

**RULES AND PROCEDURES**

**FOR THE IMPLEMENTATION OF  
THE NORWEGIAN COOPERATION PROGRAMMES FOR  
ECONOMIC GROWTH AND SUSTAINABLE DEVELOPMENT  
IN BULGARIA AND ROMANIA**

pursuant to Article 6 of the Agreement of 25 July 2007 between the Kingdom of Norway and Republic of Bulgaria and, respectively between the Kingdom of Norway and Romania on the Norwegian Cooperation Programmes for Economic Growth and Sustainable Development in Republic of Bulgaria and, respectively in Romania

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# **1 Introduction**

## ***1.1 Scope***

The Rules and Procedures for the implementation of the Norwegian Cooperation Programmes for Economic Growth and Sustainable Development in Republic of Bulgaria and, respectively Romania (hereinafter referred to as the Rules and Procedures) were adopted in accordance with Article 6 of the Agreement of 25 July 2007 between the Kingdom of Norway (hereinafter referred to as Norway) and the Republic of Bulgaria and, respectively Romania on two bilateral cooperation programmes for promoting economic growth and sustainable development (hereinafter the "Agreements") annexed to the Agreements in the form of an exchange of letters between the European Community and the Kingdom of Norway concerning the cooperation programmes for economic growth and sustainable development in Republic of Bulgaria and, respectively Romania, and the Memorandum of Understanding of 25 October 2007 between Norway and the Government of Republic Bulgaria and the Memorandum of Understanding of 7 November 2007 between Norway and the Government of Romania.

The Rules and Procedures may be amended by decision of Innovation Norway, after consultations with the Beneficiary States (i.e. Romania and Bulgaria). Innovation Norway will adopt additional guidelines as necessary.

## ***1.2 Innovation Norway***

Innovation Norway is responsible for the operation of the Cooperation Programmes on behalf of Norway.

## ***1.3 National Focal Point***

The National Focal Point (NFP) shall be responsible for the coordination of the Cooperation programme in the Beneficiary State, and shall work closely with Innovation Norway in order to promote the Programme and partnerships between eligible applicants.

The NFP shall provide information and advice to potential project partners and beneficiaries, and ensure a transparent and inclusive implementation of the Programme.

Upon request from Innovation Norway, the NFP shall assist in the monitoring, auditing and evaluation of the Programme. The NFP shall immediately report to Innovation Norway any suspected or actual cases of fraud, corruption or other irregularities, and shall in such cases contribute to efficient and prompt investigation by the authorities in the Beneficiary State.

Further provisions for the role of the NFP may be agreed by the Joint Committee established according to Article 2 of the Memoranda of Understanding on the implementation of the Norwegian Cooperation Programmes.

#### ***1.4 Co-ordination with the EEA Financial Mechanism***

Innovation Norway and the Beneficiary States shall closely co-ordinate the use of the Norwegian Cooperation Programmes with the use of the EEA Financial Mechanism.

#### ***1.5 Liability***

The responsibility of Norway is limited to providing funds in support of projects in accordance with the relevant grant agreements.

No liability will be assumed to the Beneficiary State, NFP, project promoters, or any third parties by Norway.

#### ***1.6 Applicable Law and Jurisdiction***

The laws of the Kingdom of Norway shall govern the co-operation under the Cooperation Programmes.

All disputes, which might arise from that co-operation, shall be brought before the Oslo Tingrett in Norway, if they cannot be amicably solved.

## ***1.7 Time frame and deadlines***

The deadlines listed below are final and shall apply to all projects. Any body responsible for the implementation of a specific form of grant assistance or programme shall respect the same deadlines.

### **1.7.1 Commitment of funds**

In accordance with Article 3 of the Agreements, the Cooperation Programmes will give commitments from 1 August 2007 to 30 April 2009 (hereinafter referred to as the Commitment Period). No commitments will be given after 30 April 2009.

### **1.7.2 Submission of applications**

Submissions of complete grant applications or applications for re-commitment of funds will be accepted until 31.12.2008.

