

15 SEP. 2013

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 "Funds for Non-governmental Organisations"

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.

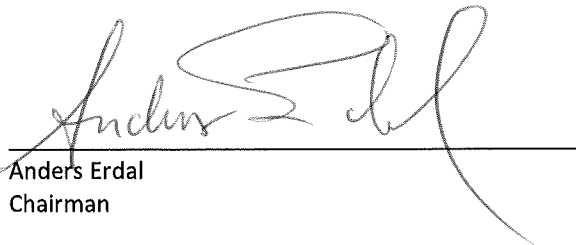
This programme agreement is drawn up in two originals in the English language.

For the FMC

For the National Focal Point

Signed in Oslø on 30.7.2013

Signed in Micosia on 7/12/13


Anders Erdal
Chairman


George Georghiou
Permanent Secretary of the Planning Bureau

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Democratic values, including human rights, promoted

Output

Rights of minorities are supported by NGOs

Output indicator(s)	Baseline	Target	Source of Verification
Number of supported NGOs addressing minority issues	0	5	Successful NGOs application forms, reports and projects deliverables and outputs

Output

Human rights promoted by supported NGOs

Output indicator(s)	Baseline	Target	Source of Verification
Number of supported NGOs having the promotion or defence of human rights as their main objective / aim	0	7	Successful NGOs application forms, reports and projects deliverables and outputs. The area of defence of human rights as the NGO projects main objective/ aim will be identified at the application process, and will be validated by the PO during the selection process for successful applicant NGOs.

Expected Outcome(s): Provision of welfare and basic services to defined target groups increased

Output

Projects target basic and welfare services

Output indicator(s)	Baseline	Target	Source of Verification
Number of Projects offer basic and welfare services to vulnerable groups	0	5	Successful NGOs application forms, reports and projects deliverables and outputs

Output

Enhanced access to basic and welfare services by target groups

Output indicator(s)	Baseline	Target	Source of Verification
Number of new / additional beneficiaries from NGO welfare / basic services projects	0	150	Successful NGOs reports. Relevant NGOs will be required to measure the new/ additional beneficiaries of their projects.

Expected Outcome(s): Strengthened capacity of NGOs and an enabling environment for the sector promoted

Output

NGOs have enhanced access to funding

Output indicator(s)	Baseline	Target	Source of Verification
Percentage of promoters / beneficiaries who have not been financed by EEA / Norway grants before	0	25	List of selected promoters for funding / comparison with selected promoters for funding of previous EEA/Norway Grants NGO Fund in Cyprus (2004-2009)



Output

NGOs have access to training and capacity building actions

Output indicator(s)	Baseline	Target	Source of Verification
Number of participants in NGO capacity building events	0	100	Participation lists of PO organized training / capacity building events, NGO project reports, deliverables and outputs

2. Conditions**2.1 General**

1. 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, by way of the programme implementation agreement, 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.

2. Bilateral, output and outcome indicators shall be reported on in the annual programme report.

2.2 Pre-eligibility

Not applicable.

2.3 Pre-payment

Not applicable.

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): 10/06/2013-30/04/2017

Eligibility of programme proposal preparation costs: 28/01/2013-09/06/2013

3.2 Grant rate and co-financing

Programme estimated total cost (€)	€1,467,500
Programme estimated eligible cost (€)	€1,467,500
Programme grant rate (%)	90.0000%
Maximum amount of Programme grant (€)	€1,320,750

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

Budget heading	Eligible expenditure	Advance payment*
Programme management	€179,525	€48,472
Democratic values, including human rights, promoted	€492,245	€110,755
Provision of welfare and basic services to defined target groups increased	€430,714	€110,755
Strengthened capacity of NGOs and an enabling environment for the sector promoted	€307,653	€110,755
Fund for bilateral relations	€22,013	€9,906
Complementary action	€29,350	€10,566
Preparation of programme proposal	€6,000	€5,400
Reserve for exchange rate losses	€0	€0
Total	€1,467,500	€406,609

* The advance payment is composed of €365,948 in grant amount and €40,661 in co-financing.

3.4 Retention of management costs

Retention of management costs - percentage of the management costs	10.00%
Retention of management costs - planned Euro value	€16,157

3.5 Small Grant Scheme

Not applicable



Annex II - Operational Rules

1. Eligibility

1.1 Eligible measures :

The Programme Operator is PriceWaterHouseCoopers Ltd.

The Programme shall contribute to strengthening civil society development and enhance its contribution to social justice, democracy and sustainable development in Cyprus.

