
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.

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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.

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.

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 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.

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

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

Output

Establishment of the Route of Sepharad

Output indicator(s)	Baseline	Target	Source of Verification
Number of Jewish cultural heritage sites and buildings restored, renovated and protected along the route	0	13	• Reports provided by the Programme Operator;

Output

Capacity development of parties involved in activities related to the Routes of Sepharad

Output indicator(s)	Baseline	Target	Source of Verification
No. of courses and training activities carried out under the programme.	0	7	• Reports provided by the Programme Operator;

Output

Signposting of the Route of Sepharad and Jewish cultural heritage on this route

Output indicator(s)	Baseline	Target	Source of Verification
No. of municipalities with signposts of the Route.	0	27	• Reports provided by the Programme Operator

Output

Providing access to restored, renovated and protected Jewish cultural heritage and raising people's awareness about it

Output indicator(s)	Baseline	Target	Source of Verification
No. of people gaining access to restored, renovated and protected Jewish cultural heritage	0	100000	• Reports provided by the Programme Operator

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) The National Focal Point shall ensure that the Programme Operator ensures that Article 7.16 of the Regulation, as well as national and European Union law on public procurement are complied with at any level in the implementation of the programme and the projects. The National Focal Point shall, by way of the Programme Implementation Agreement, ensure that the Programme Operator maintains written records of all assessments concerning the organization of procurement procedures and compliance with procurement rules, and provides such records to the FMC upon request. The approval of the Programme by the FMC does not imply a positive assessment of such compliance.
- 3) Bilateral, outcome and output indicators shall be reported on in the annual report.
- 4) The National Focal Point shall ensure that the Programme Operator ensures that the Programme shall pay attention to activities fostering tolerance and anti-discrimination and that funding towards the multicultural heritage of Portugal, cultural diversity and intercultural dialogue will be reported on inter alia in the annual and final programme reports.
- 5) The National Focal Point shall ensure that the Programme Operator develops and coordinates the communication plan with the National Focal Point and the Norwegian Embassy in Lisbon. The purpose of coordinating with the Norwegian Embassy is to seek synergies with communication activities of the Embassy in order to raise the project's visibility.

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.

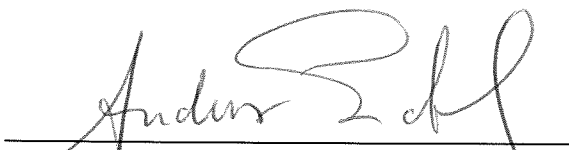
This programme agreement is drawn up in two originals in the English language.

For the FMC

For the National Focal Point

Signed in Oslo on 9.12.2013

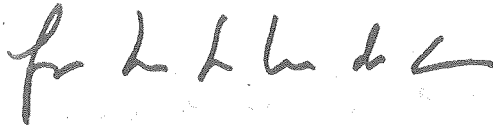
Signed in Lisbon on 9.01.2014



Anders Erdal
FMC Chairman



Jorge Moreira da Silva
Minister for Environment, Spatial Planning and Energy



8. Programme proposal version

Any reference to the Programme proposal in this Programme Agreement shall be interpreted as a reference to the version signed by the Programme Operator on January 31st of 2013 and shall include all subsequent correspondence and communication between the Donors, the Financial Mechanism Office, the National Focal Point and the Programme Operator.

9. Miscellaneous

The State Secretariat for Culture was designated as Programme Operator in the Memorandum of Understanding concluded between the Financial Mechanism Committee and Portugal on 30 March 2012. The Programme proposal was developed and drafted by the Regional Directorate of Culture of the Center in Portugal, which was designated Programme Operator after the signing of Memorandum of Understanding. During the appraisal process, the National Focal Point, by letter dated 29 May 2013, informed the change to the designated Programme Operator to the Regional Directorate of Culture of the Center in Portugal. This Programme Agreement constitutes approval of this change on the part of the Financial Mechanism Committee. The Programme Operator is the Regional Directorate for Culture of the Center in Portugal and the National Focal Point warrants that the Programme Operator is committed to implement the Programme in accordance with the Legal Framework governing the EEA Financial Mechanism 2009-2014 and this Programme.

5. Additional mechanisms within the programme

5.1 Funds for bilateral relations:

The Programme Operator shall set aside a minimum of 1.5% of the total eligible expenditure of the Programme for a fund for bilateral relations.