### **1.7.3 De-commitment of committed amounts**

In the case of a possible de-commitment of committed amounts, the Project Promoter is obliged to notify Innovation Norway without any delay.

## ***1.8 Financial frame***

In accordance with Article 2 of the Agreement, Norway shall make available an overall amount of € 68 million for the Cooperation Programmes, out of which € 20 million under the Programme for the Republic of Bulgaria and € 48 million under the Programme for Romania.

In accordance with Article 6 of the Agreement, the management costs of the Cooperation Programmes shall be covered by the overall amount of Programmes.

Management costs shall include the costs of Innovation Norway related to the management of the Programmes and the costs of the Norwegian Ministry of Foreign Affairs directly linked to the Programmes.

Innovation Norway may with reference to the Memoranda of Understanding, through technical assistance provide up to 1, 5% of the gross amounts stipulated under the Programmes to the Beneficiary State to meet specific costs which are necessary, clearly identifiable, and directly and exclusively related to the management of the Cooperation Programmes. The eligibility of

such cost shall be discussed by the Consultation Committee and is subject to decision by the Joint Committee if the Consultation Committee cannot reach an agreement.

Examples of costs eligible for technical assistance are costs related to promotion activities, meetings of the Joint Committee and the Consultation Committee, involvement in the appraisal of applications and monitoring and auditing of projects.

General costs incurred by the Beneficiary State, will not be paid for by the Programmes.

## **2 Projects and project funding**

Projects funded by the Cooperation Programmes shall aim to promote social and economic development in the Beneficiary States. They shall be consistent with the Beneficiary States priorities and relevant arrangements with the European Union. All projects must be in compliance with relevant EU, national and local legislation.

### ***2.1 Priority sectors***

In accordance with Article 4 of the Agreement, grants shall be available for bilateral co-operation projects between eligible applicants from the parties in the following sectors:

#### For Bulgaria:

- Reduction of greenhouse gas emissions, including Joint Implementation projects under the Kyoto Protocol and other emissions in air and water,
- Energy efficiency and renewable energy,
- Facilitating sustainable production, including certification and verification.
- Implementation of Schengen acquis, support of National Schengen Plans as well as strengthening the judiciary.

#### For Romania

- Reduction of greenhouse gas emissions, including Joint Implementation projects under the Kyoto Protocol and other emissions in air and water,
- Energy efficiency and renewable energy,
- Facilitating sustainable production, including certification and verification.

- Health

Possible activities are, *inter alia*, innovation, human resource–development, networking, capacity-building, technology transfer and research and development.

Within these priority sectors, special focus will be given to projects in the areas specified in the Annex III of the respective MoUs.

The list of focus areas may, within the limits of the Agreement, be adjusted or amended by the Joint Committee in the semi-annual meetings, or otherwise by written procedure.

## ***2.2 Types of project funding***

Applicants may submit for funding proposals for individual projects and seed money assistance. In addition NGOs and social partners may apply for funding from the Travel support scheme.

The submission of applications for project funding shall be done in accordance with the Applicant's Guide and the Application Form Guide adopted by Innovation Norway.

### **2.2.1 Individual projects**

A project is an economically indivisible series of works fulfilling a precise technical function and with clearly identifiable aims. An application for an individual project may include one or more sub-projects. These projects must be defined in the application to Innovation Norway.

The amount of grant assistance applied for individual projects shall not be less than € 250.000 and normally not more than € 5.000.000, projects promoted by NGOs and social partners excepted. For such projects no lower limit will apply.

Individual projects shall be implemented in accordance with the guidelines in the Applicant's Guide.

### **2.2.2 Seed money facility**

In order to facilitate the preparation of projects to be submitted to Innovation Norway as well as to support the establishment of new

partnerships created for the purpose of designing and implementing new projects, a seed money facility is provided.

The amount of seed money assistance applied for shall not be more than € 25,000.

The seed money facility is managed and implemented in accordance with the guidelines in the Applicant's Guide adopted by Innovation Norway.

