

EEA Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Financial Mechanism Committee
established by Iceland, Liechtenstein and Norway

and

The Planning Bureau of the Republic of Cyprus,
hereinafter referred to as the "National Focal Point",
representing Cyprus ,
hereinafter referred to as the "Beneficiary State"

together hereinafter referred to as the "Parties"

for the financing of the Programme "EEA Programme"

hereinafter referred to as the "Programme"

Chapter 1 Scope, Legal Framework, and Definitions

Article 1.1 Scope

This programme agreement between the Financial Mechanism Committee (hereinafter referred to as the FMC) and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the EEA Financial Mechanism 2009-2014 to the Programme.

Article 1.2 Legal Framework

1. This programme agreement shall be read in conjunction with the following documents which, together with this programme agreement, constitute the legal framework of the EEA Financial Mechanism 2009-2014:

- a. Protocol 38b to the EEA Agreement on the EEA Financial Mechanism 2009-2014;
- b. the Regulation on the implementation of the EEA Financial Mechanism 2009-2014 (hereinafter referred to as the "Regulation") issued by the Donor States in accordance with Article 8(8) of Protocol 38b;
- c. the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2009-2014 (hereinafter referred to as the "MoU"), entered into between the Donor States and the Beneficiary State; and
- d. any guidelines adopted by the FMC in accordance with the Regulation

2. In case of an inconsistency between this programme agreement and the Regulation, the Regulation shall prevail.

3. The legal framework is binding for the Parties. An act or omission by a Party to this programme agreement that is incompatible with the legal framework constitutes a breach of this programme agreement by that Party.

Article 1.3 Definitions

Terms used and institutions and documents referred to in this programme agreement shall be understood in accordance with the Regulation, in particular Article 1.5 thereof, and the legal framework referred to in Article 1.2 of this programme agreement.

Article 1.4 Annexes and hierarchy of documents

1. The programme decision, including the financial plan (Annex I), and the operational rules (Annex II) form an integral part of this programme agreement. Any reference to this programme agreement includes a reference to its annexes unless otherwise stated or clear from the context.

2. The provisions of the annexes shall be interpreted in a manner consistent with this programme agreement. Should the meaning of any provision of the said annexes, so interpreted, remain inconsistent with this programme agreement, the provisions of the former shall prevail, provided that these provisions are compatible with the Regulation.

3. Commitments, statements and guarantees, explicit as well as implicit, made in the programme proposal are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

Chapter 2 The Programme

Article 2.1 Co-operation

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this programme agreement.

2. The Parties agree to provide all information necessary for the good functioning of this programme agreement and to apply the highest degree of transparency, accountability and cost efficiency as well as the principles of good governance, sustainable development, gender equality and equal opportunities.

3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.

4. In executing this programme agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this programme agreement.

Article 2.2

Main responsibilities of the Parties

1. The National Focal Point is responsible and accountable for the overall management of the EEA Financial Mechanism 2009-2014 in the Beneficiary State and for the full and correct implementation of this programme agreement. In particular, the National Focal Point undertakes to:

- a. comply with its obligations stipulated in the Regulation and this programme agreement;
- b. ensure that the Certifying Authority, the Audit Authority, the Monitoring Committee and the Programme Operator properly perform the tasks assigned to them in the Regulation, this programme agreement and the programme implementation agreement;
- c. take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;
- d. take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;
- e. make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

2. The FMC shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this programme agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as "the programme grant") to be used exclusively to finance the eligible cost of the Programme.

Article 2.3

Objective and outcomes of the Programme

1. The programme decision sets out the objective, outcome(s), outputs, indicators and targets for the Programme.
2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective, outcome(s), outputs, indicators and targets set for the Programme.

Article 2.4

Programme grant

1. The maximum amount of the programme grant, the programme grant rate, and the estimated eligible cost of the Programme shall be as specified in the programme decision.

2. In case the Programme is also supported by the Norwegian Financial Mechanism, this programme agreement shall be interpreted in conjunction with the agreement regulating that support.

3. The financial plan shall:

- a. contain a breakdown between the Programme's budget headings using the description put forward in the template for the programme proposal;
- b. indicate the agreed advance payment, if any.

