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ANNEXES:

[Project Quick Start](#) (pdf)

[Table of Threshold Amounts](#) (pdf)

Payments

[Co-Director Operational Account Request Template](#) (.docx)

[Supplier Registration Request Template](#) (.docx)

[Payment Request \(PRF\) Template](#) (.docx)

[Payment Request \(PRF\) Instructions](#) (.pdf)

Replenishment of Operational Account

[Overview of Payments from the Operational Account Template](#) (.xlsx)

[Overview of Payments Replenishment Example](#) (.xlsx)

[Competitive Bidding Template](#) (.docx)

[Property Inventory Procedure](#) (.pdf)

[Stipend Receipt Template](#) (.docx)

[CV Template](#) (.docx)

[Mission Expenses](#) (.docx)

Regulations and Accounting for Mission Expenses

Mission Expense Form (MEF)

MEF: Example

Six-monthly Progress Reports (Templates and Budget)

[Requirements for the six-monthly Progress Reports](#) (.pdf)

[Progress Report \(technical\) Template](#) (.docx)

[NATO Budget Table](#) (.xlsx)

[NATO Budget Summary Table](#) (.xlsx)

[Summary Report Outline](#) (.docx)

Project Closure

[Overview Table “Amounts Received and Spent” Template](#) (.xlsx)

[Final Report \(technical\) Template](#) (.docx)

Abbreviations

a.s.a.p. as soon as possible

IPR Intellectual Property Rights

MEF Mission Expense Form

NATO North Atlantic Treaty Organisation

NPD NATO country Project Director

PPD Partner country Project Director (equally used for Partner as well as Mediterranean Dialogue countries)

PRF Payment Request Form

R&D Research and Development

Glossary

Countries

NATO Countries

Albania, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Turkey, United Kingdom, United States

NATO Partners

Afghanistan, Algeria, Armenia, Australia, Austria, Azerbaijan, Bahrain, Belarus, Bosnia and Herzegovina, Egypt, Finland, Georgia, Iraq, Ireland, Israel, Japan, Jordan, Kazakhstan, Kuwait, Kyrgyz Republic, Malta, Mauritania, Moldova, Mongolia, Montenegro, Morocco, New Zealand, Pakistan, Qatar, Republic of Korea, Russian Federation, Serbia, Sweden, Switzerland, Tajikistan, the former Yugoslav Republic of Macedonia*, Tunisia, Turkmenistan, Ukraine, United Arab Emirates, Uzbekistan.

Grant Letters

Following the “initial” Grant Letter, SPS funds are granted in EUR step-by-step through “supplementary” Grant Letters depending on the need and advancement of the Project. The maximum that will be granted is the estimated total NATO budget mentioned in the initial Grant Letter.

Mission Expense Form (MEF)

After each SPS related travel and training (mission) that will be paid from SPS funds a MEF has to be completed and signed by the traveller.

NATO Consultant

Person appointed by NATO to assist the Project Co-Directors.

* Turkey recognises the Republic of Macedonia with its constitutional name.

NATO Expert Panel

The Independent Scientific Evaluation Group (ISEG) is a multi-disciplinary independent group of experts selected by NATO's nations. It meets on a regular basis in order to evaluate applications submitted to the SPS Programme.

NATO Per Diem Rates

The per diem rates are the maximum amounts that can be reimbursed for hotel and living costs when on a SPS mission. The SPS rules must be applied as explained in the Mission Expenses Annex, where the total costs must not exceed the per diem rate x number of nights on mission. The rates vary per country. An example of the rates is available through Internet at **www.nato.int/science**.

NATO country Project Director (NPD)

The NPD is the person from a NATO country who has been chosen by the applicants to maintain the primary financial responsibility and assume the co-ordination together with the PPD.

Partner country Project Co-Director (PPD)

The PPD is the person from a Partner country who has been chosen by the applicants to be responsible for the co-ordination together with the NPD.

Payment Request Form (PRF)

The PRF is like a bank transfer form that is needed for each money transfer from the SPS grant at NATO to any account outside NATO. A PRF is only valid if signed by the NPD.

Planning Grant

A grant awarded by NATO that should cover the cost incurred for preparing the full Project Plan.

Project Co-Directors

Persons involved in the project, who are responsible for a team and who have an assigned NATO budget (including the NPD and PPD).

Participants

Persons involved in the project without an assigned NATO budget. They are industrial and/or public sector collaborators who will generally also be the end-users of the project.

Project Plan

The document in which the applicants describe their project, including the objectives, milestones, tasks and budget. The approved version of the Project Plan will become part of the contract between NATO and the Co-Directors.

SPS Advisor

The SPS Advisor is the staff member located at NATO Headquarters, who is responsible for the management of the Project.

Starting date – ending date

The date of the first "initial" Grant Letter is the official starting date. The Co-Directors should let the SPS Office know the date of the effective starting date when the activities effectively started (usually with a kick-off meeting) and the estimated ending date.

Introduction

The NATO Science for Peace and Security Programme (SPS) seeks to enhance cooperation and dialogue with all partners through civil science and innovation. The SPS Programme offers grants for collaborative research and development projects, workshops, institutes, and training involving scientists from NATO nations and partner countries. SPS funds activities relevant to NATO's strategic objectives which address SPS Key Priorities.

This document provides guidelines for co-directors of multi-year projects including detailed financial and administrative procedures. This handbook is the primary reference for Project Co-Directors of multi-year projects and the most up-to-date version is also available on the NATO website: www.nato.int/science

These guidelines, compiled in this ***SPS Project Management Handbook*** (hereafter referred to as 'the Handbook'), are to be used in conjunction with the previously issued ***Guidelines for Project Plans***, including the annexes thereto.

Questions regarding the management of SPS projects should be addressed to:
sps.admin@hq.nato.int sfp.admin@hq.nato.int

1. Responsibilities of Project Co-Directors

Each person assigned a budget under the SPS project is a Co-Director. The primary co-director from a NATO country and the primary co-director from a partner country are referred to as the NATO country Project Director (NPD) and Partner country Project Director (PPD); they will have been designated as such in the project plan. Others involved in the project but not assigned a budget in the Project Plan is referred to as a project participant; they are not considered as Project Co-Directors.

