

# EEA AND NORWAY GRANTS

## FINANCIAL MECHANISMS 2014-2021

### **Terms of Reference**

for the role of Fund Operator for a Civil Society  
Programme comprising the pre-defined projects  
'Home for Cooperation' and 'Centre for Visual Arts  
and Research'

Cyprus

Deadline for submission:

**1 November 2019**

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## 1. Introduction

Through the EEA and Norwegian Financial Mechanisms (FMs) 2014-2021, Iceland, Liechtenstein, Norway ('the donors') work closely with partners in fifteen EU Member States in Central and Southern Europe and the Baltics, to contribute to the reduction of social and economic disparities in the EEA and the strengthening of bilateral cooperation with the donors. Information on the EEA and Norwegian Financial Mechanisms and the EEA and Norway Grants ('the Grants') can be found at [www.eeagrants.org](http://www.eeagrants.org).

The Financial Mechanism Office (FMO) is the Brussels-based secretariat for the Grants. The FMO is affiliated to the European Free Trade Association (EFTA), and reports to the Ministries of Foreign Affairs of Iceland, Liechtenstein and Norway. The FMO also serves as the contact point for the Grants.

The Memorandum of Understanding (MoU) on the implementation of the EEA FM 2014-2021 was signed by the donors and the Republic of Cyprus on 5 March 2019, and can be accessed [here](#). One of the two programmes in Cyprus will support the programme area 'Civil Society'. The MoU establishes an allocation of EUR 2,700,000 to the Civil Society Programme, of which EUR 1,200,000 is allocated to two pre-defined projects: 'Home for Cooperation' and 'Centre for Visual Arts and Research'.<sup>1</sup> The implementation of these two projects will contribute to the objective of the Civil Society Programme: "Civil society and active citizenship strengthened, and vulnerable groups empowered".

The FMO has been entrusted with the role of Programme Operator of the Civil Society Programme in Cyprus. The FMO will select one Fund Operator responsible for the implementation of the Active Citizens Fund and one Fund Operator responsible for the implementation of the two pre-defined projects.<sup>2</sup>

**With the present invitation to bid, the FMO is seeking a Fund Operator to manage a programme comprising the two pre-defined projects in Cyprus on its behalf.**

The Fund Operator shall carry out administrative and technical tasks related to the pre-defined projects' preparation and management, including payments, contracting of projects, reporting, monitoring and control functions during programme implementation and closure.

The Fund Operator is expected to start the work as soon as possible and all its activities shall be completed by 31 December 2024 at the latest.

The Fund Operator, its owners and subsidiaries are expected to work towards the core objectives of the Grants, assisting the pre-defined projects in contributing to the reduction of economic and social disparities and strengthening of bilateral cooperation. The highest degree of transparency, accountability and cost efficiency shall be applied, and the Fund Operator is expected to contribute to the positive reputation of the Grants.

All communication, correspondence, reporting, etc. between the Fund Operator and the FMO shall be in English.

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<sup>1</sup> The remaining allocation under the Civil Society Programme will be implemented as the Active Citizens Fund, separate from the two pre-defined projects.

<sup>2</sup> Eligible entities can apply for both tenders and be awarded both contracts if assessed as most qualified.

Following the selection of the Fund Operator, a contract, called a Programme Implementation Agreement (PIA), will be drawn up by the FMO in consultation with the winning bidder.

Key information on each pre-defined project is presented below.

#### **PDP I: HOME FOR COOPERATION (H4C)**

**Project description:** Support to the strengthening of the sustainability of the Home for Cooperation and funding activities of Association for Historical Dialogue and Research and capacity building in the Home for Cooperation located in the Buffer Zone in Nicosia, to foster cooperation and mutual understanding between the Greek and Turkish Cypriot communities in Cyprus and to increase the potential for sustainable peace between the Cypriot communities by encouraging a culture of peace, and by strengthening inter-communal cooperation and inter-cultural dialogue.

The EEA MoU with the Republic of Cyprus for the FM 2014-2021 allocates EUR 700,000 to the project 'Home for Cooperation'. The MoU foresees a project grant rate of up to 90%. Any additional co-financing shall be set in the Programme Implementation Agreement and project contract.