This strengthening of civil society development will be achieved through three outcomes:

Outcome 1: Democratic values, including human rights, promoted

Outcome 2: Provision of welfare and basic services to defined target groups increased

Outcome 3: Strengthened capacity of NGOs and an enabling environment for the sector promoted

The following activities shall be eligible under this Programme:

- a) Fostering active citizenship and participatory democracy, including grassroots / local level
- b) Advocacy, watchdog and monitoring activities
- c) Awareness raising activities
- d) Multicultural dialogue activities
- e) Participation in policy and decision making processes
- f) Capacity building and organisational support to NGOs
- g) Strengthening governance in membership based NGOs
- h) Network and coalition building
- i) Mutual learning and dissemination
- j) Education and training activities
- k) Provision of welfare and basic services to defined target groups

Specific activities under the focus areas shall include:

- i) Democracy, good governance and transparency: supporting the role of NGOs, activating citizens, participation in developing public policies, monitoring their implementation and advocacy.
- ii) Human rights, including minorities rights: improving professionalism, education and sensitivity of members of public administration institutions, developing dialogue between state institutions and civil society.
- iii) Gender equality and Gender-based violence: supporting NGO platforms and/or coalitions, engaging in policy and decision-making processes, adopting and applying Council of Europe quality standards of services for women victims of violence.
- iv) Anti-discrimination, combat racism and xenophobia: strengthening NGO capacity and cooperation in the fight against discrimination.

The Programme will be implemented by way of two open calls, one covering all three outcomes and one call covering Outcome 3: Strengthened capacity of NGOs and an enabling environment for the sector.

1.2 Eligible applicants:

1. Eligible applicants are NGOs that are established in the Republic of Cyprus and fall within the following definition: "A non-profit voluntary organisation established as a legal entity, having a non-commercial purpose, independent of local, regional and central government, public entities, political parties and commercial organisations. Religious institutions, political parties and social partners (trade unions and employers' organisations according to the EU definition) are not considered NGOs."

2. The Programme Operator shall, for the purpose of interpreting the definition in paragraph 1, duly take into account the interpretation guidance contained in section 2.3 of the Guideline for NGO Programmes. In cases of doubt, the Programme Operator shall consult with the FMC.

1.3 Special rules on eligibility of costs:

1. Costs are eligible in accordance with Chapter 7 of the Regulation.

2. For the calculation of indirect costs (overheads), a flat rate of 5% of the total direct eligible costs of Project Promoters and project partners shall apply, in line with Article 7.4 (b) of the Regulation.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

Small projects (maximum duration of 6 months): the minimum amount of grant assistance applied for is €5,000; the maximum amount is €20,000.

Medium projects (duration of 6 to 12 months): the minimum amount of grant assistance applied for is €20,001; the maximum amount is €70,000.

Large projects (duration of 12 to 18 months): the minimum amount of grant assistance applied for is €70,001; the maximum amount is €120,000.

2.2 Project grant rate:

Grants from the Programme will not exceed 90% of total eligible project costs. The applicant shall provide or obtain the remaining co-financing in the form of cash or in-kind contribution as voluntary work. The in-kind contribution may constitute up to 50% of the co-financing required by the Programme for the project.

For the calculation of the in-kind contribution, the price for each hour, half day or day of voluntary work shall be in accordance with salary normally paid for such work in Cyprus, at a maximum standard rate set out by the Programme Operator.

3. Selection of projects

3.1 Selection procedures:

The selection procedure will be carried out in accordance with Article 6.5 of the Regulation. The independent and impartial experts required by Article 6.5.2 of the Regulation shall be independent of and impartial to project applicants, the Programme Operator and the Selection Committee.

3.2 Open calls and availability of funds:

There shall be at least two open calls for applications. The calls shall be launched no later than in the third quarter of 2013 and shall be open for at least 2 months.

The first call for proposals shall make available €1,175,056 of which €492,245 shall be allocated to outcome 1, €430,714 to outcome 2 and €252,097 to outcome 3.

The second call for proposals shall make available €55,556 for outcome 3. The Programme Operator will select one project under this call for proposals, aiming at capacity building of the entire NGO sector in Cyprus.

In case of funds remaining after the first call, the Programme Operator may launch an additional open call for proposals.

At least 40% of the total eligible expenditure of the Programme shall be dedicated to core areas of support. At least 10% of the total programme allocation will be allocated to children- and youth-driven organisations and/or activities targeting children and youth. At least 30% of the total programme allocation will be allocated to bi-communal projects.