Each co-director is responsible for the planning and progress of the work performed in the framework of the multi-year project in his/her institution including financial matters and accountability. The NPD and the PPD have joint responsibility and authority for the overall management of the Project including **project reporting** as described in *Section 8* of this Handbook.

The ultimate decision for financial matters lies with the NPD. Consequently, approval from the NPD is requested for all expenditures and the NPD will be in charge of the financial part of the six-monthly Progress Reports (see *Section 8.1*).

2. Use of Science Peace and Security Funds

Each co-director is responsible for the use of project funds in accordance with the general terms of the SPS Programme and, in particular, with the Project's budget approved through the Grant Letters. During the course of the Project it may occur that changes are required to the budget for which approval by the NPD must be sought. For changes over ~~10,000~~ ~~5,000~~ **EUR**, approval by the SPS Office is required. The revised budget figures (as approved either by the NPD if less than ~~5,000~~**10,000** EUR or by the NPD and the SPS Office if more than ~~5,000~~**10,000** EUR) should be reflected in the subsequent budget tables (in annex) included in the financial part of the Progress Reports (see *Section 8.1*).

Items for which SPS funds can be used are listed under item 2.1 below. Ineligible expenses are listed under item 2.2. **If in doubt**, advice should be sought from the SPS Office by e-mail sps.admin@hq.nato.int ~~sfp.admin@hq.nato.int~~.

Misuse of funds may lead to the immediate termination of the entire Project and to legal prosecution.

2.1 Expenditures eligible for funding through SPS funds

The principle rule is that SPS funds should cover **direct project-specific costs** only.

More specifically, SPS funds may be used:

a) - by all Project Co-Directors for:

travel abroad -within the region of NATO and its Partner countries- by project participants for meetings, consultation, attendance at conferences, seminars and workshops. NATO will reimburse air or train tickets and taxis to and from airports and train stations. Travel by private car will be reimbursed based on the equivalent of a first class train ticket. For travel in all other countries, NATO will reimburse either the transport cost, or the accommodation cost and conference fee.

domestic travel by train, aeroplane or bus (excluding daily travel and local travel).

domestic travel by car in order to carry out specific tasks that would not be possible by or that would be more expensive through other means of transportation. In such cases real costs (e.g. petrol) will be reimbursed with receipted back-up documents. A rental car needs prior approval by the SPS Office.

project-specific consumables and spare parts.

project-specific equipment

limited expenses for publication of scientific results of the project and for making the project's activity visible to a broader community (e.g. 500 EUR for the establishment of a Web page for the project).

b) - by Project Co-Directors from Partner countries:

the purchase of computers, printers and consumables/spare parts.

transport costs necessary for the shipment of a procurement.

modems, specific software, leased line service and subscriptions if needed for adequate communication between project locations.

training abroad (including the travel necessary to attend the training) for Co-Directors or participants involved in the Project.

experts and advisors from a NATO country in order to solve a specific problem (for a maximum fee of 250 EUR and 10 days per expert per year).

the purchase of journals and books which are required for the Project.

stipends for a maximum of 5 full time young stipendiaries involved in the Project per Co-Director. The stipendiary must be aged 40 or less at the date of the initial award letter. The *maximum* amounts of monthly stipends are: 100 EUR for support personnel; 150 EUR for researchers without PhD; and 200 EUR for researchers with PhD. A Co-Director may not himself be a stipendiary.

limited support for IPR protection (up to 1,000 EUR per patent).

c) - by the NATO country Project Director (NPD) for:

limited administrative expenses associated with the overall management of the Project. In total, these must not exceed 7500 EUR for the entire project with a maximum of 1,000 EUR per year. In any case only direct costs can be charged. Charging of lump sums or overheads will not be accepted.

2.2 Expenditures **not eligible** for funding through SPS funds

NATO SPS funds **cannot** to be used for:

salaries or fees for advisors/consultants from Partner countries or for the advice sought from participants involved in this or another SPS Project.

general consumables and services which are readily available in the participating countries.

overhead expenses such as for construction, rental or use of buildings or facilities and depreciation of equipment already available, the maintenance of premises and cost of consumables, such as electricity and heating oil.

flat rate for overhead expenses used for the administration of SPS projects or funds.

daily and local travel by car within a short distance (25 km one way).

car rental (only exceptional and with sound justification).

the purchase of vehicles.

payment of any customs duty or taxes which might be levied on imported materials.

payment of value-added taxes (VAT).

general language or computer courses.

translation of documents.

It is expected these expenses be covered through national sources.

3. Payments

All SPS funds are granted in Euro (EUR) step-by-step to a specific project depending on the project's needs and progress and the financial plan at NATO. These step-by-step grants are made through the issue of Grant Letters of which the *originals* are sent to the NPD. **SPS grants are made in Euro. Payments made in other currencies at the request of co-directors will be converted at the time the payment is made. NATO cannot be responsible for fluctuations in exchange rates between the time of the grant and the time payments are made.**

A grant is only legally available if the *original* Grant Letter was circulated to and signed by all Project Co-Directors (and the head of their institutions, if applicable) and if the complete *original* is returned to the SPS Office. **However, the SPS Office can provisionally accept scanned or electronic signatures to allow the grant to begin in a timely way. The original must, in any case, be received in the SPS Office within 45 days after the scanned copy.**

The amount cited in the first Grant Letter as the 'estimated overall amount' is the maximum total support which may be granted by NATO for the entire Project, provided its progress is satisfactory and the project's funds are spent according to the rules given in this Handbook and in the Grant Letter(s).

SPS grants remain at NATO under the jurisdiction of NATO's Financial Control Office.

Payments from these grants are requested through a Payment Request Form (PRF) (form and instructions in Annex). Payments are deducted in EUR from the amount awarded to the Project through the Grant Letters. The financial situation of the Project will be listed in a logbook on the web. The internet link of this SPS Payment Report will be sent by the SPS Office to the respective Project Co-Directors after receipt of the signed Grant Letter. This information should be made available only to persons who must have access to payment information of the SPS project concerned.

