

Norwegian Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Norwegian Ministry of Foreign Affairs

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 "Green Industry Innovation "

hereinafter referred to as the "Programme"

## Chapter 1

### Scope, Legal Framework, and Definitions

#### Article 1.1

##### Scope

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

#### Article 1.2

##### Legal Framework

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

- a. the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the Agreement);
- b. the Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the "Regulation") issued by Norway in accordance with Article 8(8) of the Agreement;
- c. the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the "MoU"), entered into between the Kingdom of Norway and the Beneficiary State; and
- d. any guidelines adopted by the NMFA in accordance with the Regulation.

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

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

#### Article 1.3

##### Definitions

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

#### Article 1.4

##### Annexes and hierarchy of documents

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

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

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

## Chapter 2

### The Programme

#### Article 2.1

##### Co-operation

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

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

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

4. In executing this programme agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, 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 Norwegian Financial Mechanism 2009-2014 in the Beneficiary State and for the full and correct implementation of this programme agreement. In particular, the National Focal Point undertakes to:

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

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

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

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

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

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

## Article 2.3

### Objective and outcomes of the Programme

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

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

## Article 2.4

### Programme grant

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

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

3. The financial plan shall:

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

b. indicate the agreed advance payment, if any.

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

## Article 2.5

### Special conditions and programme specific rules

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

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

## Article 2.6

### Programme implementation agreement

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

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

## Article 2.7

### Reporting

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

Article 2.8

External monitoring

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

Article 2.9

Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the NMFA.

2. Modifications that do not affect the objective, outcomes, outputs, indicators or targets of the Programme are permitted without NMFA's prior approval provided that they are limited to the following:

a. cumulative transfers between budget headings related to outcomes of an amount less than 10 % of total eligible expenditure of the Programme or € 1,000,000, whichever is higher, and

b. changes of internal practices of the Programme Operator that are not stipulated in the programme agreement.

3. Programme specific exceptions from paragraphs 1 and 2, if any, are set in the operational rules.

4. Expenditures incurred in breach of this article are not eligible.

5. Should there be a doubt as to whether the proposed modifications require approval by the NMFA, the National Focal Point shall consult the NMFA before such modifications take effect.

6. Requests for modifications shall be submitted and assessed in accordance with Article 5.9 of the Regulation.

Article 2.10

Communication

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

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

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

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

Article 2.11

Contact information

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

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

Financial Mechanism Office

Att: Director

EFTA Secretariat

Rue Joseph II, 12-16

1000 Brussels

Telephone: +32 (0)2 286 1701

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

E-mail: fmo@efta.int

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

Article 2.12

Representations and Warranties

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

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

## Chapter 3 Projects

### Article 3.1 Selection of projects

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

### Article 3.2 Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.
2. . In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.
3. The content and form 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 Norway.
3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

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

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

### Article 3.4 Reallocation of funds

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

## Chapter 4 Finance

### Article 4.1 Eligible expenditures

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

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 NMFA of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 5.5 of the Regulation.

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

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

Chapter 5

Final provisions

Article 4.2

Proof of expenditure

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

Article 4.3

Payments

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

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

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

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

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

Article 4.4

Transparency and availability of documents

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

Article 5.1

Dispute settlement

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

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

Article 5.2

Termination

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

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

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

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

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

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

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

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

Article 5.3  
Waiver of responsibility

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

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

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

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

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

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

Article 5.4  
Entry into force and duration

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

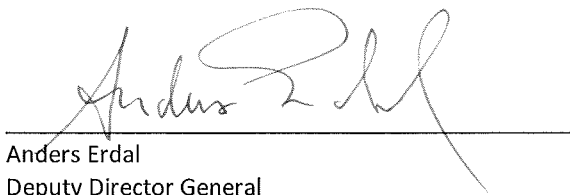
2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.

