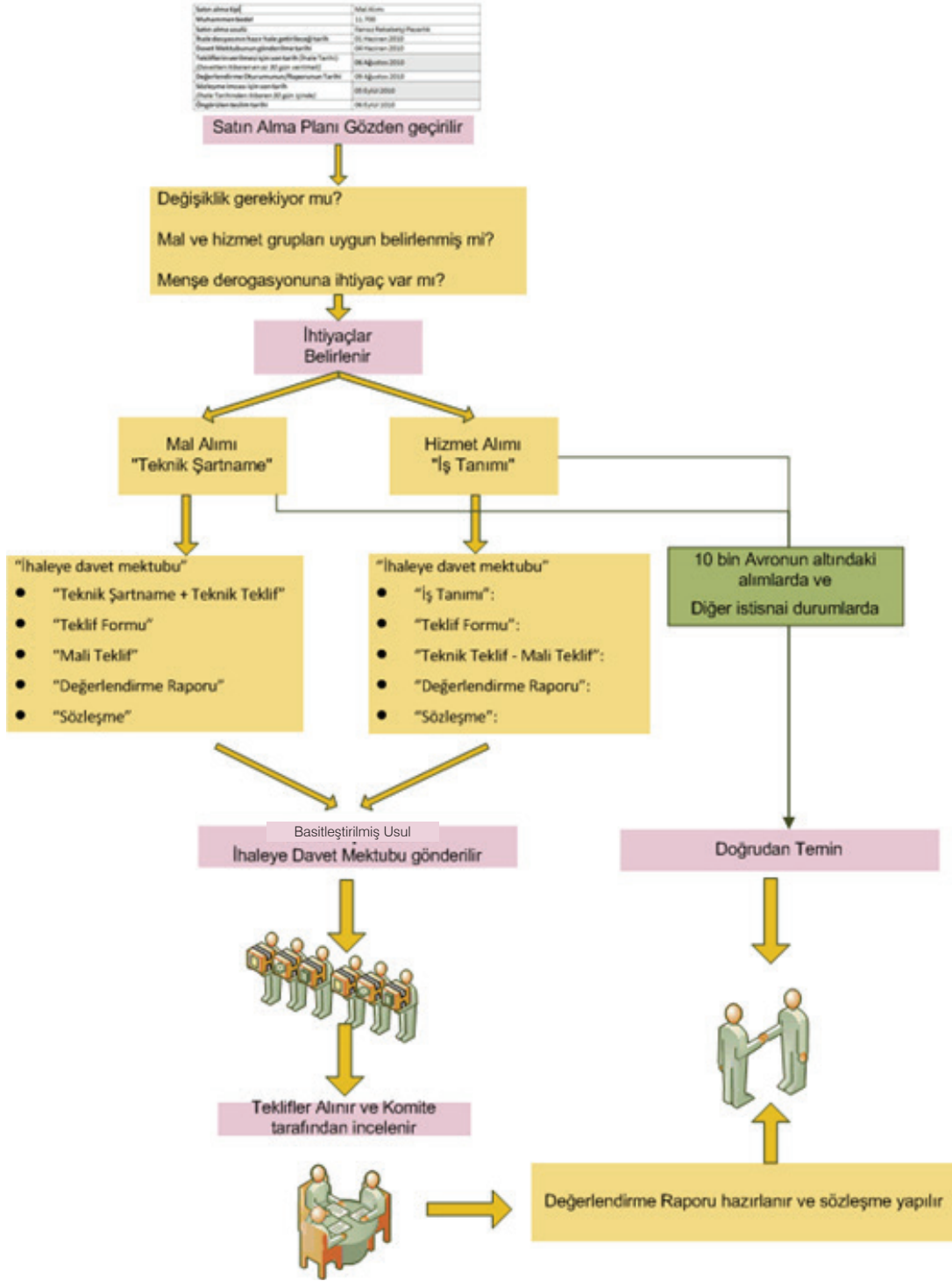
A contract to be signed in such cases, should have minimum the information in [“Supply Contract”](#) template of which a sample is available in PROJEMATİK (Documents → Sample Procurement Documents).

Bargain Procedure in Exceptional Cases

In the following exceptional cases, **regardless of the value of procurement**, if pre-approval is obtained from HRD OS, the same processes in the single tender procedure shall be carried out, if the procurement price exceeds 20 thousand Euros, the evaluation committee shall be established and procurement can be made through negotiation method by preparing a **“Negotiation Report”**, a sample of which is included in PROJEMATİK (Documents → Sample Procurement Documents).

- a) In cases where due to reasons of extreme urgency caused by unforeseen events, it is impossible to comply with the applicable time limits where the justification for this extreme urgency cannot be attributed to the grant beneficiary.
- b) where the services that should be procured are entrusted to public-sector bodies or to

- non-profit institutions or associations and relate to activities of an institutional nature or designed to provide assistance to peoples in the social field;
- c) in new works consisting of repetition of similar services on the subject of the original contract signed following this tender, provided that the tender costs are clearly specified in the tender notice and the negotiation rule for new and recurring services within the project is clearly specified.
 - d) for additional deliveries by the original supplier intended either as a partial replacement of normal supplies or installations or as the extension of existing supplies or installations, where a change of supplier would oblige the Beneficiary(ies) to acquire equipment having different technical characteristics which would result in either incompatibility or disproportionate technical difficulties in operation and maintenance;
 - e) in cases where the products are produced only with the aim of research, trial, examination or development (however, such contracts should not target commercial feasibility or recovery of research and development costs);
 - f) where the tender procedure has been unsuccessful, that is where no qualitatively and/or financially worthwhile tender has been received. In such cases, after cancelling the tender procedure, the Beneficiary may negotiate with one or more tenderers of its choice, from among those that took part in the tender procedure, provided that the initial terms of the tender procedure are not substantially altered;
 - g) where the contract concerned follows a contest and must, under the rules applying, be awarded to the winner of the contest or to one of the winners of the contest. (All winners shall be invited to participate in the negotiations in these cases);
 - h) where, for technical reasons, competition does not exist, procurement of a unique piece of art or artistic performance or for reasons connected with the protection of exclusive rights, the contract can be awarded only to a particular service provider;
 - i) legal representation, legal advice, arbitration or mediation services, notary certification
 - j) services to be obtained from an international organization which cannot participate in tender procedures according to articles of association
 - k) for the issue of the expenditure verification report and the financial guarantee where they are required under the contract;
 - l) for contracts declared to be secret, or for contracts whose performance must be accompanied by special security measures or when the protection of the essential interests of the European Union or the beneficiary country so requires;
 - m) for contracts in respect of supplies quoted and purchased on a commodity market;
 - n) contracts in respect of purchases on particularly advantageous terms, either from a supplier which is definitively winding up its business activities, or from the receivers or liquidators of a bankruptcy, an arrangement with creditors, or a similar procedure under national law;
 - o) where a new contract has to be concluded after early repeal of an existing contract;



3.8 Communication and Visibility Activities

Communication plan developed by the beneficiary in accordance with the procedures set forth in Section 1.15 and approved by the Contracting Authority should be implemented effectively. Through various means of communication and visibility, financial support of the Republic of Türkiye and the EU should be emphasized in activities carried out within the scope of the project by grant beneficiaries, associates and subcontractors, in places, equipment and vehicles used. It is highly recommended that in order to check conformity of materials designed within the scope of communication and visibility to relative rules, the design should be sent to HRDOS through PROJEMATİK before printing.

In terms of scale and location, flags of the EU and the Republic of Türkiye must have at least double visibility compared to other communication and visibility means, and they must be visible on all materials during every activity. Flags of the EU and the Republic of Türkiye must prominently be demonstrated in every activity such as conferences, seminars and training and they must be separately exhibited from all other means. The EU flag must be properly designed at all times and in all conditions preventing commonly made mistake such as positioning of stars and their angle. In order to ensure utilization of proper template before production of the EU flags to be exhibited, discussion of this matter with flag manufacturers is strongly recommended. The correct EU Flag and its different formats are accessible from Documents Section of PROJEMATİK ([Documents](#) → [Visibility and Communication](#)) and from the links below:



<http://avrupa.info.tr/tr/ab-mali-destegi/goeruenurluek-ilkeleri.html>

http://www.ikg.gov.tr/wp-content/uploads/pdf/14112016_Gorunurluk_Rehber.pdf

Apart from flags, the following communication and visibility means and materials should be used for different aspects: letterheads, business cards, envelopes, internet page, presentations, billboards, bulletins, catalogues, leaflets, brochures, plaques, inserts, stickers, press releases, advertisement, conferences, seminars and training materials, invitations, agendas, internal and external reports, standard materials for exhibitions, fairs, etc., audio-visual materials such as CDs & DVDs and videos, hats, t-shirts, etc.

These materials should include the following elements:

3.8.1 Original Logo: EU-Türkiye Cooperation Logo

	
<p><i>This project is co-financed by the European Union and the Republic of Türkiye.</i></p>	<p><i>This project is co-financed by the European Union and the Republic of Türkiye.</i></p>

Regardless of its scale, this logo must always be used together with the following statement:

'This project is co-financed by the European Union and the Republic of Türkiye.'

In order to ensure that EU-Türkiye cooperation logo is properly used, the logo should not be copied, it should be downloaded from the following link or PROJEMATİK (Documents → Visibility and Communication):

<http://avrupa.info.tr/tr/ab-mali-destegi/goeruenuerluek-ilkeleri.html>

3.8.2 Other Logos

In all communication and visibility materials, where available, logos of Operating Structure, that is Ministry of Labour and Social Security, and Contracting Authority must be used. Both logos can be downloaded from PROJEMATİK (Documents → Visibility and Communication).

If required, logo of beneficiary institution can also be used. These logos should be clearly and separately located from “EU-Türkiye Cooperation Logo” and their scale must not be bigger than “EU-Türkiye Cooperation Logo”.