3.3 Selection criteria:

Detailed selection criteria for the calls for proposals shall be developed by the Programme Operator and included in the text of the calls for proposals.

The following selection criteria will be taken into account:

- Project relevance with NGO fund priorities;
- Quality of the approach and management;
- Quality and financial capacity of the applicant or the partnership;
- Quality of expected results;
- Sustainability of project results; and
- Budget

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

4.1 Payment flows:

Payments towards the projects are carried out by the Programme Operator. Payments will take the form of advance payments, interim payments and final balance payments.

Payments to small projects shall normally be in the form of one advance payment of at least 65% of the project grant and one final balance payment of up to 35% of the project grant.

Payments to medium projects shall normally be in the form of one advance payment of at least 40% of the project grant, interim payments in the form of pre-financing of up to 40% of the grant less any unabsorbed funds previously paid, and one final balance payment of up to 20% of the project grant.

Payments to large projects shall normally be in the form of one advance payment of at least 40% of the project grant, interim payments in the form of pre-financing of up to 30% of the grant less any unabsorbed funds previously paid, and one final balance payment of up to 30% of the project grant.

Advance payments are made no later than one month after the signing of the project agreements.

Interim payments shall be made on the basis of approved project interim reports which are to be submitted by the Project Promoters to the Programme Operator. The payments shall be carried out no later than one month after the verification and approval of such reports.

Payments of the final balance shall be made on the basis of approved final reports which are to be submitted by the Project Promoters to the Programme Operator. The payments shall be carried out no later than one month after the verification and approval of such reports.

Information on payment flows to Project Promoters will further be outlined in the description of the Programme's management and control systems according to Article 4.8.2 of the Regulation.

4.2 Verification of payment claims:

Verification and approval of reports that have the purpose of a payment claims will be conducted by the Programme Operator.

Verification and approval of reports that have the purpose of a payment claims will be based on information on incurred expenditure, financial status and project progress contained in the reports.

Verifications of all reports that have the purpose of a payment claims will be in the form of desk review with respect to project progress and financial status. The evaluation shall be based on information contained in the reports and on additional information attached to the reports to be provided by the project promoters.

The financial verification will include a review of all declared expenditure contained in the reports. In addition the Programme Operator will conduct on-the-spot verifications based on a sample to be chosen among all projects on the basis of risk analysis.

The Programme Operator shall require the Project Promoters to maintain a separate accounting system for financial transactions related to the project, and to keep a record related to all project related activities at their premises during the in-force period of the project contracts. This information shall without delay be made available to the Programme Operator upon request.

The procedure for verification of informative and final reports 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 :

Project Promoters will report on project progress and outputs and financial status in progress reports, interim reports, quarterly reports and final reports.

The Programme Operator shall continuously monitor projects during their implementation.

The scope of project monitoring shall be determined by the Programme Operator in an annual monitoring plan which shall be based on a risk assessment including, among other things, the material and financial progress of the projects, the time remaining

to project completion, the quality of reporting documentation and reported irregularities. On-the-spot monitoring visits can also be conducted on an ad-hoc basis when considered necessary.

The detailed monitoring plan for the projects will be presented in the Annual Programme Report.

Information on Reporting and Monitoring, and periodicity of reporting, will further be outlined in the description of the Programme's management and control systems according to Article 4.8.2 of the Regulation.

5. Additional mechanisms within the programme

5.1 Fund for bilateral relations:

The Programme Operator will set aside minimum 1.5 % of the total programme budget for a fund for bilateral relations.

The details of use of the bilateral fund, the detailed procedures and criteria for awarding support from the fund, revised bilateral indicators and any other relevant details will be further developed by the Programme Operator.

Costs under the fund for bilateral relations are eligible in accordance with Article 7.7 of the Regulation.

5.2 Complementary action:

The Programme Operator will set aside €29,350 for a fund for complementary action. The Programme Operator will as a minimum undertake the following activities:

- Participation in horizontal initiatives under the EEA Grants targeting cross-cutting issues and concerns;
- Participation in thematic workshops and conferences.
- Exchange of experience activities between the Programme Operator and NGO Programme Operators from other Beneficiary States as well as relevant institutions from the Donor States.

Complementary action under this Programme shall be further defined by the Programme Operator in accordance with Article 7.11 of the Regulation.

5.3 Reserve for exchange rate losses :

Not applicable.

5.4 Small Grant Schemes :

Not applicable.

6. Pre-defined projects

Not applicable.

