Norwegian Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Norwegian Ministry of Foreign Affairs

and

The Managing Authority for International Cooperation Programmes, National Development Agency,
hereinafter referred to as the "National Focal Point",
representing Hungary,
hereinafter referred to as the "Beneficiary State"
together hereinafter referred to as the "Parties"

for the financing of the Programme "Public Health Initiatives"
hereinafter referred to as the "Programme"
Chapter 1
Scope, Legal Framework, and Definitions

Article 1.1
Scope

This programme agreement between the Norwegian Ministry of Foreign Affairs (hereinafter referred to as the NMFA) 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 Norwegian 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 Norwegian Financial Mechanism 2009-2014:

a. the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the Agreement);

b. the Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the "Regulation") issued by Norway in accordance with Article 8(8) of the Agreement;

c. the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the "MoU"), entered into between the Kingdom of Norway and the Beneficiary State; and

d. any guidelines adopted by the NMFA 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, payment 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 Norwegian 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 NMFA 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 EEA 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 NMFA 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 NMFA of such signing.

2. The signed programme implementation agreement shall be identical to the draft programme implementation agreement confirmed by the NMFA 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 NMFA 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 NMFA.

2. Modifications that do not affect the objective, outcomes, outputs, indicators or targets of the Programme are permitted without NMFA’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 NMFA, the National Focal Point shall consult the NMFA 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 NMFA 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 NMFA 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 NMFA shall ensure that the National Focal Point is informed about communication between the NMFA 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 NMFA 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 NMFA 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 or 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 Norway.

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 NMFA 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 NMFA 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.
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 NMFA 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.

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 Norwegian Financial Mechanism 2009-2014 to the Programme in accordance with Article 8.8 of the Regulation.

Article 4.5
Irregularities, suspension and reimbursements

The NMFA 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 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 NMFA 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 NMFA 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 NMFA, 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 NMFA 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 NMFA, 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 NMFA or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The NMFA 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 NMFA 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 NMFA, its officials or employees, 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.

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

For the NMFA

Signed in Oslo on 23.08.2013

Anders Edel
Deputy Director General

For the National Focal Point

Signed in Budapest on 09.09.2013

Balázs Simó
Director General
Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Reduced inequalities between user groups

Output

1. Enhancing the physical activity of the population

<table>
<thead>
<tr>
<th>Output indicator(s)</th>
<th>Baseline</th>
<th>Target</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of users of the Physical Activity Diary</td>
<td>0</td>
<td>1000</td>
<td>Project reports</td>
</tr>
</tbody>
</table>

Output

2. Supported health visitors

<table>
<thead>
<tr>
<th>Output indicator(s)</th>
<th>Baseline</th>
<th>Target</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of health visitors supported with IT tools</td>
<td>0</td>
<td>1000</td>
<td>Project reports</td>
</tr>
</tbody>
</table>

Output

3. Methodologies for the effective operation of Secure Mental Health Unit, Mental Health Coordinators, Mental Health Centers, Adolescent Addiction Outpatient Care, E-pathology Pilot Services developed, Improving physical activity planning developed

<table>
<thead>
<tr>
<th>Output indicator(s)</th>
<th>Baseline</th>
<th>Target</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of elaborated methodologies for the effective operations of Secure Mental Health Unit, Mental Health Coordinators, Mental Health Centres Adolescent Addiction Outpatient Care, E-pathology Pilot Services, Improving physical activity planning</td>
<td>0</td>
<td>6</td>
<td>Project reports</td>
</tr>
</tbody>
</table>

Output

4. Integrated health inequality action plan developed

<table>
<thead>
<tr>
<th>Output indicator(s)</th>
<th>Baseline</th>
<th>Target</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of counties in Hungary with integrated health inequality action plan developed</td>
<td>0</td>
<td>2</td>
<td>Project reports</td>
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</tbody>
</table>

Expected Outcome(s): Improved access to and quality of health services including reproductive and preventive child health care

