

EEA Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Financial Mechanism Committee  
established by Iceland, Liechtenstein and Norway

and

The Government Office of the Slovak Republic,  
hereinafter referred to as the "National Focal Point",  
representing Slovakia ,  
hereinafter referred to as the "Beneficiary State"

together hereinafter referred to as the "Parties"

for the financing of the Programme "Adapation to Climate Change - Flood and Drought Prevention "

hereinafter referred to as the "Programme"

## Chapter 1

### Scope, Legal Framework, and Definitions

#### Article 1.1

##### Scope

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

#### Article 1.2

##### Legal Framework

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

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

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

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

#### Article 1.3

##### Definitions

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

## Article 1.4

### Annexes and hierarchy of documents

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

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

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

## Chapter 2

### The Programme

#### Article 2.1

##### Co-operation

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

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

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

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

## Article 2.2

### Main responsibilities of the Parties

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

a. comply with its obligations stipulated in the Regulation and this programme agreement;

b. ensure that the Certifying Authority, the Audit Authority, the Monitoring Committee and the Programme Operator properly perform the tasks assigned to them in the Regulation, this programme agreement and the programme implementation agreement;

c. take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;

d. take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;

e. make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

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

## Article 2.3

### Objective and outcomes of the Programme

1. The programme decision sets out the objective, outcome(s), outputs, indicators and targets for the Programme.

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

## Article 2.4

### Programme grant

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

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

3. The financial plan shall:

a. contain a breakdown between the Programme's budget headings using the description put forward in the template for the programme proposal;

b. indicate the agreed advance payment, if any.

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

## Article 2.5

### Special conditions and programme specific rules

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

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

## Article 2.6

### Programme implementation agreement

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

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

## Article 2.7

### Reporting

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

Article 2.8

External monitoring

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

Article 2.9

Modification of the Programme

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

Article 2.10

Communication

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

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

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

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

Article 2.11

Contact information

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

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

Financial Mechanism Office

Att: Director

EFTA Secretariat

Rue Joseph II, 12-16

1000 Brussels

Telephone: +32 (0)2 286 1701

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

E-mail: fmo@efta.int

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

Article 2.12

Representations and Warranties

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

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

## Chapter 3 Projects

### Article 3.1 Selection of projects

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

### Article 3.2 Project contract

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

### Article 3.3 Project partners and partnership agreements

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

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

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

### Article 3.4 Reallocation of funds

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

## Chapter 4 Finance

### Article 4.1 Eligible expenditures

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

## Article 4.5

## Irregularities, suspension and reimbursements

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

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

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

## Chapter 5

## Final provisions

## Article 4.2

## Proof of expenditure

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

## Article 4.3

## Payments

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

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

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

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

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

## Article 4.4

## Transparency and availability of documents

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

## Article 5.1

## Dispute settlement

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

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

## Article 5.2

## Termination

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

a. a general suspension decision according to Article 12.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 12.1 of the Regulation has not been lifted within 6 months of such a decision;

b. a suspension of payments according to Article 12.1 of the Regulation, other than under paragraph 1(h), has not been lifted within one year of such a decision;

c. a request for reimbursement according to Article 12.2 of the Regulation has not been complied with within one year from such a decision;

d. the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or

e. the Programme Operator has, in the opinion of the FMC, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

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

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

Article 5.3  
Waiver of responsibility

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

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

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

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

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

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

Article 5.4  
Entry into force and duration

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

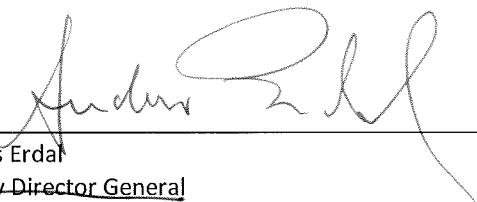
2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.

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

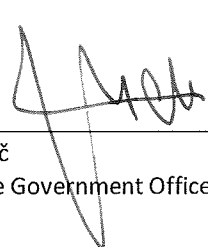
For the FMC

Signed in Bratislava on 6.XI.2012

  
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Anders Erdal  
Deputy Director General  
Chairman, FMC

For the National Focal Point

Signed in Bratislava on 6.XI.2012

  
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Igor Federič  
Head of the Government Office

## Annex I - Programme Decision

### 1. Expected Outcomes & Indicators for Outputs

**Expected Outcome(s):** Developed strategies and measures for adapting to a changing climate

#### Output

Elaboration of projects for adaptation measures in 4 chosen regions and at schools in 79 districts as an output of the planning process and identification of adaptation measures on the basis of partnership and cooperation of involved stakeholders.