 İNSAN KAYNAKLARININ GELİŞTİRİLMESİ PROGRAM OTORİTESİ	 T.C. MİLLÎ EĞİTİM BAKANLIĞI	 T.C. ÇALIŞMA VE SOSYAL GÜVENLİK BAKANLIĞI
Sözleşme Makamı	Operasyon Faydalanıcısı	Program Otoritesi

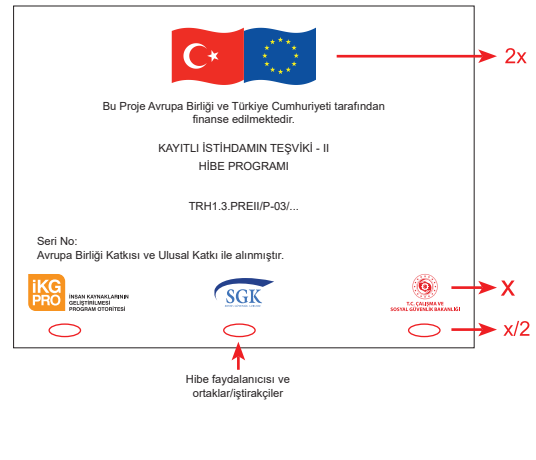
With regards to small scale materials like stickers, there exists no text accompanying logos. On the other hand, larger scale materials such as invitations, brochures and event schedule, expressions demonstrating roles of institutions may be used in smaller font sizes similar to those indicated above.

Similar to other visibility rules, the Turkish flag is properly used on visibility materials and in conformity to the Turkish Flag Law No. 2893 published in the Official Gazette (Date: 24th September 1983, Number: 18171).

Sample View



Sample Equipment Sticker



3.8.3 Disclaimer Statement

It should be included in publications which bear information, opinion and/or attitude especially such as books and reports in the following manner:

'This publication is co-funded by the European Union and the Republic of Türkiye. The content of this publication is the sole responsibility of <Name of grant beneficiary> and in no way, reflects the views of the European Union or the Republic of Türkiye.'

3.8.4 Definition of the EU and Grant Scheme

Especially in large scale actions, the introduction of the EU and the grant scheme should be covered. For a brief introduction of the EU, the following statement may be used:

'The European Union consists of 27 member states that have decided to gradually combine their knowledge, resources and faiths. They have built up a stable, democratic and sustainable development region, protecting together cultural variety, tolerance and individual freedoms during 50 years of expansion period. The European Union is dedicated to share its acquisitions and values with countries and people beyond its borders.'

3.8.5 Obligatory Visibility Activities

1. Visibility materials shall be submitted to HRD OS through PROJEMATİK for ex- ante control before they are printed.
2. It must be ensured that as financier institutions HRD OS and EU Delegation to Türkiye shall be timely invited to project activities such as opening/closing meetings, conferences and seminars which require representation and will be reflected in the press for the purpose of including them in opening speech.
3. A sign should be hung at the entrance of the Project Office.
4. During project activities (seminar, training, conference, etc.), a banner should be hung indoor and outdoor.
5. Press releases related to the project and project activities should be prepared including, at least one sample, information and logos "[Press Release](#)" template which can be found in PROJEMATİK (Documents → Visibility and Communication) and this information should be shared while providing information about the project during interviews and/or meetings.
6. Stickers and etiquettes should be prepared in suitable sizes and with enduring materials and afterwards should be attached to vehicles, books and equipment purchased within the scope of the project.
7. Pictures and/or videos of related activities should be taken and recorded and they should be uploaded to the project's website and PROJEMATİK Activities module as supportive documents of related activities.
8. Local and/or national press news about the project should be monitored and uploaded to PROJEMATİK Activities module as supportive documents of related activities.

3.9. Implementation of Tax Exemptions

According to Türkiye-EU IPA II Framework Agreement and Notice of Framework Agreement no 135 ,within the scope of grant contracts, products supplied, services provided and actions carried out by a supplier to grant beneficiary are exempted from the following taxes:

- Value-added tax
- Customs duty
- Special consumption tax
- Income and corporate tax (Conditional exemption)
- Inheritance and transfer tax
- Special communication tax
- Motor vehicle tax

In order to benefit from exemptions granted to these taxes, beneficiary should first and foremost receive its Value Added Tax Exemption Certificate by applying to related authorities in the preliminary phase of the project (see 2.2)

3.9.1 Implementation of Value Added Tax Exemption

Within the scope of the grant contract, the beneficiary should primarily sign a “supply contract” of which copy is presented in Annex 7 of the Notice with the supplier for the products, services and construction works it will procure on the following conditions that:

- Amount of invoice (VAT excluded) issued by the supplier is higher than 3,500 TRY;
- Products subject to special consumption tax, regardless of their amount, are supplied from Special Consumption Tax payers.

Since it should be proven that general purchase principles are obeyed regarding purchases under € 20,000 and optimum benefit is derived from money spent, ensuring competitiveness, it is highly recommended that at least 3 valid offers are delivered and evaluated.

“Product Purchase Agreement”, “Service Procurement Agreement” or “Supply Agreement”, templates of which are presented in PROJEMATİK, should be regarded as supply contracts within the scope of implementation of tax exemptions on the condition that they are prepared and signed in full and approved by beneficiary’s personnel authorised to represent and bind. Approved supply contract is presented to supplier together with VAT Exemption Certificate and VAT exemption is implemented.

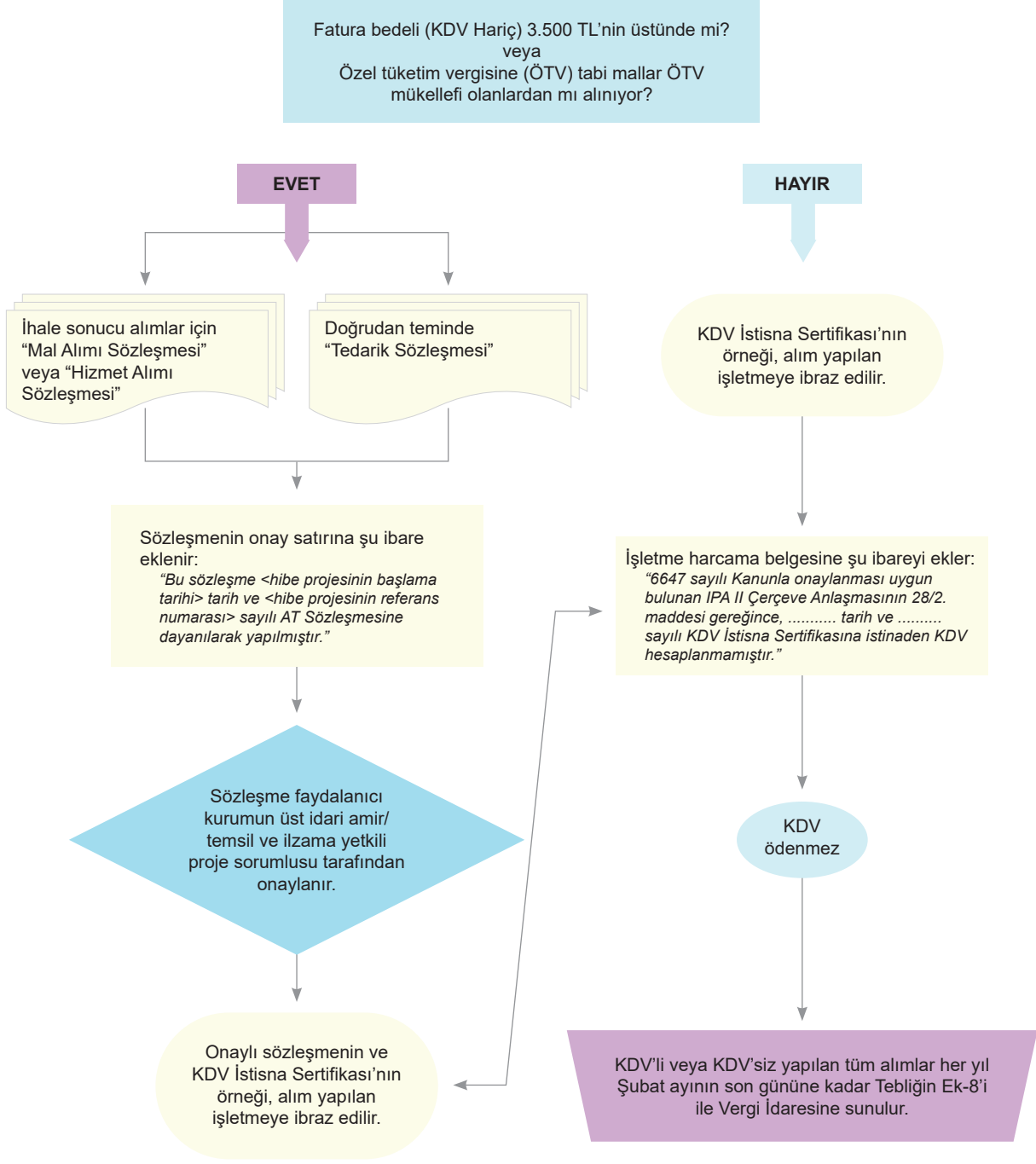
If the amount of product or service to be purchased (VAT excluded) is not higher than 3,500 TRY, conditions that a supply contract should be signed and that contract should be approved by beneficiary’s personnel authorised to represent and bind. In cases of such low amount purchases, only a copy of VAT Exemption Certificate is presented to enterprises supplying these products/ services and VAT exemption is automatically applied.

³⁵ http://www.gib.gov.tr/sites/default/files/uluslararasi_mevzuat/1_SIRA_NOLU_KONSOLIDE_GENEL_TEBLIGI.pdf

Grant beneficiary purchasing product/service or getting its work done with its exemption certificate without paying VAT, should fill in [“IPA Procurement Statement”](#), samples of which can be found in PROJEMATİK and in Annex 8 of the Notice (Documents → Tax Exemption Documents) for all the procurements made with and without VAT and all the other expenses and present these statements to the tax department/revenue department written on the certificate until the end of the second month following the month when the contracts terminate within the year.

In the contracts exceeding the calendar year, the notifications to be made in the following years shall be made cumulatively including the previous periods and the final notification shall be made electronically (cd, dvd, flash disk etc.)..