**Project promoter:** Association for Historical Dialogue and Research (AHDR)

#### **PDP II: CENTRE OF VISUAL ARTS AND RESEARCH (CVAR)**

**Project description:** Supporting the continued operation and sustainability of CVAR through capacity building and internationalisation.

The EEA MoU with the Republic of Cyprus for the FM 2014-2021 allocates EUR 500,000 to the project 'Centre of Visual Arts and Research (CVAR)'. The MoU foresees a project grant rate of up to 90%. Any additional co-financing shall be set in the Programme Implementation Agreement and project contract.

**Project promoter:** Costas and Rita Severis Foundation

**Donor project partner:** The Nobel Peace Centre in Oslo

## **2. Involved entities**

The Fund Operator shall play a central co-ordinating role in the implementation of the pre-defined projects. A number of further entities shall be closely involved, the most relevant of which are presented below. A brief description of the tasks of each entity is provided for background and context; the details are subject to the conclusion of a contract with a Fund Operator:

**FMO:** The FMO as Programme Operator shall oversee implementation and provide regular guidance to the Fund Operator. The FMO shall pay the Fund Operator's management fee and provide funds to cover project expenditure.

**Project promoters:** The recipients of grants for pre-defined projects I and II will be responsible for the implementation of the projects as described in the project contracts concluded with the Fund Operator. They will report to the Fund Operator and receive funds from the Fund Operator.

**Donor project partners:** Legal entity established in one of the three donors states actively involved in, and effectively contributing to the implementation of the project. The donor project partner shares a common economic or social goal with the project promoter, which is to be realised through the implementation of the project.

### **3. Tasks and responsibilities**

The Fund Operator takes on the administrative and technical tasks related to the implementation of the pre-defined projects. These include, but are not limited to:

- Setting up of appropriate management and control systems. A detailed description of the management and control systems, accompanied with an audit report and opinion, shall be submitted to the FMO within two months from the last signature Programme Implementation Agreement (PIA) between the FMO and the Fund Operator.
- Developing operational and enforceable project contract templates designed to be signed with the project promoters of each project. A draft template should be submitted to the FMO together with this bid.
- The conclusion of project contracts with the project promoter of each project and ensuring that (if applicable) partnership agreements are concluded in each project.
- Preparing and submitting reports to the FMO on the implementation of each pre-defined project, including physical and financial progress at project level (Annual and Final Programme Reports covering both projects as well as biannual financial reports for the programme); entering reporting data into the FMO grants management system (GrACE) as required and ensuring reporting from project promoters to the Fund Operator.
- The transfer of funds from the regranting account opened by the FMO to project promoters based on payment requests.
- Conducting monitoring and gathering information on the progress of implementation of the projects and evaluating project progress towards set outcomes and targets, including risk assessment and mitigation.
- Conducting administrative verifications in respect of incurred expenditure reported by project promoters and on-the-spot verifications of projects.
- Commissioning an independent financial and compliance audit of final financial reports of projects.
- Providing first point of contact services to project promoters, proactively supporting, assisting and guiding them on all aspects of project management during the project implementation period.
- Establishing measures to prevent, detect and nullify suspected or actual cases of irregularities and fraud and reporting on them to the FMO.
- The archiving of all documents relevant to the implementation of the pre-defined projects for a three-year period following the FMO's approval of the Final Programme Report.

The Fund Operator shall execute its duties in a timely manner and in close cooperation with the FMO.

### **4. Management structure**

The Fund Operator shall be responsible for setting up an appropriate management and control systems. The requirements of the systems shall be proportionate in relation to the effectiveness of achieving the objectives of the pre-defined projects. A detailed description of the management and control systems shall be submitted to the FMO within two months from the last signature date of the PIA. The description should be accompanied by an assurance report including an opinion issued by an independent and certified auditor concluding that the detailed description of the management and control systems of the Fund Operator complies with the PIA

and generally accepted accounting principles. The compliance assessment should be performed by the auditor based on International Standard on Assurance Engagements (ISAE) 3000 “Assurance Engagement Other than Audits or Reviews of Historical Financial Information” (reasonable assurance) as published by IFAC.