Output indicator(s)	Baseline	Target	Source of Verification
Number of elaborated project documentations of adaptation measures fulfilling the criteria of the ACC programme.	0	83	Elaborated project represents a project documentation proposing the adaptation measures in two chosen region (Zemplín and Upper Nitra), two cities and at the campus of a school (Blue schools). Project documentation contains text, graphics and blueprints. Project documentation contains analytical and projection part including localization of proposed measures and description of their technological and material part. Project documentation will contain report and assessment of items, objects and works, as well as structured budget, which are a proper foundation for public procurement for selection of work contractor/constructor (if necessary). Project documentation is an output of planning and consensus of involved participants (including owners and managers of estates), representatives of municipalities. The project documentation should serve for obtaining legal permits from particular offices (building, environmental). The project documentation is true, important and verifiable indicator of the ACC programme implementation progress. One component of the complete project documentation will be post-realization control of the true state of the measures within single projects of the ACC programme.



**Output**

Involvement of lay public into processes of project preparation and realization. Exploitation of the project results

<b>Output indicator(s)</b>	<b>Baseline</b>	<b>Target</b>	<b>Source of Verification</b>
Number of communities (cities, city suburbs villages) involved in the project realization in 4 regions	0	100	The lay public will be involved into projects through lectures, presentations, meetings, conferences, seminars and workshops. These persons will acquire better knowledge to assess risks and vulnerability of the environment to climate change. It is expected that in each region at least five communities will be involved in project preparation and implementation of regional projects. Every school within the Blue Schools package represents at least one community. Pupils, parents and citizens will be informed in detail about the intentions and aims of the projects. Number of participating communities is measurable and verifiable.

**Output**

Involvement of experts into the processes of project preparation, realization and evaluation.

<b>Output indicator(s)</b>	<b>Baseline</b>	<b>Target</b>	<b>Source of Verification</b>
Number of national and foreign institutions involved in the project in 4 regions.	0	50	Many experts and administrators will be involved during different phases of project preparation and realization (analysis, proposal of the measures, preparation of the project documentation, inspection), as well as in the post-realization measurement, operation and monitoring of the constructed measures and constructions. It is expected that observers, planners, building inspections, constructors, environmentalists, representatives of public health, forestry, water management and scientists will be involved in each project. It can be expected that international cooperation will be developed with experts from several countries including Donor States.

**Expected Outcome(s):** Increased capacity to assess vulnerability to climate change

**Output**

Increased retention capacity of the catchment, landscape, and school campuses is a decisive factor for restoration of landscape ecosystem functions and a main tool for adaptation (landscape structure) to climate change.

<b>Output indicator(s)</b>	<b>Baseline</b>	<b>Target</b>	<b>Source of Verification</b>
Volume of created water retention measures, systems and structures in the landscape and in school campuses for cyclic slowing down or storage of rainwater as well as for purifying used rainwater and communal grey water (mill m3). (cities, city suburbs villages) involved in the project realization in 4 regions	0	2	Creation of physical structures in the landscape and technological solutions in municipalities (including the school campuses) represents the most critical and the most effective measures in the area of adaptation to climate change. Retaining the rainwater in the landscape increases seepage into the soil and makes it more available during dry periods. This improves evaporation through the vegetation, increases vitality of ecosystems and restoration of climatic functions of the vegetation. Realization of water retention in the landscape decreases water erosion of soil and represents prevention against desertification. The volume of realized measures is measurable and verifiable, from the project documentation as well as from the post-implementation measurement of completed objects and during physical control in the field.

**Output**

Realization of concrete water retention and revitalisation measures within single projects in landscape, municipalities and school campuses.

<b>Output indicator(s)</b>	<b>Baseline</b>	<b>Target</b>	<b>Source of Verification</b>
Total number of completed individual measures, interventions, objects and constructions created within projects of the ACC programme.	0	50000	Numbers of individual measures, interventions, objects and constructions created within projects of the ACC programme during its realization (2012-2016) are verifiable through project documentation, pictures, physical controls in terrain, etc. The number of various objects indicates diversity of measures used (according to the catalogue of revitalization measures) and an innovative character of technologies used.