Implementation of Value Added Tax Exemption



3.9.2 Tax Exemption in Import Operations

Products that will be imported within the scope of the project by the grant beneficiary can be imported being exempt from customs and import duties and taxes, VAT, Special Consumption Tax and other similar taxes and duties. For doing this, [“List of Products to be Imported”](#), a sample of which can be found in PROJEMATİK and ANNEX 17 of the Notice (Documents → Tax Exemption Documents) should be issued together with letter of undertaking in the Annex 18 of the Notice, the fact that products listed are within the scope of grant contract should be approved by personnel authorised to represent and bind and a copy of VAT Exemption Certificate together with this list and letter of undertaking should be presented to related Customs Office.

3.9.3 Special Consumption Tax Exemption and Its Implementation

Grant beneficiary primarily purchases products paying special consumption tax for products subject to special consumption tax and to be supplied by a supplier who is not a Special Consumption Tax payer.

Then, GB shall ensure that the goods it purchased within this scope on quarterly basis starting from the starting date of the project and the [“Approved List of Special Consumption Tax Applying Product Purchasing”](#), a sample of which can be found in PROJEMATİK and Annex 10 of the Notice (Documents → Tax Exemption Documents), is filled in and approved by personnel authorised to represent and bind. Together with Final Report and the Report of the CPA and Independent Accountant and Financial Adviser, these lists should be sent to HRD OS for approval and in order to make a refund application, the following documents are prepared:

1. Refund request petition,
2. A copy of official letter received from Revenue Administration, Directorate of Tax Administration, Revenue Office Directorate of Revenue or a copy of VAT Exemption Certificate,
3. Approved List of Special Consumption Tax Applying Product Purchasing, which is approved by HRD OS,
4. Originals or approved copies of invoices or similar documents related to special consumption tax applying product purchases (on the condition that an annotation is provided concerning that it is identical with the original, and that, if possible, stamp is applied, signature and date is indicated),
5. Special Consumption Tax List to be refunded, which is calculated by grant beneficiary for purchase of products including Special Consumption Tax
6. Together with these documents, grant beneficiary should apply to relevant tax administration to receive refund.

Grant beneficiary, regardless of amount of purchase, should primarily sign relevant supply contract for products subject to special consumption tax and to be supplied by a supplier who is a Special Consumption Taxpayer, and this contract should be approved by HRD OS. Approved supply contract is presented to supplier and Special Consumption Tax exemption is applied.

3.9.4 Income and Corporate Tax Exemption and Its Implementation

In principle, the following acquisitions are subject to income and corporate tax:

- Corporate acquisitions obtained by grant beneficiaries due to execution of the project,
- Acquisitions of natural persons employed within the scope of the project,
- Acquisitions of legal and natural persons supplying product, service or construction works to the beneficiary.

However, natural persons who are residents and citizens or who established in other countries than the EU countries and Türkiye and which are IPA II beneficiaries not citizens of the Republic of Türkiye and do not reside in Türkiye, and legal persons who do not have a work place or fixed work place in Türkiye are exempted from these taxes.

3.9.5 Inheritance and Transfer Tax Exemption and Its Implementation

Grant beneficiaries receiving transferred products and/or rights and/or funds on a complimentary basis within the scope of the project are exempted from inheritance and transfer tax or another tax created in lieu of this tax. Therefore, a declaration of inheritance or transfer tax related to this transfer cannot be made.

3.9.6. Special Communication Exemption and Its Implementation

Expenses regarding special communication tax are exempted from special communication tax, being limited to the duration of grant contract.

Beneficiary firstly pays special communication tax regarding expenses which are in the scope of this exemption. For refund, paid special communication taxes should be listed and this list should be approved by personnel authorised to represent and bind on behalf of the beneficiary with the annotation that “Expenses indicated in this list and details of which can be found in the attached invoice and similar documents are made within the scope of EC Contract and amount allocated for this matter in the EC Contract is not exceeded”. Together with Final Report and the Report of the CPA and Independent Accountant and Financial Advisor, this list should be sent to HRD OS for approval at the end of the project.

Beneficiary may request refund by applying to relevant tax administration:

Documents requested during application:

- 1) Refund request petition,
- 2) List of paid special communication taxes, approved by HRD OS,

- 3) Copies of invoice or similar documents related to paid special communication tax,
- 4) VAT Exemption Certificate.

If there is no amount allocated to special communication tax expenses within the scope of Grant Contract budget, no refund will be made. Besides, no refund will be made for the amount exceeding allocated figure in the budget.

3.9.7 Motor Vehicle Tax Exemption and Its Implementation

Grant beneficiary will firstly register and record vehicle it has purchased within the scope of grant contract on behalf of itself at related registry office and will pay accrued motor vehicle tax during the project period.

Motor vehicle tax of vehicle purchased within the scope of the project, which has been paid during the grant contract period, will be refunded to beneficiary institution.

For the refund of amount paid for motor vehicle tax during the contract term, beneficiary will apply to relevant tax office authorised for receipt of motor vehicle tax with the following documents:

1. Request petition,
2. A copy of the letter received from Revenue Administration, Directorate of Tax Administration, Revenue Office Directorate of Revenue after application made for receiving VAT Exemption Certificate,
3. An official letter, a copy of which can be found in PROJEMATİK and ANNEX-11 of the Notice ([Documents](#) → [Tax Exemption Documents](#)), to be received from HRD OS about “procurement of vehicle within the scope of the project”,
4. A copy of Motor Vehicle Registration Certificate issued on behalf of grant beneficiary.

If there is no tax office authorised to receive motor vehicle tax, beneficiary will apply to tax office where it has received its VAT Exemption Certificate.

Vehicle will be subject to motor vehicle tax as of the contract termination date according to provisions of motor vehicle tax regulation in force.

List of Directorate of Tax Offices authorised to return ÖTV, ÖİV and MTV to grant beneficiaries and VAT to grant beneficiaries not obliged to pay VAT are presented in Annex 9 of the Communiqué.³⁹

3.10 Equipment Transfer

Ownership of equipment, tools and materials purchased within the project budget should be handed over to the final beneficiaries of the project at the latest during the submission of the final report unless otherwise is stated in the contract’s ANNEX-I Project Definition (Application Form). The institutions and organisations taking over these materials, should register this equipment into their own inventories by using such documents as “MOVABLE TRANSACTION FORMS” according to relevant legislation. It is very important that supportive documents such as inventory list

which confirms that relevant equipment, if it is foreseen in the project definition that the equipment cannot be transferred and the ownership will remain in the hand of the beneficiary institution, is recorded in inventory accounts of grant beneficiary and “MOVABLE TRANSACTION FORMS” should be presented to HRD OS through PROJEMATİK and Report.

In accordance with Article 7.5 of the General Conditions of the grant contract, in the absence of the final beneficiaries to which the equipment and vehicles procured within the scope of the project cannot be transferred, the grant beneficiary may transfer this equipment to regional public institutions or organisations, local beneficiaries, local affiliates, or, exceptionally, retain their ownership. In such cases, a written request should be made by the grant beneficiary to obtain the approval of the Contracting Authority, promptly and at the latest after the submission of the final report. In this request, the inventory listing the relevant equipment and the proposed plan(s) for their use should be submitted to the Contracting Authority with detailed reasons. Final use of the equipment should in no case jeopardize project sustainability and result in profit for the beneficiaries.

It is obligatory that documents confirming that assets whose unit price is higher than €5,000 are transferred, along with “[Equipment Ownership Transfer Document](#)” (PROJEMATİK → Documents → Reporting Documents) included in Annex IX of the contract, must be included in final report. On the other hand, transfer documents of equipment and vehicles whose unit price is lower than €5,000 should be kept within the context of documentation for beneficiary’s control. Such transfer documents should be prepared in 3 original copies; one to be kept by transferrer, one to be kept by transferee and one to be submitted to the Contracting Authority.

It is important that the transfer documents prepared are first submitted to the Contracting Authority via PROJEMATİK and then notarized.. . In this context, notary expenses can be funded from administrative costs. If transferee institution is a public institution, notary approval may not be sought. Public institutions, which take over equipment through Equipment Ownership Transfer, should register this equipment into their inventories using “MOVABLE TRANSACTION FORMS” according to relevant legislation. Grant beneficiaries may transfer products such as outputs of the project, carpet, woodprint, handmade artefacts to target audience or end recipients of assistance by using “Project Output Transfer Document (PROJEMATİK → Documents → Reporting Documents), considering public interest and project sustainability. In this case, grant beneficiaries are required to ask for the opinion of monitoring expert of relevant institutions and respectively get approval of the contract authority. Transfer document should be presented along with the final report at the latest. While presenting these project outputs, status of transferee third parties and conformity with grant contract should be considered. However, in any case, outputs cannot be sold to other parties and no revenue can be generated. If any revenue is generated, this situation should be indicated in Financial Report.

Change Requests in the Project

The project should be implemented as it is foreseen in the contract because the contract including its annexes is binding as a whole.

In addition, following the commencement of the project, compulsory or practical conditions which require changes in the resources, activities or methods may arise under the conditions which were

- foreseen in the contract or in its annexes or
- notified by the beneficiary during the implementation phase of the project or
- agreed and decided officially with the HRDOS during the implementation phase.

In such cases, the beneficiary may demand minor or major changes in the project by consulting primarily to the HRDOS and by respecting general rules and procedures. During the preparation of the requests for change, the Grant Beneficiaries are strongly recommended to stay in contact with the monitoring experts by using the question-answer module in the PROJEMATİK in order to ensure that the procedures are finalised quickly and smoothly.