3.1 Rules for Payments from SPS funds

Payment of items with a value of **less than 10,000 5,000 EUR**

From the project grants, each Project Co-Director, who has been assigned a specific budget, may request (through a PRF) an advance, hereafter referred to as “ONE-OFF ADVANCE”, in the amount of **15,000 7,500 EUR** (or less depending on the budget forecast with a maximum of 50% of the assigned budget). The account, to which this advance is transferred, is hereafter referred to as “the operational account”. **The Project Co-Director concerned ~~should~~ must pay all items with a net value of less than 10,000 5,000 EUR from the operational account.**

When the balance of the operational account is below **2,500 1,250 EUR** (or the equivalent), the Project Co-Director concerned may request (through a PRF) the “REPLENISHMENT” of his operational account in the exact amount of funds paid from the account. The spending has to be documented by an overview table (Overview of Payments annex) and back-up documents of all items paid since the advance or since the latest replenishment (see *item 3.4* of this Section).

When the balance on the operational account **is not sufficient to ~~does not~~ cover an anticipated large** purchase, the Project Co-Director concerned may request (through a PRF) an “ADVANCE FOR A SPECIFIC ITEM”.

The NPD may ~~request (through a PRF)~~ pay a maximum of 1,000 EUR per year **from his/her operational account** for administrative expenses without providing back-up documents.

Except for replenishment and advances to the operational account, NATO is no longer able to process PRFs under €10,000 for co-directors with operational accounts.

Payment of items valued at **10,000 5,000 EUR or more**

Items with an estimated net value of **10,000 5,000 EUR** or more will be paid by NATO from the project grants directly to the account of the vendor. The procurement procedure (competitive bidding and negotiation of a step-by-step payment) is described in detail in *Section 4* of this Handbook. Each payment step requires a PRF.

~~The Sfp Programme Office may be flexible with respect to rule 3.1a if a Co-Director from a Partner country has to pay a vendor in a NATO country. Should it be more reasonable that a payment be made by NATO directly to the vendor (instead of using the operational account in the Partner country) – even if the item is valued below 5,000 EUR – the Co-Director concerned may request this through a PRF.~~

All payments must be in accordance with *Section 2* of this Handbook, the approved budget forecasts, and the Grant Letter(s).

3.2 Submission of Payment Request Forms (PRFs)

For each payment from project grants, which remain at NATO under the jurisdiction of NATO’s Financial Control Office, a **completed PRF** (in annex) is needed. The PRF serves as a formal request for a payment from NATO funds as well as a ‘bank transfer form’. PRFs are only accepted by NATO (and by the bank NATO is working with) if correctly and legibly completed, signed by the NPD, and if **electronic copies** of the required back-up documents are attached (**originals should be retained by the co-director concerned**).

Payment requests are only considered if they are in accordance with the rules and if they follow the instructions given in this Handbook. Payments from project grants can only be made if fully covered by the balance remaining at NATO.

All PRFs (with the related back-up documents attached) must be sent to the NPD – this may be done electronically – who, if he/she agrees, will sign and send the complete set of documents to the SPS Office for execution at NATO. For easy reference, the NPD should give each PRF that will be sent to NATO a sequential number that he/she should communicate to the Co-Directors. NATO provides an on-line service through Internet for the follow-up of PRFs that have been received by NATO.

NOTE: Do not start renumbering for each Project Co-Director or year! In order to avoid confusion, you should work only with one original PRF per payment request having one (unique) current number. Do not send copies of PRFs or “second” originals. (Until the payment is actually made by NATO’s bank, the original PRFs can still be modified by the NPD or the SPS Office, if needed.)

3.3 The Operational Account

The operational account is a special account established by each Project Co-Director for the Project. It should be managed under the jurisdiction of the affiliated institution. Usually the institution has a general bank account to which NATO funds are transferred which are then registered on a separate project account. An operational account established under the sole responsibility of the Project Co-Director is an exception and requires prior authorisation from the SPS Office. **Operational accounts should, whenever possible, contain the project reference and short title in the account title.** Payments from the operational account should be made by bank transfer or cheque. Cash withdrawal from this account should be an exception and must be for specific use only. All movements on this account must be strictly related to the project and justified by proper back-up documents (see *item 3.4* of this Section). It is forbidden to use the money on this account as venture capital or for any other business.

The bank vouchers and statements of the operational account have to be filed in chronological order and the message given for each movement must clearly mention the purpose of the payment. This 'voucher file' must be available for audit by NATO or local authorities at any time.

Before the establishment of the operational account, the Project Co-Directors, especially from Partner countries, should investigate the credibility, reliability and conditions (e.g. bank charges, delays of transfers) of the possible banks. Experience has shown that the services provided by banks vary greatly, not only between different countries but also within the same country. It is essential that any chosen bank be experienced and fully capable of conducting international transactions in timely manner. If in doubt, advice should be sought from the NPD or the SPS Office. Exceptionally, the NPD is allowed to manage the operational account of (one of) the other Co-Director(s). This requires prior approval from the SPS Office.

a) One-off advance

Once the operational account has been established, the Project Co-Director concerned completes a PRF following the instructions given in the annex of this Handbook, and requests the transfer of the "ONE-OFF ADVANCE" in the amount of **15,000** ~~7,500~~ EUR (or less, depending on the budget forecast with a maximum of 50% of the assigned budget). The currency of the transfer (to be given under item (4) on the PRF must be one of the currencies marked with an asterisk (see Anne).

In the case that the operational account is not managed under the jurisdiction of the affiliated institution but under the sole responsibility of a Project Co-Director, the SPS Office has the authority to request at any time a copy of the "Powers of Attorney" form showing the authorised signatories for the operational account as approved by the bank.