**Expected Outcome(s):** Increased awareness of and education in climate change adaptation

**Output**

Elaboration and promotion of the primary and secondary schools' curricula with respect to rainwater management and its relation to climate change

<b>Output indicator(s)</b>	<b>Baseline</b>	<b>Target</b>	<b>Source of Verification</b>
Number of elaborated curricula packages for primary and (separately for) secondary schools.	0	2	Thematic packages of school curricula will be elaborated for primary and secondary schools, respectively. Each of the packages will be available in electronic and printed form. Each package will contain records for at least ten standard school lessons, including theory and graphic parts, examples from the terrain, exercises, laboratory works as well as water related outdoors activities for pupils. School curricula will be available to teachers of all primary (more than 2200) and secondary schools (more than 720) which will make of knowledge about this particular topic accessible.

**Output**

Publicity of all information about ACC programme for broad public online

<b>Output indicator(s)</b>	<b>Baseline</b>	<b>Target</b>	<b>Source of Verification</b>
Number of original information outputs accessed online via Google during the time of programme realization (2012-2016)	0	500	Continuous publication of all relevant information about intents, aims, outcomes and outputs of the ACC programme on a webpage comes natural nowadays. Nevertheless, attendance of this information webpage will be an important indicator of the intensity of mutual communication of persons and communities involved in project implementation, exchange of information and spreading of knowledge.

**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 Focal Point shall, by way of the Programme Implementation Agreement or the legislative or administrative act replacing it, 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 indicators under section 1. above shall be reviewed and submitted to the FMC for approval prior to the first disbursement to the projects.
3. Bilateral indicators, output and outcome indicators shall be reported on in the annual Programme report.
4. The Cooperation Committee shall also include member(s) representing the relevant institution(s) in the Slovak Republic in charge of the policy area in question.

**2.2 Pre-eligibility**

Not applicable.

**2.3 Pre-payment**

Further detailed provisions regulating the bilateral fund, the criteria for awarding support from the fund, and any other relevant details will be developed by the Programme Operator and will be discussed in the Cooperation Committee. These details shall be submitted to the FMC for approval prior to the allocation and disbursement of these funds.

**2.4 Pre-completion**

Not applicable.

## 2.5 Post-completion

Not applicable.

## 2.6 Other

Not applicable.

## 3. Eligibility of costs

### 3.1 Eligibility of costs - period

Eligibility of costs (excluding prog prep costs): 21/09/2012-30/04/2017

Eligibility of programme proposal preparation costs: 16/11/2010-20/09/2012

### 3.2 Grant rate and co-financing

Programme estimated total cost (€)	€14,663,235
Programme estimated eligible cost (€)	€14,663,235
Programme grant rate (%)	85.0000%
Maximum amount of Programme grant (€)	€12,463,750

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

Budget heading	Eligible expenditure	Advance payment*
Programme management	€670,110	€167,528
Developed strategies and measures for adapting to a changing climate	€1,090,000	€218,000
Increased capacity to assess vulnerability to climate change	€9,899,890	€1,979,978
Increased awareness of and education in climate change adaptation	€2,723,235	€544,647
Fund for bilateral relations	€220,000	€66,000
Complementary action	€0	€0
Preparation of programme proposal	€60,000	€60,000
Reserve for exchange rate losses	€0	€0
<b>Total</b>	<b>€14,663,235</b>	<b>€3,036,153</b>

\* The advance payment is composed of €2,580,730 in grant amount and €455,423 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	€56,959

### 3.5 Small Grant Scheme

Outcome	Increased awareness of and education in climate change adaptation
Total Amount Reserved	€2,723,235
Grant Amount at Project Level	€25,000 – 40,000
Duration of the Project	3 – 15 months
Maximum Grant Rate at Project Level	100.00%

## Annex II - Operational Rules

### 1. Eligibility

#### 1.1 Eligible measures (sub-measures if any):

The Programme Operator is the Government Office of the Slovak Republic. The Donor Programme Partners (DPPs) are the Norwegian Directorate for Civil Protection and Emergency Planning and the Norwegian Water Resources and Energy Directorate. The Programme will focus on the implementation of strategies and measures that will enhance the resistance against floods and droughts in Slovakia. The Programme will also cater for increased expert capacity in relation to floods and droughts, and for increased public awareness.