Output

1. Established and functioning adolescent addiction care outpatient unit

<table>
<thead>
<tr>
<th>Output indicator(s)</th>
<th>Baseline</th>
<th>Target</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of established and functioning adolescent addiction care outpatient unit</td>
<td>0</td>
<td>2</td>
<td>Project reports</td>
</tr>
</tbody>
</table>

Output

2. E-pathology system created and put into practice

<table>
<thead>
<tr>
<th>Output indicator(s)</th>
<th>Baseline</th>
<th>Target</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of e-pathology systems created and put into practice</td>
<td>0</td>
<td>1</td>
<td>Project reports</td>
</tr>
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</table>
3. Monitoring tool on social determinants of health and equity developed and implemented

<table>
<thead>
<tr>
<th>Output indicator(s)</th>
<th>Baseline</th>
<th>Target</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of monitoring tools developed and implemented</td>
<td>0</td>
<td>1</td>
<td>Project reports</td>
</tr>
</tbody>
</table>

Expected Outcome(s): Improved mental health services

Output

1. Secure Mental Health Unit established

<table>
<thead>
<tr>
<th>Output indicator(s)</th>
<th>Baseline</th>
<th>Target</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Secure Mental Health Unit established</td>
<td>0</td>
<td>1</td>
<td>Project reports</td>
</tr>
</tbody>
</table>

Output

2. Mental health centres established

<table>
<thead>
<tr>
<th>Output indicator(s)</th>
<th>Baseline</th>
<th>Target</th>
<th>Source of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of mental health centres providing public psychiatric services established</td>
<td>0</td>
<td>30</td>
<td>Project reports</td>
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</tbody>
</table>

Output

3. Mental health coordinators’ capacity strengthened

<table>
<thead>
<tr>
<th>Output indicator(s)</th>
<th>Baseline</th>
<th>Target</th>
<th>Source of Verification</th>
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</thead>
<tbody>
<tr>
<td>Number of mental health coordinators providing after-institutional care</td>
<td>0</td>
<td>40</td>
<td>Project reports</td>
</tr>
</tbody>
</table>

2. Conditions

2.1 General

1) Bilateral, outcome and output indicators shall be reported on in the annual report.

2) 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; provided however that the Programme Operator may release any Project Promoter from the above obligations with respect to any specifically identified excepted equipment where the Programme Operator is satisfied that, having regard to all relevant circumstances, continued use of that equipment for the overall objectives of the project would serve no useful economic purpose.

3) The National Focal Point shall furthermore ensure that the Programme Operator keeps a list of the excepted equipment for each project. The National Focal Point shall ensure that the Programme Operator ensures that Project Promoters:
   • Keep any buildings purchased, constructed, renovated or reconstructed under the project in their ownership for a period of at least 5 years following the completion of the project and continue to use such buildings for the benefit of the overall objectives of the project for the same period;
   • Keep 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 5 years following the completion of the project; and
   • Set aside appropriate resources for the maintenance of any buildings purchased, constructed, renovated or reconstructed under the project 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.
4) 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.

5) The outcome and output indicators should be reviewed and submitted to the NMFA for approval prior to the first disbursement to projects.

6) The National Focal Point shall ensure that the Programme Operator ensures coordination with the children and youth at risk Programme (HU06) to exploit synergies.

7) The National Focal Point shall ensure that the Programme Operator ensures that there is no funding overlap with activities financed under the Structural Funds Social Renewal Operative Programme or under the Swiss Contribution 2012-2016.

8) Any treatment carried out in the institution established as a result of the project(s) selected under call for proposals 4 “Secure mental health unit” shall be in line with European standards. The Focal Point shall ensure that the Programme Operator and/or the project promoter report to the NMFA on the treatment carried out at the institution established, from the commencement of treatment and for at least five years following the completion of the project.

9) Equipment under the pre-defined project 2 “Improvement of the working conditions of health visitors active in Roma communities” shall only be purchased if it is compatible with an appropriate IT application developed under the EU’s Social Renewal Operative Programme (SORP) 6.1.4. The pre-defined project promoter shall time the procurement of such equipment accordingly, also with a view to ensuring value for money in the equipment purchase.