The description shall present and explain to the FMO how the requirements of the PIA will be implemented in practice by the Fund Operator. In particular, the document must cover the following elements:

## MANAGEMENT AND CONTROL SET-UP

This section should, as a minimum, describe:

- The implementation structure, including an organisation chart;
- Broad functions and tasks of key staff involved.

## THE FUND OPERATOR’S PROCEDURES FOR REPORTING FROM PROJECT PROMOTERS, VERIFICATIONS, PAYMENTS TO PROJECTS, AUDITS AND MONITORING

This section should, as a minimum, include:

- Procedures to ensure that project promoters are informed about their rights and obligations regarding the provision of funding (e.g. eligibility rules, proof of expenditures, publicity obligations, etc.) and that appropriate guidelines are provided to project promoters.
- A description of the system established for reporting by project promoters (in particular in relation to progress towards objective and outcomes as well as statistical and financial information).
- Procedures and methodology for administrative verifications in respect of incurred expenditure reported and for on-the-spot verifications of projects, which should as a minimum:
  - Define which aspects are checked in the administrative verifications and in the on-the-spot verifications respectively;
  - Define the verification records and the checklists to be used;
  - Describe a sampling methodology to be applied and a sample size (on expenditure items);
  - Describe the procedure for follow-up on findings detected.
- Procedures for payments to projects including arrangements for transfer of funds from the regranting account to project promoters. Payments shall take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism shall be proposed by the Fund Operator, agreed with the FMO and set in the project contract. The level of advance payment shall be adequate and shall ensure regular financial flow at project level. The frequency and timing of payments shall be set out in a way that a positive cash-flow is ensured during project implementation. Interim payments may be based either on the principle of pre-financing or on the principle of reimbursement of incurred expenditure.
- Arrangements related to audits of and procedures for follow-up on findings detected. The audits must be performed by an independent certified auditor in accordance with the applicable International Standards on Auditing (ISA), the International Standards on Quality Control (ISQC) and the Code of Ethics as published by the IFAC. The auditor should verify compliance of expenditures with the EEA Grants contractual framework defined in the PIA and national legislation applicable to the project promoter/partner – audit of legality and regularity of

expenditures. The specific objectives, or assertions, for which the auditor should ultimately report on are:

- Reality and measurement: underlying operations exist and are accurately determined;
  - Eligibility of underlying transactions: eligibility criteria are met for the various transactions;
  - Compliance with other requirements: other (non-eligibility) criteria are met;
  - Correctness of calculations: all calculations are correctly undertaken;
  - Completeness and accuracy of accounting: all transactions are accounted for, are not included more than once, and are recorded in the correct accounting period and at correct value;
- Description of mechanisms for results- and risk-based monitoring.

#### THE FUND OPERATOR'S SYSTEM FOR PREVENTING, MITIGATING, DETECTING, REPORTING ON AND REMEDYING SUSPECTED OR ACTUAL CASES OF IRREGULARITIES

This section should, as a minimum, describe:

- Measures and procedures to prevent, detect, mitigate or nullify the effect of any cases of irregularities;
- Procedures for investigating any suspected and actual cases of irregularities;
- Remedies including recoveries and financial corrections;
- Details on setting up and maintaining the irregularities register.

#### THE FUND OPERATOR'S SYSTEM FOR MAINTAINING FULL, ACCURATE AND SYSTEMIC RECORDS AND ACCOUNTS OF PROJECTS

This section should describe how the pre-defined projects' audit trail is to be maintained and in particular:

- Procedures for keeping the project level records including e.g. project implementation, verifications, audits, financial reporting and accounts, monitoring and irregularities.
- Procedures to ensure that all the records related to implementation of projects are maintained by the project promoters for a three-year period following the FMO's approval of the Final Programme Report.

### 5. Management fee and terms of payments

The contract for the tasks of Fund Operator is a Global Price contract.