The aim is to find economically efficient and environmentally sustainable adaptation measures through a variety of measures based on land-use change. Outputs include:

- Rainwater harvesting and anti-erosion structures.
- Various water retention and water recycling mechanisms.
- Rainwater retention and harvesting systems implemented at schools - green roofs, rain gardens, rainwater recycling and utilization schemes.

The Programme is to be implemented through calls for proposals, focusing on the following geographical and topic areas:

#### Measure 1: "Prosperous Zemplin"

This measure will present solutions for an agricultural region liable to frequent weather extremes, re-occurring floods, extreme droughts, high increase in temperature, eutrophication and aging of water in water reservoirs.

Total amount: €3,700,000.

#### Measure 2: "Upper Nitra Water for its People"

This measure is meant to represent solutions for a region influenced by heavy industry and declining thermal/mineral water supplies which threatens its spa industry.

Total amount: €3,200,000.

#### Measure 3: "Healthy Cities"

This measure will present solutions for cities influenced by decreased moisture content in the air due to urbanization and altered microclimate.

Total amount: €4,000,000.

#### Measure 4: "Blue Schools" (Small Grant Scheme)

The Small Grant Scheme will focus on increased education and awareness of water related challenges and solutions.

Total amount: €2,723,235.

#### 1.2 Eligible applicants:

The rules on eligibility of applicants are set in Article 6.2 of the Regulation. The following specifications apply:

#### Measures 1 and 2:

- Partnerships of self-administrations - towns and communities, relevant state agencies managing rivers and river basins. The partnership will mandate one entity with sufficient capacity for the preparation and implementation of the project.

#### Measure 3:

- Cities or city-districts with more than 20,000 inhabitants and a municipal area of at least 300 hectares.

#### Measure 4:

- Elementary and secondary schools.

Legal entities or organisations whose employees or members have advised or assisted the Programme Operator in preparing the

Programme proposal shall not be eligible.

### *1.3 Special rules on eligibility of costs:*

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

## **2. Financial parameters**

### *2.1 Minimum and maximum grant amount per project:*

Measures 1 and 2:

The minimum amount of grant assistance applied for is € 1,000,000; the maximum amount is not set.

Measure 3:

The minimum amount of grant assistance applied for is € 1,000,000; the maximum amount is not set.

Measure 4 (Small Grant Scheme):

The minimum amount of grant assistance applied for is € 25,000; the maximum amount is € 40,000.

### *2.2 Project grant rate:*

Measures 1, 2, and 3:

Grants from the programme will not exceed 85% of total eligible project costs. The remaining costs of the project shall be provided or obtained by the Project Promoter.

Measure 4:

Grants from the programme will cover 100% of total eligible project costs. None of the costs of the project shall be provided or obtained by the Project Promoter.

## **3. Selection of projects**

### *3.1 Selection procedures:*

The selection procedures shall be in accordance with Article 6.5 of the Regulation.

The review and ranking of the applications in accordance with Articles 6.5.2 - 6.5.4 of the Regulation shall be carried out by independent and impartial experts appointed by the Programme Operator, who may not be members of the Selection Committee.

Modifications of submitted applications shall be limited to obvious and clerical errors.

The Selection Committee shall be established in line with Article 6.4 of the Regulation and act in accordance with Article 6.5.5 of the Regulation. None of the independent and impartial experts scoring the applications may be members of the Selection Committee.

The Cooperation Committee shall also include member(s) representing the relevant institution(s) in the Slovak Republic in charge of the policy area in question.

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

Measures 1, 2, and 3:

There shall be one call for applications. The call shall be launched no later than in the first quarter of 2013 and make available the entire re-granting amount. The call shall be open at least for 3 months.

Measure 4:

There shall be one call for applications. The call shall be launched no later than in the first quarter of 2013 and make available the entire re-granting amount. The call shall be open at least for 2 months.

### *3.3 Selection criteria:*

The following selection criteria will be taken into account:

Measure 1:

- Designs, localisation of measures;
- Water harvesting technology aimed to provide additional water for the reservoir;
- Priorities with respect to the utilisation of EEA FM funds;
- Plan for the implementation of the measures necessary for the achievement of the project goals and for local and regional economy recovery in harmony with protection and revival of the nature as well as cultural heritage of the region;
- Elaboration of the Sustainable Development Programme of Zemplin Region.

