



PROMOTION OF EU AGRICULTURAL PRODUCTS

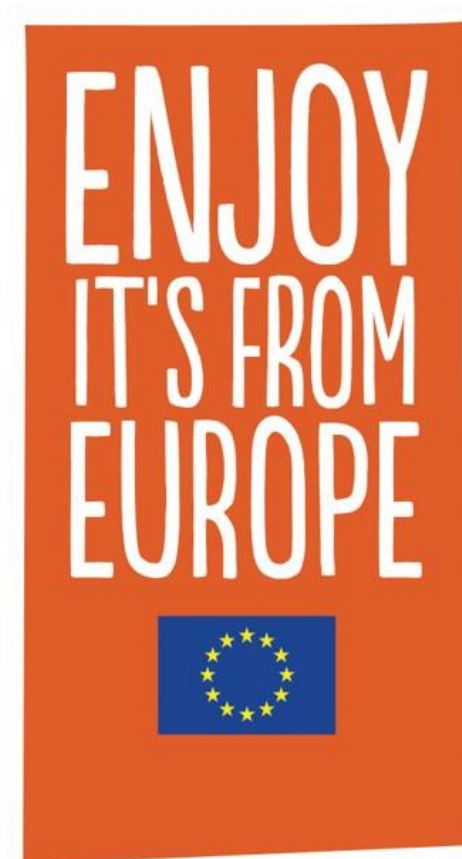
Subcontracting in AGRIP grants

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Introduction

- 80% of action tasks in the AGRIP grants are subcontracted
- Increased controls on tendering procedures
- Recurrent issues with subcontracting
- Recommendations for future tendering procedures



Selection of subcontractors based on:

- **Best value for money or the lowest price and**
- **No conflict of interest**

Art 6.2.B

Subcontracting costs for the action (including related duties, taxes and charges, such as nondeductible or non-refundable value added tax (VAT)) are eligible, if they are calculated on the basis of the costs actually incurred, fulfil the general eligibility conditions and are awarded using the beneficiary's usual purchasing practices —provided these ensure subcontracts with best value for money (or if appropriate the lowest price) and that there is no conflict of interests (see Article 12).

Best value for money and conflict of interest

- **Best value for money** i.e. *best price-quality ratio*
 - consider the price and quality of the service, goods or work proposed
 - consider applying the weighted scoring mechanism, recommended at 60/40 quality/price ratio
- **Conflict of interest** – any situation where the impartial and objective implementation of the Agreement could be compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect interest.

Consequences of non-compliance

Non-compliance with eligibility conditions **will result in rejection of the subcontracting cost.**

Article 6.4 Consequences of non-compliance

*If a beneficiary declares costs or contributions that are **ineligible**, they will be **rejected** (see Article 27).*

This may also lead to other measures described in Chapter 5.

Subcontracting issues

Best value for money

- Awarding a contract based on quality only;
- Fixing the budget of subcontracting in tender specifications instead of stimulating competition on price between tenderers;
- Not checking selection criteria (professional/operational capacity);
- Narrowing competition by restricting selection criteria (professional/operational capacity) which only a few operators can meet.

Subcontracting recommendations

Best value for money

- Verify tenderers meet selection criteria before proceeding with award criteria
- Establish a tendering procedure that stimulates competition on quality and price
- Implement a weighted scoring mechanism, recommended at 60-40 quality-price ratio
- Divide subcontracting into LOTs to enhance competition

Subcontracting issues

Conflict of interest

Participation in preparation of tender specifications by a third party

- Company X is contracted to prepare tendering documents (e.g. drafting the tender specifications);
- The same company X then participates in the tender;
- The beneficiary of the grant who conducts the selection of the implementing body withholds information shared with a company X who helped to prepare the tender documents;
- Company X is awarded the contract
- This is a breach of competitive procedure by not ensuring equal treatment of all participants;
- Potential conflict of interests between the beneficiary and company X.

Subcontracting recommendations

Conflict of interest, transparency and equal treatment

- Establish internal tendering rules
- Pay extra attention if you contract a third party to prepare a proposal and/or tender documents and this third party subsequently decides to participate in a call for tender.
Ensure equal treatment and transparency of all applicants in the call for tender
- Request evaluation committee members to sign a declaration of absence of conflict of interest
- Request each subcontractor to sign a declaration on honour
- Define selection (professional/operational capacity) and award criteria in tender specifications
- Open tender for at least 30 days
- Publish tender on multiple fora, including on e-TED

Additional Information

[Grants & reporting - Promotion of agricultural products - European Research Executive Agency:](#)

[Guidance on the application of the competitive procedure for the selection of implementing bodies in case of simple programmes](#)

Specific guidance on tendering procedures for MULTI programmes can be found in this [best practices document](#).

Thank you



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