### **2.2.3 Travel support scheme for NGOs and social partners**

In order to facilitate the participation of NGOs and social partners in projects under the cooperation programmes, a special travel support scheme is established. The scheme offers travel support of maximum € 2,000 to participation in activities directly relevant for preparation of potential project applications involving NGOs and social partners.

## **3 Expenditure and financing**

### ***3.1 Eligibility of expenditure***

#### **3.1.1 Additional benefits**

The Cooperation Programmes are intended to create additional benefits for the Beneficiary States. They provide additional sources of funding and shall not replace financial support from other sources, including local grants, subsidised facilities, bank loans or export credits.

#### **3.1.2 Starting date for eligibility of expenditure**

Expenditures incurred before the date on which Innovation Norway gives its commitment are not eligible for grant support, except for certain type of expenditure such as feasibility studies, which if incurred not before 1 August 2007 can be agreed to be eligible in the Grant Agreement between the project promoter and Innovation Norway.

### **3.1.3 End of the eligibility period**

The final date for eligibility shall be fixed in the grant agreement and be no later than 30 April 2011. The final date for eligibility refers to the dates of actual payments of invoices issued prior to or on the said date. Exceptionally, costs in respect of which an invoice has been received in the final month of eligibility are also deemed to be incurred within the dates of eligibility if the costs are paid within 30 days of the final date for eligibility.

For expenditure to be eligible, acceptable disbursement requests must be received by Innovation Norway no later than 6 months after the final date for eligibility. Disbursement requests received at a later date or deemed not acceptable by Innovation Norway will not constitute a basis for disbursement. Innovation Norway may decide that the disbursement request is acceptable in full or partially and authorise disbursement accordingly.

If a project is, on the end date of eligibility of expenditures, subject to judicial procedures or administrative appeal with suspensory effects, the Norwegian Ministry of Foreign Affairs can give further extensions if it deems that such extension is in the interests of the co-operation with the Beneficiary States.

### **3.1.4 Detailed eligibility provisions**

All operations co-financed under the Cooperation Programmes will be subject to the detailed eligibility provisions in the Applicant's Guide adopted by Innovation Norway.

## ***3.2 Rate of grant assistance and co-financing***

The project promoters shall ensure the full financing of projects.

The contribution from Norway in the form of grants shall be determined on a case-by-case basis, taking all relevant factors into account. European Community ceilings for co-financing, including the relevant State Aid intensity thresholds, shall not be exceeded in any case.

### **3.2.1 Co-financing ceilings**

In addition to the general principles above, according to Article 5 of the Agreements, the following rules on the grant rate ceilings shall apply:

- (a) With the exceptions referred to in subparagraphs (b) and (c) below, the grant rate shall not exceed 60 % of the eligible project cost.
- (b) Where the project costs is co-financed with 15 % or more by central, regional or local government budget allocations from one of the Beneficiary States, the Cooperation Programmes may provide a grant for up to 85 % of the eligible project cost.
- (c) For grant assistance set up to support NGO activities (including social partners) the grant rate may be up to 90% of the eligible project cost.

### **3.2.2 Revenue-generating projects**

Innovation Norway may adjust the grant rate depending on the level of the estimated or actual profit generated by the project

### **3.3 Cost overruns and savings on project budgets**

The Project Promoter shall assume full responsibility for project execution. In case the actual project costs exceed the budgeted cost in the grant agreement, the Project Promoter shall ensure that additional funding is made available, unless other arrangements are agreed upon between the Project Promoter and Innovation Norway.

If the final cost of the project is below the total cost stipulated in the grant agreement, the overall sum of grant paid will be reduced accordingly and any unduly paid amounts reimbursed by the Project Promoter. The grant rate will, however, remain the same.

## **4 Application procedures**

### ***4.1 Applicants***

All public or private sector bodies and non-governmental organisations (NGOs) constituted as legal entities in the Beneficiary States and in Norway may apply for assistance, provided that a partnership has been established. Partnership means cooperation between at least one legal entity in the Beneficiary State and at least one legal entity in Norway, and where all entities perform substantial tasks in the completion of the project.