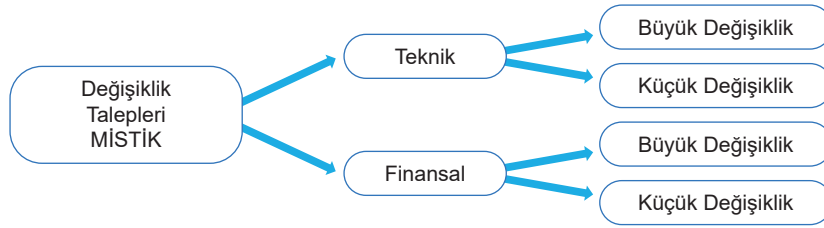
- Changes cannot be of the nature to amend the main objectives of the contract.
- In the application form submitted to the HRDOS following the call for proposals, it is proposed by the applicant under which conditions, with which resources and how a project will be implemented. The awarding of the project to be funded following the selection of the grant beneficiary among others in a competitive environment depends on the proposed issues. Therefore, the changes should not be of the nature to question the decision of entitlement of the Grant Beneficiary to receive the grant or to contradict with the principle of equal treatment among the applicants.
- The total value of the equipment which can be procured within the framework of this grant program cannot exceed 15%, 20% and 25% of the budget heading no 11. Accordingly, the changes exceeding the maximum procurement costs are not applicable.
- Minimum grant amount agreed and specified under the specific conditions in the contract cannot be amended. Changes cannot be made in administrative costs and in the amount of the budget amounts transferred to contingency reserve.
- The Grant Beneficiary should fully and clearly justify its request for change. It should be noted that the request will be rejected if the justification is not submitted or if the information and documents for justification are missing.
- The request for change of the activity/expert/equipment/partner which are less qualified compared to those committed in the project proposal will not be accepted except for the situations of necessity.
- The changes can only be made during the term when the contract is in force. The changes made after the termination of the contract are not applicable.
- Major changes do not include the activities completed before the date of change. Retrospective major changes cannot be realised.
- In order to put the major change requests into practice, a certain period (at least 30 days) which will allow all the parties to sign before the date the changes are asked to be put into force should be given.
- Should there is any change in the duration, budget, subject and number of the grant contract or in the title of the beneficiary, an application should be lodged with the authority granting

VAT Exemption Certificate with a copy of supporting document received from the Contracting Authority regarding the relevant change where it is marked as "same as original" and with the original of previous VAT Exemption Certificate (see Section 3.9).

In order not to cause further damages, the beneficiary should put the minor changes into practice after receiving the pre-approval from HRDOS through PROJEMATİK.

- The request for change should be made with the official letter signed by the person who has authority to represent and bind the Grant Beneficiary. The requests signed by the Project Coordinator/Secretary etc. who are not authorised to represent and bind the Grant Beneficiary are rejected.

The requests for change should be notified to HRDOS through PROJEMATİK. The requests for change submitted through PROJEMATİK are divided into two groups as technical and financial changes. These changes are divided into two other groups as minor and major in terms of the effects they will create.



The Beneficiary can put into practice and implement the **minor changes** as a rule without receiving the pre-approval of HRDOS. The Beneficiary is responsible for officially notifying the changes made hereupon to the Contracting Authority with a letter or with the next report at the latest. On the other hand, making the notification does not necessarily mean that the requested changes will surely be approved. The changes are examined to see whether they are really considered as minor changes or not and if they are appropriate. The changes which are not appropriate, not justified efficiently and cannot be deemed as minor are rejected by HRDOS. The beneficiary will be responsible for the damages to accrue in case the changes considered as appropriate and minor by the beneficiary and implemented for this reason without receiving the pre-approval are not approved by HRDOS. For this reason, the Grant Beneficiary should consult to HRDOS through PROJEMATİK before these changes are put into force and before the official notification letter is submitted to HRDOS. Moreover, the minor changes made in the activities, budget, bank account and Certified Public Accountant may not be approved if they are considered to be of the nature to undermine the principles of financial stability and accountability or the objectives of the project (please see Section 4.1.)

The beneficiary should inform HRDOS about the requests of **major change** (addendum) at least 30 days before the date that the beneficiary plans to put it into force. In case of any special situation properly documented by the beneficiary and approved by HRDOS, this period may not be valid. In order to put the major change in question into practice, it is necessary that HRDOS considers it appropriate and the signatures on the addendum are completed (please see Section 4.2.)



4.1 Minor Changes

The changes similar to the following which do not have an impact on the main project objectives, do not have significant financial consequences and result especially from practical requirements can be made through 'minor change' procedures and via the letter of request or notification . The justification of change should be stated in the letter of request in detail, and supporting documents should be submitted when necessary. Minor changes are categorised in two groups as technical and financial changes.

4.1.1 Technical Minor Changes

- The changes in the name of the Grant Beneficiary or partner agency (co-applicant/co-beneficiary)
- The change in the representative authorised to represent and bind the Grant Beneficiary or partner agency
- The changes in the contact information like address and phone number
- The changes in the bank account
- The changes in the activity planning which do not change the efficiency of the activities
- Change of the Auditor (Certified Public Accountant/Independent Accountant and Financial Advisor) (If there is any doubt about the independency or professional standards of the auditor, HRDOS may request to replace the auditor.)

PROJEMATIK Work Flow Processes for Technical Minor Changes

Please select in the system [Requests for Change](#) → [Technical](#) → [Minor Changes](#) → relevant change in the upper centre panel.

The letter of request for change can be downloaded by clicking '[Download the Draft Document](#)' and revised after downloading.

The summary of the request put into the letter of change and the detailed justification is written in the '[Summary of the Change and Justification](#)' segment. The electronic draft letter of request for change without signature is uploaded by clicking '[Add New Document](#)'. The annexes of the request for change are uploaded to the 'annexes' section. Then, the letter is submitted to the approval of HRDOS by clicking '[Ex-ante control](#)'. After the ex-ante control of the draft request is completed, "Ex-ante controlled" will be seen in the "[Changes](#)" section in the left middle of the screen in the system. Then, "Summary of Change and Justification" after clicking "[Update](#)" link is filled and the document created in the section of "Added Documents" is printed and prepared in two copies with wet signature. One signed copy scanned in jpeg/pdf format is uploaded to the system by clicking "[Upload Document](#)", and the request is sent. All the annexes should be initialled by the authorized person(s). One of the 2 copies is kept in the archive of the Grant Beneficiary.

Sample Supporting Documents for Request of Minor Change	
Replacement of Certified Public Accountant/ Independent Accountant and Financial Advisor	Certified Public Accountant/Independent Accountant and Financial Advisor Activity Document and Approval Agreement, certificate of registration with the chamber etc.
Replacement of the authorized person (This should be in line with the law/legislation of the organisation)	<ul style="list-style-type: none"> NGO, Chamber of Commerce and Industry etc.: Board of Director's decision University: Appointment by the rector, signature circular*, Municipality/Local Government: Act of parliament, signature circular
Change in the Activities/Activity Plan	Amended Activity Plan
Bank account changes	New financial identity form approved by the bank
*May include the statement "signature samples are stated below".	

When the request is approved, "Requested via Official Letter" will be seen in the section of "Changes" in the system. The document with wet signature is sent to HRDOS via cargo. When the document with wet signature is received and approved by HRDOS, "Approved" will be seen in the section of "Changes".

4.1.2 Financial Minor Changes

- Replacement of such project staff as Project Coordinator (budget item should be added)
- Insignificant changes in the activities
- Transfers among the budget items which are located under the same main budget heading
- Limited budget transfers among different main headings

Budget Amendments not including Transfer

In order to gain further benefits or due to important justifications or inevitable reasons, it may be possible to replace the goods and services without changing the amounts allocated in the budget with another goods and services and, to change the unit prices or models of the goods and services or to rent instead of procurement (or vice versa) at a same price.

Examples:

In the 2nd line, it is understood that the printers to be procured can be purchased at a lower price; thus 8 printers will be procured instead of 5 at the same price.

In the 3rd line, the turning lathes whose market prices are higher compared to what has been foreseen in the budget will be rented on a daily basis rather than purchasing to be used in the training, which will not amend the amount allocated in the budget

Final Budget agreed by signing Contract Budget or Addendum/by making minor change					Proposed Changes in the Budget				
Expenditures	Unit	Number of Unit	Unit Price	Total Cost	Expenditures	Unit	Number of Unit	Unit Price	Total Cost
3.2.7 Desk for participants	Number	30	50	1.500	3.2.7 Desk for participants	Number	30	50	1.500
3.2.1 Printer	Number	5	480	2.400	3.2.1 Printer	Number	8	300	2.400
3.3.5 Turning Lathe	Number	1	6000	6.000	3.3.5 Turning Lathe	Day	60	100	6.000

Budget Transfers

The project budget is composed of the 'headings' and the 'items' under the headings. Budget is composed of the estimated costs. Therefore, depending on the costs emerging during the implementation phase, the remaining sum can be totally or partially transferred to other items where the budget item is missing or needed. This method is only applicable for the first 6 headings of the budget (1. Human Resources, 2. Travel, 3. Equipment and Material, 4. Local Office, 5. Other costs, Services, 6. Other) and cannot be used for administrative costs, to make changes in contingency reserve and in the amounts and rates of in-kind contributions or simplified cost options.

The requests of budget transfers can be made through PROJEMATİK and the control whether the change is applicable or not, determination of the change as minor or major and the type of the change is automatically made by PROJEMATİK. The system also creates the required tables and letter of request. Regarding the financial changes, PROJEMATİK Work Flow processes are explained in detail in the following sections.

"Budget transfers under the same budget heading"

Transfers among the items under the same budget heading can be made by following the minor change procedure without the limitation of any amount or ratio. In this case, the sum of the budget of the budget heading does not change. The table format, demonstrated in the examples below, for making summary of these kind of changes is automatically created on PROJEMATİK. Transfers and the amounts to be added to an item and to be deleted from an item are demonstrated in a separate column. The amounts previously added and deleted through minor change procedure, if any, can also be included to the amounts to be added and deleted.

Example 1: In the example below, under the heading "travel" No. 2, 500 Euro remaining from the travel item whose unit cost was realised as lower is requested to be transferred to international travel item for the flight tickets which is obviously going to be purchased with higher price than expected, and it is requested to increase the number of participants. The transfer was made under the heading no. 2, and the sum of this heading did not change.

Contract Budget or Final Budget Agreed with Addendum					Total amount added or omitted including the previous changes (+), (-) (A)	Amended Budget				
Expenditures	Unit	Number of Unit	Unit Cost	Total Cost (B)		Expenditures	Unit	Number of Unit	Unit Cost	Total Cost (A+B)
2.1 Local travel	Monthly	10	100	1.000	-500	2.1 Domestic travel	Monthly	10	50	500
2.2 International travels	Flight	5	400	2.000	+500	2.2 International travels	Flight	6	416,6	2.500

Example 2: In the example below, it was seen that the foreseen workshops and expert meetings were implemented at a lower cost, and the remaining amounts from these items were transferred to other item where the number of unit was increased under the same heading. The transfers were realized under the budget heading no. 5, and the sum of this heading did not change.