10) Any interest earned at any level on Norwegian FM funds in Hungary, held by National Authorities until they are transferred to the Programme Operators or by Programme Operators and intended for re-granting, is a resource for the Donor State and shall be reported on and reimbursed to the NMFA in line with the procedures foreseen in Article 8.7 of the Regulation.

11) The Programme Operator shall ensure that representatives of the targeted vulnerable groups including the Roma are consulted in the implementation phase of the Programme. The fulfillment of this condition shall be reported on, inter alia, in the annual and final Programme reports.

12) The Programme Operator shall report on how the Programme and the projects under the calls for proposals benefit vulnerable groups including the Roma. The fulfillment of this condition shall be reported on, inter alia, in the annual and final Programme reports.

13) 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 NMFA upon request. The approval of the Programme by the NMFA does not imply a positive assessment of such compliance.

14) A methodology on the calculation of the flat rate to be applied to indirect eligible costs (overheads) in accordance with Article 7.4.1(b) of the Regulation shall be submitted to the FMO no later than two weeks prior to the deadline for providing to the NMFA the text of the call for proposals, as required by Article 6.3.4 of the Regulation.

2.2 Pre-eligibility

1) Expenditures under project(s) selected under call for proposals 4 “Secure mental health unit” shall only be eligible once the NMFA has received a confirmation from the National Focal Point that the project promoter has concluded a partnership with an appropriate independent international organization or entity in order to secure transparency and good governance with an emphasis on human rights, and has approved this partnership.

2.3 Pre-payment
Not Applicable.

2.4 Pre-completion
Not Applicable.

2.5 Post-completion
Not Applicable.

2.6 Other

3. Eligibility of costs

3.1 Eligibility of costs - period

Eligibility of costs (excluding prog prep costs): 23/04/2013 - 30/04/2017


3.2 Grant rate and co-financing
Programme estimated total cost (€) | €19,576,471
--- | ---
Programme estimated eligible cost (€) | €19,576,471
Programme grant rate (%) | 85.0000%
Maximum amount of Programme grant (€) | €16,640,000

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

<table>
<thead>
<tr>
<th>Budget heading</th>
<th>Eligible expenditure</th>
<th>Advance payment*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme management</td>
<td>€1,645,353</td>
<td>€126,566</td>
</tr>
<tr>
<td>Reduced inequalities between user groups</td>
<td>€4,408,175</td>
<td>€216,788</td>
</tr>
<tr>
<td>Improved access to and quality of health services including reproductive and preventive child health care</td>
<td>€4,786,414</td>
<td>€0</td>
</tr>
<tr>
<td>Improved mental health services</td>
<td>€8,320,000</td>
<td>€216,788</td>
</tr>
<tr>
<td>Fund for bilateral relations</td>
<td>€293,647</td>
<td>€73,412</td>
</tr>
<tr>
<td>Complementary action</td>
<td>€25,000</td>
<td>€6,250</td>
</tr>
<tr>
<td>Preparation of programme proposal</td>
<td>€97,882</td>
<td>€97,882</td>
</tr>
<tr>
<td>Reserve for exchange rate losses</td>
<td>€0</td>
<td>€0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>€19,576,471</strong></td>
<td><strong>€737,686</strong></td>
</tr>
</tbody>
</table>

* The advance payment is composed of €627,033 in grant amount and €110,653 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 | €139,855 |

### 3.5 Small Grant Scheme

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Reduced inequalities between user groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Amount Reserved</td>
<td>€909,500</td>
</tr>
<tr>
<td>Grant Amount at Project Level</td>
<td>€20,000 – 80,000</td>
</tr>
<tr>
<td>Duration of the Project</td>
<td>12 – 24 months</td>
</tr>
<tr>
<td>Maximum Grant Rate at Project Level</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Improved mental health services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Amount Reserved</td>
<td>€1,560,000</td>
</tr>
<tr>
<td>Grant Amount at Project Level</td>
<td>€20,000 – 70,000</td>
</tr>
<tr>
<td>Duration of the Project</td>
<td>12 – 24 months</td>
</tr>
<tr>
<td>Maximum Grant Rate at Project Level</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
Annex II - Operational Rules

1. Eligibility

1.1 Eligible measures
The Managing Authority of Human Resources Programmes of the National Development Agency is the designated Programme Operator for this programme.

