

Operating Guidelines

1. Glossary

Facility:	the Black Sea Project Promotion Facility
Donor(s):	the Russian Federation and all additional Donors to the Facility
BSEC:	the Organization of the Black Sea Economic Cooperation
BSTDB:	the Black Sea Trade and Development Bank
BSEC PERMIS:	the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation
Donor Agreement(s):	the Agreement(s) between the Donor(s), the BSEC PERMIS and the BSTDB
Cooperation Agreement:	the Agreement between BSEC PERMIS and the BSTDB
Steering Committee:	the Steering Committee of the Facility
Manager:	the Manager of the Facility

2. Preamble

The Black Sea Project Promotion Facility is a funding mechanism, established through a donation of the Russian Federation to the BSEC PERMIS and accepted by its Secretary General, in accordance with the Financial Regulations and Procedures of the BSEC PERMIS.

Additional Donors may contribute to the Facility. The threshold of joining the Facility is set at the level of 500.000 United States Dollars according to the Cooperation Agreement.

The present Operating Guidelines specify the working modalities of the Facility and provide references and rules to its everyday functioning, in conformity with the “Donor Agreement(s)” and the “Cooperation Agreement” between BSEC PERMIS and the BSTDB.

The Operating Guidelines were adopted by the Steering Committee of the Facility on 24 March 2017.

3. Administration of the Facility

3.1 The Steering Committee

The Steering Committee is composed of the following:

- i. the BSEC PERMIS Secretary General, acting as Chairman of the Committee and the First Deputy Secretary General as his alternate. In the presence of the main representative, his alternate will have no voting right.
- ii. a representative of each Donor to the Facility and his alternate, as specified by the Donor. In the presence of the main representative, his alternate will have no voting right.

- iii. When convened to decide on the utilization of the Facility by the BSTDB, the Steering Committee shall also include one representative of the BSTDB.

The Manager of the Facility will also participate in the meetings of the Steering Committee, with no voting rights.

The Steering Committee may invite to participate in its proceedings, on an ad hoc or regular basis, third parties, including BSEC PERMIS and BSTDB staff. These guests shall have no voting rights.

The Steering Committee will, *inter alia*:

- a) approve the logo of the Facility, its Operating Guidelines and all other documents deemed necessary for its operation (e.g. the Grant Contract, the standard application for funding projects, the General Conditions for grants etc.);
- b) steer the activity of the Facility and provide oversight and monitoring over its operation;
- c) approve the annual work plans and budget, as well as make any necessary adjustments to attain the anticipated outcomes;
- d) approve and issue calls for project proposals and decide on the award of grants, as the case may apply, setting priority areas and guidelines and stating the available funding for the projects, in accordance with Article 1 of the Cooperation Agreement.
- e) inform, whenever deemed necessary or requested, together with the Manager, the relevant BSEC subsidiary organs and/or the BSEC Committee of Senior Officials.
- f) set the communication policy and approve the dissemination activities proposed by the Manager.

The Steering Committee will seek to align the funded activities with the strategic priorities of BSEC and the BSTDB, as well as to pursue close collaboration with international organizations.

The Steering Committee will seek to ensure that the funded activities conform to the BSEC principles and objectives, as contained in Article 3 of the BSEC Charter, in particular, promote the spirit of friendship and good neighborliness and enhance mutual respect and confidence, dialogue and cooperation among the BSEC Member-States.

3.2 Application for funding, eligibility of proposals and approval process

1. For projects to be managed through the BSEC PERMIS, the following application and approval process shall be followed:

The Steering Committee will issue a call for project proposals, setting priority areas, within the scope of Article 1 of the Cooperation Agreement, stating the available funding and providing guidelines for applicants. This call will be communicated to the BSEC Member States, as well as to other potentially interested parties, through BSEC PERMIS and posted at its website. Applications will be receivable for a period of one year after the abovementioned call for project proposals, provided funds are still available.