Contract Budget or Final Budget Agreed with Addendum					Amount added or omitted including the previous changes (+), (-) (A)	Amended Budget				
Expenditures	Unit	Number of Unit	Unit Cost	Total Cost (B)		Expenditures	Unit	Number of Unit	Unit Cost	Total Cost (A+B)
5.7.1 Local workshop	Number	20	1.000	20.000	-500	5.7.1 Local workshop	Number	20	800	16.000
5.7.3 Senior Expert Meeting	Number	2	1.000	2000	+500	5.7.3 Senior Expert Meeting	Number	2	750	1.500
5.7.2 National seminar	Number	2	2.500	5.000	+500	5.7.2 National seminar	Number	4	2.375	9.500

Example 3: In the example below, the beneficiary provided vehicles to the project via in-kind contribution in order to meet transportation need, and the need to rent a bus disappeared. On the other hand, it emerged that there is a need to purchase antivirus software for the procured computers, which was not foreseen before. Moreover, it was agreed to purchase the welding machines rather than renting them in order to obtain best value for the money and to ensure sustainability. Within this scope, bus renting item was cancelled, and some part of the remaining amount from this item was transferred to the antivirus software item, and some part was transferred to the welding machine item. The transfers were conducted without changing the sum of the budget under the heading no. 3 “equipment and material.”

Contract Budget or Final Budget Agreed with Addendum						Amended Budget				
Expenditures	Unit	Number of Unit	Unit Cost	Total Cost (B)		Expenditures	Unit	Number of Unit	Unit Cost	Total Cost (A+B)
3.1.1 Bus renting	Vehicle	4	500	2.000	-2.000	3.1.1 Bus renting	Vehicle	0	0	0
					+400	3.2.2 Computer anti-virus software	Number	8	50	400
3.3.1 Welding machine renting	Day	20	70	1.400	+1.600	3.3.1 Welding machine procurement	Number	2	2.200	3.000

Example 4: In the example below, two minor changes were previously made within the scope of the project. In the first minor change, the project coordinator was replaced. In the second minor change, €470 was reduced from the translation item via transfer. €370 more was reduced from this item with this current minor change, and this amount was transferred to the conference item. The amount previously reduced with minor changes was added to the column in the middle showing the changed amount.

Contract Budget or Final Budget Agreed with Addendum						Amended Budget				
Expenditures	Unit	Number of Unit	Unit Cost	Total Cost (B)		Expenditures	Unit	Number of Unit	Unit Cost	Total Cost (A+B)
5.5.1 Translation	Day	4	400	1.600	-840	3.1.1 Bus renting	Vehicle	0	0	0
5.7 Conference	Number	1	1.000	1.000	+370	5.7 Conference	Number	1	1.370	1.370

“Budget transfers among different budget headings”

Increasing or reducing the sum of each of the budget heading up to 25% is possible within the scope of minor change. Accordingly, transfers can be made among the items under different budget headings within the scope of minor change. However, the sums of each budget heading should not be subjected to a change over 25%. For the transfers resulting in change over 25%, major change request should be submitted.

The table format, demonstrated in the examples below, for making summary of these kind of changes is automatically created in PROJEMATİK. Transfers and the amounts to be added to an item and to be omitted from an item are demonstrated in a separate column. The amounts

previously added and omitted through minor change procedure, if any, are also included to the amounts to be added and omitted. Additional lines for the 'headings' whose total sum is increased or decreased and a column demonstrating the percentage of change in these headings are added automatically on PROJEMATİK.

Example: Two different types of transfers are shown in the example below. First, the amount remaining from the item of projection screen due to its provision free-of-charge with the projection device which was already purchased was transferred to the laptop item. The transfer was made under the same heading. Second, because the office was rented with 1 month delay, the remaining amount from this item was transferred to the laptop item. Here, the budget transfer was made among the items under the different heading no. 3 and 4. The sum of the heading no. 3 increased by 4%, and the sum of the heading no. 4 decreased by 10% as a result of the transfer.

Contract Budget or Final Budget Agreed with Addendum					Change		Amended Budget				
Giderler	Birim	Birim sayısı	Birim maliyet	Toplam maliyet (B)	Total amount added or omitted including the previous changes (+), (-) (A) Number of Unit	The percentage of change in the heading (A/B*100)	Giderler	Birim	Birim sayısı	Birim maliyet	Toplam maliyet (A+B)
3.2.6 Projection screen	Number	1	50	50	-50	-	3.2.6 Projection screen	Number	0	0	0
4.2 Office rental	Monthly	12	500	6.000	-1.000	-	4.2 Office rental	Monthly	10	500	5.000
3.2.5 Laptop	Number	5	1.000	5.000	+1.050	-	3.2.5 Laptop	Number	5	1.210	6.050
3. EQUIPMENT AND MATERIAL SUB-TOTAL	-	-	-	25.000	+1.000	(+) % 4	3. EQUIPMENT AND MATERIAL SUB-TOTAL	-	-	-	26.000
4.1 Office rental	Month	10	1.000	10.000	-1.000	-	Month	Ay	9	1.000	9.000
4. LOCAL OFFICE SUB TOTAL	-	-	-	10.000	-1.000	(-) % 10	4. LOCAL OFFICE SUB TOTAL	-	-	-	9.000

PROJEMATİK Work Flow Processes for Financial Minor Changes:

Please select in the system Requests for [Change](#) → [Financial](#) → [Changes](#) → [Start New Budget Design](#) in the middle upper panel.

According to the transactions in this design page where all budget items are demonstrated, the control whether the designed change is applicable or not, determination of the change as minor or major and the type of the change is automatically made by PROJEMATİK.

After clicking "[Save and Create Request of Change](#)", all the lines should be filled in "[Details of Budget Change](#)" to justify the change request, and it should be stated what type of supporting documents will be attached, if any.

Supporting documents are uploaded by clicking "[Upload Document](#)", and the request is sent by clicking "[Save and Send](#)".

Sample Supporting Documents for Request of Minor Change	
Increasing approved wage/fee	The document justifying that the requested new wage does not exceed the fees normally offered by the Grant Beneficiary or its partners or that it is compatible with the previous wage/fee of the staff.
Increasing unit price or number of unit	The document justifying that the requested new price does not exceed normal market prices.
Changes in budget	“Project Budget” which is showing how the budget breakdowns of the first contract change with this request and all the changes, if any.
Replacement of expert	CV of the staff resigned (if not submitted before) and CV of the proposed staff.

The draft request which is sent is seen as “Waiting for the ex-ante control” in the section of “Changes” in the left middle of the screen in the system. The letter of request which is created automatically can be seen by clicking “Follow-up” → “Request for Change_.pdf” “Open”

When the draft request is ex-ante controlled, “ex-ante controlled” sign is seen in the section of “Changes”. Then, “The summary of Change and Justification” part in the section of “Update” is filled in, and the created document in the “Attached Documents” is printed and prepared in 2 copies with wet signature. One signed copy scanned in jpeg/pdf format is uploaded to the system by clicking “Upload Document”, and the request is sent.

All the annexes should be initialled by the authorized person(s). One of the 2 copies is kept in the archive of the Grant Beneficiary.

When the request is approved, “Requested via Official Letter” will be seen in the section of “Changes” in the system. The document with wet signature is sent to HRDOS via cargo.

When the document with wet signature is received and approved by HRDOS, “Approved” will be seen in the section of “Changes”.

4.2 Major Changes - Addendum

Significant changes similar to the following can only be made via major change procedure and on condition that an “addendum” annexed to the contract is signed between the beneficiary and HRDOS:

Increasing or decreasing the sub totals of each of the budget headings over 25%

- Significant changes in the project activities
- Significant changes in the target group
- Extending or shortening the period of Grant Contract
- Changes in the co-applicant/co-beneficiary like inclusion of a new partner to the project or replacement of a partner

- Changes in the name and legal status of the Grant Beneficiary
- Addendum should include the detailed explanations, reasons and justifications of the change.

PROJEMATİK Work Flow Processes in the major changes are the same with those in the minor changes. For the financial addendum foreseeing the realisation of change in the budget, “Budget Design” should be used like in the minor changes. According to the actions in the design page where all the budget items are seen, the control whether the designed change is applicable or not, determination of the change as minor or major and the type of the change is automatically made by PROJEMATİK.

However, it is required to prepare the request for major change both in Turkish and English. Therefore, the names of the supporting documents should be provided in both languages.

Major Change	Required Documents for Request for Major Change
Extension of the Duration of the Contract	Revised Activity Plan
Changes in the Budget	<ul style="list-style-type: none"> • “A budget change table” showing how the budget breakdowns of the first contract and all the previous changes, if any, and “Justification of Expenditures” • Supporting documents supporting the justifications (market research)
Replacement of the Project Partners	<ul style="list-style-type: none"> • Authorisation decision of the authorized representatives of the new partner • Partnership declaration • The legislation/the rule on establishment of the new partner (should be in line with the project), the branches in which the new partner is active should be indicated if the legislation is not clear.
Change in the Project Description	Revised Activity Plan and Project Description

After the ex-ante control of the request, the contract manager as well as the monitoring expert should finalise the check procedures for the major changes.

When the checking is finalized, “Requested via Official Letter” will be seen in the section of “Changes” in the system. One copy of the change request document including the changes with wet signature are sent to HRDOS via cargo and the other original copy of the document is kept in the archive of GB.

When the document with wet signature is received by the HRDOS, also subjected to quality control processes and additional contract prepared by the Contracting Authority if appropriate (addendum - addendum) are forwarded for approval to the EU Delegation to Türkiye. Following the approval, the addendum document is sent to the Grant Contractor to be signed in 3 master copies. The Contract Manager signs both of the copies and sends back to HRDOS and keeps the other copy in the archive. The changes requested via addendum can only be put into force after the completion of the signatures.

When the signed addendum is approved by HRDOS, “Approved” is seen in the segment of “Changes”.