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 referring to the version signed by the Programme Operator on 31 January 2013, including any subsequent correspondence and communication between the Donors, the Financial Mechanism Office, the National Focal Point and the Programme Operator.

9. Miscellaneous

Not applicable.

5 SEP. 2013

EEA FINANCIAL MECHANISM 2009-2014

Programme Implementation Agreement

for CY03: Funds for Non-Governmental Organisations (NGO Fund)

**In relation to the Programme Agreement between the Financial
Mechanism Committee (FMC) and the Planning Bureau as the
National Focal Point, for the financing of the
Programme CY03: Funds for Non-Governmental Organisations
signed on 7.8.2013**

Today, 4 September 2013 in Nicosia, Cyprus, between:

The Permanent Secretary of Planning Bureau, in his capacity as Head of the National Focal Point for the EEA Financial Mechanism 2009 – 2014, with address 29, Vyronos Avenue, 1409 Nicosia, on the one side,

and

The PricewaterhouseCoopers, with address Julia House, 3, Themistocles Dervis street, CY-1066 Nicosia, Cyprus, represented by Mr. Tassos Procopiou, Partner, Audit and Advisory Services, on the other side

Conclude the present Programme Implementation Agreement:

Article 1 – Subject of the agreement

1. The present Programme Implementation Agreement is concluded on the basis of Programme Agreement between the Financial Mechanism Committee (FMC) and the National Focal Point (NFP) for the financing of the Programme CY03 – “Funds for Non-Governmental Organisations”, with the aim to determine the rules and conditions for the implementation of the Programme, as well as the rights and obligations of the NFP and the PO.
2. With this agreement, the NFP entrusts the implementation of Programme CY03 - “Funds for Non-Governmental Organisations”, to the Programme Operator (PO) and the PO is obliged to implement the programme while meeting the conditions under the Programme Agreement and the annexes that form an integral part of it (Annex 1 – Programme Decision and Annex 2 – Operational Rules).

Article 2 – Legal Framework

1. This Programme Implementation Agreement shall be read in conjunction with the following documents which constitute its Legal Framework:
 - 1.1. The Agreement between Iceland, the Principality of Liechtenstein, the Kingdom of Norway and the European Union on the EEA Financial Mechanism 2009 – 2014, hereinafter referred to as the “Agreement”;
 - 1.2. The Regulation on the implementation of the EEA Financial Mechanism 2009 – 2014 adopted by the FMC issued by the Donor States pursuant to Article 8 (8) of Protocol 38b of the Agreement, hereinafter referred to as the “Regulation”;
 - 1.3. The Memorandum of Understanding on the implementation of the EEA Financial Mechanism 2009 – 2014 between the Republic of Cyprus and Iceland, the Principality of Liechtenstein, the Kingdom of Norway, hereinafter referred to as the “Memorandum”;
 - 1.4. The Programme Agreement between the FMC and the NFP of the Republic of Cyprus for financing of Programme CY03: Funds for Non-Governmental Organisations;
 - 1.5. Other rules and guidances adopted by the FMC or the NMFA;
 - 1.6. The Management and Control Systems of the implementation of the European Economic Area Financial Mechanism and the Norwegian Financial Mechanism 2009 – 2014 for Cyprus.
2. By signing the here presented agreement, the PO undertakes to comply fully with the content of the abovementioned documents and accepts the resulting conditions for the implementation of the programme. An act or omission by a party of this Programme Implementation Agreement that is incompatible with the legal framework constitutes a breach of this agreement by that Party.
3. In case of an inconsistency between this Programme Implementation Agreement and the Regulation or the Programme Agreement, respectively the Regulation and the Programme Agreement shall prevail.

Article 3 – Amount of the Programme grant

1. The Programme estimated total costs, the Programme estimated eligible costs, the maximum amount of the Programme grant, the Programme grant rate and the distribution of the costs under the different budget lines are indicated in Annex 1 to the Programme agreement – Programme Decision;
2. The PO has the right of an advance payment in accordance with the Annex 1;
3. Management costs of the PO can't exceed the amount in Annex 1 to the Programme Agreement.

Article 4 – Eligible expenditures

1. The financial aid is made available for covering expenditures under the Programme that follow the rules of eligibility as described in Article 7.1 of the Regulation, as follows:
 - a) Management costs of the PO in accordance with the approved budget annexed to the Programme Agreement and Article 7.10;
 - b) Payments to projects within this Programme in accordance with the Regulation, the Programme Agreement and the project contracts;
 - c) Expenditure of the fund for bilateral relations in accordance with Article 7.7 of the Regulation;
 - d) Expenditure for complementary actions of the PO in accordance with Article 7.11;
 - e) Expenditure related to the preparation of the Programme proposal.

