



THE COFFEE AND COCOA VALUE CHAINS DEVELOPMENT IN UGANDA

REQUEST FOR CONCEPT NOTES

**Publication Ref. EUROPEAID/165321/INDIRECT MANANGMENT
/ACT/UG**

Clarification No. 1

Date of Issue: 5 AUGUST 2019



#	Reference	Clarification Request	Response
1	Concept Note Format	We are kindly requesting for a concept note format to enable us prepare our application.	<p>Refer to Section 3 of the Guidelines under the List of Annexes- The format of the concept note is as per Annex A of the forms in the call's websites:</p> <p>https://webgate.ec.europa.eu/europeaid/online-services/index.cfm?ADSSChck=1565003206068&do=publi.welcome&orderby=upd&nbPubliList=15&orderbyad=Desc&aofr=165321&searchtype=RS&userlanguage=en</p> <p>https://www.finance.finance.go.ug_or www.ugandacoffee.go.ug</p>
2	Application documents	<p>We are requesting for the following documents to kick start the application process.</p> <p>Annex A: Grant Application form</p> <p>Annex C: Logical framework (Excel format)</p> <p>Annex D: Legal entity sheet</p> <p>Annex E: Financial identification form</p> <p>Annex F: Organisation date form</p>	<p>Refer to Section 3 of the Guidelines under the List of Annexes; Refer to the websites mentioned in Response no. 1 for the list of the Annexes requested.</p>
3	Eligibility criteria	<p>Given the “however” in Section 2.1.1 in the second paragraph, can you confirm that <u>(i) operators (private operators or non-governmental organisation) of any nationality who have an operational presence in Uganda and /or (ii) that have a joint-venture/partnership with a local eligible entity in Uganda are also eligible</u> (as long</p>	<p>Refer to section 2.1 of the Guidelines-The answer to both (i) & (ii) is affirmative. The criteria are based on physical presence in Uganda (including formalities i.e. registered) and/or where a joint venture is established with a local entity that meets the stipulated requirements.</p>



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		as they act with minimum one co-applicate established in Uganda)?	
4	Eligible entities	Can a business development services company be a co-applicant with an aggregator?	All applicants including the lead applicant, co-applicant and affiliated entities MUST comply with the eligibility criteria stipulated in Section 2.1 of the Applicant Guidelines.
5	Capacity building	Is there a training /development component in this project which can be used to handhold /develop SMEs aspiring to grow?	Training and capacity building are part of the overall objectives of the project. Any such requirement has to be articulated and streamlined in the overall proposal budget for technical assistance including business development services, which will be evaluated. A key objective of the programme is for the bigger, more established private sector players to help develop and train the smaller ones so as to strengthen the value chain.
6	Geographical coverage	Does this call restrict the action coverage area? (It talks of Uganda)	Please refer to Section 2.1.4 of the guidelines; actions MUST take place in Uganda.
7	Eligibility criteria	Please clarify on how the research component can be incorporated in an eligible manner	The research component is highlighted under result area 3 including market research/intelligence and export market investigations.
8	Budget format	What is the budget format supposed to be submitted	<p>Please refer to Answer 1 as per the websites – Annex B is the template for the budget.</p> <p>However please note that detailed budget is submitted only together with the full proposal..</p> <p>Please refer to section 2.2.1 (Concept note content) of the guidelines which mentions that the Lead applicants must only provide an estimate of the requested EU contribution as well as an indicative</p>



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			percentage of that contribution in relation to the eligible costs of the action. A detailed budget is to be submitted by the lead applicant who has been invited to submit a Full application in the second phase.
9	Number of Partnerships	What is the number of partnerships required in the value chain?	An eligible lead applicant may submit an application on their own but given the programme objectives, consortia with eligible co-applicants and affiliated entities are encouraged. There is no prescribed number of partnerships under this call.
10	Grant disbursements	In case of a co-partnership which percentage is supposed to be given to each?	This depends on the budget structure and the actions foreseen in the application, the overall budget contribution made by the partners in line with the eligible costs for the planned activity under the responsibility of the lead applicant.
11	Procedures	Please can you adjust on these procedures so that the local people can benefit directly?	Refer to section 2.1.1 of the guidelines - The procedures are developed to balance operational constraints against fiduciary and financial risks in a fair and sustainable manner. Smaller operators are encouraged to benefit by forming joint ventures with bigger national and multi-national operators with the capacity to implement and train them.
12	Private Operators	You referred to “private operators” could these mean sole proprietors, mere farmers/ peasants with IDs or businesses? Clarify	Private operators mean formal entities in existence and operational that are registered and formalized including limited companies, cooperative unions and business associations in the coffee and cocoa value chain. Eligibility criteria under the call are stipulated in Section 2.1 of the Applicant Guidelines.
13	Aggregators	Who are “aggregators”?	In this case aggregators refer to value chain players involved in the purchase, collection, bulking,