The PRF (with **electronic copies** of the required documents attached to it) is sent to the NPD who signs and sends it (if he/she agrees with the request and choice of the bank) to the SPS Office. The latter will finally decide on whether a Project Co-Director shall receive a "ONE-OFF-ADVANCE", and in which amount.

b) Payments and overview of payments

The Project Co-Director should now exercise the authority to pay items from this operational account if the net value is less than **10,000** ~~5,000~~ EUR (excluding VAT, customs duty). The Project Co-Director must keep an overview of all payments in the form of a table "Overview of Payments from the Operational Account" (see Overview of Payments Annex) to which **electronic copies of all** related back-up documents must be attached. The Co-Director must give each back-up document a sequential reference number to which the items listed in the overview table must refer. This reference number should also be repeated on the voucher(s) of the operational account showing the movement(s) related to the back-up document.

c) Advance for a specific item

In the case that the balance on the operational account does not cover the full price of a purchase, the Project Co-Director may request through a PRF an "ADVANCE FOR A SPECIFIC ITEM" in the exact amount as quoted as the net price on the proforma invoice of the purchase. **An electronic copy of the** proforma invoice must be attached to the PRF.

ATTENTION: When the purchased item was received, [an electronic copy of the final original](#) invoice must be sent to the SPS Office with an indication that it replaces the proforma invoice which was attached to an already paid PRF (give the current number of the PRF!). On the [original final](#) invoice, the Project Co-Director should certify that the item was delivered and the vendor paid.

d) Replenishment of the operational account

In order to request the “REPLENISHMENT” of the operational account, the Project Co-Director should complete a PRF in the amount of the expenses which have been incurred for the Project since the one-off advance or the latest replenishment. Attached to this PRF must be an overview table listing the items paid from the operational account. (For the first replenishment request, the overview table will list all items which were paid since the one-off advance. For the following replenishment requests, the table will list the items paid since the latest replenishment request.) Normally, replenishments are always requested in the same currency (in which the operational account is working). [Electronic copies of the](#) required back-up documents (see *item 3.4* of this Section) have to be attached to the overview table.

The whole set of documents is sent [electronically](#) via the NPD to the SPS Office (sps.admin@hq.nato.int) for payment from project funds.

Towards the end of the project each Co-Directors should only request the amount that he/she will still need for completing the activities. For a last replenishment, a list of planned items should be attached and a “partial” replenishment” may be requested, if appropriate (see *Section 11*).

At the end of the Project, a last overview table with [electronic copies of](#) back-up documents must be sent to the SPS Office for closing the one-off advance. In case a positive balance will remain this would have to be returned to NATO.

3.4 Back-up Documents

A back-up document is a document proving and justifying a payment (such as a (proforma) invoice, the table “Overview about payments from the operational account” and receipts attached to it, or a “Mission Expense Form” (MEF)). The project number must be written on all back-up documents. (Proforma) invoices must be issued in the name of the SPS Project (i.e. must clearly show the project number and the short title “NATO SPS - SHORT TITLE”). It should be addressed to the Project Co-Director who will receive the items. If needed for VAT exoneration, invoices may be exceptionally addressed to NATO, but must be sent to the Co-Director concerned (not to NATO!).

Please keep in mind that SPS funds can only be used to cover the net price (i.e. the price without VAT or customs duty). Back-up documents may be issued with or without showing the VAT amount. In any case, invoices of items valued at **250 EUR** or more must have a statement “this price is without VAT” or an indication of the net price. (This rule may be ignored for items valued below 250 EUR, any type of mission expenses and honoraria for experts/advisors.)

If the item purchased is identified only by a catalogue number or by a proprietary name, the Project Co-Director should name (give a description of) the item. If the invoice is in a language other than English or French, a translation of the most relevant items should be given directly on the original document (legible handwriting will be accepted).

The vendors should be instructed not to send quotations, invoices or any other correspondence to the SPS Office, but only to the responsible Project Co-Director. Any correspondence sent by the vendor to the SPS Office will be returned to the sender!

For the payment of PRFs, the following documents are required as back-up documents:

For the 1,000 EUR “ADMINISTRATIVE EXPENSE ” which the NPD may ~~request-pay~~ [from the operational account](#) once per year:

No back-up document [is](#) required; [this expense can](#) ~~can~~ [must be included to the operational account overview table](#).

There is [no need for a separate PRF](#).

For the “ONE-OFF ADVANCE” which every Co-Director may request once at the beginning of the project

No back-up document when requesting the advance. Back-up documents are required at the end of the project in order to close the advance.

For the "REPLENISHMENT" of the operational account:

The table "Overview of Payments from the Operational Account" (see annex) dated and signed by the Project Co-Director concerned and the following back-up documents:

For each mission (travel/training): ~~the original~~ an electronic copy of the Mission Expense Form (see Mission Expenses Annex), completed and signed by the traveller. (The original ticket-stubs, receipts, etc. are not sent to the SPS Office, but are kept on file with the Project Co-Director concerned, attached to the copy of the related Mission Expenses Form.)

For stipends, an electronic copy of a receipt (giving clearly the period and monthly amount paid) signed by the previously approved stipendiary ~~and a short cv (1/2 page giving birth date and contact details).~~

For experts/advisors' fee, a contract, an electronic copy of a receipt signed by the advisor/expert, and an evaluation report.

For all other items with a net value of less than ~~10,000~~ ~~5,000~~ EUR: electronic copies of invoices/receipts for procurements valued at 250 EUR or more. (Back-up documents for procurements below 250 EUR are not sent to the SPS Office, but are kept on file with the Project Co-Director concerned.)

Components, which are assembled in one piece of equipment, should not be split up. If done so, copies of all invoices for these components must be attached to the table "Overview of Payments from the Operational Account", if the total is more than 250 EUR (even if the single components or invoices are below 250 EUR).

For the "ADVANCE FOR A SPECIFIC ITEM":

(Proforma) invoice of the item to be purchased. After payment of the vendor, the original invoice must be sent to the SPS Office.

For the ITEMS **VALUED AT ~~10,000~~ ~~5,000~~ EUR OR MORE** (paid by NATO directly to the vendor):

Items valued at 10,000 EUR or more will be paid by NATO directly to the vendor in at least two steps with at least 50% retained until confirmation delivery and successful installation.