Since the process is long and the major change requests are approved only in the exceptional cases, it is recommended that the Grant Beneficiaries avoid submitting request for major changes.

On the other hand, changes in the Description of Action (in the Application Form), which affect the expected results of the project (impacts, results, outputs) and alter the elements in the Logical Framework, are considered as major changes and the procedure for major changes is followed. However, in this case, it is not necessary to sign an additional contract (addendum). Approved changes should be described in the next report..

If there are change(s) in the duration of the contract, commencement date of the project, contract number, the person signing the contract (legal representative), which are approved by the HRDOS, in order to change the current VAT Exemption Certificate, a request petition together with the letter stating that the change is approved or addendum and other relevant necessary annexes should be submitted to the authority (Directorate of Tax Administration or Financial Income Office) where the Certificate application has been lodged with.

Reporting Requirements

The Grant Contractors are expected to submit the following reports to the HRDOS within 3 months at the latest following the completion of the project along with final [“request for payment”](#) (see Section 5.3). The reports must be in compliance with each other.

- a [“narrative report”](#) and
- a [“financial report”](#)
- The financial report must contain [“Expenditure Verification Report \(Audit Report\)”](#).

(PROJEMATİK → Documents → Reporting Documents).

Article 4.1 of the special conditions of projects with a grant of more than 12 months and a grant of more than EUR 100 thousand contain provisions for the request for additional advance payment (see.1.3) which may be made by the grant beneficiary in the interim period and the obligation to submit an interim report on which it is based.. Unless otherwise is stated in special conditions,

- Reporting period is 12 months.
- If the project has a period of up to 18 months, the reporting period covers the entire period..
- The interim report should be submitted within 60 days of the end of each reporting period. If this obligation is not fulfilled, the reasons behind it should be submitted to the Contracting Authority together with a summary of the progress of the project..
- At the end of the reporting period, if the actual actual expenditure is less than 70% (and 100% of the previous payment) of the grant amount (from the amount financed by the Contracting Authority), the additional advance payment shall be the actual difference between 70% of previous payment and the actual expenditure.
- If the actual actual expenditure from the grant amount is more than 70% of the previous payment (and 100% of the previous payment) and the total advance payments (excluding the non-approved reserves) received do not exceed 90% of the total grant amount, the grant beneficiary can request an additional advance payment by submitting an interim report.

Financial or Interim Reporting relies on the verification of all information declared for **“all articles”** of the two main reports and must be supplemented with proof elements which are mandatory to submit.

This is a contractual obligation of the grant contract and in case of any delay in the submission of the reports, the Beneficiary must give a written explanation to HRDOS. Please note that if the Contractor fails to provide any report within the set deadline without an acceptable reason or provides inaccurate, incomplete, or unnecessary information or documents which may disturb the evaluation order, or if the reports are drafted in different format and do not contain the required information and documents, this will be recorded as an irregularity and that HRDOS may terminate the contract according to Article 2.5 of the General Conditions and may request the repayment of of the advance payments made.

The reports are declarations by the Grant Contractor to the HRDOS with regards to the progress achieved and meeting of the contract obligations in the action. HRDOS reviews the request for

payments based on these reports and determines the payment amount on the basis of project eligible costs resulting from this review.

The narrative report can be submitted in Turkish as well in addition to the report in English. The financial report, consisting two tables, must be prepared and submitted both in Turkish and English.

The reports must be typed with line and paragraph requirements as indicated in the annex of the contract and original versions submitted in PROJEMATİK; none of the articles in it must be skipped or deleted. The explanations, examples, and instruction in the reports must be read carefully and utter care must be paid to them.

Should the expenditures within the project duration are uploaded in PROJEMATİK through expenditure module, the financial report is generated by the system together with its annexes. The Beneficiaries are obliged to keep the following items updated through entering necessary data on PROJEMATİK without waiting for the reporting period:

- Activity plans,
- Progress in project activities,
- Achieved deliverables,
- “Performance indicators” and
- Expenditures

5.1 Report Submission

The reports have to be uploaded electronically on PROJEMATİK prior to the deadline of official submission in order to reduce the approval process. Uploaded reports and annexes must be revised and finalised by the Beneficiary in line with the feedback that might be received from the HRDOS.

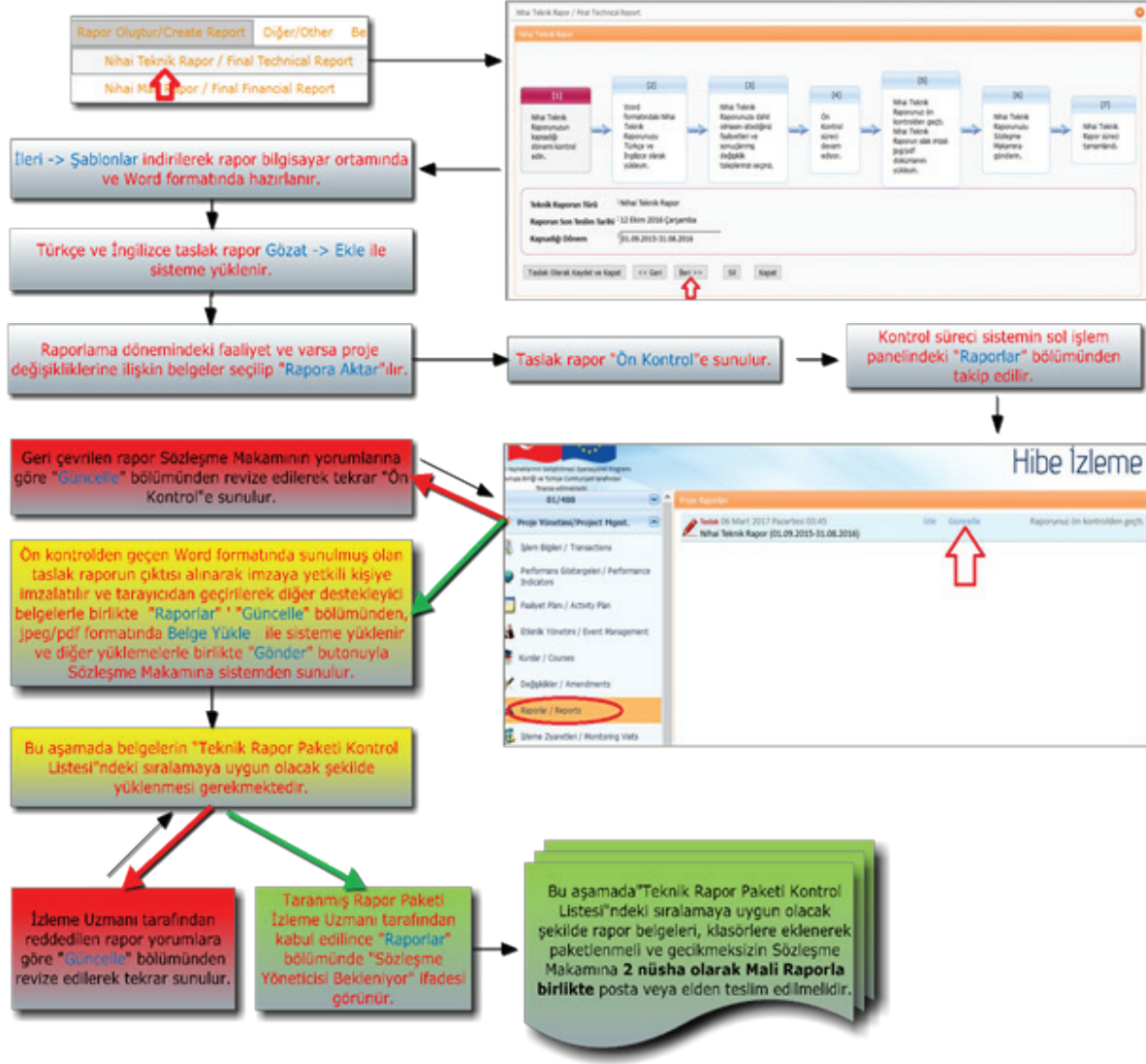
Entry of scanned e-copies of the original documents into PROJEMATİK in the form of activity and expenditures would ensure the generation of proof documents needed for reporting.

The signatures on the reports and particularly in the account books must belong to the authority to represent and bind, who have signed the grant contract.

SUBMISSION OF THE NARRATIVE REPORTS TO THE DOUBLE PHASE CHECK THROUGH THE SYSTEM:

The narrative report package which has passed the system checks is submitted to the Contracting Authority via mail or by hand along with the financial report which has passed the system check.