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			transporting, processing and distribution/sale of coffee and cocoa products. Eligibility criteria under the call are stipulated in Section 2.1 of the Applicant Guidelines.
14	Budget threshold	The budget limit of 600k, does this mean it covers both 50% matching?	<p>Please refer to section 1.3 for details on the Financial Allocations provided.</p> <p>For Lot 1, Applicants can request between EUR 500,000 and EUR 600,000 in grant in any single application. This should make up 50% to 55% of the total cost of the action.</p> <p>For Lot 2, Applicants can request between EUR 300,000 and EUR 400,000 in grant in any single application. This should make up 50% to 55% of the total cost of the action.</p> <p>For example if the requested EU contribution is is €500.000 with 50% co-funding the total cost should be €1.000.000</p>
15	Eligibility of state agencies	In the terms of eligibility you indicated private and NGO. What about the state agencies? Can they take lead	In terms of eligibility refer to section 2.1 of the Applicant Guidelines, Public entities and state agencies do not qualify for support under the current arrangement.
16	Matching contribution	If we go for a maximum of 600,000 Euro, does this mean EU would contribute 55% of the 600,000 which is 330,000 then the balance of 45% (270,000) to be contributed by the consortium?	Please refer to answer 14
17	Matching contribution	So the matching fund is not an addition but it is a part of the total maximum we are requesting for (600,000)	Please refer to answer 14



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18	Applicants	Who can be a co-applicant (description, eligibility)	Please refer to Section 2.1 of the Applicant Guidelines. Co-applicants normally participate in designing and implementing the action, and may incur eligible costs.
19	Indirect costs	What are “indirect costs”?	<p>Refer to section 2.1.5 of the guidelines- . The indirect costs for the action are those eligible costs which may not be identified as specific costs directly linked to the implementation of the action and may not be booked to it directly according to the conditions of eligibility in Article 14.1. However, they are incurred by the beneficiary(ies) in connection with the eligible direct costs for the action. They may not include ineligible costs as referred to in Article 14.9 or costs already declared under another costs item or heading of the budget of this contract.</p> <p>Indirect costs are costs incurred in carrying out the action and may be eligible for flat-rate funding, but the total must not exceed 7 % of the estimated total eligible direct costs. Indirect costs are eligible provided that they do not include costs assigned to another budget heading in the standard grant contract. The lead applicant may be asked to justify the percentage requested before the grant contract is signed.</p>
20	Cocoa growing plan	What plans do you have to help promote cocoa growing in the country?	The MARKUP Uganda national window programme has prioritized both coffee and cocoa for support including reduction of production, harvest and post-harvest losses and market access to niche markets in the EU and other ACP countries. Lot 2 of this call aims at promoting coca growing in the country.



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			<p>Please note that this may be complementary to other EU-supported activities that may benefit cocoa growing outside of the scope of this programme.</p>
21	Asset ownership transfer	<p>Under Eligible Costs, you indicate that purchase costs for equipment (new or used) and supplies specifically dedicated to the purposes of the action are eligible provided that ownership is transferred at the end of the action. How does this “transfer requirement” apply to private companies?</p>	<p>Section 2.1.5 -Annex G - We refer to Article 7.5 of the General Conditions applicable to European Union-financed grant contracts for external actions, copied here in its entirety for clarity:</p> <p><u>"Unless otherwise clearly specified in the description of the action in Annex I, the equipment, vehicles and supplies paid for by the budget for the action shall be transferred to the final beneficiaries of the action, at the latest when submitting the final report.</u></p> <p>If there are no final beneficiaries of the action to whom the equipment, vehicles and supplies can be transferred, the beneficiary(ies) may transfer these items to:</p> <ul style="list-style-type: none"> • local authorities • local beneficiary(ies) • local affiliated entity(ies) • another action funded by the European Union • <u>or, exceptionally, retain ownership of these items.</u> <p>In such cases, the coordinator shall submit a justified written request for authorisation to the contracting authority, with an inventory listing the items concerned and a proposal concerning their use, in due time and at the latest with the submission of the final report.</p> <p>In no event may the end use jeopardize the</p>