Measure 2:

- Designs, localisation of measures;
- Rainwater harvesting/containment technologies aimed to replenish aquifers which eventually contribute to thermal/mineral sources;
- Priorities with respect to the utilisation of EEA FM funds;
- Plan for the implementation of the measures necessary for the achievement of the project goals and for local and regional economy recovery in harmony with protection and revival of the nature as well as cultural heritage of the region;
- Elaboration of the Sustainable Development Programme of Upper Nitra Region.

Measure 3:

- Designs, localisation of measures;
- rainwater harvesting and evaporation technologies;
- Plan for the implementation of the measures proposed.

Measure 4:

- Plans for the utilisation of rainwater at schools;
- Designs
- Rainwater harvesting/recycling/evaporation technologies and the implementation of the proposed eco-innovations.

The aim is to implement one Blue School in each of the 79 districts of Slovakia to spread the eco-innovation education within the whole territory of Slovakia.

General selection criteria for all projects include:

Relevance and importance of the project:

- a) Reasoning on project demand;
- b) Analysis of opportunities;
- c) Project added-value.

Project logical framework and design:

- a) Project's objective, outcome, outputs and inputs;
- b) Explanation of project implementation plan;
- c) Project's influence to achieving overall objectives of the EEA FM.

Project budget and cost effectiveness:

- a) Necessity and validity of costs;
- b) Adequacy of project activities and estimated costs (budget).

Project management:

- a) Administrative capabilities;
- b) Management structure including partnership;
- c) Project continuity;
- d) Risks and risk mitigation plan.

The final selection criteria will be further elaborated and discussed in the Cooperation Committee, and will be included in the text of the call for proposals.



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

### 4.1 Payment flows

The Programme Operator shall open two separate bank accounts, one for the receipt and payments of funds for management costs and bilateral funds, the second for the receipt and payments of funds allocated to re-granting.

Payments towards the projects will be in the form of advance instalments, of up to 90% of the total awarded grant amount, and in the form of reimbursements of incurred expenditure to be paid after the approval of a final report.

The first advance instalment shall be paid following the signing of the Project Agreements. Subsequent advance instalments shall be paid after the approval of Interim Project Reports.

Project Promoters shall be required to report on project financial progress and outputs in Interim Project Reports, and at the end of the project in a final report. The frequency of interim reporting to the Programme Operator shall be based on an agreed timetable, but no less than three times a year.

Advance instalments are offset against incurred expenditure reported in the Interim Project Reports. Project Promoters can receive any subsequent advance instalments only when 50% of all previously provided instalments have been reported as incurred in the Interim Project Reports.

The level of advance instalments to be provided to Project Promoters shall be linked to the duration of the Project implementation periods according to the table below:

Project Implementation Duration	First Advance Payment	Second Advance Payment	Third Advance Payment	Forth Advance Payment	Final Payment (reimbursement)
< 12 months	80%	10%	-	-	10%
12 – 18 months	40%	20%	20%	10%	10%
18 – more	25%	25%	25%	15%	10%

In duly justified cases a Project Promoter may receive exceptional payments as advance instalments or as reimbursement of incurred expenditure, provided that the Programme Operator has sufficient capacity to provide it.

Payments shall be transferred to Project Promoters no later than three months from the submission of an interim payment claim (Interim Project Report) and no later than one month after its approval by the Programme Operator.

### 4.2 Verification of payment claims

Verification and approval of Interim Project Reports is conducted by the Programme Operator and will be based on information on incurred expenditure, financial status and project progress contained in the Interim Reports, and on additional information to be submitted together with the reports.

As part of payment claim verification, the Programme Operator may carry out on-the-spot checks to account for reported incurred expenditure in Projects.

The procedure for verification of payment claims, periodicity of reporting periods, and deadlines for reporting will further be outlined in the description of the Programme's management and control systems according to article 4.8.2 of the Regulation.

### 4.3 Monitoring and reporting

Project Promoters shall be required to report on project financial progress and outputs in interim reports, and at the end of the project in a final report. The frequency of interim reporting to the Programme Operator shall be based on an agreed timetable, but no less than three times a year.

The Programme Operator will carry out on-going monitoring and review of the projects.

Monitoring will be carried out in order to ensure that agreed procedures are observed, to verify the progress, to identify potential problems in time and to be able to adopt the adequate corrective measures.