~~These are usually paid step-by-step, e.g. 50% in advance and 50% upon delivery. For items valued at **12,500 EUR** or more (and whenever deemed necessary), a three-step payment procedure should be negotiated with the vendor, e.g. 50% in advance, 40% upon delivery and 10% upon successful installation.~~

Each payment step requires a PRF. All PRFs (signed by the NPD, if he/she agrees) necessary for the two ~~or three~~ payment steps must be sent to the SPS Office ~~in one envelope in one e-mail~~, usually together with the competitive bidding documents (see Section 4). The SPS Office will pay the PRFs only upon receipt of the required back-up documents, which are as follows:

For the first payment step (advance): the quotation or proforma invoice of the chosen vendor, a table comparing the different offers, underneath which a brief justification of the choice is given. (Normally, electronic copies of the quotation and the table with the justification are attached to the PRF for the first payment step. The PRFs completed for the next payment steps - without back-up documents - are already enclosed in the same envelope!)

For the second payment step: ~~the original~~ an electronic copy of the final invoice with a statement written on it that the item was delivered in good condition and successfully installed, and that the second payment step is now due (give current PRF number!). The Project Co-Director can send this invoice directly to the SPS Office where it will be attached to the related, pending PRF which will then be paid.

~~For the third payment step (if applicable): a statement (by e-mail or fax to the SFP Programme SPS Office) certifying that the item was successfully installed and that the third payment step is now due (give current PRF number!).~~

~~Each original back-up document which has been paid from SfP funds must be marked with 'SUBMITTED TO NATO FOR PAYMENT' (in handwriting or by using a stamp). This 'marking of originals' has to be done before the copy to be attached to the PRF is made.~~

Copies of the PRFs and all related original documents ~~(or copies in case the originals were sent to the SfP Programme SPS Office)~~ have to be kept on file with the Project Co-Director concerned. The NPD should keep copies of all PRFs that were sent to the SPS Office. It is recommended to follow the SPS Office filing system and file the PRFs in numerical (instead of chronological) order, whereas the bank vouchers (showing the movements) of the operational account should be filed in chronological order. These files have to be available for audit by NATO staff or local authorities at any time.

4. Procurement of Equipment and Other Items of a Relatively High Value

Procurement of equipment, consumables, spare parts and other items for which SPS funds are used should be from vendors (suppliers) or manufacturers located in NATO or its, Partner countries. This requirement may be waived by the SPS Advisor in special cases, when a duplication or upgrading of existing equipment makes it necessary to take a vendor from a country other than a NATO or Partner country, or if the price from that country is substantially (>25%) lower.

4.1 Tax and Customs Duty Exoneration

As described under *Section 2.2*, SPS funds cannot be used for the payment of VAT, customs duty on imported equipment or any other taxes. It is the responsibility of the Project Co-Director concerned to make sure that SPS funds are used to pay only the net price of items and to clear imported equipment from customs.

Based on the Convention of Ottawa in 1951, NATO is exonerated within the Alliance for all taxes and has no VAT registration number. Similar agreements on tax exoneration of internationally supported research activities in Partner countries have already been established or are currently being discussed. Vendors located in a NATO country usually know the necessary procedure for tax exemption of items. However, a tax-exoneration certificate may be helpful for clarification, and the SPS Office can provide one on request. In order to support the exemption from customs duty, a Customs Clearance Letter issued by the SPS Office may be requested for specific items.

4.2 Competitive Bidding

It is to the Project's benefit to use a competitive bidding procedure for purchases of a relatively high value. For purchases of a value below ~~20,000~~~~12,500~~ EUR, it is desirable but not compulsory and telephone inquiries may be sufficient to establish the best price and delivery conditions.

For purchases valued ~~20,000~~ ~~12,500~~ EUR or more, a formal competitive bidding procedure is compulsory. The following paragraphs cover requirements and recommendations for implementing such a procedure. In all cases, the objective is to establish a level of assurance (consistent with the amount of money being spent) that the item purchased will meet the Project's requirements at the lowest price.

The competitive bidding procedure is performed by the Project Co-Director whose research team will use the equipment and materials to be purchased. The selection of the vendor is then proposed to the NPD (if not preliminary involved) who has the authority to question the decision and request further information.

Provided the approval of the NPD has been given, the Project Co-Director concerned may purchase the chosen items from the operational account, if the item's value is below ~~10,000~~ ~~5,000~~ EUR (see *Section 3*). For items valued at ~~10,000~~ ~~5,000~~ EUR or more, the approval of the SPS Office is required and the vendor will be paid directly by NATO.

Competitive Bidding Procedure (compulsory for items valued at ~~20,000~~ ~~12,500~~ EUR or more):

To assure the best use of the resources for the Project and to treat vendors fairly when making large purchases, it is necessary to follow three basic steps:

Prepare a Statement of Requirements, beginning with a brief description of the application of the item being purchased. If sufficient knowledge exists, this can be in the form of a complete physical specification, or it might be a performance specification describing in detail what the device, instrument, pilot plant, etc. is expected to do. Other requirements, depending on the specific case, might include the desired delivery schedule, the need for maintenance and operating instructions, installation assistance, training of operators, spare parts data, and the availability of local maintenance

and spare parts.

Issue a written Request for Bids, enclosing the Statement of Requirements, to at least three qualified vendors or manufacturers. Determining vendors' qualifications may require some investigation and, possibly, assistance from experts such as the NATO Consultant (where a NATO Consultant has been appointed). The Request for Bids should require that proposals be submitted before a specific date, in sealed envelopes, to the Project Co-Director.

Select the vendor. On the day after the due date, the Project Co-Director will open and evaluate the bids. If only one or two bona fide bids have been received a new request for bids should be considered. The Project Co-Director may call on expert assistance (including the NATO Consultant), if necessary, in evaluating the proposals. If clarification or additional information is needed from the bidders, this should be submitted in writing as quickly as possible.