\*\*\*\*\*

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

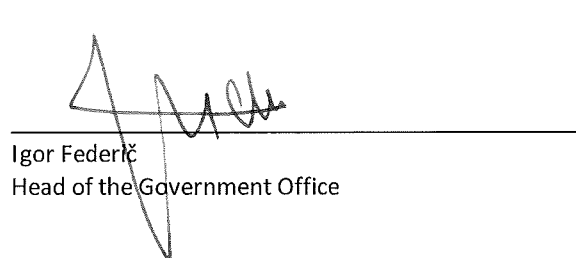
For the NMFA

Signed in Bratislava on 6.XI.2012

  
Anders Erdal  
Deputy Director General

For the National Focal Point

Signed in Bratislava on 6.XI.2012

  
Igor Federič  
Head of the Government Office

## Annex I - Programme Decision

### 1. Expected Outcomes & Indicators for Outputs

**Expected Outcome(s):** Increased green job creation and entrepreneurship

#### Output

Energy generation facilities using biomass installed

| Output indicator(s)   | Baseline | Target | Source of Verification  |
|---|----------|--------|---|
| Number of energy generation facilities using biomass established      | 0        | 5      | Project interim report, information from monitoring, technical documents: N/A |
| Installed capacity of energy generation facilities using biomass (MW) | 0        | 10     | Project interim report, information from monitoring, technical documents.     |

#### Output

Logistics centres created

| Output indicator(s)                     | Baseline | Target | Source of Verification  |
|---|----------|--------|---|
| Number of logistics centres established | 0        | 5      | Project interim report, information from monitoring, technical documents. N/A |

#### Output

Production of biomass supported

| Output indicator(s)  | Baseline | Target | Source of Verification  |
|--|----------|--------|---|
| Number of producers supported to increase agricultural biomass | 0        | 15     | Project interim report, information from monitoring, (The figure is calculated as 3 producers per 1 LC) |

#### Output

Knowledge from Norwegian experts transferred.

| Output indicator(s)   | Baseline | Target | Source of Verification  |
|---|----------|--------|---|
| Number of new technologies/new practises, including IT-systems, adopted in a beneficiary state, as a result of transfer of knowledge from a donor state partner | 0        | 5      | Project interim report, information from the monitoring (It is expected one Norwegian institution to be involved in each project) |

## 2. Conditions

### 2.1 General

- The 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 NMFA upon request. The approval of the Programme by the NMFA does not imply a positive assessment of such compliance.
- Bilateral, output and outcome indicators shall be reported on in the annual report.
- The National Focal Point shall ensure that the Programme Operator ensures that Project Promoters who have, in line with this Agreement, received an exception from the general rule in Article 7.3.1(c) of the Regulation with respect to any equipment (the excepted equipment):
  - Keep the excepted equipment in their ownership for a period of at least 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;



- Keep the excepted equipment properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and
- Set aside appropriate resources for the maintenance of the excepted equipment for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract; provided however that the Programme Operator may release any Project Promoter from the above obligations with respect to any specifically identified excepted equipment where the Programme Operator is satisfied that, having regard to all relevant circumstances, continued use of that equipment for the overall objectives of the project would serve no useful economic purpose.

The National Focal Point shall furthermore ensure that the Programme Operator keeps a list of the excepted equipment for each project.

## 2.2 Pre-eligibility

Not applicable.

## 2.3 Pre-payment

Not applicable.

## 2.4 Pre-completion

Not applicable.

## 2.5 Post-completion

Not applicable.

## 2.6 Other

Not applicable.