The Manager will receive the applications, check their eligibility as to the conditions set in the relevant call for proposals and evaluate their merits as to the principles and objectives of the Facility and BSEC.

Following this process, information on all project proposals shall be communicated by the BSEC PERMIS and the Manager to the Ministries of Foreign Affairs of the Donor and to those of the BSEC Member States from which applications originate for their consideration. The proposals

will be considered eligible, if no objection by the Donor or the Member States from which applications originate reaches BSEC PERMIS within 15 working days after the above mentioned communication.

After this initial evaluation all eligible applications will be submitted to the Committee, which will decide on the award of the grant.

Any legal entity from the public or the private sector, national of, and/or registered and operating in the territory of a BSEC Member State, respecting international law, is eligible to benefit from the Facility.

International governmental or non-governmental organizations are also eligible to benefit from the Facility. In particular, international non-governmental organizations have to be registered in the BSEC Member State concerned. In each project proposal, the lead partner should be designated by the applicants.

The minimum percentage of grants' allocation to finance consultants and service providers from the Donors' country shall be defined in each specific Donor Agreement.

Applications lacking in information or documents will also be submitted to the Steering Committee, which will decide whether the application should be definitely rejected or if contacts with the applicants may be pursued by the Manager, in order to complete it.

The approved projects shall be communicated by the Steering Committee, through the BSEC PERMIS and the Manager, to the BSEC Member States.

Each project will be implemented during a period of up to one (1) year starting from the signing of the relevant contract. The implementation period of a project may be extended upon decision of the Steering Committee, on the basis of a written request, submitted by the beneficiary before the expiration of the implementation period.

Should the Steering Committee award a grant, a standard grant contract for the project will be concluded with the beneficiary upon agreement of the Committee, in the English language, setting out the conditions for its implementation and the maximum level of funding.

The detailed payment arrangements shall be laid down in the grant contract. As a general rule, payment of the grant shall be made in three installments (two pre financing payments and one final payment).

The Steering Committee may require the beneficiary to provide appropriate assurance in advance, in order to limit the financial risk linked to the payment of the pre-financing, in case a project budget is higher than 100.000 United States Dollars.

2. For the eligible uses of the Facility by the BSTDB, the latter shall be the sole responsible for the preparation, appraisal and supervision of project proposals, in accordance with its internal rules, policies and procedures, the Donor Agreement(s), as well as the Cooperation Agreement and pursuant to the relevant approvals of the Steering Committee of the Facility, issued in accordance with the present Operational Guidelines.

3.3 The Manager

The Manager, designated by the Steering Committee upon the suggestion of the Donor, in accordance with the Regulations for the Staff of the BSEC PERMIS, will, *inter alia*:

- (a) implement and follow up the decisions of the Steering Committee and support it with regard to coordination and supervision of the activities of the Facility;
- (b) organize the meetings of the Steering Committee; prepare, coordinate, submit and report all relevant documentation; prepare and submit to the Steering Committee the draft agenda, the draft decisions, as well as the minutes of meetings;
- (c) prepare the draft budget; integrate work plans, budgets, reports and other programme-related documents; ensure that budget overlaps or gaps are avoided; administer day-to-day financial operations and maintain the financial records and accounts, documenting the receipt of contributions, the disbursement for approved operations and all administrative and other expenses, in accordance with BSEC internal rules and regulations; report regularly to the Steering Committee on the financial activities of the Facility;
- (d) receive appropriate information on the preparation, appraisal and supervision of particular projects for the benefit of the BSTDB, carried out by the latter, in accordance with its internal rules, policies and procedures, the Donor Agreement(s) and the Cooperation Agreement and make them available to the Steering Committee, for its consideration and approval if deemed necessary;
- (e) draft calls for proposals, in respect to projects managed through BSEC PERMIS for the consideration of the Steering Committee; publish documents related to such calls for proposals; assist parties interested to submit proposals; receive, register and check applications for funding; perform the initial appraisal of submitted proposals and make appropriate recommendations to the Steering Committee on the basis of the evaluation grid to be agreed by the Steering Committee; maintain all necessary data bases and other information on applications; monitor progress of sponsored projects and activities and ensuring the timely submission of their reports; disburse funds to sponsored projects as instructed by the Steering Committee and according to the approved budget and report on their allocation; provide oversight of planned activities and results delivered; make recommendations to the Steering Committee for the functioning of the Facility, in particular concerning the adjustment of strategies or planned activities and the reallocation of resources;
- (f) initiate efforts to co-sponsor projects and activities of the Facility or raise additional funds to complement these at any stage;
- (g) prepare and submit to the Steering Committee:
 - A consolidated annual narrative and financial report on the Facility and all projects financed or to be financed within the framework of the Facility as of 31 December every year, including data on the allocation of the Donor’s contribution amongst BSEC and the BSTDB projects, data on the percentage of allocations to the consultants and service providers from the Donor, as well as on the status of projects implementation.
 - An annual audited financial statement on the Facility as of 31 December every year to be submitted during the Committee’s annual meeting of the following year with the assistance of the BSEC PERMIS.