4. The management cost of the Programme Operator shall not exceed the amount specified in the programme decision.

Article 2.5

Special conditions and programme specific rules

1. The programme decision shall list any conditions set by the FMC with reference to paragraph 3 of Article 5.3 of the Regulation. The National Focal Point shall ensure compliance with these conditions and, in a timely manner, take the necessary steps to ensure their fulfilment.

2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in the operational rules.

Article 2.6

Programme implementation agreement

1. With reference to Article 5.8 of the Regulation and without prejudice to paragraph 2 thereof, the National Focal Point shall, before any payment is made to the Programme, sign a programme implementation agreement with the Programme Operator. The National Focal Point shall notify the FMC of such signing.

2. The signed programme implementation agreement shall be identical to the draft programme implementation agreement confirmed by the FMC in accordance with paragraph 5 of Article 5.8 of the Regulation with regard to the content required according to paragraph 3 thereof. The National Focal Point shall inform the FMC of any deviation from that confirmed draft which may be subject to a new confirmation according to paragraph 5 of Article 5.8 of the Regulation prior to any payment to the Programme.

Article 2.7

Reporting

The National Focal Point shall ensure that the Programme Operator provides financial reports, annual programme reports and a final programme report in accordance with Chapter 8 and Articles 5.11 and 5.12 of the Regulation as well as statistical reporting in accordance with the Programme Operator's Manual (Annex 9 to the Regulation).

Article 2.8

External monitoring

The external monitoring and audit referred to in Articles 10.1, 10.2, 10.3 and 10.4 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of its obligations under the programme agreement regarding monitoring of the Programme and/or its projects, financial control and audit.

Article 2.9

Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the FMC.
2. Modifications that do not affect the objective, outcomes, outputs, indicators or targets of the Programme are permitted without FMC's prior approval provided that they are limited to the following:
 - a. cumulative transfers between budget headings related to outcomes of an amount less than 10 % of total eligible expenditure of the Programme or € 1,000,000, whichever is higher, and
 - b. changes of internal practices of the Programme Operator that are not stipulated in the programme agreement.
3. Programme specific exceptions from paragraphs 1 and 2, if any, are set in the operational rules.
4. Expenditures incurred in breach of this article are not eligible.
5. Should there be a doubt as to whether the proposed modifications require approval by the FMC, the National Focal Point shall consult the FMC before such modifications take effect.
6. Requests for modifications shall be submitted and assessed in accordance with Article 5.9 of the Regulation.

Article 2.10

Communication

1. All communication to the FMC regarding this programme agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the FMC towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English.

3. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

4. The FMC shall ensure that the National Focal Point is informed about communication between the FMC and the Programme Operator that is relevant for the responsibilities of the National Focal Point under this programme agreement.

Article 2.11

Contact information

1. The contact information of the National Focal Point and the Programme Operator is as specified in the programme proposal.

2. The contact information for the FMC and the Financial Mechanism Office are:

Financial Mechanism Office

Att: Director

EFTA Secretariat

Rue Joseph II, 12-16

1000 Brussels

Telephone: +32 (0)2 286 1701

Telefax (general): +32 (0)2 211 1889

E-mail: fmo@efta.int

3. Changes of or corrections to the contact information referred to in this article shall be given in writing without undue delay by the Parties to this programme agreement.

Article 2.12

Representations and Warranties

1. This programme agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the FMC in the programme proposal or other communication prior to the signing of this programme agreement.

2. The National Focal Point represents and warrants that the information provided by, through, or on behalf of the National Focal Point in the programme proposal, in connection with the programme proposal, the implementation or conclusion of this programme agreement are authentic, accurate and complete.

Chapter 3 Projects

Article 3.1

Selection of projects

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 6 of the Regulation and the operational rules.
2. Eligibility of applicants is stipulated in Article 6. 2 of the Regulation and, in accordance with paragraph 3 thereof, subject only to the limitations stipulated in the operational rules.
3. Pre-defined projects shall be outlined in the operational rules.
4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 6.6 of the Regulation.

Article 3.2

Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.
2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.
3. The content and form of the project contract shall comply with Article 6.7 of the Regulation.
4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project contract are valid and enforceable under the applicable law of the Beneficiary State.