All costs of the Fund Operator related to preparation, implementation and management of the programme, including fulfilments of all the tasks and responsibilities as defined in Section 3, shall be covered by the management fee which should be proposed by the Fund Operator in the bid. No other costs will be reimbursed in addition to the management fee.

The financial offer should include the total management fee, not exceeding EUR 115,000 as well as an indicative budget breakdown listing the different items making up the global price for the management fee.

The management fee shall be without VAT. The FMO will provide a certificate proving that the European Free Trade Association (of which the FMO is administratively a part) is exempted from paying VAT.

Payments by the FMO shall take the form of advance payment, interim payments, and payment of the final balance and shall cover:

- the management fee of the Fund Operator (payable to the Fund Operator's account in equal tranches);
- funds for regranting to projects (payable to the regranting account opened by the FMO).

The FMO will retain up to 30% of the management fee. The retained amount shall not be paid until the Final Programme Report has been approved by the FMO.

For interim payments, the underlying principle of the financial flow is payment of advance instalments based on interim financial reports submitted biannually (in March and in September) by the Fund Operator. In each report, the Fund Operator shall report on disbursements made to project promoters during the reporting period and estimate future planned disbursements based on the projects progress.

Disbursement of funds is subject to the fulfilment of the requirements related to regular updating of information in the FMO grants management system (GrACE) and compliance with other reporting requirements.

## **6. Content of bid**

The bidder for the role of Fund Operator is asked to present a proposal for the implementation of the programme based on the description in this ToR. The proposal shall be submitted in English. The proposal shall not exceed 10 pages (excluding annexes) and include at least the following information:

- description of the bidder's previous experience with similar assignments, preferably on the management of external private or public funds and programmes/projects financed by donors;
- description of the proposed management structure;
- description of the composition and division of roles of staff involved in the daily management of the programme;
- brief overview of proposed management and control systems and project contracting arrangements;
- description of the main programme risks as well as proposed mitigation measures.

The following documentation may be provided as annexes:

- Documents proving the registration and legal status of the bidder;
- Organisational chart of the proposed management structure;
- CVs of involved staff;
- Financial offer including an indicative budget breakdown showing the build-up of the global price;
- An external audit report of the bidder, certifying the bidder's accounts for the last financial year available;



- A copy of the bidder's latest accounts (the profit and loss account and the balance sheet for the last financial year for which the accounts have been closed); and
- A draft project contract template.

## 7. Process for evaluation and selection

The FMO is not bound to accept any bid submitted to it, irrespective of the number or quality of the bids received. Moreover, it reserves the right to reject all bids received and to make, if it deems fit, a new request for tenders, and the whole without the FMO being liable to the bidders.

The decision to conclude a contract with a bidder will be at the sole discretion of the FMO.

### ADMINISTRATIVE COMPLIANCE CRITERIA

Administrative compliance will be checked against the following criteria:

- compliance with the submission deadline: if the deadline has not been met, the application will be automatically rejected;
- compliance with submission procedures: the bid submitted is in English and in electronic form;
- compliance with the administrative checklist in the Bid Form (see Annex A).

### ELIGIBILITY CRITERIA

In order to be eligible for the Fund Operator role, the bidder must in their offer demonstrate that they fulfil the following criteria:

- be legal entities **and**
- be established in the European Economic Area **and**
- be independent of government at all levels **and**
- be free of any conflict of interest with the project promoters and partners **and**
- have experience working with, and ties to, the NGO sector in Cyprus **and**
- have stable and sufficient sources of finance to maintain their activity throughout the contract duration
- observe the relevant legal and international obligations, such as the compatibility with the property rights of natural or legal persons, the Convention for the Protection of Human Rights and Fundamental Freedoms and the case law of the European Court of Human Rights

### EVALUATION CRITERIA

Applications that pass the administrative and eligibility check against the demands outlined in this tender will be evaluated on the following aspects of the application:

- the bidder's **competence and experience** (section 1 in the grid below);
- the **management set-up** of the bidder (section 2 in the grid below).
- the **cost efficiency** of the proposed set-up (section 3 in the grid below).