The bilateral fund will be used for the search of Donor Project Partner(s) and for activities related to the development of the project (measure a) and networking activities and exchange of experience (measure b). The details of this plan shall be further developed by the Programme Operator and submitted to the FMO for its approval.

5.2 Complementary action:

The Programme Operator shall set aside at least €13,294 for complementary action under this Programme. The plan for this action shall be further defined by the Programme Operator in accordance with Article 7.11 of the Regulation. Funds for complementary actions shall inter alia facilitate the participation of relevant stakeholders in the area of Jewish cultural heritage in events, seminars and activities agreed with the FMO.

5.3 Reserve for exchange rate losses:

Not applicable.

5.4 Small Grant Schemes:

Not applicable.

6. Pre-defined projects

Title: "Routes of Sepharad – Enhancement of the Portuguese identity in intercultural dialogue"

Project Promoter: The Network of Jewish Quarters – Routes of Sepharad in Portugal

Donor Project Partners: At least one Donor Project Partner shall be involved in this project.

Estimated total eligible cost: €5,041,176

Grant rate: 85%

Maximum contribution from the Programme: €4,285,000.

The project aims to safeguard and conserve Jewish Sephardic cultural heritage on the Route of Sepharad in Portugal and increase people's access to this heritage. In accordance with Article 5.4.2 of the Regulation the Programme Operator shall take into account any economic benefit, e.g. cost savings or increased profit, which is a result from receiving a financial contribution. Economic benefits shall be used in a manner which supports the objectives of the project.

The project will:

- Stimulate and promote the restoration and conservation of significant Jewish cultural heritage and safeguard it for future generations in the areas identified in the programme proposal;
- Actively promote strategies and policies to increase public awareness about this heritage and people's access to it;
- Support the emergence of stronger networks encouraging synergies between organisations and entities working in the areas of cultural heritage, tourism and economic development to foster sustainable developments in this area;
- Promote a better understanding of cultural diversity, stimulate intercultural dialogue and contribute to a greater mutual understanding between communities;
- Contribute to economic development and job creation in the areas where support is provided.

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.

The Project Promoter has the possibility to request an advance payment not exceeding 20% of the total grant amount, depending on liquidity needs. An advance payment is disbursed within 15 working days after the project contract is signed.

Interim payments shall be made to the Project Promoter based on approved payment claims. The sum of the advance and interim payments may not exceed 90% of the total project grant at any time during the project. The payment of the final balance will be disbursed after the approval of the final report.

The Programme Operator shall ensure that payments to the Project Promoter are done in a timely manner.

The deadlines for submitting and assessing interim financial reports (expense claims) will be set in the project contract. The Project Promoter will report to the Programme Operator on incurred expenditures, actual progress and disbursement forecast through the interim reports as per the terms of the project contract.

The payment flows procedure will be further outlined in the description of the Programme management and control systems according to article 4.8.2 of the Regulation.

4.2 Verification of payment claims:

Payment claims are submitted by the Project Promoter to the Programme Operator in line with the terms of the project contract. Verification and approval of payment claims will be performed by the Programme Operator through desk checks of the payment claims.

Supporting documents to verify incurred expenditure are submitted according to the Programme Management and Control System specifications. The Programme Operator shall verify the expenditure declared by the Project Promoter by performing desk checks of the supporting documents selected for submission based on risk assessment and/or using random samples.

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 the Project Promoter or a project partner whose primary location is in a Donor State or a Beneficiary State.

The 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:

The Project Promoter shall submit interim project progress report(s) on project implementation and one final report following project completion. The timing and the frequency of the submission of interim project progress report(s) shall be specified in the project contract.

The Programme Operator shall conduct continuing monitoring of the pre-defined project. The project will be monitored through project reports, reviews and project visits (on-site visits) based on the annual monitoring plan.

The aim of the interim project progress reports, project reviews and on-site visits is to make sure that the project is implemented in accordance with the requirements of the Regulation and the project contract, to verify procurement procedures and the cost efficiency of incurred expenditure, to assess the achievement of objectives and indicators, and the impact of the results of the project.

On-site visits on an ad-hoc basis may 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 may also be organised for other reasons.

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.

Annex II - Operational Rules

1. Eligibility

1.1 Eligible measures (sub-measures if any):

The Programme Operator is the Regional Directorate of Culture of the Center in Portugal.