Article 3.3

Project partners and partnership agreements

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in paragraph 1(w) of Article 1.5 of the Regulation. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 6.8 of the Regulation.
2. The partnership agreement shall be in English if one of the parties to the agreement is an entity from the Donor States.
3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

4. The creation and implementation of the relationship between the Project Promoter and the project partner shall comply with the applicable national and European Union law on public procurement as well as Article 7.16 of the Regulation.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article before the signing of the project contract.

Article 3.4

Reallocation of funds

1. Reallocation of unused or cancelled financial contributions to projects shall be made in compliance with Article 6.9 of the Regulation.
2. Project grants not reallocated shall be reimbursed to the FMC in accordance with Article 6.9 of the Regulation.

Chapter 4

Finance

Article 4.1

Eligible expenditures

1. Subject to Article 7.6 of the Regulation, eligible expenditures of this Programme are:
 - a. management costs of the Programme Operator in accordance with the detailed budget in the financial plan;
 - b. payments to projects within this Programme in accordance with the Regulation, this programme agreement and the project contract;
 - c. expenditure of funds for bilateral relations in accordance with Article 7.7 of the Regulation;
2. Expenditure related to the categories referred to in subparagraphs (d), (e) and (f) of Article 7.1 of the Regulation are eligible in accordance with Chapter 7 thereof if such expenditures are explicitly approved by the FMC in the programme decision. The implementation of the activities under these categories shall be in compliance with the operational rules.
3. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 7.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 7.3 of the Regulation as well as indirect costs in accordance with Article 7.4 of the Regulation.

Article 4.5

Irregularities, suspension and reimbursements

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 7.14 of the Regulation. The first date of eligibility of any pre-defined projects shall be no earlier than the date on which the National Focal Point notifies the FMC of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 5.5 of the Regulation.

5. The maximum eligible costs of the categories referred to in paragraphs 1 and 2 are set in the programme decision. Programme specific rules on the eligibility of expenditure set in the programme decision or in the operational rules shall be complied with.

The FMC has the right to make use of the remedies provided in the Regulation, in particular Chapter 12 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 11 and 12 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

Chapter 5

Final provisions

Article 4.2

Proof of expenditure

Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by documentary evidence as required in Article 7.13 of the Regulation.

Article 4.3

Payments

1. Payments to the Programme shall be made when all relevant conditions for payments stipulated in this programme agreement and the Regulation have been fulfilled.

2. Payments to the Programme shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 8.2, 8.3 and 8.4 of the Regulation.

3. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism is set in the operational rules.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 8.1 of the Regulation.

5. Chapter 8 of the Regulation shall apply to all aspects related to payments, including currency exchange rules and handling of interests on bank accounts.

Article 4.4

Transparency and availability of documents

The National Focal Point shall ensure an audit trail for financial contributions from the EEA Financial Mechanism 2009-2014 to the Programme in accordance with Article 8.8 of the Regulation.

Article 5.1

Dispute settlement

1. The Parties waive their rights to bring any dispute related to the programme agreement before any national or international court, and agree to settle such a dispute in an amicable manner.

2. If a demand for reimbursement to the FMC is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

Article 5.2

Termination

1. The FMC may, after consultation with the National Focal Point, terminate this programme agreement if:

- a. a general suspension decision according to Article 12.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 12.1 of the Regulation has not been lifted within 6 months of such a decision;
- b. a suspension of payments according to Article 12.1 of the Regulation, other than under paragraph 1(h), has not been lifted within one year of such a decision;
- c. a request for reimbursement according to Article 12.2 of the Regulation has not been complied with within one year from such a decision;
- d. the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or
- e. the Programme Operator has, in the opinion of the FMC, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

2. This programme agreement can be terminated by mutual agreement between the Parties.

3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 5.1 or the right of the FMC to make use of the remedies provided in Chapter 12 of the Regulation.

Article 5.3
Waiver of responsibility

1. Any appraisal of the Programme undertaken before or after its approval by the FMC, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the programme agreement.

2. Nothing contained in the programme agreement shall be construed as imposing upon the FMC or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The FMC does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the National Focal Point and the Programme Operator to satisfactorily address such issues.