The implementation of the activities should be in accordance with the operational rules to the Programme Agreement.

2. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners that meet the criteria set in Article 7.2 of the Regulation and fall within the categories and fulfill 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.
3. Expenditures of the PO, project promoter and project partners are proven with invoices or other proofs for expenses with equally probative value, in accordance with Article 7.13 of the Regulation.
4. Period of eligibility of expenditures

4.1 The eligibility period of costs under the Programme is defined in Section 3.1 of Annex 1 to the Programme Agreement.

4.2 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.

4.3 The final date of eligibility of expenditures shall be fixed by the PO in the project contract which shall be no later than one year after the scheduled completion, but no later than 30.4.2016.

4.4 In exceptional cases the FMC can extend the period of expenditure eligibility to 30.4.2017. If by the last date of expenditure eligibility the project is subject to judicial procedures or administrative appeal with suspension effect, the FMC can allow additional extension, if it is considered within the interest of the EEA Financial mechanism.

4.5 Expenditures are considered eligible if they are made, invoiced and the relevant goods/services/construction are delivered/finished within the eligibility period.

Article 5 – Rights and obligations of the NFP and the PO

1. Obligations of the Programme Operator

During the Programme implementation, the PO is obliged:

- 1.1. To follow all the requirements of the acting National and Community Legislation, including the provisions of the Regulation in particular Article 4.7, defining the obligations of the PO, the provisions of the Programme Agreement and the annexes to it (Annex 1 – Programme Decision and Annex 2 - Operational Rules) and the Programme Implementation Agreement;
- 1.2. To ensure the fulfillment of the Programme in accordance with its aim, results, outputs, indicators and planned targets, as well as all conditions arising out of this Programme Implementation Agreement and the Programme Agreement;
- 1.3. To inform the NFP about any circumstances that would have effect on the implementation of the Programme agreement or the implementation of the obligations resulting from this agreement;
- 1.4. To secure high level of transparency and accountability, as well as the principles of good governance, sustainable development and gender equality;
- 1.5. To present to the NFP a detailed description of the Management and Control System that should include payment verification, audit and monitoring, system for prevention, reporting and correction of irregularities and creation of an audit trail within 4 months after the submission of the first interim report of the programme;
- 1.6. To organise procedures for selection of project proposals in accordance with Article 6 of the Regulation and the operational rules. The eligible applicants are listed in Article 6.2 of the Regulation while limitation could be introduced only in the cases explicitly described in the operational rules;
- 1.7. To establish an organizational structure that guarantees the independence and functional separation of the structures responsible for the verification of the payments from the other structures responsible for the Programme implementation;
- 1.8. During the evaluation of the project proposals and the Programme implementation, the PO should carry out all necessary measures to prevent any conflict of interests, in accordance with Article 6.6 of the Regulation. In case of a conflict of interests situation, the PO must inform immediately the NFP;
- 1.9. For each approved project to sign contract with the respective Project Promoter. The content of the contract should be in compliance with Article 6.7 of the Regulation while determines the rules and obligations of the parties. The form of the contract with the Project Promoter should be preliminary agreed with the NFP aiming to guarantee that the obligations of the project promoter are valid; and enforceable under the applicable national legislation;

- 1.10. To provide ex-ante control of the tender procedures regarding the approved project proposals, including ex-ante control in cases of modification of the contracts signed as a result of the tender procedures and the ongoing and ex-post control on the tender procedures regarding the implementation of activities under the approved project proposals;
- 1.11. To provide annual report and other information regarding the implementation of the programme if requested by the NFP, the Certifying Authority, the Audit Authority, the FMO and the Donor State. The PO must ensure that the information provided to the NFP or the involved parties is comprehensive and accurate;
- 1.12. To execute regular monitoring of projects approved for implementation within the programme aiming to verify the level of achievement of the indicators and their contribution to the achievement of the Programme objectives;
- 1.13. To verify the incurred expenditures under the Programme, while making the payments to the end beneficiaries within 15 working days that these expenses are verified;
- 1.14. To inform immediately the NFP for any circumstance that threatens or could threaten the successful implementation of the Programme;
- 1.15. To take the necessary measures and to implement reliable control mechanisms for preventions, detection, reporting and correction of the impact of the irregularities during the programme implementation and during specific project implementation from the beneficiaries, including measures for financial corrections and reimbursement of improperly spent amounts;
- 1.16. To keep an adequate accounting regarding the Programme, while ensuring that the beneficiaries are keeping a separate accounting system with regards to all expenses related to the implementation of the projects in accordance with the national accounting regulations;
- 1.17. Follows the additional instructions of the Certifying Authority, related to the financial management and control of the Programme;
- 1.18. The PO has to follow the national and EU regulations for state aid.