Certain tasks related to implementation and monitoring of the programme will be delegated to the implementing agency (IA) which is the International Development and Fund Coordinating Agency.

The Donor Programme Partner is the Norwegian Institute of Public Health (NIPH).

The Programme shall be implemented by way of five calls for proposals, two small grant schemes and two pre-defined projects, corresponding to the Programme’s expected outcomes, as follows:

Expected Outcome “Reduced inequalities between user groups”:
- Small Grant Scheme 1: Physical activity awareness among vulnerable and disadvantaged groups.
- Pre-defined project 1: Mental health and health workforce capacity building in Hungary.
- Pre-defined project 2: Improvement of the working conditions of health visitors active in Roma communities.

Expected Outcome “Improved access to and quality of health services, including reproductive and preventive child health care”:
- Call for proposals 1: Adolescent addicthology outpatient care service providers
- Call for proposals 2: Shaping of an e-pathologic pilot model with public health approach.
- Call for proposals 3: The development of public policy capacities and a monitoring system handling the determinative social factors of health.

Expected Outcome “Improved mental health services”:
- Call for proposals 4: Secure mental health unit.
- Call for proposals 5: Establishing mental health centres.
- Small Grant Scheme 2: The creation of a network of mental health coordinators.

1.2 Eligible applicants:
The rules on eligibility of applicants are set in Article 6.2 of the Regulation. By way of derogation from the general rules on eligibility of applicants, the following are eligible applicants under the calls for proposals and the small grant scheme:

- Small Grant Scheme 1: Independent outpatient care service providers, inpatient care service providers, local governments and/or primary social care service providers and NGOs.
- Call for proposals 1: Foundations, religious groups and religious communities recognized by the Hungarian Parliament, health service providers providing outpatient care and hospital care, independent outpatient care service providers.
- Call for proposals 2: The universities of medicine, hospitals with pathology department, consortia thereof.
- Call for proposals 3: University departments working in the fields of public health, public policy and social policy, underlying institutions of the Ministry of Human Resources, consortia thereof.
- Call for proposals 4: Hospitals.
- Call for proposals 5: Independent outpatient care service providers, inpatient care service providers, local governments, primary social care service providers, consortia thereof.
- Small Grant Scheme 2: hospitals with active psychiatric and addictology departments, psychiatric and addictology outpatient care providers, specialised psychiatric/child psychiatric/addictology centres, community psychiatric and addictology service providers.

1.3 Special rules on eligibility of costs:
Costs are eligible in accordance with Chapter 7 of the Regulation, with the following exceptions:

a) By way of exception from Article 7.3.1(c) of the Regulation, the entire purchase price of new and second hand equipment will be eligible in projects selected under the calls for proposals, the small grant schemes and the pre-defined project 2, where the equipment is installed at the end of the project and the utilisation of the equipment starts after the closure of the project and/or in those cases where the equipment’s use after project completion is limited to activities in line with the project’s objectives.

b) Indirect costs in projects shall be claimed in accordance with the Regulation and in particular, Article 7.4.1 thereto. Where a flat rate is applied, this shall be set in line with Article 7.4.1(b) of the Regulation and the level of the flat rate shall be set in accordance with a methodology provided by the Programme Operator.

For projects implemented by NGOs or social partners (in the meaning of Article 1.5.1(m) and Article 1.5.1(y) of the Regulation), in-
kind contribution in the form of voluntary work may constitute up to 50% of the co-financing required by the programme for the project. For the purposes of calculating the value of in-kind contributions, one hour of voluntary work will be valued at 1/160 of the applicable monthly minimum wage, as determined by the Hungarian government.