4. Neither the National Focal Point, the Programme Operator, entities involved in the implementation of projects, nor any other party shall have recourse to the FMC for further financial support or assistance to the Programme in whatsoever form over and above what has been provided for in the programme agreement.

5. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the FMC, its members or alternate members, nor the EFTA States, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point or the Beneficiary State, the Programme Operator, Project Promoters or any other third person, in connection, be it direct or indirect, with this programme agreement.

6. Nothing in this programme agreement shall be construed as a waiver of diplomatic immunities and privileges awarded to the European Free Trade Association, its assets, officials or employees.

Article 5.4
Entry into force and duration

1. This programme agreement shall enter into force on the date of the last signature of the Parties.

2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.


This programme agreement is drawn up in two originals in the English language.

For the FMC

For the National Focal Point

Signed in Nicosia on 05/12/12

Signed in Nicosia on 05/12/12



Anders Erdal
Deputy Director General, Ministry of Foreign Affairs

George Georghiou
Permanent Secretary of the Planning Bureau

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Increased capacity to manage and monitor Natura 2000 sites effectively

Output

Mine is restored

Output indicator(s)	Baseline	Target	Source of Verification
Area reshaped in sq meters	0	140000	photos, maps and reports

Output

Training events realised

Output indicator(s)	Baseline	Target	Source of Verification
Number of staff trained on restoration	2	10	List of participants / certificates by trainer

Expected Outcome(s):

Effective and efficient measures addressing vulnerable groups of children and youth facing particular risks implemented

Output

New or renovated rooms

Output indicator(s)	Baseline	Target	Source of Verification
Number of rooms	68	41	Audits for payment verification

Output

Upgraded staff capacity and skills

Output indicator(s)	Baseline	Target	Source of Verification
Number of men trained	0	10	Attendance sheets
Number of women trained	0	30	Attendance sheets

Expected Outcome(s): Cultural heritage restored, renovated and protected

Output

Gallery for the permanent exhibition of the collection established

Output indicator(s)	Baseline	Target	Source of Verification
Area in sq.m.	0	640	Progress and completion reports

Output

A Research Centre for housing books and archives established

Output indicator(s)	Baseline	Target	Source of Verification
Area in sq.m.	0	230	Progress and completion reports

2. Conditions

2.1 General

1. The Grant Offer is subject to any comments or observations made by the European Commission in relation to the screening process.
2. The National Focal Point shall ensure that any public support under this Programme complies with the procedural and substantive state aid rules applicable at the time when the public support is granted. The National Focal Point shall ensure that the Programme Operator maintains written records of all assessments concerning compliance with state aid rules, particularly decisions to award grants and set grant rates, and provides such records to the FMC upon request. The approval of the Programme by the FMC does not imply a positive assessment of such compliance.
3. The details of use of the bilateral fund and any other relevant details will be developed by the Programme Operator. These details shall be submitted to the FMC for approval prior to the allocation and disbursement of these funds.
4. No later 31 January every calendar year during the programme implementation, the National Focal Point shall submit to the FMO a statement of all co-financing provided by the project promoters to their respective projects during the previous calendar year.
5. The National Focal Point shall ensure that the Programme Operator ensures that Project Promoters who have, in line with this Agreement, received an exception from the general rule in Article 7.3.1(c) of the Regulation with respect to any equipment (the excepted equipment):
 - Keep the excepted equipment in their ownership for a period of at least 5 years following the completion of the project and continue to use that equipment for the benefit of the overall objectives of the project for the same period;
 - Keep the excepted equipment properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and
 - Set aside appropriate resources for the maintenance of the excepted equipment for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract.
 The National Focal Point shall furthermore ensure that the Programme Operator keeps a list of the excepted equipment for each project.

Pre-defined project under PA 11 (Day Care Centre)

6. The National Focal Point shall ensure that the Programme Operator ensures that any residual or extracted material from project activities is reused, recycled, treated and/or deposited in an environmentally sound manner.
7. To care for Turkish speaking children and young people with multiple disabilities, the project shall ensure the availability of Turkish speaking staff and/or volunteers in addition to Greek speaking personnel, and shall ensure that any publicity and outreach activities will be available in both Greek and Turkish.

