

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 "Cross-border Cooperation "

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.

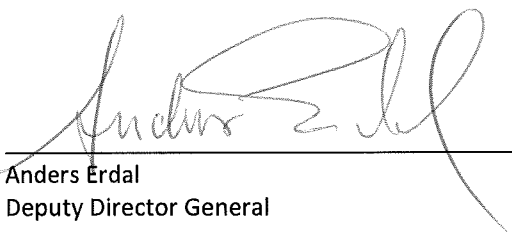
This programme agreement is drawn up in two originals in the English language.

For the NMFA

For the National Focal Point

Signed in Ostlo on 30.7.2013

Signed in _____ on _____



Anders Erdal
Deputy Director General

Igor Federič
Head of the Government Office

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Mitigation of existing barriers to cross-border cooperation

Output

New cross-border partnerships/networks established and existing partnerships/networks supported

Output indicator(s)	Baseline	Target	Source of Verification
Number of partners (institutions) involved in the CBC partnerships/networks	83	100	partnership agreements interim project reports, interim narrative reports final project report Data provided by the project promoter
Number of initiatives aimed at better cooperation of employment services, education institutions, employers and other relevant stakeholders	0	10	partnership agreements interim project reports, interim narrative reports final project report Data provided by the project promoter
Number of people attending the events or activities organized by project promoters	0	800	partnership agreements interim project reports, interim narrative reports final project report Data provided by the project promoter, attendance sheets

Output

Exchange of know-how, best practices and experience with Norway enhanced

Output indicator(s)	Baseline	Target	Source of Verification
Number of Norwegian partners (institutions) involved in the projects	0	6	interim project reports, interim narrative reports final project report Data provided by the project promoter
Number of people taking part in exchanges, CBC events	0	36	interim project reports, interim narrative reports final project report Data provided by the project promoter
Number of tested and successfully functioning measures taken on board and adapted from Norwegian-Russian CBC	0	6	interim project reports, interim narrative reports final project report Data provided by the project promoter

Output

Better conditions at the border-crossings created

Output indicator(s)	Baseline	Target	Source of Verification
Number of initiatives aimed at improving of border – crossings conditions	0	12	interim project reports, interim narrative reports Final project report Data provided by the project promoters
Number of public institutions responsible for the issue of border regime and border crossing involved in activities financed by the Programme	0	3	interim project reports, interim narrative reports Final project report Data provided by the project promoters
Number of initiatives taken leading to policy change in favor of improved conditions at border crossings	0	5	Submitted documents interim project reports, interim narrative reports Final project report Data provided by the project promoters
Number of m2 of land at the border crossings subjected to modernization and renovation within the programme	0	32000	interim project reports, interim narrative reports Final project report Data provided by the project promoters Monitoring of the Programme Operator

Output

Cross-border information flow improved

Output indicator(s)	Baseline	Target	Source of Verification
Number of joint information products focused on awareness raising on the neighbouring countries or devoted to the better visibility of the target regions in the neighbouring countries made available to public	0	18	interim project reports, interim narrative reports Final project report Data provided by the project promoters Monitoring of the Programme Operator Products disseminated and distributed
Number of clients/customers served by the institutions benefitting from the programme	0	5000	interim project reports, interim narrative reports Final project report Data provided by the project promoters Webpages, queries, emails Monitoring of the Programme Operator
Number of local and regional organizations offering new types of services or new ways of providing existing services as regards awareness raising within the programme	0	10	interim project reports, interim narrative reports Final project report Data provided by the project promoters
Number of visitors attending the awareness raising activities /events organized by the project promoters	0	500	interim project reports, interim narrative reports attendance sheets Final project report Data provided by the project promoters

2. Conditions**2.1 General**

1. The National Focal Point shall ensure that any public support under this Programme complies with the procedural and substantive State Aid rules applicable at the time when the public support is granted. The National Focal Point shall, by way of the Programme Implementation Agreement 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.

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

3. 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.