- The reports on both BSEC and BSTDB projects financed or to be financed within the framework of the Facility, prepared in accordance with BSEC accounting and reporting procedures upon the submission of the relevant information by the BSTDB, also containing any other information on the operation of the Facility deemed necessary by the Donor(s).

In carrying out administrative functions, the Manager will maintain the highest standards of transparency and accountability.

In respect of projects managed through BSEC PERMIS, official travels of the Manager may be approved by the Donor(s), on a case by case basis.

Should the need for additional operational support or secondment to the Facility arise, the Steering Committee may envisage, on an ad hoc basis, the employment of additional personnel, on a contractual basis, to assist the Manager.

4. Meetings

4.1 Venue

Subject to the next paragraphs, Steering Committee meetings shall be convened as needed and as efficiency dictates, and shall be carried out via teleconference. Decision making, where appropriate, can take place also via voting without meeting.

The exceptions to the above modalities of operation shall be:

- (i) One annual meeting of the Steering Committee, which will be convened in Istanbul at the BSEC PERMIS Headquarters by the Chairman upon request of the Donor(s); and
- (ii) meetings to be convened upon the specific request of the Donor(s) in any other particular instance.

In all cases, the Steering Committee cannot be convened to session, nor a decision be made in the absence of any one of its members or his/her respective alternate.

4.2 Agenda of the Meetings

The BSEC PERMIS will transmit the draft agenda, prepared by the Manager, and all related documentation to the members of the Steering Committee at least two weeks before the date of the meeting. Any member of the Committee may transmit in writing to the BSEC PERMIS proposals for amendments or inclusion of additional items to the draft agenda. The Steering Committee shall at the beginning of each meeting adopt the agenda.

4.3 Agreed Minutes

The Manager, acting as secretary of the Steering Committee, shall keep detailed minutes of the meeting proceedings with an annexed summary table of decisions taken and tasks to be done. The draft minutes will be circulated to the members of the Committee by the BSEC PERMIS for their comments within 5 working days after each meeting. On the basis of the comments received, the draft minutes will be amended, if needed, and disseminated again for their silent approval procedure as Agreed Minutes, within a deadline of 10 working days. In case no reply has been received by the prescribed deadline, the minutes will be considered as agreed.

5. Decision making process

The Steering Committee shall take all decisions by consensus.

The decision-making by written procedure may be initiated by any member of the Steering Committee in the event of issues that do not justify the convening of a meeting. The Manager will disseminate all necessary documents, including the draft decisions, for silent approval of the Steering Committee within a deadline of 10 working days. In case no reply has been received by the prescribed deadline, the decision will be considered as agreed.

6. Budget and Financial Reporting

The annual Facility Budget, containing the expenses to finance the activities according to the Article 1 of the Cooperation Agreement, will be approved by the Steering Committee upon the instruction of the Donor(s) who will specify the funds to be allocated to projects managed through the BSEC PERMIS and the BSTDB and the limit for annual operating expenses, if appropriate.