2. Financial parameters

2.1 Minimum and maximum grant amount per project in Open Call:
- Small Grant Scheme 1: The minimum amount of grant assistance applied for is €20,000; the maximum amount is €80,000.
- Call for proposals 1: The minimum amount of grant assistance applied for is €170,000; the maximum amount is €675,000.
- Call for proposals 2: The minimum amount of grant assistance applied for is €3,086,414; the maximum amount is €3,086,414.
- Call for proposals 3: The minimum amount of grant assistance applied for is €350,000; the maximum amount is €350,000.
- Call for proposals 4: The minimum amount of grant assistance applied for is €2,720,000; the maximum amount is €2,720,000.
- Call for proposals 5: The minimum amount of grant assistance applied for is €170,000; the maximum amount is €800,000.
- Small Grant Scheme 2: The minimum amount of grant assistance applied for is €20,000; the maximum amount is €70,000.

2.2 Project grant rate:
The project grant rate shall be set at a level that complies with the State Aid rules in force and takes into account any and all other forms of public support granted to projects and/or the project promoter or partner, where relevant. The remaining costs of the project shall be provided or obtained by the Project Promoter. In the case of projects implemented by NGOs, as defined in Article 1.5.1(m) of the Regulation, the maximum grant rate may be up to 90% of the eligible expenditures of the project.

3. Selection of projects

3.1 Selection procedures in the Open Call:
All selection procedures carried out under this Programme shall be in accordance with the procedures specified in the Regulation. The independent and impartial experts required by Article 6.5.2 of the Regulation shall be independent of and impartial to both project applicants and the Selection Committee.

3.2 Open calls and availability of funds:
- Small Grant Scheme 1: The call shall be launched no later than in the first quarter of 2014 and make available at least €909,500. The call shall be open for at least for 2 months. Should funds remain uncommitted as a result of the first call, a second call may be launched no later than in the third quarter of 2014 and shall make available any remaining funds for re-granting.

- Call for proposals 1: The call shall be launched no later than in the first quarter of 2014 and make available at least €1,350,000. The call shall be open for at least for 2 months. Should funds remain uncommitted as a result of the first call, a second call may be launched no later than in the third quarter of 2014 and shall make available any remaining funds for re-granting.

- Call for proposals 2: The call shall be launched no later than in the first quarter of 2014 and make available at least €3,086,414. The call shall be open for at least for 2 months. Should funds remain uncommitted as a result of the first call, a second call may be launched no later than in the third quarter of 2014 and shall make available any remaining funds for re-granting.

- Call for proposals 3: The call shall be launched no later than in the first quarter of 2014 and make available at least €350,000. The call shall be open for at least for 2 months. Should funds remain uncommitted as a result of the first call, a second call may be launched no later than in the third quarter of 2014 and shall make available any remaining funds for re-granting.

- Call for proposals 4: The call shall be launched no later than in the first quarter of 2014 and make available at least €2,720,000. The call shall be open for at least for 2 months. Should funds remain uncommitted as a result of the first call, a second call may be launched no later than in the third quarter of 2014 and shall make available any remaining funds for re-granting.

- Call for proposals 5: The call shall be launched no later than in the first quarter of 2014 and make available at least €4,040,000. The call shall be open for at least for 2 months. Should funds remain uncommitted as a result of the first call, a second call may be launched no later than in the fourth quarter of 2014 and shall make available any remaining funds for re-granting.

- Small Grant Scheme 2: The call shall be launched no later than in the first quarter of 2014 and make available at least €1,560,000. The call shall be open for at least for 2 months. Should funds remain uncommitted as a result of the first call, a second call may be launched no later than in the third quarter of 2014 and shall make available any remaining funds for re-granting.

3.3 Selection criteria:
The final project selection criteria to be applied shall be detailed in the framework of the calls for proposals in accordance with Article 6.3 of the Regulation and shall be discussed in the Cooperation Committee and shall be subject to the agreement of the Donor Programme Partner. The criteria shall be based on the proposal of the Programme Operator.
The selection criteria under Small Grant Scheme 1 shall give priority to projects implemented in areas with a high Roma population density.

Projects under the Small Grant Scheme 2 will be selected in order to ensure an even geographic spread across Hungary.