4. The Programme Operator may designate either the self-governing region of Košice or of Prešov as the managing and implementing entity for the Small Grants Scheme under this Programme, provided that an agreement is concluded and notified to the NMFA no later than two months after the signature of the Programme Agreement by the last party. Should no agreement have been secured by this date, the Programme Operator shall launch a procurement procedure for a Small Grants Scheme operator within the following month. The Small Grants Scheme Operator selected through such a procurement procedure shall have sufficient local presence and credibility.

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): 21/05/2013-30/04/2017

Eligibility of programme proposal preparation costs: 27/10/2010-20/05/2013

3.2 Grant rate and co-financing

Programme estimated total cost (€)	€14,964,706
Programme estimated eligible cost (€)	€14,964,706
Programme grant rate (%)	85.0000%
Maximum amount of Programme grant (€)	€12,720,000

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

Budget heading	Eligible expenditure	Advance payment*
Programme management	€1,100,000	€208,000
Mitigation of existing barriers to cross-border cooperation	€13,533,369	€2,798,400
Fund for bilateral relations	€224,471	€67,341
Complementary action	€50,000	€0
Preparation of programme proposal	€56,866	€56,866
Reserve for exchange rate losses	€0	€0
Total	€14,964,706	€3,130,607

* The advance payment is composed of €2,661,016 in grant amount and €469,591 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	€93,500

3.5 Small Grant Scheme

Outcome	Mitigation of existing barriers to cross-border cooperation
Total Amount Reserved	€2,752,370
Grant Amount at Project Level	€5,000 – 170,000
Duration of the Project	3 – 24 months
Maximum Grant Rate at Project Level	90.00%

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 the Norwegian Barents Secretariat.

The Programme shall contribute to the mitigation of existing barriers to cross-border cooperation between the two Slovak self-governing regions of Košice and Prešov and the region of Transcarpathia in Ukraine.

This strengthening of cross-border cooperation will be achieved through four outputs:

Output 1: New cross-border partnerships / networks established and existing partnerships / networks supported.

Output 2: Exchange of know-how, best practices and experience with Norway enhanced.

Output 3: Better conditions at the border crossings created.

Output 4: Cross-border information flow improved.

The Programme will be implemented by way of an open call and a Small Grant Scheme, each of which will cover all four outputs.

1.2 Eligible applicants:

The rules on eligibility of applicants are set in Article 6.2 of the Regulation.

The following specifications apply:

- Eligible applicants are legal entities registered in the Slovak Republic.
- For output 2, only local, regional and state authorities are eligible.
- For output 3, only public entities and NGOs are eligible.

The operator of the Small Grant Scheme may limit the eligibility of applicants by region and/or determine other conditions.

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. The Programme Operator will check and verify compliance with this provision.

- In-kind contributions made by NGOs in accordance with Article 5.4.5 of the Regulation will be calculated on the basis of the appropriate unit price identified in the official results of the statistical survey of labour costs carried out on behalf of the Ministry of Labour, Social Affairs and Family of the Slovak Republic.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

Open calls: The minimum amount of grant assistance applied for is €170,000; the maximum amount is €1,000,000.

Small Grant Scheme: The minimum amount of grant assistance applied for is €5,000; the maximum amount is €170,000.

2.2 Project grant rate:

Grants from the Programme will not exceed 90% of total eligible project costs in the case of NGOs, and 85% for all other entities. The remaining costs of the project shall be provided or obtained by the Project Promoters.

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.

3.2 Open calls and availability of funds:

Open calls:

There shall be one open call for applications for the total re-granting amount of €10,780,999.

The open call shall be launched no later than in the third quarter of 2013. It shall make available €4,146,481 for output 1, €1,399,518 for output 2, €2,492,500 for output 3, and €2,742,500 for output 4.

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 call, the Programme Operator may launch a second call for applications covering any unallocated funds. The second call shall be launched no later than in the second quarter of 2014. The call shall be open at least for 2 months.

Small Grant Scheme:

There shall be one call for applications for small grants for the total re-granting amount of €2,752,370. The call shall be launched no later than in the fourth quarter of 2013. It shall make available €1,060,000 for output 1, €350,000 for output 2, €670,000 for output 3, €672,370 for output 4.

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 call, a second call for applications covering any unallocated funds may be launched. The second call shall be launched no later than in the second quarter of 2014. The second call shall be continuous call.