			<p>sustainability of the action or result in a profit for the beneficiary(ies)."</p> <p>Where applicable, we therefore encourage applicants to include an exit strategy with their description of the action in their application that details how any assets built, developed or otherwise supported by the requested grant are intended to be transferred or retained at the end of the implementation period in line with Article 7.5. These will be duly evaluated.</p> <p>Please note, however, that as a basic principle, the use of EU public grants cannot generate a profits for any private operator unless a commensurate benefit is passed on to the final beneficiaries as public good in line with the programme's objectives.</p>
22	Asset ownership transfer	If we set up MWS for smallholder farmers, will the private company be expected to transfer the assets?	Please refer to Answer 23 above.
23	Asset ownership transfer	Under Ineligible costs you indicate that purchases of land or buildings is ineligible, except where necessary for the direct implementation of the action, in which case ownership must be transferred at the end of the action. Would this exception apply to construction of facilities like washing stations and dry mills in order to properly manage quality?	Please refer to Answer 23 above.
24	Asset ownership transfer	If yes, how does the requirement to transfer ownership apply to private companies?	Please refer to Answer 23 above.



25	Eligible costs	In the Eligible Costs, you indicate the cost of staff assigned to the action, corresponding to actual gross salaries including social security charges and other remuneration-related costs. In the Ineligible Activities, you include Operating expenses including; salaries, utility bills, audit and taxation costs. Can you please clarify on the eligibility of salaries?	Please refer to section 2.1.5 of the Applicant Guidelines on eligibility of costs. Generally, salaries can be eligible as long as they are directly part of the implementation of the action as specified in the application form and the contract.
26	Operating expenses	Can the operating expenses of an existing office that will be used for the purposes of this project be charged to the action?	Please refer to section 2.1.5 of the Applicant Guidelines on eligibility of costs. Generally, operating expenses can be eligible as long as they are directly part of the implementation of the action, during its period of implementation, as specified in the application form and the contract.
27	Eligibility of International NGOs	Is an International NGO registered in Uganda but with Headquarters outside Europe eligible for this action?	Please refer to section 2.1 on the eligibility of actors associated with the action and in particular the eligibility criteria detailed on section 2.1.1 for applicants.
28	Clarification timelines	You indicate that questions must be asked within 21 days of the deadline submission, is this calendar or business days?	The requirement was to have all issues for clarification sent through to NAO by 21 July 2019. The process is based on calendar days.
29	Publication of clarifications deadline	You indicated in the clarification address slide 5th August. Please clarify	5 August 2019 is the last date on which any eligible requested clarifications from the NAO would be publicized on the respective websites.
30	Use of other donor funds	Can an applicant use funds from another project not funded by EU or any government as cost share?	There are rules governing the use of donor funds that may vary from one funder to another. Where documented clearance is given by the funder, resources may be put to fund planned activities.
31	Co-financing requirements	What is the timing of co-financing from the applicant? Is it expected at the beginning or as I spend?	The applicant must have the required co-financing committed at the time of approval of the application.



			If the implementation is phased with itemised budget lines, the requisite funds must be available for each phase at the time of implementation.
32	Working capital	Is working capital (funds used to buy coffee) seen as cost share?	No. For instance, funds used to buy coffee are seen as part of the operating expenses which are ineligible costs for support.
33	Utilization of funds	How do we use funds from another project account?	Any funds used ought to be part of the total income of the entity seeking the matching grant regardless of appropriation from any specific internal revenue stream.
34	Proof of availability of funds	Do you expect cash into your project account?	No. The expectation is that potential applicants are able and can demonstrate availability of the required resources to finance the planned activity. This can be determined from instruments such as bank balances, overdraft facilities, letters of credits, etc.