## 3. Eligibility of costs

### 3.1 Eligibility of costs - period

Eligibility of costs (excluding prog prep costs): 24/10/2012-30/04/2017

Eligibility of programme proposal preparation costs: 16/11/2010-23/10/2012

### 3.2 Grant rate and co-financing

|                                       |             |
|---------------------------------------|-------------|
| Programme estimated total cost (€)    | €17,209,412 |
| Programme estimated eligible cost (€) | €17,209,412 |
| Programme grant rate (%)              | 85.0000%    |
| Maximum amount of Programme grant (€) | €14,628,000 |

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

| Budget heading                                    | Eligible expenditure | Advance payment* |
|---|----------------------|------------------|
| Programme management                              | €728,187             | €197,048         |
| Increased green job creation and entrepreneurship | €16,064,757          | €0               |
| Fund for bilateral relations                      | €344,188             | €103,256         |
| Complementary action                              | €0                   | €0               |
| Preparation of programme proposal                 | €72,280              | €72,280          |
| Reserve for exchange rate losses                  | €0                   | €0               |
| Total   | €17,209,412          | €372,584         |

\* The advance payment is composed of €316,696 in grant amount and €55,888 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                 | €61,896 |

**3.5 Small Grant Scheme**

Not applicable

## Annex II - Operational Rules

### 1. Eligibility

#### 1.1 Eligible measures

The Programme Operator is the Government Office of the Slovak Republic.

The Donor Programme Partner (DPP) is Innovation Norway

The objective of the Programme is to increase competitiveness of green enterprises, including greening of existing industries, green innovation and green entrepreneurship.

The Programme will support the following:

- Agricultural production and collection of biomass
- Investment in logistics centers for storage and processing of biomass
- Investment in technology for energy generation from biomass

#### 1.2 Eligible applicants:

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

Eligible applicants are small and medium-sized enterprises established in Slovakia

Partnerships with Norwegian entities shall be eligible for support from the Programme in accordance with Article 1.5.w of the Regulation, provided they are concluded in accordance with the applicable procurement rules, in particular article 7.16 of the Regulation, and observe the applicable state aid rules.

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

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

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

### 2. Financial parameters

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

The minimum amount of grant assistance applied for is €1,000,000; the maximum amount is €5,000,000.

#### 2.2 Project grant rate:

Grants from the Programme will not exceed 80% of total eligible project costs. The remaining costs of the project shall be provided or obtained by the Project Promoter. The project grant rate will be determined in accordance with Article 5.4.2 of the Regulation, with particular regard to any economic benefits and compliance with the applicable State Aid rules.

### 3. Selection of projects

#### 3.1 Selection procedures:

The selection procedures shall be in compliance 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 DPP shall be invited to participate in the meetings of the Selection Committee in an advisory capacity.

#### 3.2 Open calls and availability of funds:

There shall be one open call for applications covering the total re-granting amount of €16,064,757. The call shall be launched no later than in the first quarter of 2013. The call shall be open at least for 2 months.

In case of an insufficient number of applications, insufficient value, or insufficient quality of the applications submitted in the

planned first call, the Programme Operator may launch a second call for applications covering any unallocated funds. The second shall be launched no later than in the third quarter of 2013. The call shall be open at least for 2 months.

### 3.3 Selection criteria:

The following selection criteria will be taken into account:

| Criterion  | Points       |
|--|--------------|
| Number of jobs created   | 0-10         |
| Annual volume of biomass distributed by the logistics centre   | 0-10         |
| Investment costs on job created (Euros/man-years)  | 0-10         |
| Investment costs on annual volume of energy produced using biomass   | 0-10         |
| Number of R&D results applied at the market in the project   | 0-10         |
| The impact of existing facilities using biomass in the perimeter of 50 km  | 0-10         |
| Added value of the Logistic Centre (pelletizing, briquettes, other activities of the centre)   | 0-10         |
| The environmental impact of the project  | 0-10         |
| Localisation of the Project in terms of the impact of the project on other similar facilities, in terms of food-fuel biomass conflict and in terms of using the agriculturally unused land | 0-20         |
| Regions of Banská Bystrica, Košice and Prešov  | add 5        |
| Project sustainability   | 0-10         |
| Project financial stability  | 0-10         |
| Assessment of whether the budget is realistic  | 0-10         |
| Number of contracted suppliers   | 0-3          |
| Number of contracted customers   | 0-3          |
| Number of project partners   | 0-3          |
| Partnership agreement with Norwegian partner concluded   | 0-10         |
| <b>Total</b>   | <b>0-154</b> |

The final selection criteria 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 40% 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 Project Interim 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 Project Interim Reports. Project Promoters can receive any subsequent advance instalments only when 50% of all previously provided instalments have been reported as incurred in the Project Interim 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 – 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.