Pre-defined project under PA 16 (Centre for Visual Arts and Research)

8. The National Focal Point shall ensure that the Programme Operator ensures that Project Promoter:
 - Keeps any buildings purchased, constructed, renovated or reconstructed under the project in its ownership for a period of at least 20 years following the completion of the project and continues to use such buildings for the benefit of the overall objectives of the project for the same period;
 - Keeps any buildings purchased, constructed, renovated or reconstructed under the project properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 20 years following the completion of the project; and
 - Sets aside appropriate resources for the maintenance of any buildings purchased, constructed, renovated or reconstructed under the project for at least 20 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract.
9. The National Focal Point shall ensure that the Programme Operator ensures that any residual or extracted material from project activities is reused, recycled, treated and/or deposited in an environmentally sound manner.
10. The FMC may terminate the part of the Programme Agreement concerning pre-defined project no.3 (as defined in Annex II to the Programme Agreement) if any of the underlying obligations described in the pre-payment conditions do not remain fulfilled.

2.2 Pre-eligibility

Not applicable.

2.3 Pre-payment

1. A construction permit for each of the projects involving construction or renovation works shall be submitted to the National Focal Point before the signature of the respective project contract, and before any payments to the projects will be made.

Pre-defined project under PA 16 (Centre for Visual Arts and Research)

2. A copy of a loan agreement for the collection for the period of 20 years signed between the Centre and Mr and Mrs Severis must be provided to the FMC.
3. A copy of an agreement between the Board of the Centre and Mr and Mrs Severis regarding a guarantee for any deficit in the running costs of the Centre must be provided to the FMC.
4. The EEA Grant is provided under the condition that the 2nd phase of the USAID-grant is granted as foreseen in the budget of

the project proposal.

2.4 Pre-completion

Not applicable.

2.5 Post-completion

Not applicable.

2.6 Other

Not applicable.

3. Eligibility of costs

3.1 Eligibility of costs - period

Eligibility of costs (excluding prog prep costs): 28/11/2012-30/04/2017

Eligibility of programme proposal preparation costs: 15/12/2011-27/11/2012

3.2 Grant rate and co-financing

Programme estimated total cost (€)	€2,319,977
Programme estimated eligible cost (€)	€2,163,500
Programme grant rate (%)	100.0000%
Maximum amount of Programme grant (€)	€2,163,500

3.3 Maximum eligible costs (€) and Advance payment amount (€)

Budget heading	Eligible expenditure	Advance payment*
Programme management	€0	€0
Increased capacity to manage and monitor Natura 2000 sites effectively	€1,138,167	€135,000
Effective and efficient measures addressing vulnerable groups of children and youth facing particular risks implemented	€379,225	€50,000
Cultural heritage restored, renovated and protected	€613,655	€125,000
Fund for bilateral relations	€32,453	€0
Complementary action	€0	€0
Preparation of programme proposal	€0	€0
Reserve for exchange rate losses	€0	€0
Total	€2,163,500	€310,000

* The advance payment is composed of €310,000 in grant amount and €0 in co-financing.

3.4 Retention of management costs

Retention of management costs - percentage of the management costs	0.00%
Retention of management costs - planned Euro value	€0

3.5 Small Grant Scheme

Not applicable

Annex II - Operational Rules

1. Eligibility

1.1 Eligible measures (sub-measures if any):

The Programme Operator is the Planning Bureau of the Republic of Cyprus.

In accordance with the MoU and paragraph 2 of Article 5.1 of the Regulation, the support under this programme will be provided through a flexible funding set-up.

The programme consists of three pre-defined projects in three Programme Areas (PAs).

- one pre-defined project within PA 02 (Biodiversity and Ecosystem Services)

Project 1: Biodiversity Conservation in Restoration and Management of the Amiantos Asbestos Mine at Troodos National Forest Park

- one pre-defined project within PA 11 (Children and Youth at Risk)

Project 2: Day Care Centre for Children and Youth with Multiple Disabilities

- one pre-defined project within PA 16 (Conservation and Revitalisation of Cultural and Natural Heritage)

Project 3: Centre for Visual Arts and Research (CVAR)

1.2 Eligible applicants:

Not applicable.