2. Obligations of the NFP

In the process of programme implementation the NFP is obliged to:

1. To inform timely the PO on any changes occurred to the requirements of the FMO/the Donor State with regards to the different aspects and/or stages of Programme implementation;
2. To support the PO in case consultation with the FMO is needed on specific issues that have arisen during the Programme implementation;
3. To perform monitoring on Programme level with the aim to verify the progress with regards to the defined goals and results on the basis of the approved indicators for the Programme;

4. To publish up-to-date information on the internet site of the Programme:
www.eeagrants.gov.cy.

Article 6 – Partnership at Programme and Project level – not applicable

Article 7 – Reporting

1. Interim Financial reports

1.1. The PO prepares and submits to the Certifying Authority (CA) and the NFP Interim Financial reports in English, according to the agreed template, within the following deadlines:

- (a) on or before 31 of January for interim financial reports that shall be submitted to the FMC on or before 15 March; ;
- (b) on or before 31 May for interim financial reports that shall be submitted to the FMC on or before 15 July;
- (c) on or before 30 September for interim financial reports that shall be submitted to the FMC on or before 15 November.

1.2. In case the failure to comply with the above mentioned deadlines is due to delays accumulated by fault of the PO and should such delay lead to delays in the transfer of the forecasted payments by the FMO, the PO shall be obliged to secure the necessary financial resources for the period of delay.

1.3. In case that in the framework of the process of certification of expenditure the CA could not get reasonable assurance in order to certify before the FMO the expenditures verified by the PO and included in the interim financial report the CA has the right to return the report or to request corrections to be made, providing an appropriate justification of such decision;

1.4. Should the CA discover substantial and/or systematic weaknesses in the system for management and control of the Programme, the CA has the right to suspend the limits set for payments for the PO.

2. Annual programme report

The PO shall prepare and submit to the NFP draft Annual Programme report for the implementation of the Programme in accordance with Article 5.11 of the Regulation not later than 15 January of each calendar year. The NFP shall present its comments and recommendations on the report within 10 working days. The PO shall submit a revised final version of the Annual Programme report to the NFP and the FMC not later than 15 February of each calendar year.

3. Final programme report

3.1. The PO shall submit to the NFP a draft version of the Final Programme report within two months following the completion of the last project under the

Programme but not later than 28 February 2017. The NFP shall provide its comments on the draft Final report within 10 working days.

- 3.2. Revised version of the Final Programme report shall be submitted to the CA for certification of the Financial Annex to the report, with a copy to NFP, not later than 20 calendar days before the deadline for submission of the report to the FMC, as pointed out in Article 5.12 of the Regulations.

4. Strategic Report

The PO shall submit to the NFP no later than 31 January all information necessary for the NFP to complete the Strategic Report referred to in Article 2.2 of the Regulation.

5. Other reports

5.1. The PO shall prepare and submit information on the progress in Programme's implementation upon request from the NFP.

5.2. The PO shall provide any information on the progress of Programme implementation that might be requested by the FMO, NFP, CA, AA or other authorised institution within the set deadlines.

Article 8 – Payments

1. The PO shall ensure an audit trail for follow up of incurred expenditure from the grant on analytical level of the account, opened for the purposes of the Programme.
2. Payments shall be transferred to the designated bank account of the PO in the form of advance payment (if such has been approved), interim and final payments;
3. Payments to the project promoters under separate projects could be effected in the form of advance payments, interim and final payments. The amount of the advance payments as well as the advance off-set mechanism is stipulated in the Operational Rules and will be included in the Project Contract;
4. Payments are transferred by the CA to the designated account of the PO on the basis of approved interim reports within 15 working days following the receipt of the respective transfer from the FMO.

Article 9 – Monitoring

1. For the purposes of monitoring, the PO is obliged to submit to the NFP, the FMO and the AA as well as to any other authorized by them institution full access to

information, documentation and premises, at which activities financed under the programme are carried out;

2. The PO shall take the necessary measures to guarantee that the project promoters shall provide full access to information, documentation and premises at which activities financed under the respective projects are performed;
3. The PO is obliged to provide access for monitoring purposes to external experts hired by the FMC or by the NFP, as it will be notified on the planned monitoring visit not later than 2 weeks before the start date of the visit.