Evaluation of the proposals should be documented in a suitable table comparing the prices and significant features and giving a brief justification for the selection of the vendor. The most favorable terms of payment should be negotiated (see below *item 4.3*) before approval from the NPD and the SPS Office is sought. For items valued at ~~10,000~~ ~~5,000~~ EUR or more, the official order should not be placed with the selected vendor, before the NPD and the SPS Office have given final approval.

4.3 Terms and Procedure of Payments

~~For purchases of a relative high value it is to the project's benefit to negotiate the deferral of some or all of the payment until delivery of the items. In cases where installation and startup assistance or training is included, a portion of the final payment (usually 10%) should be deferred until these services are satisfactorily performed.~~

~~For purchases valued below 12,500 EUR, a two-step procedure may be sufficient (e.g. 50% in advance and 50% upon delivery). For purchases valued at 12,500 EUR or more (and whenever deemed necessary), a three-step payment procedure should be negotiated (e.g. 50% in advance, 40% upon delivery and 10% upon successful installation).~~

For approval and payment of procurements valued at ~~10,000~~ ~~5,000~~ EUR or more, the following set of documents must be prepared and sent (in one envelope) to the NPD:

A PRF completed for the first payment step (usually an advance of 50% of the total price). Attached to this PRF must be the comparative table with the brief justification for the selection of the vendor and the related quotation.

In order to ensure timely payment ~~of the following payment steps~~, appropriate PRFs for the ~~next~~ ~~second~~ step(s) should already be ~~attached enclosed in the envelope~~. They will be held by the ~~SfP Programme~~ SPS Office and processed only upon notification and receipt of the required back-up documents (see *Section 3, item 3.4*).

The relevant quotations from the other vendors should be ~~attached enclosed in the envelope~~.

Any further explanation, such as where to find the item in the budget forecast table, should be given in an accompanying note.

The NPD will verify the documents, sign each PRF (if he/she agrees with the request) and will give each PRF a current, sequential number (for easy reference). The current numbers of the different payment steps of a procurement should be sequential and should be communicated to the Project Co-Director concerned. The whole set of documents will then be sent electronically to the SPS Office.

After approval by the SPS Office, the Project Co-Director concerned should place the official order with the selected vendor and unsuccessful bidders should be informed a.s.a.p. At the time the SPS Office will request payment of the PRF for the first payment step.

It must be noted that it is not possible to issue a letter of credit (L/C) to cover payments. If the Project Co-Director concerned cannot come to an agreement with the vendor, it is in most cases sufficient if either the NPD or SPS Advisor discuss this matter with the vendor on the phone. If the vendor insists on a document, which guarantees deferred payments, a letter can be issued and sent by NATO to the Project Co-Director who is in charge of the negotiation with the vendor.

5. Training and Travel (Missions)

Expenses for travel and training (hereinafter referred to as “missions”) by researchers involved in the Project and by advisors/experts to assist in the Project, are paid according to NATO’s regulations for missions as outlined below and in the Mission Expenses annex.

The SPS Office encourages that scientists involved in the project are sent to different conferences/meetings with the objective to obtain the maximum information and to represent their institute and the SPS Project at different places (rather than that a group of people from the same institute participates at the same event.) It is recommended that Project Co-Directors carefully check who should travel where and for what purpose. It may, however, be an advantage if a project meeting coincides with an important conference at which several people of the same institute may want to participate. If this is the case, it should be reflected in the purpose description of the Mission Expense Form (MEF).

All missions for which expenses shall be charged to SPS funds must be approved by the NPD prior to the mission. If a mission shall be performed outside NATO and its Partner countries or if its duration shall be exceeding 30 days, explicit approval by the SPS Office is required prior to the mission. In the former case and upon approval, NATO will reimburse EITHER transportation costs OR accommodation costs and conference fee. In any case, SPS funds can only be used to pay for short missions (travel and training) periods not exceeding 3 months.

The appointment of experts/advisors (from NATO countries) has to be discussed with the SPS Office if it involves an expert/advisor fee. The rules for reimbursement of mission expenses as described are also valid for experts/advisors.

Domestic travel shall only be paid from SPS funds if it is necessary to carry out a specific task, and if the distance is significant (more than 25 km for one way). It is expected that for such domestic travel, use of bus, train or plane be made. Domestic travel by car can only be reimbursed on an exceptional basis (if there is no other possibility or if it reduces the costs significantly compared to other means of transportation) up to an amount equal to the price of a first class train ticket (per person).

For mission expenses, the VAT exemption rule shall be waived (i.e. the expenses such as for tickets, hotels, airport taxis, visa, are paid and reimbursed from SPS funds including the VAT).

Since the total expenses for single missions are expected to be well below 10,000 ~~5,000~~ EUR, payments for missions are normally made from the operational account. The reimbursement of mission expenses should be requested through the replenishment of the operational account (see *Section 3, item 3.4*). Exceptionally when the balance remaining on the operational account is insufficient to cover travel costs, a mission advance up to 75% of the estimated total expenses for a mission can be requested

Usually, expenses for missions are reimbursed to the traveller after his/her return to the home country. As travellers may need an advance in order to be able to pay the expenses for visas, air tickets, accommodation and living expenses, the Project Co-Director responsible for the mission is authorised to arrange for a travel advance which is paid from the operational account. This travel advance cannot be more than 75% of the estimated total expenses for the travel. After completion of the mission, the traveller will request from the Project Co-Director concerned the reimbursement of the total or, if travel advance was received, the balance of the mission expenses.

It should be noted that NATO cannot subscribe to any health or accident insurance on behalf of the organisation or its employees, nor accepts any liability for death, injury or illness related to project activities (see *Item 2.2* of the Grant Letter).

6. Knowledge Transfer

6.1 Project Meetings and Site-Visits

In order to ensure adequate management of SPS projects, regular project co-ordinating meetings with all key participants, including the end-users, are necessary. A possible visit of the NATO Consultant, if one has been assigned to the Project, should coincide with such a project meeting. The SPS Office may consider also sending a staff member or a member of the ISEG to such meetings, and should therefore be informed about the date and place and items on the agenda.