The Applicant's Guide includes more detailed guidelines on criteria that will be applied for eligible partnerships.

#### ***4.2 Announcement of availability of grants***

Innovation Norway shall, in co-operation with NFP, publicly announce in the Beneficiary State and Norway the availability of grants.

#### ***4.3 Applications and Language***

All applications shall be submitted to Innovation Norway in English.

Applicants shall submit the application electronically, using the application form published at [www.norwaygrants.org](http://www.norwaygrants.org). Additional documentation may be sent by mail. All communications between Innovation Norway and the project applicant shall be in English. Original documents (in languages other than English) sent to the Innovation Norway shall be accompanied by translations into English. The project applicant shall bear full responsibility for the accuracy of the translation.

#### ***4.4. Assessment of applications***

Innovation Norway is responsible for the assessment of applications. Innovation Norway will perform an initial review and if any faults are found concerning the formal and eligibility criteria, these can be corrected by applicants upon request from Innovation Norway.

Applications meeting the criteria will then be subject to a full assessment by Innovation Norway, or experts appointed by Innovation Norway, according to the adopted application assessment criteria and methodology.

All applications shall be discussed informally at an early stage in the Consultation Committee. This Committee is composed by representatives of Innovation Norway, the NFP and, if relevant, other representatives of the Parties to the Cooperation Programme.

NFP may submit a reasoned opinion on a project proposal within 2 weeks after the project has been discussed in the Consultation Committee.

The European Commission may screen the proposed projects for their compatibility with Community objectives and comment to Innovation Norway

After the assessment of the project has been performed, Innovation Norway will make the final decision on the co-financing of the project. Applicants shall be notified of the decision of Innovation Norway to support or reject their application. On the basis of a positive decision, a Grant Agreement will be concluded between Innovation Norway and the Project Promoter(s). NFP shall be notified about grant decisions.

#### ***4.5 Selection criteria***

Projects submitted for co-financing must comply with the criteria specified below. The said criteria are based on the objectives that the instrument seeks to achieve. Objectives and principles of good governance, sustainable development and gender equality are cross-cutting issues that shall be considered as part of the appraisal process.

The application assessment criteria & methodology are divided into the following sections:

- I. Formal/administrative criterias
- II Eligibility criterias
  - II.1. Applicant
  - II.2. Project
- III Selection
- IV. Award

A detailed description of the "Application assessment criteria and methodology" is available at [www.norwaygrants.org](http://www.norwaygrants.org)

#### ***4.6 Grant Offer Letter / Grant Agreement***

Innovation Norway shall send a Grant Offer Letter/Reasoned Refusal to the Project Promoter(s). The Grant Offer Letter shall specify a deadline for acceptance of the offer.

The Grant Agreement for each project shall be concluded between Innovation Norway and the Project Promoter. It will consist of the Grant Offer letter and a standard Grant agreement signed by the promoter. The two documents shall set out the terms and conditions of grant assistance as well as the roles

and responsibilities of the parties. The terms and conditions of the Grant Agreement may diverse, derogate and/or supplement these Rules and Procedures. Such special conditions set out in the Grant Agreement take precedence over these Rules and Procedures in case of conflict between them.

In case of a reasoned refusal, Innovation Norway may allow the Project Promoter(s) to resubmit a revised project proposal once.

## **5 Implementation**

The Project Promoter shall bear responsibility for the implementation and follow-up of the project as well as reporting on the results.

### ***5.1 Reporting and Monitoring***

The Project Promoter shall, unless otherwise stated in the Grant Agreement, report at least twice a year to Innovation Norway on:

- Progress in accordance with plans and budgets;
- Deviations from the project schedule and possible repercussions for the project;
- Tendering and procurement;

Innovation Norway may at any time ask the Project Promoter for further information. The reporting shall be done in accordance with guidelines on reporting and monitoring in the Applicant's Guide adopted by Innovation Norway. Innovation Norway will forward the project reports to the NFP

### ***5.2 External monitoring by Innovation Norway***

Innovation Norway shall monitor projects in order to ensure that the grant agreements are fulfilled. For this purpose, it may draw upon the services of a Monitoring Agent. Copies of the monitoring reports shall be sent to the NFP.