The Programme shall support the safeguarding and conserving of Jewish Sephardic cultural heritage on the Route of Sepharad in Portugal and it supports activities aimed at increasing people's access to this heritage. In accordance with Article 5.4.2 of the Regulation the Programme Operator shall take into account any economic benefit, e.g. cost savings or increased profit, which is a result from receiving a financial contribution. Economic benefits shall be used in a manner which supports the objectives of the project.

The Programme shall be implemented by way of one pre-defined project "Routes of Sepharad – Enhancement of the Portuguese identity in intercultural dialogue".

1.2 Eligible applicants:

Not applicable.

1.3 Special rules on eligibility of costs:

Costs are eligible in accordance with Chapter 7 of the Regulation, with the following exceptions:

- a) By way of exception from Article 7.3.1(c) of the Regulation, the entire purchase price of new equipment will be eligible in the pre-defined project where the equipment is an integral and necessary component for the implementation of the project and is essential for achieving the outcome of the project.
- b) In-kind contributions are not eligible.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

Not applicable.

2.2 Project grant rate:

The project grant rate is 85%.

3. Selection of projects

3.1 Selection procedures:

Not applicable.

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

Not applicable.

3.3 Selection criteria:

Not applicable.

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

4.1 Payment flows:

Payment flows towards the Project Promoter will take the form of advance payments, interim payments and payments of the final balance.

3. Eligibility of costs

3.1 Eligibility of costs - period

Eligibility of costs (excluding prog prep costs): 17/06/2013-30/04/2017

Eligibility of programme proposal preparation costs: 30/03/2012-16/06/2013

3.2 Grant rate and co-financing

Programme estimated total cost (€)	€4,705,882
Programme estimated eligible cost (€)	€4,705,882
Programme grant rate (%)	85.0000%
Maximum amount of Programme grant (€)	€4,000,000

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

Budget heading	Eligible expenditure	Advance payment*
Programme management	€335,000	€30,000
Cultural heritage restored, renovated and protected	€4,285,000	€320,500
Fund for bilateral relations	€70,588	€3,000
Complementary action	€13,294	€1,500
Preparation of programme proposal	€2,000	€1,000
Reserve for exchange rate losses	€0	€0
Total	€4,705,882	€356,000

* The advance payment is composed of €302,600 in grant amount and €53,400 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	€28,475

3.5 Small Grant Scheme

Not applicable

- 6) The National Focal Point shall ensure that the Programme Operator ensures that any residual or extracted material from project activities is reused, recycled, treated and/or deposited in an environmentally sound manner.
- 7) The National Focal Point shall ensure that the Programme Operator ensures that the Project Promoter:
- Keeps 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;
 - Keeps any buildings purchased, constructed, renovated or reconstructed under the project properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and
 - Sets aside appropriate resources for the maintenance of any buildings purchased, constructed, renovated or reconstructed under the project for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract.
- 8) The National Focal Point shall ensure that the Programme Operator ensures that the Project Promoter who has, 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):
- Keeps the excepted equipment in their ownership for a period of at least five 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;
 - Keeps 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
 - Sets 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. The National Focal Point shall furthermore ensure that the Programme Operator keeps a list of the excepted equipment for each project.
- 9) The National Focal Point shall ensure that the Programme Operator ensures that the pre-defined project "Routes of Sepharad – Enhancement of the Portuguese identity in intercultural dialogue" under this Programme is appraised by an external and independent entity in order to verify its quality and contribution to the objectives of the Programme as well as its compliance with EU and national legislation. This appraisal shall be carried out by an entity impartial to and independent of the Programme Operator, prior to the signing of a project contract.
- 10) 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 after the approval of the pre-defined project by the FMC.
- 11) Any payments to the pre-defined project "Routes of Sepharad – Enhancement of the Portuguese identity in intercultural dialogue" shall not take place before the FMC has received and approved the detailed project plan and assessment of the pre-defined project, including inter alia indicators and the budget, and has suggested the maximum grant to the project. This plan shall include details of the plan to involve at least one Donor Project Partner in the project. The plan shall also contain a description of the Programme Operator's actions to mitigate risks in relation to procurement and the financial management of the project. The detailed project plan and assessment of the pre-defined project shall be submitted to the FMC no later than two months from the signature of the Programme Implementation Agreement, but no later than 1 November 2013.

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.