3.3 Selection criteria:

The following selection criteria will be taken into account for the open calls and the Small Grant Scheme:

Relevance

Relevance to the purposes of the Programme

Needs of the target region

Definition of the target groups

Usefulness for the target groups

Methodology (quality of project processing)

The project is logical, well-arranged and can be realized

The activities are well determined, substantiated and necessary for reaching the purposes of the project

Verifiability (quality of the indicators)

Budget

Budget is clear and detailed

Budget is effective, costs are adequate and there is co-financing including own contribution (also a part in kind)

Steering capacity

Previous experience

Professionalism (technical, profile)

Management capacities

Cross-border impact

The project contributes to the creation of sustainable common cross-border structures and relations

The project contributes to the mitigation of barriers and development of cross-border contacts

The activities and the results of the project have impact on both sides of the border and they are jointly used by all target groups

The project contributes to the improvement of living conditions in the common border area and to the strengthening of the common economic area

Cross-border cooperation

Joint preparation of the project with Ukrainian partner

Joint realization of the activities with Ukrainian partner

Added value

Innovation (new solutions, procedures)
 Potential of leverage effect
 The project applies multi-sector and community principle
 The project increases the participation of citizens in decision making

Cross-cutting priorities

Good management
 Environmental sustainability
 Social and economic sustainability
 Gender equality
 Bilateral relations

The final selection criteria will be included in the text of the call for proposals.

If the Programme Operator chooses to apply minimum score requirement with regard to the selection criteria in order for a project to receive funding from the Programme, the respective score must be stated in the text of the calls for proposals to which it applies.

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 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%	20%	-	-	10%
12 – 18 months	40%	20%	20%	20%	10%
18 – more	25%	25%	25%	25%	10%

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.

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. 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.

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 Programmes management and control systems according to article 4.8.2 of the Regulation.

4.3 Monitoring and reporting

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 proceedings 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:

- Projects with an allocation exceeding €1,000,000 must be monitored at least once a year.
- Projects with an allocation of 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 an allocation of 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

Monitoring and review reports will be published in the Information Database at www.eeagrants.sk/cbc and www.norwaygrants.sk/cbc.

A plan for monitoring and review activities for each year of the Programme is further outlined in Annex III to the Programme Proposal.

5. Additional mechanisms within the programme

5.1 Fund for bilateral relations

1.5% of the eligible expenditure of the Programme is assigned to the bilateral fund at Programme level.

The main focus of the bilateral fund will be on study tours and thematic conferences/workshop/seminars with the participation of Slovak and Norwegian stakeholders as well as other stakeholders of relevance to the Programme, as well as joint participation in concrete project activities.

Measure A: 30% of the bilateral fund will be used for activities and initiatives (seminars) organized by Programme Operator as well as for individual searching of project partners from Norway prior to or during the preparation of a project application and the development of partnerships.

Measure B: 70% of the bilateral fund will be used for activities including networking, exchange, sharing, and transfer of knowledge and experiences between Project Promoters and partner entities in Norway.

The Programme Operator and the DPP will identify important governmental and public institutions, NGOs and other entities and

involve them in networking activities in order to facilitate the exchange of experience and good practices. Eligible applicants under the fund are representatives of regional and local authorities and their associations; representatives of ministries and government bodies; public institutions; representatives of the media; NGOs and other public organizations, including organizations working within the field of culture, youth, environment, etc.

The provisions regulating the bilateral fund, including the precise use of the funds, the criteria for awarding support from the fund, the grant rate, the maximum grant amount, and the bilateral indicators will be developed by the Programme Operator and will be further discussed in the Cooperation Committee. The results will be published at eeagrants.sk and norwaygrants.sk.

5.2 Complementary action

€50,000 is set aside for complementary action. Complementary action shall be organised in compliance with Article 7.11 of the Regulation.

5.3 Reserve for exchange rate losses

Not applicable.

5.4 Small Grant Schemes

The Programme contains a small grant scheme, which covers all four outputs. Information regarding the details of the Small Grant scheme can be found in the relevant sections of this Annex II.

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 07 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.