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 the 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

The Programme Operator will carry out ongoing monitoring and review of the projects.

Monitoring will be carried out in order to ensure that agreed proceedings are observed, to verify the progress of the projects, 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

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.

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:

- Information from the relevant stakeholders active in the respective region/field
- 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

Monitoring and review reports will be published in the Information Database at [www.eeagrants.sk/industry](http://www.eeagrants.sk/industry) and [www.norwaygrants.sk/industry](http://www.norwaygrants.sk/industry).

Further details regarding the monitoring plan and the review activities for each year of the Programme implementation are provided in Annex III to the Programme Proposal.

## 5. Additional mechanisms within the programme

### 5.1 Fund for bilateral relations

2% of the eligible expenditure of the Programme is assigned to the bilateral fund at Programme level.

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 cooperation between the Programme Operators and similar entities within the Slovak Republic and Norway, and exchanging experiences and best practices related to the implementation of the Programme. Eligible activities shall include the Programme Operator's and other relevant stakeholders' participation in meetings and workshops organised by the Programme Operator or other Programme Operators, or in other events or meetings agreed with the NMFA. Eligible costs are defined in Article 7.7 of the Regulation.

Otherwise, the following two measures will be supported:

Measure A: 30% of the bilateral fund shall be used for activities and initiatives including the search for project partners in Norway prior to or during the preparation of a project application, the development of partnerships, and the preparation of project applications for a donor partnership project.

Measure B: 70% of the bilateral fund shall be used for activities and initiatives including networking, exchange, sharing, and transfer of knowledge, technology, experience and best practices between the Project Promoters and entities in Norway.

Eligible applicants for funding under measure A are:

- potential Project Promoters; and
- potential Donor Project Partners.

Eligible applicants for funding under measure B are:

- Project Promoters; and
- Donor Project Partners.

The Programme Operator and/or the DPP may also use the bilateral fund to arrange conferences and study trips.

The following activities are eligible for funding from the bilateral fund:

- fees and travel expenses to attend conferences, seminars, meetings and workshops (measures A and B);
- costs of conferences, seminars, meetings and workshops (measures A and B);
- study trips (measures A and B);
- travel and labour costs for visits by experts (measures A and B);
- preparation of feasibility studies and financial and economic analysis for bilateral cooperation and project partnerships within Donor Partnership project applications (measure A);
- purchase of data necessary for preparation of applications for Donor Partnership projects (measure A); and
- external consultancy (measures A and B).

For the selection / verification of projects for funding from the bilateral fund, the Programme Operator applies the FIFO system (first in first out) in order to ensure a quick and effective procedure. The disbursement is limited and subject to the:

- results of the application verification process of the Programme;
- availability of resources within the Bilateral fund; and
- the results achieved (RBM) – according to criteria specified by special provisions.

The maximum grant rate is 100% of eligible costs provided that the incurred costs will not exceed the limit for the cost categories determined by the Programme Operator. The minimum grant amount is €1,000 the maximum grant amount is €20,000. The grant rate shall take into account any applicable state aid rules.

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 agreed with the DPP and will be discussed in the Cooperation Committee. The results will be published at [www.eeagrants.sk](http://www.eeagrants.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*

Not applicable.

**6. Pre-defined projects**

Not applicable.

**7. Modification of the programme**

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

**8. Programme proposal version**

Any reference to the Programme proposal in this Programme Agreement shall be interpreted as version signed by the Programme Operator on 08 March 2012, including any subsequent correspondence and communication between the Donors, the Financial Mechanism Office, the National Focal Point and the Programme Operator.

**9. Miscellaneous**

Not applicable.