1.3 Special rules on eligibility of costs:

Costs are eligible in accordance with chapter 7 of the Regulation.

- By way of exception from Article 7.3.1(c) of the Regulation, the entire purchase price of new equipment will be eligible if the equipment is an integral and necessary component for achieving the outcome of the project.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

Not applicable.

2.2 Project grant rate:

Specified for each pre-defined project in section 6 of this Annex II.

3. Selection of projects

3.1 Selection procedures:

Not applicable.

3.2 Open calls and availability of funds (including number of calls, duration of calls, and estimated size):

Not applicable.

3.3 Selection criteria:

Not applicable.

4. Payment flows, verification of payment claims, monitoring and reporting

4.1 Payment flows

The payments towards the end beneficiaries will be in the form of advance payments, interim payments and payments of the final balance.

The project promoter not representing a government department (Project 3) can request an advance payment of up to 20% of the grant amount. The advance payment ceiling and off-set mechanism will be adapted to the project promoter's liquidity need and included as part of the project contract. An advance payment bank guarantee will be requested from the project promoter. Additional information on the advance payment conditions and off-set mechanism shall be further outlined in the description of the Programme Operator's Management and Control Systems in accordance with Article 4.8.2 of the Regulation.

Interim payments will be based upon incurred costs which can be claimed three times a year, as standard. In justified cases the project promoter can be allowed to report more frequently. The Programme Operator has the possibility to withhold up to 10% of the total grant for the final balance.

4.2 Verification of payment claims

Each payment claim received will be verified by auditors external to the Programme Operator and will cover 100% of the expenditures. As a general rule, costs incurred by the project promoters shall be supported by receipted invoices. Where this cannot be done, costs shall be

supported by accounting documents of equivalent probative value.

The procedure for verification of payment claims and deadlines for reporting as outlined in the Programme proposal will further be detailed in the description of the Programme Operator's Management and Control Systems according to Article 4.8.2 of the Regulation.

4.3 Monitoring and reporting

The project promoters shall submit interim and final reports which will include information on progress of implementation and payments made.

The Programme Operator will have a meeting with the project promoters every second month to discuss progress and issues. In accordance with Article 4.7.1.f of the Regulation, site visits will be conducted based on an assessment of risk elements in the projects. Site visits may also be carried out for projects based on random selection.

Information on Reporting and Monitoring will further be outlined in the description of the Programme Operator's Management and Control Systems according to Article 4.8.2 of the Regulation.

Irregularities will be handled in accordance with article 11 of the Regulation.

5. Additional mechanisms within the programme

5.1 Funds for bilateral relations

1.5% of the eligible expenditure for each of the PAs is assigned to the bilateral fund at Programme level. The grant amount available under the bilateral fund is €32,453. The amount is pre-allocated at 1.5% of the original grant allocation to each project as defined in the MoU between Cyprus and the Donor States. The amounts and grant rate can be found in section 6 of this Annex II.

The fund shall be used to facilitate networking, exchange, sharing and transfer of knowledge, technology, experience and best practices between the promoters and relevant entities in the Donor States (cf. Article 3.6.1.b of the Regulation).

The project promoters will submit their proposals for activities under the fund to the Programme Operator using a specific template where the following information is requested: topic/subject; type of the activity; timeline; costs; number of persons involved; minimum and maximum grant amount per activity; the proposed entity; justification i.e. need for the activity and its contribution to strengthening the bilateral relations.

If a project promoter is unable to use parts or all of its respective allocation of the bilateral fund, the unused amount will be reallocated to one or several of the other project promoters for additional activities under their respective PAs.

5.2 Complementary action

Not applicable.

5.3 Reserve for exchange rate losses

Not applicable.

5.4 Small Grant Schemes

Not applicable.

6. Pre-defined projects

The programme consists of three pre-defined projects.

1. Biodiversity Conservation in Restoration and Management of the Amiantos Asbestos Mine at Troodos National Forest Park

PA 02: Biodiversity and Ecosystem Services

Project promoter: Department of Forests (DF) of the Ministry of Agriculture

DPP: Not applicable.