Since the implementation of the project results in the Partner country(ies) is very important for the success of a SPS project, the SPS Office highly encourages that the ~~(industrial or environmental)~~ end-user is participating from the beginning of the Project in these project meetings. In addition, regular

site visits to or by the end-user(s) should be performed. Consequently, these meetings should take place, **when possible**, in the Partner country concerned.

Following the meeting, a brief report will be sent (by e-mail: sps.admin@hq.nato.int) to the SPS Office and NATO Consultant, if one has been assigned, in which the items “Problems” and “Request for Action to be taken by the SPS Office” form the last two paragraphs.

6.2 Advisors and Experts

In addition to the assistance provided by the NATO Consultant (if assigned), Project Co-Directors may need other qualified experts and advisors in order to solve specific problems or to facilitate the transfer of knowledge from advanced research centres to members of the project team. In addition to bringing their personal knowledge and experience to the Project, these experts may also form links to other institutions in their home countries and can often assist in setting up training opportunities beneficial to researchers, in particular to the young scientists and engineers, involved in the Project.

A Project Co-Director may engage experts and advisors for a limited time (maximum 10 days per year), if their expertise in a certain field is needed. The necessary travel and living expenses for their visits to Partner countries are reimbursed in accordance with SPS Programme procedures. The Project Co-Directors should give the experts/advisors a copy of the necessary documents (*Section 5* and *Mission Expenses Annex*).

In exceptional cases, a fee may be paid to an expert/advisor. This fee has to be negotiated by the Project Co-Directors in agreement with the NPD and can only be paid to experts/advisors from NATO countries! All contracts with experts/advisors including a daily fee, which shall be paid from the Project's funds, need the approval of the SPS Office before their appointment. **Honoraria can not exceed the 250 EUR per working day**, must be acknowledged by a receipt signed by the expert/advisor and can only be reimbursed upon receipt of an evaluation report. Participants of a SPS project, whether from the same or from another project, can not be paid a consultant fee.

6.3 Conferences, Seminars and Workshops

Dissemination of knowledge generated by the Project to the other research institutions involved in the Project and to potential users of the subject technology is an important function of each SPS project. Project Co-Directors are encouraged to use all effective means to accomplish this goal. Periodic seminars among project participants and their associates and advisors are particularly useful. A conference with papers and posters, open to potential end-users (industry and others) should be organised near the end of the Project and brochures should be printed and circulated to potential users and to interested research centres.

6.4 Publications and Visibility of SPS Projects

Provided that precautions have been taken with respect to Intellectual Property Rights (IPR), it is recommended that results obtained in the framework of the Project be published in local and international scientific journals.

A summary of project activities should be presented on a Web page. **One** home page per SPS project should be established in which all participating teams of the SPS Project should be included.

The responsibility for the design of the individual project home page is with the Project Co-Directors. For each project, up to **500 EUR per year** may be used for establishment and updating of such a project web-page. For visual identity, the guidelines on the Web should be used from where logos can be downloaded: www.nato.int/science.

Project Co-Directors are requested to communicate the project home-page address to the SPS Office as soon as it is established. The address should be included in the six-monthly Progress Reports and Summary Reports and should be distributed to a broader audience. Provided that the standard SPS header and footer is used and that the Project is adequately described, the SPS Office will establish a hyperlink from the NATO Science Homepage to the individual project home-page.

NATO supported projects should also be made visible to a broader public through media such as newspapers and television. Original newspapers articles (or a high quality copy of it) dealing with the SPS project should be sent to the SPS Office. If not written in English or French, a brief English summary should be attached. **In addition, media such as pictures, videos, or slideshows should be sent to the SPS Office for inclusion in NATO's own public diplomacy efforts.**

The initiative for publication is left entirely to the Project Co-Directors. NATO, however, requires that the SPS Programme be mentioned explicitly as a sponsoring organisation (recommended wording: "This research is sponsored by NATO's **Public Diplomacy** Emerging Security Challenges Division in the framework of **"Science for Peace"**the Science for Peace and Security Programme). Copies of the

scientific publications related to SPS projects should not be sent to the SPS Office, but should be filed with the Project Co-Directors who are mentioned as co-authors. A complete list of those publications, which are related to the SPS Project, must be included in the Progress and Final Reports.

7. Intellectual Property Rights (IPR)

One of the characteristics of all SPS projects is to achieve applicable results. In the case of industry-oriented projects these should have potential for commercialisation. With respect to the ownership of intellectual property resulting from SPS projects, the expectation is to achieve a reasonable share among the participants in a SPS project, taking into account their respective contributions and their initial know-how.

NATO requires that, for all SPS projects that may lead to intellectual property, an agreement on the ownership of such intellectual property is negotiated and signed by all parties involved in the project. A copy of this IPR agreement is requested by the SPS Office prior to the approval of a project. NATO waives any claim to ownership of intellectual property.

An IPR agreement determines as to how to share rights amongst participating teams. In addition, it is extremely important that Project Co-Directors of teams, which contribute substantial knowledge to exploitable results, protect their intellectual properties by patents.

8. Project Reporting

Reporting on scientific progress and on administrative and financial matters of the Project is required by the SPS Office twice per year in the form of a Progress Report. **Further payments through NATO funds will depend on the timely submission of a satisfactory report.** Such six-monthly Progress Reports give the Project Co-Directors also the opportunity to evaluate the status of his/her contribution to the Project and to evaluate progress of the Project as a whole. Reports are also essential for effective communication with all groups and individuals who have an interest in the Project.

After the Project has been completed, the Project Co-Directors will prepare a detailed Final Report on the accomplishments.

8.1 Six-Monthly Progress Reports

~~Four printed copies~~ An electronic copy of the Progress Report should be received by the SPS Office no later than 20 October (covering the period from the project start until 30 September) and 20 April (covering the period from the project start until 31 March). These dates coincide with NATO's allocation of funds for the next semester. In the case that a NATO Consultant or evaluator has been assigned to the Project, one copy should also be sent directly to him/her. If an IPR Committee has been established in the framework of the SPS Project, each member of this Committee should also receive a copy of this report.