The monitoring exercise shall be done in accordance with guidelines on reporting and monitoring in the Applicant's Guide adopted by Innovation Norway.

### ***5.3 Disbursements***

Grant assistance shall be given as reimbursements of already incurred documented costs according to an agreed disbursement schedule. However, disbursements may in part be made as advance payments. An advance payment of up to 20 % may be made, upon request by the Project Promoter, if deemed necessary by Innovation Norway.

Requests for disbursement shall be addressed to Innovation Norway. They shall be accompanied by all the necessary documentary evidence demonstrating fulfilment of the conditions for each disbursement. Innovation Norway shall ensure that all disbursement conditions have been fulfilled (including the availability of co-financing) before making a disbursement.

Disbursements shall be made to the designated account of the Project promoter and in accordance with guidelines on disbursements in the Applicant's Guide adopted by Innovation Norway.

### ***5.4 Publicity***

Innovation Norway and NFP shall ensure that the existence of the Cooperation Programme as well as information on approved are communicated in the most efficient way to users and the public at large and that the contributions of the Cooperation Programme are given adequate publicity. The Consultation Committee shall regularly exchange information and discuss possible measures.

## **6 Audits and financial control**

### ***6.1 Transparency and documentary evidence***

The Project Promoter(s) shall provide records for projects co-financed by the Cooperation Programmes that permits:

- reconciliation of the summary amounts specified in the disbursement request with the individual expenditure records and original supporting documents held at the various administrative levels and by final beneficiaries including, where the latter are not the final recipients of funding, the bodies or firms carrying out operations and

- verification of the allocation and transfer of the available funds under the Cooperation Programmes

The Project Promoter shall ensure that all original documents remain available for inspection for at least 5 years after the project has been completed, or longer if required in the grant agreement or under the national law of the Beneficiary State.

## ***6.2 Financial control, audit and anti-fraud measures by the Beneficiary State***

Innovation Norway shall be responsible for the financial control and audit of approved projects. The Project Promoter shall be accountable to Innovation Norway, the Norwegian Ministry of Foreign Affairs and the Office of the Norwegian Auditor General for the management of funds and for all matters related to financial control, audit and fraud.

Projects under the Cooperation Programme may at any time be audited by the Office of the Auditor General of Norway.

The Beneficiary State shall ensure that the Norwegian Ministry of Foreign Affairs, Innovation Norway or anyone mandated to perform monitoring or auditing tasks on their behalf, and the Office of the Auditor General of Norway, have upon request, prompt, full and unimpeded access to all information, documents, persons, locations and facilities, public or private, relevant to the implementation of the Cooperation Programme. The NFP shall, upon request, ensure that the above mentioned authorised representatives are accompanied by relevant personnel and provide them with the necessary assistance. Request under this Article shall be sent at least two weeks before the planned visit.

## **7 Completion of projects**

### ***7.1 Completion of projects***

The Project Promoter shall prepare a project completion report according to the requirements of the grant agreement. Innovation Norway shall make the final disbursement based on the project completion report. The total disbursement plan shall be a part of the Grant Agreement

The completion report shall be done in accordance with guidelines on reporting and monitoring in the Applicant's Guide adopted by Innovation Norway.

## ***7.2 Post-completion obligations***

Post-completion obligations shall, if relevant, be determined in the grant agreement.

## ***7.3 Ex-post evaluation***

The Norwegian Ministry of Foreign Affairs may decide, on its own initiative or following a proposal from the Beneficiary State or Innovation Norway that an ex-post evaluation of certain projects shall be carried out. Ex-post evaluations shall be carried out by an independent body. The body carrying out the ex-post project evaluation shall submit a report to the Norwegian Ministry of Foreign Affairs.

The ex-post evaluation report shall not replace other reporting requirements.

An ex-post evaluation of projects that demonstrates non-compliance with the Rules and Procedures and the grant agreements may give Innovation Norway reasons to take corrective action, including claiming the reimbursement of funds.