Allocated grant amount: €1,138,167

Grant rate: 84.3 %

Estimated total eligible project costs: €1,350,000

Grant amount available from bilateral fund: €17,333; Max grant rate 85%

The project will contribute to the improvement of restoration and management practices in the Amiantos asbestos mine. It will help improving the efficiency of mine restoration practices and to broadening their scope to address biodiversity conservation and landscape considerations.

The project will cover the following activities:

- Reduction of ecosystem fragmentation through mine restoration works and the adoption of more effective and ecologically friendly restoration methods

- Improvement of ecosystem protection against invasive species
- Enhancement of staff's awareness in biodiversity conservation
- Integration of biodiversity and social considerations in the restoration effort

Bilateral relations: A seminar shall be organised during which experts from Cyprus and Norway will present practical ways of integrating wildlife conservation in mine restoration. Furthermore, there shall be study visits and exchange of knowledge and expertise between Cypriot and Norwegian experts.

2. Day Care Centre for Children and Youth with Multiple Disabilities

PA 11: Children and Youth at Risk

Project promoter: Social Welfare Services, Ministry of Labour and Social Insurance

DPP: Not applicable.

Grant Amount: €379,225

Grant rate: 80.69%

Estimated total eligible project costs: €470,000

Grant amount available from bilateral fund: €5,775; Max grant rate 85%

The pre-defined project will support the transformation of the Nea Eleousa Institution for people with severe mental disabilities and multiple physical disabilities into a Day Care Centre for children and youth with multiple disabilities.

The project will cover the following activities:

- Demolition of part of the building, construction, renovation
- Purchase and installation of equipment
- Staff training

Bilateral relations: The Project Promoter shall invite experts from the Donor States to Cyprus to carry out staff training sessions and discuss improvements in social services to children with disabilities.

3. Centre for Visual Arts and Research (CVAR)

PA 16: Conservation and Revitalisation of Cultural and Natural Heritage

Project promoter: The Costas and Rita Severis Foundation

DPP: Not applicable.

Grant Amount: €613,655

Grant Rate: 23.69%

Estimated total eligible project costs: €2,590,000

Grant amount available from bilateral fund: €9,345; Max grant rate 90%

The project will contribute to setting up an art gallery/museum and research centre bringing together a collection of paintings, books, costumes and memorabilia showcasing Cyprus and its history.

The project will contribute to the following activities:

- Establishment of a gallery for the permanent exhibition
- Establishment of a Research Centre
- Establishment of a retail shop and cafeteria
- Establishment of an area for administration and Information Technology in relation to the collections and the required digitization

Bilateral relations: The project promoter will establish a network of communication with similar bodies in the Donor countries (for events, exhibits, exchange programmes). One of the activities will aim to invite students from educational bodies in the Donor countries to visit Cyprus and be involved in the digitization of the collection.

7. Modification of the programme

Any modifications of the Programme will follow the rules set forth in the Regulation and in Article 2.9 of the Programme Agreement.

8. Programme proposal version

Any reference to the Programme proposal in this Programme Agreement shall be interpreted as the version signed by the Programme Operator on 25 October 2012 and shall include any information submitted on the pre-defined projects, and all subsequent correspondence and communication between the Donors, the Financial Mechanism Office, the National Focal Point, the Programme Operator and the project promoters.

9. Miscellaneous

The Programme will not cover any costs the Programme Operator incurs in order to fulfil its tasks under this Programme Agreement. The Programme Operator is therefore responsible to ensure that sufficient funding is available to perform its tasks thorough out the entire implementation period of the Programme.



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REDUCING DISPARITIES | STRENGTHENING COOPERATION

Subject: Delegation of Authority

1. I hereby authorise MS Elisabeth Walaas, Director General, to sign Programme Agreements for Programmes under the EEA Financial Mechanism 2009-14 and the Norwegian Financial Mechanism 2009-2014 on behalf of the Donor States.
2. This delegation is effective for the purposes of the signature of only those Programme Agreements to be signed between the Donor States and the Republic of Cyprus in Nicosia on 5 December September 2012.
3. The authority delegated in this document shall not be sub-delegated.

Date: 3.12.2012

Anders Erdal
Chairman
Financial Mechanism Committee