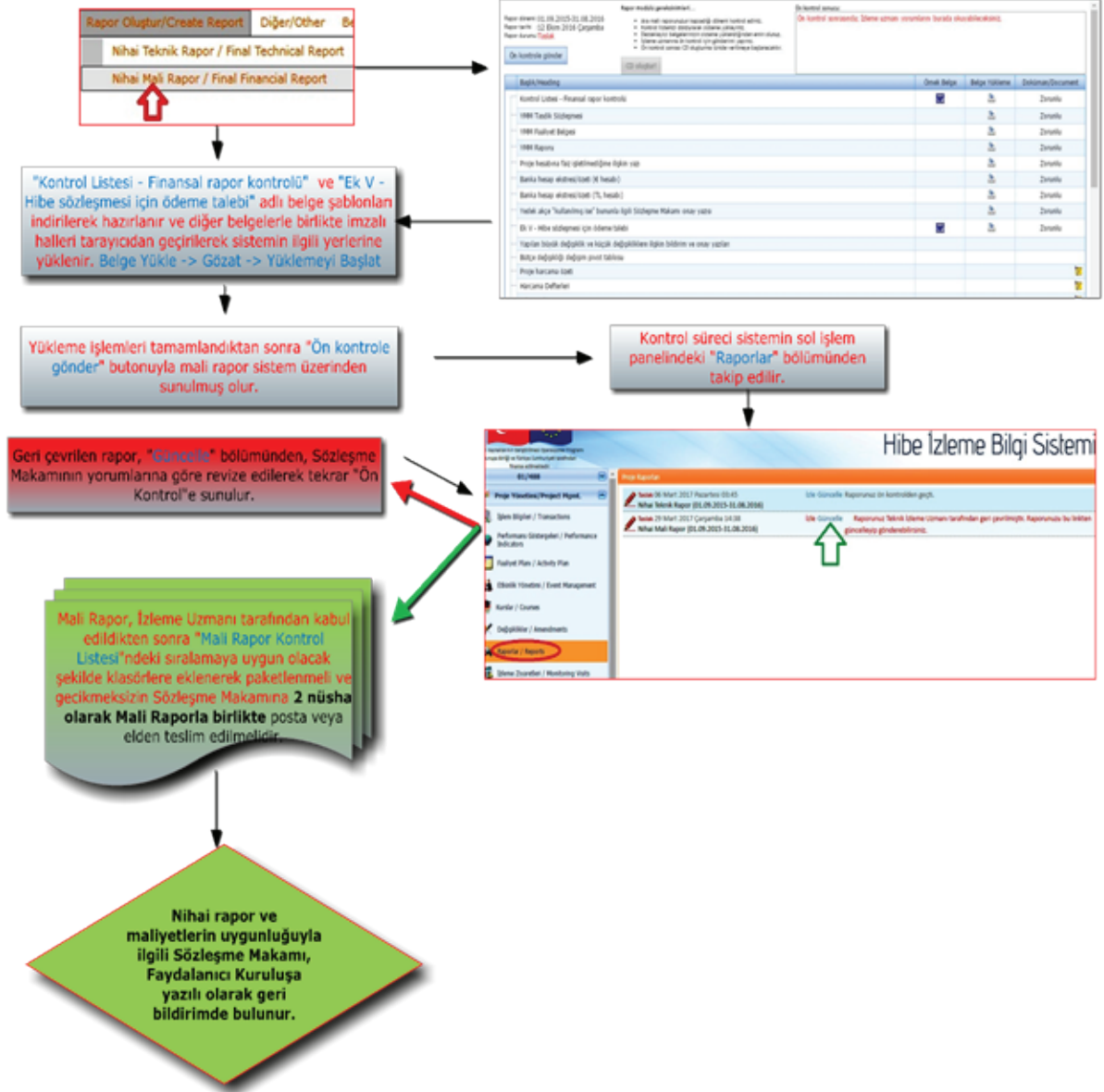
The deadline for delivery of the reports is the date of mail delivery of the filed report to HRDOS. Uploading of the report into the system through PROJEMATİK for the completion of control process must be prior to the set deadline.



5.1.1 Submission of the Financial Report for Control Via System

The financial report package which has passed the system control is submitted to the Contracting Authority via mail or by hand along with the narrative report which has passed the system check.

The fact that the reports have passed the revision and/or control phases on MISTIK does not necessarily mean that they are approved. Following the revision and/or control phases on the system, the report must be produced in 2 printed copies and must be originally signed (see Section 5.2). The Beneficiary must keep the original invoices in its archives for 5 years; the Beneficiary must include 3 copies of the invoices into the report package and must sent them to HRDOS together with the request for payment.

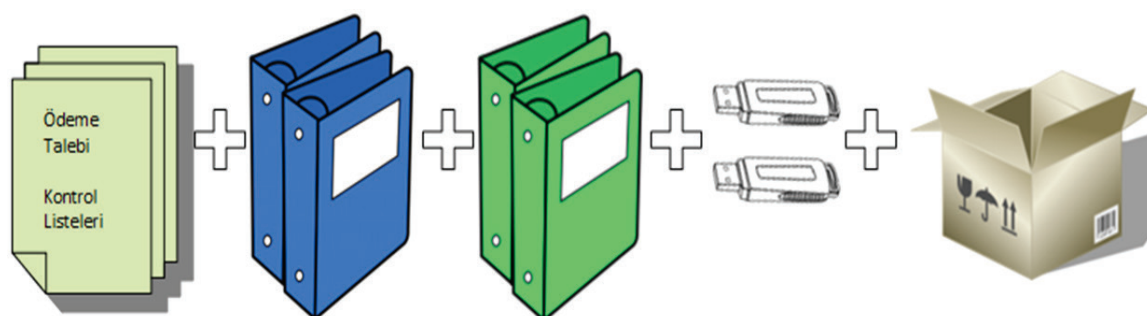


5.2 Report Package

Final report package includes the following:

- Request for payment (see Section 5.3)
- Financial Narrative Report Checklist
- 3 copies of: Final Narrative Report and Supporting Elements (Blue Folder)
- Final Financial Report Checklist
- 3 copies of: Financial Report and (including Expenditure Verification Report) Supporting Documents (Green Folder)
- Electronic copies in compliance with the printed copies (2 flash disk including Financial and Narrative Report)
- Other package: Other supporting elements, if any;

Folder backboards must be prepared according to the examples from PROJEMATİK (Documents → Reporting Documents).



As specified in the checklists, originally signed copies of the narrative report and financial report are among the required documents to be sent in folders.

Printed copies of each report and annexes must be punched and placed in the respective folder according to the sequence in the checklist without any pocket or flat file; each section in the folder must be separated by A4 size notable separators. The supporting documents which may disturb the filing or report evaluation order in terms of shape, weight, or size should be in the form of a CD, DVD, or flash disk with possibly scanned or photographed electronic versions in a suitable envelope or they should be included in other packages with reference in related sections.

HRDOS sends a letter on complete or partial approval of the report. On the other hand, HRDOS may request additional information or documents following the mail or hand delivery of the originally signed report. The requested information or documents have to be provided within 30 days.

Should any defects determined about the reports, the evaluation process is suspended. The evaluation process resumes after the defects are eliminated.

5.2.1 Narrative Report

The Final Narrative Report must provide detailed information particularly on the achievement of performance indicators and project activities and outcomes of the action. In this scope, the reasons for the gap between the targeted indicators in the contract and the actual outcomes achieved must be explained with justification in the report.

The eligibility of the expenses realised by the Beneficiaries in the scope of the action will be assessed based on the report and the achieved performance indicators, thus the information and documents provided in the narrative report must be in compliance with those in the financial report.

None of the articles can be deleted or skipped in the narrative report, as exemplified in the contract annex and PROJEMATİK, other than the instructions and examples written in different colours. The articles in which no information is provided should be marked as 'Not Applicable' or 'NA'.

Answers to all questions in the report must cover the complete duration of the project.

The reports and supporting documents which are not in compliance with the final narrative report format and the forms of the annexed supporting documents which have been submitted onto MISTIK shall not be evaluated.

Please note that if the Contractor provides inaccurate, incomplete, or unnecessary information or documents which may disturb the evaluation order, or if the reports are drafted in different format and do not contain the required information and documents, this will be recorded as an irregularity.

The information declared in the final narrative report must be supported with the proof elements kept in the scope of technical documentation. According to this, final narrative report folder should include the following with each section notably separated with A4 size separators:

The following documents must be sent in BLUE FOLDER:

1. NARRATIVE REPORT PACKAGE CHECKLIST: signed hardcopy
2. NARRATIVE REPORT: originally signed hardcopy
3. ASSET TRANSFER: If the transfer of purchased equipment and/or transfer of products have been conducted as explained in “transfer of assets” section, notary certified copy of the “Transfer of Ownership of Assets” and/or copy of “Delivery Notice of Project Deliverables” punched and attached to this section of the folder (PROJEMATİK → Documents → Reporting Documents).

The following supporting documents must be submitted in electronic format in FLASH DISK:

3. E-copy of narrative report
4. REQUESTS FOR CHANGE AND CONTINGENCY RESERVE: Request, notice, and approval letters regarding the minor and major changes, and utilisation of contingency reserve; scanned electronic copies of the originally signed documents of those.
5. PUBLICATIONS: All published materials including books, journals, bulletins, brochures, lecture notes, certificate of completion, certificate, and invitation, etc. must be included in the electronic copy, in whichever format.
6. TENDER AND PROCUREMENTS: Scanned electronic copies of the following signed documents which are used for supply or service contracts above 20.000 euros:
 - a) Call for tenders,
 - b) Terms of reference/technical specifications
 - c) Bids received
 - d) Declarations of impartiality and confidentiality
 - e) evaluation reports
 - f) Award notice sent to the successful and unsuccessful tenderers
 - g) Supply/service contracts
 - h) Financial identification form, tax registration certificate or trade registry certificate of the successful tenderer

Tender documents and supply contract to be submitted for the equipment/supplies which are **procured within the same tender** can be uploaded in the first related budget item and it is sufficient to include printed copy **only for once** in the financial report.

7. TRAINING, COURSES, EVENTS: e-copies of the following documents and materials about the activities:
 - a) Event programme, minutes/reports, list of participants/attendance sheets and evaluations forms.
 - b) Training curricula, samples of trainee application forms, samples of trainee assessment results, list of trainees, attendance sheets, exam results and the list of certified participants, etc.
 - c) Agenda of surveys/workshops, list of participants, visual documents, and questionnaires, if any,
 - d) Agenda of technical site visits/study visits, list of participants, reports, visual documents, etc.
 - e) Agenda of meeting/seminars/conferences, list of participants, visual documents, questionnaires, if any, etc.
 - f) Banners, posters for general public, seminar, certificate ceremonies, TV broadcasts, newspaper/online news articles,
 - g) Photos of visibility materials including plaque, bags, pens, etc. ...
8. MEMORANDUM OF UNDERSTANDING: Memorandum of understanding signed in the scope of the action and related minutes, participant list, etc. must be included in the electronic copy.
9. MISCELLANEOUS
10. E-copy of the FINANCIAL REPORT

The following materials must be packaged and sent in an APPROPRIATE BOX:

VISIBILITY MATERIALS: Samples of printed materials and available visibility materials [Book, brochures, bulletins, banner, plaque, bag, notepad, pen, promotional materials, etc.) are expected to be sent in the scope of other packages.

5.2.2 Financial Report

Financial Report consists a series of tables which includes detailed and consolidated breakdowns of expenditures since the commencement date of the action until the date of completion, and substitutive and supporting documents which are kept in relation to the expenditure in the scope of financial documentation to be annexed to the report.