In accordance with the Financial Regulations and Procedures of the Organization of the Black Sea Economic Cooperation, the Steering Committee shall submit the annual Budget of the Facility and relevant reports to the BSEC Council of Ministers of Foreign Affairs for information.

All interest accruing on the credit balance of the Facility account shall be part of the Facility.

The financial operations of the Facility, including all documentation submitted by BSTDB for utilizations by it and pursuant to Steering Committee approvals, such as proposal files, disbursement-related materials, consultant evaluation reports etc., will be subject exclusively to the internal and external auditing procedure provided for in the Financial Regulations and Procedures, policies and practices of BSEC.

The Facility's budgetary and financial reporting system may prescribe additional requirements, including specific audits or reviews, in conformity with the ODA guidelines and provisions of DAC of the OECD or as otherwise specified by the Donor(s), according to the Latter's accountability to its national authorities.

All financial reports and statements shall be expressed in United States dollars.

7. Visibility - promotion of the Facility

The Steering Committee, on the Manager's proposal, shall take decisions on the allocation of the necessary funds and provide guidelines with regard to the visibility and promotion of the Facility.

In order to increase the visibility of the activities of the Facility, the Steering Committee will seek to make available periodic progress reports and regular updates on project commitments and disbursements, and other sponsored activities that may be of interest to the general public, including through the websites of BSEC and the BSTDB, as the case may apply.

The BSEC PERMIS and the BSTDB, in their communications to the general public, the press, the project applicants, the beneficiaries and other third parties will coordinate their efforts and

acknowledge, as appropriate, the role of the Donor(s) for the establishment and sustainability of the Facility.

All beneficiaries of the Facility are expected to give proper visibility to the Facility and the contributions of the Donor(s).

8. Other issues

Issues that don't fall in the sphere of the above mentioned statutory framework will be discussed and decided on an ad hoc basis by the Steering Committee.

9. Amendments to the Operating Guidelines

The present Operating Guidelines may be amended anytime by decision of the Steering Committee.

10. Entry into force

The present Operating Guidelines shall take effect through the silent approval by the members of the Steering Committee in line with part 3.1. of the present Guidelines. The silent approval shall be considered as granted if no objection is raised by any of the members of the Steering Committee within ten working days from the receipt of the present Guidelines by the Note of the BSEC PERMIS.

ANNEX 1
TO THE OPERATING GUIDELINES OF
THE BLACK SEA PROJECT PROMOTION FACILITY

1. Purpose

Pursuant to Article 3(1)(a) of the Operating Guidelines of the Black Sea Project Promotion Facility (hereinafter – the Facility), the purpose of this Annex is to approve the logo of the Facility.

2. Logo

The logo of the Facility shall be as displayed below. The logo may vary in size according to the needs of design and convenience.



3. Use of the logo

(1) The logo of the Facility shall be used in line with the Operating Guidelines of the Facility, the Donor Agreement establishing the Facility,¹ and the principles and objectives of the Organization of the Black Sea Economic Cooperation.

(2) Any third party, including the beneficiaries of the Facility, shall obtain the written authorization of the Steering Committee of the Facility for the use of the logo. Such an authorization may be granted by approving the Grant Application Form (including section 5.2 on the use of the logo) by the Steering Committee, or a separate written authorization.

(3) The Steering Committee of the Facility may revoke or modify the terms of use of the logo by a third party at any time.

4. Final provisions

This Annex, adopted on 25 February 2019 in accordance with Articles 5 and 9 of the Operating Guidelines of the Facility shall form the integral part of the said Guidelines.

¹ Donor Agreement between the Government of the Russian Federation, the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation and the Black Sea Trade and Development Bank in respect of the Black Sea Project Promotion Facility, signed in Thessaloniki, Greece on 18 November 2016.