	Evaluation criteria	Max. score
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<b>1</b>	<b>Competence and experience</b>	<b>40</b>
	<ul style="list-style-type: none"> <li>• Experience in project and programme management and technical expertise of individual staff;</li> <li>• Experience and capacity in managing and implementing projects in Cyprus, including contracting, financial verifications and flows, procurement and other common legal and financial issues;</li> <li>• Expertise in results-based management, project monitoring, and programme management;</li> <li>• Excellent language skills in English and Greek;</li> <li>• Experience in operating in a politically sensitive environment.</li> </ul>	
<b>2</b>	<b>Management set-up of the bidder</b>	<b>30</b>
	<ul style="list-style-type: none"> <li>• The bid describes how the programme will establish and operate procedures for all tasks and responsibilities defined in section 3;</li> <li>• The bid provides a descriptive overview of the proposed management and control systems;</li> <li>• The composition and division of roles of staff is clearly explained;</li> <li>• The main programme risks as well as proposed mitigation measures are described.</li> </ul>	
<b>3</b>	<b>Cost effectiveness</b>	<b>30</b>
Cost effectiveness will be evaluated based on the budget breakdown and overall price.		
	<b>Total score</b>	<b>100</b>

## HOW TO APPLY

Only the required information in the proposal will be evaluated. It is of utmost importance that the bid contains **all** the relevant information concerning the assignment. No additional annexes to the ones listed in section 6 above should be sent nor will they be accepted.

The bidder must check that their bid is complete. Incomplete bids may be rejected.

The selected Fund Operator may be requested to provide relevant formal documents confirming its registration, financial status and other information requested in this tender by the FMO prior to contracting.

**Bids should be submitted in electronic form only, to [acfund@efta.int](mailto:acfund@efta.int). The deadline for submission of bids is 1 November 2019 at 12:00 (noon) Central European Time (CET), as evidenced by the date of receipt by FMO. Late delivery will lead to the non-admissibility of the bid and its rejection from the award procedure for this contract.**

**No individual replies will be given to questions.** All questions and answers that may be relevant to bidders during the course of the evaluation process will be published on the EEA and Norway Grants website. It is therefore advisable to consult the website regularly. Questions may be sent to [acfund@efta.int](mailto:acfund@efta.int) until 25 October 2019. The FMO has no obligation to provide clarifications to questions received after this date.

To ensure equal treatment of bidders, the FMO cannot give a prior opinion on the eligibility of bidders.

Following the evaluation of the bids received against the evaluation criteria outlined above, the FMO may shortlist up to three of the highest scoring bids. Shortlisted bidders will be invited for a meeting with the FMO, following which they will be given a period of one week within which to revise and resubmit their bid. The selection of the Fund Operator among the shortlisted bidders will be on the basis of the evaluation criteria outlined above.

Following the conclusion of the selection procedure, a contract will be drawn up by the FMO in consultation with the winning bidder.

Prior to the signature of the contract with the FMO, the selected bidder and FMO will jointly work on further defining the implementation setup, based on the bid. During this process, the FMO may provide suggestions and recommendations to the proposed setup.

## **8. Country-specific concerns**

The following country-specific concerns shall be observed:

- The FO shall refrain from any acts or omissions that:
  - are incompatible with the property rights of natural and legal persons protected under the applicable laws of the Republic of Cyprus, the Convention for the Protection of Human Rights and fundamental freedoms and the case law of the European Court of Human Rights;
  - imply acceptance of entry or exit points of the Republic of Cyprus beyond those that are compatible with international law.
- Payments to project promoters and partners shall only be made through bank institutions legally operating in the Republic of Cyprus.
- Any supporting evidence for expenditures provided for payments shall not be considered eligible if these are derived from so-called “public authority” or any other so-called “official institution” in the areas of the Republic of Cyprus where the Government of the Republic of Cyprus does not exercise control and authority.
- The overall objective of bi-communal projects and their guiding principle is to contribute to the reunification of Cyprus as set out in the relevant UN Security Council resolutions.