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

4.1 Payment flows
Payments to project promoters will be in the form of advance payments, interim payments and payments of the final balance.

Project Promoters have the possibility to request an advance payment not exceeding 30% of the grant amount. The request will need to be justified and is subject to approval by the Programme Operator. The advance payment off-set mechanism will be adapted to each Project Promoter's liquidity needs and included specified in the Project Contract.

Interim payments will be based upon incurred costs. 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
The payment request prepared by the Project Promoter will be reviewed by the Implementing Agency (IA). The IA will finish the verification process within 15 days after receiving all necessary supporting documents linked to the payment request. The conclusion of the IA on the eligibility of costs included in the payment request will be sent to the Programme Operator for final approval which should not take more than 5 days.

The rules and frequency of payment requests provided by the Project Promoter will be set in the Project Contract.

Proof of expenditure shall only be submitted with the payment claim for costs above a certain threshold to be determined by the PO/IA, in the range of €1,700 - €2,000. Expenditures falling below this threshold should be summarized and will be controlled during on-the-spot audits.

In line with Article 7.13.3 of the Regulation, a report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with this Regulation, the national law and accounting practices of the project partner’s country, shall, subject to Article 7.13.5 of the Regulation, be seen as sufficient proof of costs incurred by a project partner whose primary location is in a Donor State.

The detailed procedure for verification of payment claims, periodicity of reporting periods, and deadlines for reporting 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 shall submit project progress reports on project implementation and one final report following project completion.

The Programme Operator and the IA will monitor the projects by reviewing project reports and through monitoring visits and on-the-spot checks. Monitoring visits will be conducted by the Programme Operator and will assess whether the project is implemented in accordance with the project contract and all relevant regulations and will identify potential risks and related mitigation measures.

On-the-spot checks will be conducted every year by the Implementing Agency on a sample of projects selected on the basis of risk analysis or random sample. For projects awarded a grant from the programme exceeding €1,000,000 on-the-spot checks will be done on an annual basis. Monitoring activities will be supported by external experts.

The aim of the on-the-spot checks is to make sure that the project is implemented in accordance with the requirements of all relevant regulations and the project contracts, to verify procurement procedures and the cost efficiency of incurred expenditures.

On-the-spot checks and monitoring visits on an ad-hoc basis will also be carried out when suspicions arise that the information provided by the Project Promoter is incorrect or misleading. On-the-spot checks on an ad-hoc basis can also be organised for other reasons. Information about the date of the ad-hoc on-the-spot checks should normally not be provided to the Project Promoter in advance.

Irregularities will be handled in accordance with Chapter 11 of the Regulation.
Information on Reporting and Monitoring shall be further outlined in the description of the Programme's Management and Control System according to Article 4.8.2 of the Regulation.

5. Additional mechanisms within the programme

5.1 Fund for bilateral relations
The Programme Operator shall set aside minimum 1.5% of the total program budget to a fund for bilateral relations.

The use and implementation of the bilateral fund shall be agreed with the Donor Programme Partner and decided upon in the Cooperation Committee. The following activities will be supported:

(a) search for project partners from Norway prior to or during the preparation of a project application and the development of such partnerships. There shall be open calls for funds prior to the main calls for project applications. The maximum grant amount per applicant shall be no more than €2,000 per person per travel. The grant rate is 100%. Eligible applicants are eligible applicants as defined in Article 1.2 of this Annex as well as potential project partners from Norway. Reimbursement of costs will be based on actual incurred costs. Approximately 30% of the total allocation to the bilateral fund shall be allocated to such activities.

(b) networking, exchange, sharing and transfer of knowledge, technology, experience and best practices between Project Promoters and entities in Norway. Selection procedures and criteria for awarding support from the fund will be further developed by the PO and the Donor Programme Partner and be published together with the calls.

Approximately 70% of the total allocation to the bilateral fund shall be allocated to such activities.

The budgetary split is indicative.

Costs under the bilateral fund are eligible in accordance with Chapter 7.7 of the Regulation.