Article 10 - Modification of the Programme

1. Any modifications of the Programme will follow the rules set forth in the Regulation and in Article 2.9 of the Programme Agreement. To this effect and without prejudice to the cases described in point 2 below, each Programme modification requires the prior written approval of the FMC.
2. Modifications to the Programme do not require prior approval of the FMC in case that the proposed modifications do not lead to change in the objectives, outcomes, outputs, indicators and set targets of the Programme and are limited to the following:
 - 2.1 Cumulative transfer between budget headings related to outcomes of an amount less than 10% of the total eligible expenditures under the Programme or 1.000.000 Euro, whichever amount is higher;
 - 2.2 Changes of the internal practices of the PO that are not described in the Programme Agreement and in the Programme Implementation Agreement.
3. Expenditures incurred in breach of the above said rules shall be non-eligible.
4. Should there be any doubt as to whether a modification requires the prior approval of the FMC, the NFP shall consult the case with the FMC.
5. The PO shall provide description and justification of the requested modification as well as of its impact on the financial parameters of the Programme, the risk assessment, the planned outcomes and outputs.
6. The NFP shall approve the modification before its formal submission to the FMC.

Article 11 - Monitoring and Audit

1. The Monitoring takes place in accordance with the rules and procedures described in detail in the Management and Control System to be elaborated for the programme and encompasses: regular monitoring reports prepared by the

project promoters, on-the-spot monitoring at the premises of the project promoters and on site of project implementation with the purpose to verify implementation of project activities and achievement of projects/programme objectives.

2. The PO is subject to monitoring and audit during and with regard to the implementation of the programme by the following institutions:

2.1 Monitoring: NFP, FMC, CA

2.2 Audit: Audit Authority, Auditor General of Cyprus, Office of the Auditor General of Norway.

3. Control and audit will be carried out at the premises of the PO and/or at the site of projects' implementation.
4. With regard to the control and audit performed by the above mentioned institutions, the PO is obliged to secure full access to information, documentation and premises related to the implementation of the programme and projects under the programme without delay.
5. The PO is obliged to inform the NFP about any checks performed by entities other than the NFP, the results of such checks and the recommended corrective actions. The PO shall oblige the project promoters to present to it information on any checks performed under the projects. The PO shall submit to the NFP and the CA the reports from performed audits and other checks within 5 working days of their receipt by the PO.
6. The PO is obliged to provide follow-up information on the undertaken corrective measures to the institution that has performed the check/monitoring and recommended the respective corrective measures, with a copy to the NFP.

Article 12 – Archive

In accordance with Article 8.8 of the Regulation, the PO is obliged to keep archive of all documentation related to the implementation of the programme for a period of minimum 3 years as of the date of approval of the programme final report by the FMC.

Article 13 – Information and Publicity

1. The PO shall take all necessary measures for the implementation of its publicity obligations under the respective programme in order to guarantee compliance with the requirements on information and publicity;
2. The PO shall notify the NFP at least two weeks in advance on any planned public event under the programme, by also providing the necessary information and photos to

be published on the dedicated website for the EEA and Norway FMs and the NFP website.

3. The PO agrees the data related to the implementation of the programme to be used in the information systems and archives for the purposes of administration of the EEA and Norway FMs.

Article 14 – Prohibition for using other financial sources (double funding)

The PO shall declare that for the activities/deliverables financed with the financial support of the FMC no other financial sources shall be used, including the public budget, Structural funds of the EU or other donor programmes. The PO shall introduce reliable control mechanisms that ensure the prevention, establishment and correction of cases of double funding under the programme.

Article 15 – Reporting of irregularities

The PO is obliged to report immediately to the NFP on any suspected and/or actual cases of irregularities with regard to the implementation of the programme.

Article 16 – Financial Corrections

1. In case of registered irregularities, the Programme Operator should prepare a proposal for financial corrections after making a detailed research and evaluation;
2. The financial corrections should be made after consultation between the NFP, the PO and the Certifying Authority and after the project promoter on the respective project has been given the opportunity to provide comments on the proposed financial correction.

Article 17 – Temporary suspension of payments

1. The FMC may take a decision for temporary suspension of payments in accordance with Chapter 12 of the Regulations and in particular Article 12.1.1 (points a – l).
2. The NFP shall notify the PO on the decision taken immediately upon receipt of the respective notification from the FMC. Based on the decision, the NFP has the right to suspend payments as per Article 5.8.3(i) of the Regulation.
3. The PO has the right to present to the NFP documents or other evidence that indicate that the conditions under paragraph 1 above, are no longer applicable or do not justify the suspension of payments and to submit a request through the NFP to the FMC for revision of the decision for suspension of payments.