The monitoring will rely on the following inputs:

- Project application
- Detailed Appraisal Report
- Information provided by the applicant in the process of project approval
- Interim Project Reports
- On-the-spot checks
- Questionnaires, interviews with Project Promoters and project partners
- Information from the relevant stakeholders active in the respective region/field

Projects will be identified for monitoring on the basis of the following criteria:

- Each project with total eligible expenses exceeding €1,000,000 must be monitored at least once a year.
- Projects with allocation less than €1,000,000 must be monitored at least once during the project implementation and not later than 6 months before the planned completion of the project.
- Projects with allocation less than €250,000 shall be selected according to the methodology applicable to reviews.

Project reviews will assess whether projects are progressing according to plan, and will focus on the operational aspects of the project, its progress and results. Reviews will be carried out by ways of administrative verification (IPRs) and on-the-spot checks.

Projects are selected for review on the basis of the following criteria:

- Amount of the project grant
- Percentage of co-financing of the Promoter
- Percentage of spending
- Legal status of the Project Promoter
- Identified irregularities
- Compliance with project schedule
- Results of previous controls

On the spot monitoring can also be conducted on an ad-hoc basis when considered necessary.

The Programme Operator shall be responsible for monitoring and ensuring the punctual transfer of payments as well as the recovering of undue payments.

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

## 5. Additional mechanisms within the programme

### 5.1 Funds for bilateral relations

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

Funding from the fund for bilateral relations shall be set aside (during the Programme period) for activities that are organised by the Programme Operator and contribute to the objective(s) of the Programme with the primary aim of strengthening co-operation between the Programme Operators and similar entities within the Slovak Republic and the Donor States, and exchanging experiences and best practices related to the implementation of the Programme. Eligible activities shall include the participation of relevant stakeholders in events, seminars and / or activities organized by other Programme Operators in Hungary, Bulgaria and Portugal, and agreed with the FMC. Eligible costs are defined in Article 7.7 of the Regulation.

Otherwise, the following two measures will be supported from the fund:

Measure A: up to 20% of the fund for bilateral relations will be used for measure A:

- Search for project partners in Donor States prior to or during the preparation of a project application;
- Development of project ideas and preparation of project applications for donor partnership projects.

Measure B: up to 80% of the fund for bilateral relations will be used for measure B:

- Networking, exchange, sharing and transfer of knowledge, technology, experience and best practice between the Project Promoters and entities in Donor States.

Eligible applicants under measure A:

- a) potential Project Promoters;
- b) potential Donor Project Partners
- c) Programme Operator
- d) Donor Programme Partners

Eligible applicants under measure B:

- a) Programme Operator;
- b) Donor Programme Partners if they are involved in activities initiated by Project Promoters and / or Donor Project

Partners;

- c) Project Promoters;
- d) Donor Project Partners.

Categories of eligible expenditures under the bilateral fund:

Measures A and B:

- fees and travel expenses to attend conferences, seminars, meetings and workshops;
- costs of conferences, seminars, meetings and workshops;
- study trips;
- travel and labour costs for visits by experts;
- external consultancy.

Measure A only:

- preparation of feasibility studies and financial and economic analysis for bilateral cooperation and project partnerships within Donor Partnership project applications;
- purchase of data necessary for preparation of application for Donor Partnership project applications.

Applications will be handled on the basis of the FIFO system (first in first out) and will be subject to results based management (RMB).

The maximum grant rate is 100% of eligible costs.

The maximum grant amount is determined by actually incurred eligible costs (if the incurred costs are below the limits specified for the given cost category) or by the limits laid down by the special provisions (if the incurred costs are above limits for the given cost category).

The reimbursement of incurred costs is limited and subject to the:

- a) results of the application evaluation process;
- b) availability of resources within the Bilateral fund;
- c) results achieved (RBM).

Further detailed provisions regulating the bilateral fund, the criteria for awarding support from the fund, and any other relevant details will be developed by the Programme Operator and will be discussed in the Cooperation Committee. The results will be published at [www.eegrants.sk](http://www.eegrants.sk) and [www.norwaygrants.sk](http://www.norwaygrants.sk).

## 5.2 *Complementary action*

Not applicable.

## 5.3 *Reserve for exchange rate losses*

Not applicable.

## 5.4 *Small Grant Schemes*

See information provided in the relevant sections of this Annex II.

## 6. Pre-defined projects

Not applicable.

## 7. Modification of the programme

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

## 8. Programme proposal version

Any reference to the Programme proposal in this Programme Agreement shall be interpreted as a reference to the version signed

by the PO on 2 March 2012 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**

Not applicable.