5.2 Complementary action
Complementary actions in line with the Regulation shall be organised by the Programme Operator, in line with the objectives of the Programme, in order to strengthen co-operation between the Programme Operator and similar entities within the Donor States and the Beneficiary States.

These will include the exchange of experience and best practice related to the implementation of the Programme. They will also provide for the creation of synergies with relevant Programmes in other Beneficiary States, including the participation of the Programme Operator at the conference on health Programmes under the EEA and Norway Grants in Oslo in May 2013.

The use and implementation of complementary actions shall be agreed with the Donor Programme Partner and decided upon in the Cooperation Committee.

5.3 Reserve for exchange rate losses
Not applicable.

5.4 Small Grant Schemes
The Programme Operator shall operate two Small Grant Schemes. Small Grant Scheme 1 has the objective to raise awareness on physical activity among vulnerable and disadvantaged groups in areas with a high Roma population density. Small Grant Scheme 2 has the objective to create National Network of Mental Health Care Coordinators. The specific rules relevant to the Small Grant Schemes can be found in the relevant parts of this Annex.

6. Pre-defined projects
The programme contains two pre-defined projects.

Pre-defined project 1: “Mental Health and Health Workforce Capacity Building in Hungary”
The project promoter and leader of the consortium implementing the pre-defined project responsible for general project management tasks is the National Institute for Quality- and Organisational Development in Healthcare and Medicines (GYEMSZI).

Project partners:
- Semmelweis University
- University of Pécs
- Nyírő Gyula Hospital - National Institute of Psychiatry and Addictology
- National Institute for Health Development
Donor Project Partner: Council of Mental Health, Norway
Estimated total eligible project cost: €2,898,675
Maximum contribution from the Programme: €2,898,675
Grant rate: 100%

The pre-defined project consists of eight work-packages (WP) and more general activities expected to serve the overall programme aims. The pre-defined project shall provide the professional support for field-level development activities to ensure high-quality standards of wide-spread implementation and include the following main activities:

WP 1 - Joint Action - Mental health and Well-being
WP 2 - Joint Action - Health Workforce Planning
WP 3 - National network of mental health care coordinators
WP 4 - Secure Mental Health Service
WP 5 - National Network of Mental Health Centres
WP 6 - Reducing Health Inequalities
WP 7 - Development of adolescent addictology care services
WP 8 - E-pathology system

Pre-defined project 2: "Improvement of the working conditions of health visitors active in Roma communities".
The project promoter and leader of the consortium implementing the pre-defined project responsible for general project management tasks is the National Institute for Quality and Organisational Development in Healthcare and Medicines (GYEMSZI).

The project partner is the Office of the Chief Medical Officer (OCMO).

Estimated total eligible project cost: €600,000
Maximum contribution from the Programme: €600,000
Grant rate: 100%

The pre-defined project shall assist Health Visitors active in Roma communities to perform their tasks more effectively, improve their outreach activities towards the Roma community and reinforce the cooperation and information flow between Health Visitors and other primary care actors.

The activities within the project shall include the following activities:

**Action 1: Procurement and distribution of IT equipment to Health visitors active in Roma communities**
Planned activities:
- prepare and implement a centralised procurement of tools with the required technical specifications;
- distribution of the procured IT tools to Health Visitor services working primarily in those disadvantaged areas with a high Roma population density;
- carry out a professional control activity during the distribution process of the purchased tools, and guarantee the better effectiveness of nationwide coverage of software applications developed in the SROP 6.1.4 project;
- carry out help desk and supervising tasks for the proper and adequate use of the IT tools.

**Action 2: Establish Roma inclusion panel** with the aim to contribute to the preventive and health educational aspects of the health visitors’ work through the development of special health educational material.
Planned activities:
- exchange and discuss best practices in reaching out to the Roma communities;
- compiling the content of the educational material for the different topics and its graphic design;
- producing the material.

7. Modification of the programme
Any modifications of the programme will follow the rules 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 version signed by the Programme Operator on 17 August 2012 and shall include all subsequent correspondence and communication between the NMFA, the Financial Mechanism Office, the National Focal Point and the Programme Operator.

9. Miscellaneous
Not applicable.