4. The NFP shall regularly inform the PO on the results of the procedures and consultations held between the NFP and the FMC with regard to the decision for temporary suspension of payments.

Article 18 – Reimbursement of funds

1. The NFP has the right to request reimbursement of funds from the PO in cases when such a decision has been taken by the FMC or when a decision by the National Focal Point at national level has been taken.
2. The PO shall formally request from the project promoters, reimbursement of the amounts on all registered irregularities and/or amounts unduly paid. The PO may withhold the unduly paid amounts, including interest, from future eligible expenditures under the project. The amounts on registered irregularities and/or unduly paid amounts shall be reimbursed by the project promoters within the deadline, set by the PO. In case the request for reimbursement of the due amounts is not complied with within the deadline set, the PO shall start to accrue interest for the overdue payment.
3. In case the project promoter has not reimbursed the funds within the set deadline, the PO has the obligation to undertake actions for collection of due amounts in accordance with applicable national legislation and the terms of the relevant project contract.
4. Upon reimbursement of the amount due by the project promoter, the PO shall notify accordingly in writing the NFP and the CA.
5. In case of irregularities and/or amounts unduly paid when the latter are not due to admitted weaknesses on behalf of the project promoter and are not to be reimbursed by him, the PO shall reimburse to the CA out of the budget of the respective authority in which structure the PO is a part of, the unduly paid amount to the designated account of the CA. The CA will then undertake to repay this amount to the FMC by either deducting the amount from the next Interim Financial Report or if this is insufficient, by effecting a refund to the FMC.

Article 19 – Liability

The PO bears the full liability with regard to third parties for eventual damages caused in the process of programme implementation.

Article 20 – Disputes settlement

The parties shall settle disputes among them in the process of or with regard to the implementation of this agreement.

Article 21 – Termination of the Agreement

1. The NFP may terminate the present agreement in case the Programme Agreement between the NFP and the FMC has been terminated, thus ending the Programme and its implementation in Cyprus.
2. The present agreement could be terminated by a joint decision or in case of circumstances that make impossible any future implementation of the activities and goals of the programme.

Article 22 – Contact information

The entire written correspondence related to the programme shall include the registration number and the name of the programme. The correspondence shall be held between the Head of the PO or its authorized representatives and the Head of NFP or its authorized representatives and takes place in one of the following manners:

- by e-mail – to a designated by the NFP and PO e-mail addresses;
- on paper – to the following addresses:

For the National Focal Point:

**Planning Bureau
29, Vyronos Avenue
1409 Nicosia
Cyprus**

For the Programme Operator:

**PricewaterhouseCoopers
Julia House,
3, Themistocles Dervis Street,
CY-1066 Nicosia
Cyprus**

Article 23 – Final provisions

1. The present agreement shall enter into force on the date on which it has been signed by the last party.
2. The agreement shall be prepared in four identical originals, three of which remain with the NFP and one with the Programme Operator.
3. The agreement shall be valid for a period of 5 years following the date of approval of the final Programme report.

4. The following Annexes are an indispensable part of the agreement:

Annex 1 – Programme Agreement between the Financial Mechanism Committee and the National Focal Point for the financing of the Programme CY03 Funds for Non-Governmental Organisations;

Annex 1: Programme Decision, including the Financial Plan to the Programme Agreement;

Annex 2: Operational Rules to the Programme Agreement.

Annex 2 – Programme Proposal for the Programme "Fund for Non-Governmental Organisations" (31.1.2013)

Annex 3 – Agreement-Special Conditions of Contract between the Planning Bureau and PricewaterhouseCoopers Ltd for the "Provision of Services for the Development and Management of the Programme for the Non-Governmental Organisations Fund (NGO Fund), co-financed by the European Economic Area Financial Mechanism" (28.1.2013).

Annex 4 – Programme Operator's Technical Project Proposal (16.11.2012)

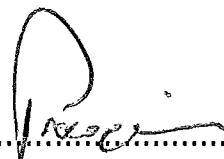
Signed in Nicosia, on 4 September 2013

HEAD OF THE NFP



.....
Mr. George Georghiou
Permanent Secretary
Planning Bureau

**HEAD OF THE PROGRAMME
OPERATOR**



.....
Mr. Tassos Procopiou
Partner
Audit and Advisory Services
PricewaterhouseCoopers