The first six-monthly Progress Report is due (by 20 April or 20 October, respectively) after a period of at least six months following the effective starting date (see *Glossary*).

Should the **SPS Office be required to take action** on any matter mentioned in the Progress Report, **this must be explicitly requested in the email** accompanying the Report or at any time when the problem arises. Reference to the chapter and page of the report should be made.

A Progress Report is made up of five chapters: a) Technical Progress; b) Financial Status; c) Equipment Inventory; d) Criteria for Success Table; e) Summary Report.

Detailed instructions and a template for progress reports can be found in the appropriate annexes.

The six-monthly Progress Report is both a management report and a technical report. It is not a detailed elaboration of the technical and scientific findings. The report should thus focus on actual tasks and activities that have been carried out, rather than on scientific details.

The Progress Report should be written so that it can be read as a free-standing self-explanatory document, and should not contain references to previous reports unless a summary of the subject, to which reference was made, is given.

The preparation of a complete Progress Report requires careful logistical planning. It is assumed that each Project Co-Director will prepare sufficiently in time his/her contribution to each of the above mentioned chapters. It will be the responsibility of the PPD and the NPD to merge these contributions and send a complete and coherent Progress Report to the SPS Office by the due date.

An electronic MS WORD version of the Report should be sent by e-mail to sfp-admin@hq.nato.int or sp-admin@hq.nato.int. Unless there are no objections with regard to Intellectual Property Rights, this information will be published on the NATO website.

8.2 Final Report

After the research activities carried out in the framework of the SPS Project have been completed, and whilst the results are being implemented, the Final Report should be prepared which should describe the R&D activities and results and, most importantly, how the results are being implemented. The original objectives and criteria for success serve as the "target" for this report. The Final Report should be comprehensive but not exceed 50 pages (A4). Detailed guidelines for the preparation of the Final Report and a template are given in Annex. The inclusion of photographs is encouraged.

~~Prior to printing the final version, a~~ An electronic copy of the draft report ~~(one hard copy)~~ should be sent to the SPS Office within three months of the ending date. Upon acceptance of the final report by the SPS Office, the project will be considered completed. ~~After possible amendments were made and approval given, the Final Report is printed. In addition to copies which the Project Co-Directors may wish to distribute to interested parties (such as the NATO Consultant, project participants, IPR committee, experts/advisors), 5 copies of the Final Report should be sent to the SFP Programme SPS Office.~~

9. Property Ownership and Accountability

"Property" is herein defined as equipment, instruments, tools, and other non-expendable items having a purchase value of **more than 2,500 1,250 EUR**. Property purchased with NATO funds may be installed at the premises of one of the collaborating institutions. Infrastructure costs associated with the installation are the responsibility of the institution.

Ownership of property purchased in whole or in part with NATO SPS funds remains with NATO for the duration of the Project. SPS staff members and other NATO authorities have priority access to equipment.

Each Project Co-Director is accountable for NATO property which is purchased from his/her assigned SPS budget and installed at his/her institution. Upon its arrival at the institution, the Project Co-Director concerned has to mark the property with the blue NATO SPS identification label, and periodically update the Inventory Record (see Inventory Record annex). Numbered NATO SPS identification labels will be provided by the SPS Office and are used as described in the annex.

At the end of the period of NATO support, and when the Project is successfully completed, ownership of the property will be assigned by the SPS Programme to one of the Project's institutions which, in most cases, will be the institution where it has been most beneficially used.

10. Project, Financial Records, Audits, and Site Visits

In addition to their review of the six-monthly Progress Reports, NATO staff (from the SPS Office as well as from the Financial Control Office), members of the Advisory Panel, and/or specially appointed NATO Consultants **or evaluator(s)** may visit project sites periodically in order to monitor the progress, to audit financial records, and to help the project teams in identifying and solving any management or administrative problems.

The NATO Consultant (if one has been assigned to the Project) should meet with the Project Co-Directors at least once, if necessary twice, per year. If possible, this visit should coincide with one of the project meetings located in a Partner country where the main project activities are performed. It is expected that the NATO Consultant will visit the key facilities and end-users in the Partner country.

It is essential that Project Co-Directors establish and maintain adequate records and accounting systems for all expenditures according to the guidelines given in this Handbook. Reports, financial records as well as original or copies of all invoices (and other financial documents) have to be kept by the Project Co-Directors in a safe and orderly manner. Upon request, these documents have to be available at any time during the project's duration and for three years following the completion of NATO's support.

Please note that misuse of funds may lead to the immediate termination of the entire Project and to legal prosecution.

11. Procedure for the Completion of Projects

This chapter describes what you have to do in the final phase of the Project (i.e. during the last six months before ~~and three months after~~ the ending date) to ensure smooth closure of the activities and final accounting of the operational accounts.

During the **last six months before the ending date** the operational account can only be replenished if the following documents are provided:

The usual PRF and Overview Table of Payments listing items paid since the last replenishment;

A list of items which the Co-Directors still plan to pay from the operational account for successful completion. A detailed cost breakdown for these planned items should be provided.

~~A copy of the final logbook should be included.~~

By the ending date (i.e. submission of the Final Report) all payments must have been made and the operational account considered as “closed”. ~~at the latest e~~Each Co-Director has to provide with the final report:

A last Overview Table of Payments with back-up documents, but without PRF. This last table will be used to document the advances Co-Directors received at the beginning of the project (one-off advance). Additional back-up documents should be provided for advances received during the project which have not been accounted for yet, A PRF should only be attached if the total of the overview table exceeds the total of the amount the Co-Director has received as advance provided that the total amount of expenses does not exceed the Co-Director’s allocated budget.

An updated Overview Table of Amounts Received and Spent.

~~One copy of a draft~~The Final Report (in electronic format) should be sent to the SPS Office. ~~The definitive Final Report should be sent within three months after receipt of the comments from the SPS Office. The comments should be included when finalising the report.~~

Each Co-Director will send an updated Overview Table of Amounts Received and Spent to NATO. After NATO and the Co-Directors have agreed on the figures, possible unused funds will have to be returned to NATO.