As a rule, only the expenses which have been paid within the project implementation period must be declared in the financial report. However, **payment of expenditures accrued through invoice and payroll within the project implementation period may be done until the submission of the final report. In other words, accrual procedures must be completed before the end of the implementation period and the payments must be completed before the submission of the final report.** An exception is made for costs relating to final reports, including expendi-

ture verification, audit and final evaluation of the action, which may be incurred after the implementation period of the action. Procedures to award contracts, as referred to in Article 10, may have been initiated and contracts may be concluded by the beneficiary(ies) before the start of the implementation period of the action, provided the provisions of Annex IV have been respected.

On the other hand, payments may be paid afterwards, provided they are listed in the final report together with the estimated date of payment.

Invoices issued after the completion date of the action and the payments after the deadline of the final report submission shall not be accepted.

Financial Report consists of the mandatory documents, expense books, and documents related to other expenditure inputs. Any expense to be included in the financial report must be entered VAT and SCT excluded. The mandatory documents include copies of CPA/IAFA approval contract, CPA/IAFA certificate of activity, CPA/IAFA report and letter on non-charged interest on project account, € and TRY bank account statements, approval letter from the Contracting Authority if the contingency reserve is used, and the financial amendment occurred during the implementation period. The system itself generates the financial report and expense books based on the expenditure inputs. **The financial report generated by the system must be submitted in electronic form along with the financial report.**

The sequence of the main sections in the budget and the related expenditure inputs within the report must adhere to the checklists.

Accordingly, the following documents must be included in the financial report folder, separated notably with A4 size separators in the required order:

The following documents must be sent within GREEN FOLDER:

1. FINANCIAL REPORT PACKAGE CHECKLIST and STATEMENT ON ACCOUNTING SYSTEM: signed hardcopy (PROJEMATİK → Documents → Reporting Documents → 01.Financial_Report_Check_List and 04.Statement_on_accounting_system)
2. EXPENDITURE VERIFICATION (FINANCIAL AUDIT) REPORT: CPA/IAFA approval contract; CPA/IAFA certificate of activity and CPA/IAFA report must be submitted in originally signed form, with initials on each page and stamped on the last page (PROJEMATİK → Documents → Reporting Documents). The income generated from the action, if any, must have been submitted in the report. (The Auditor inspects the expenditure declared and realised by the GC; assesses their accuracy and eligibility and prepares a report using the template in the contract annex. GC must provide all information and documents to the auditor for the audit)
3. SPECIAL BANK ACCOUNT: A letter of the bank stating that the bank not charging interest on project € and TRY accounts and a bank statement covering the implementation period of the action. These two must be approved by bank
4. REQUESTS FOR CHANGE AND CONTINGENCY RESERVE UTILISATION: Printed copies of the requests, notice, and approval letters for changes and contingency reserve utilisation
5. FINANCIAL REPORT TABLES: Summary of expenditure, Expense Books and Financial Re-

port in signed printed copies

6. TAX AND SOCIAL SECURITY PAYMENTS: If the proof documents for those are recorded in MISTIK, there is no need to attach the printed copies into the report. Instead, "[Statement on Personnel Deductions](#)" of which format is in MISTIK (PROJEMATİK → Documents → Reporting Documents) should be prepared, signed, and annexed to the report.
7. EXPENDITURE AND PAYMENT DOCUMENTS: Original invoices must be kept for 5 years in the archives of the GC; their copies must be prepared and included in the report package in 3 copies.
 - a) **1.1 and 1.2. Salaries of the Personnel:** originally signed "**expense books**" for each item, with foreseen expense under 1.1 and 1.2 budget items of the project should be attached to the folder and the following documents which must have been listed in supporting documents column of the book should be attached. **Each budget item is separated with a notable A5 size separator, in other words supporting documents should be attached to the folder, classified per month on the basis of budget items:**
 - Copy of the assignment letter and/or permission letter, received from the related institution, for the person to work in the project according to the legal status if necessary
 - CV of the person
 - Social security registration (if required)
 - Work contract signed with the person or supply contract for short term assignments
 - For those working part-time or short term except for those working with full employment contract Copies of the timesheets showing the work days and/or hours of the person in a month
 - Pay slips indicating the payment to the person has been realised, self-employed invoice or note of expenses, and revolving fund receipts of payments, as well as copies of bank account or receipts
 - *Copies of the receipts, tax statement, abstract of account, or documents indicating that the social security premiums and related taxes were deducted or they are exempt³⁶*
 - b) **1.3. Per diems:** Originally signed "**Per Diem expenditure book**" for each budget item under 1.3 item of the budget and the documents similar to the following which demonstrate the declared expenses are attached to the folder under this section. **Each budget item is separated by a notably A5 size separator:**
 - Copy of per diem notification table
 - In case of lump sum payment of per diem amount, a copy of the hotel voucher or any documents demonstrating the round trip dates indicating the overnight stay and thus entitlement to per diem
 - In case of per diem payment on actual amounts, not lump sum, all expenses included in per diem (hotel, meals, and in city transport) and copies of documents
 - Copies of bank transfer document, receipt or other documents demonstrating the delivery of the per diem
 - c) **Travels:** Originally signed "**Travel Account Book**" and proof documents similar to the following for each item under Item No 2 in the Budget must be attached to the section,

³⁶ If the respective proof documents are recorded in PROJEMATİK, there is no need to include the printed copies in the report. Instead, STATEMENT ON PERSONNEL DEDUCTIONS of which format is available in PROJEMATİK, should be signed and included in the report.

with each **budget item separated by A5 size separators:**

- A copy of [“Per diem allowance notification table”](#)
 - Copies of flight/bus/train/etc. tickets, invoices, boarding passes (records of passport showing entrance and exit for international travels) or fuel notification table and fuel invoices if travelled by car
 - Copies of bank transfer document, abstract account or other document demonstrating that travel expenses are covered
 - Travel reports
- d) Equipment/vehicle:** originally signed **“Equipment/vehicles purchase account book”** including all purchases conducted under budget item no 3 and the **“Equipment/vehicle renting account book”** including all renting are attached to this section. The documents similar to the following are attached to each book:
- A copy of purchase or renting contract
 - A copy of “certificate of origin”, “certificate of Turkish goods”, or “derogation document” for each equipment with a unit amount 5000 euros and above, which is included in a procurement costing 100 thousand Euro and over.
 - Copies of documents such as delivery receipt report and “movable transaction fiche”
 - Copies of payment documents such as invoice and bank accounts
 - Copies of other related documents like market research
- e) Local Office:** Originally signed **“Local Office Account Book”** in which all expenditures under Section 4 are recorded, as well as related documents must be attached here.
- copies of documents like fuel notification table for vehicle costs,
 - A copy of rent contract for office rent costs,
 - Copies of bank transfer or bank receipts demonstrating that the payments are made as “rent payment
 - Copies of invoices for consumables, office supply and other expenses (telephone/fax, electricity/heating, maintenance)
- f) Other costs, services:** Originally signed **“5.Other Costs and Services Account Book”** which includes all expenditure realised under budget item No. 5 is attached here with the proof documents similar to the following:
- Copies of contract and payment documents such as invoice, receipt, note of expenses
 - List of participants
- g) Other:** Originally signed **“6.Other Costs Account Book”** which includes all payments and expenditures realised under budget item No. 6 and the specified proof documents are respectively attached in this section.
- Copies of contract and payment documents such as invoice, receipt, note of expenses
 - List of participants

Account book on the expenditures under Administrative Costs of the budget or proof documents are not required with the financial report. However, like for all other documents, proof documents for administrative costs must be archived for 7 years in order to be presented during any audit.

5.3 Request for Final Payment

At the end of the action, “Request for Payment document”, a sample of which is available in the Contract Folder and PROJEMATİK(Documents → Reporting Documents), must be used by the Beneficiaries in order for the balance payment to be done. Narrative and financial report, as well as supporting documents must be included as a package to the request for payment as explained in Section 5.2.

Failure to submit the folders prepared for the reports properly or with appropriate content may cause delays in approval process and making the payments subsidiary to the reports.

The balance payment to be made by HRDOS may not exceed the amount specified in the request for payment. In case of miscalculations, HRDOS request the Beneficiary to make the request for payment again. Thus, it is very important that the calculation is made correctly. The amount of final payment to be requested is specified indicatively in Article 4 of the grant contract (special conditions) on the assumption that the budget would be spent eligibly in full amount. At the end of the activity, if the expenditures incurred, which are approved by HRDOS as eligible, are less than the amount foreseen in the budget, then the grant amount is reduced.

Example: Calculating the final payment amount to be requested

Estimated total budget of the action	: when 200.000 thousand
Grant ratio	: if 90% (max 90%)
Accordingly committed grant amount (90% of 200 thousand)	: 180 thousand euros and
Advance payment (80% of the committed 180 thousand)	: 144 thousand paid,
Expenditure incurred and eligible in the action	: 190 thousand euros and
Beneficiary co-financer which can be considered as eligible	: 20 thousand euros
Expense which can be considered as eligible from the grant amount	: 190 – 20 thousand = 170
Amount of final payment to be requested (171–144 advance payment)	: 26 thousand euros.

Proof documents such as invoices and receipts to be submitted for final reports and expenditures will determine the incurred expenditures and approval of them as “eligible” or rejection of them by HRD OS. Any income generated from the budget of the action is deducted from the final payment amount.

Ineligible expenditure may result in cut-offs from final payment amount and in some cases may result in recovery of some amount of the `advance` payment to HRDOS. Where the expenditures are less than the first payment amount, recovery will be requested from the Grant Contractor.

With the contract, the Grant Beneficiary commits itself to carry out the project activities it undertakes in accordance with the contract, EU and national legislation; HRD OS undertakes to make payments in case of progress payments provided that it is limited to the amount specified in the contract budget in line with the activities realized in return. In this context, the expenditure incurred by the beneficiary is examined in detail by the Contracting Authority after the submission of the final report and verified and the appropriate expenditure amounts are calculated. Activities

that are not carried out in accordance with EU and national legislation and expenditures related to these activities are deemed as ineligible costs.

It should be noted that some project expenditure may not be covered from IPA funds due to irregular / incomplete / partial / late implementation of project activities (Article 4 and Article 17.2 of the General Conditions).

Republic of Türkiye Ministry of Labour and Social Security

Directorate of European Union and Financial Assistance

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