



**STANDARD TERMS AND CONDITIONS
OF GRANTS FROM INNOVATION NORWAY**

Norwegian Cooperation Programmes for Economic Growth and
Sustainable Development in Bulgaria and Romania

Oslo, 27 March 2009

ARTICLE 1

Scope

1. The Grant to the Project Promoter is offered on the terms and conditions laid down in the Grant offer letter, these standard terms and conditions and the Project Implementation Plan (together “the Grant Conditions”).

ARTICLE 2

Conditions for the awarding of the Grant

1. The Grant is awarded under the following general conditions:

- a) The Project Promoter shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of the Grant.
- b) The Project Promoter shall provide all information necessary for the good functioning of the Grant and to apply the highest degree of transparency and accountability as well as the principles of good governance, sustainable development and gender equality.
- c) The Project Promoter shall promptly inform Innovation Norway of any circumstances that interfere or threaten to interfere with the successful implementation of the Project.

ARTICLE 3

Monitoring

1. Innovation Norway is entitled to monitor the Project. The Project Promoter is obliged to cooperate and provide access and information to Innovation Norway or any one appointed by Innovation Norway to carry out such monitoring pursuant to the Applicant’s Guide chapter 6 Monitoring and Reporting. Upon request by Innovation Norway, the Project Promoter is obliged to provide Innovation Norway, the Norwegian Ministry of Foreign Affairs, the Office of the Norwegian Auditor General and the National Focal Point with summaries of all audit reports relevant to the Project. Project Promoter shall upon request provide Innovation Norway, the Norwegian Ministry of Foreign Affairs, the Office of the Norwegian Auditor General and the National Focal Point with any audit report relevant to the Project or its implementation, including auditing reports from the Supreme Audit Institution.

ARTICLE 4

Reporting

1. The Project Promoter shall provide Project Interim Reports, Annual Project Progress Reports and the Project Completion Report in accordance with the Applicant’s Guide chapter 6 Monitoring and Reporting.
2. Provided that the Project Promoter and/or its partner is obliged to issue annual accounts, such annual accounts shall be submitted on an annual basis from the year the grant is awarded and until the year the final disbursement has taken place.

ARTICLE 5

Immediate reporting on irregularities and other relevant developments

1. The Project Promoter shall immediately inform Innovation Norway if it becomes aware of any legal actions initiated or continued against the Project, including actions or decisions taken by the European Community/EEA institutions.

ARTICLE 6

Special provisions on procurement and awarding of contracts

1. Article 6 only applies to Project Promoters being “contracting authorities” pursuant to national and EU/EEA public procurement legislation.
2. The Project Promoter shall ensure that public procurement principles and procedures following from national and Community legislation are applied at any level in the implementation of the Grant.
3. In cases where contracts concluded as part of the implementation of the project fall below the national or Community thresholds set for public procurement or outside the scope of the applicable public procurement laws, the Project Promoter shall ensure that the awarding of such contracts (including the procedures prior to the awarding) and the terms and conditions of such contracts comply with best economic practices, including accountability, allow a full and fair competition between potential providers, and ensure the optimal use of resources from the Norwegian Cooperation Programmes for Economic Growth and Sustainable Development in Bulgaria and Romania.
4. The Project Promoter shall ensure that the highest ethic standards are observed during the procurement and execution of contracts,

and shall ensure the application of adequate and effective means to prevent illegal or corrupt practices. No offer, gifts, payments or benefit of any kind, which would or could, either directly or indirectly, be construed as an illegal or corrupt practice, e.g. as an inducement or reward for the award or execution of procurement contracts, shall be accepted.

5. The Project Promoter shall ensure that records of the awarding and execution of contracts are kept and provided upon request to Innovation Norway.

ARTICLE 7

Representations and Warranties

The Project Promoter represents and warrants that the information provided by, through, or on behalf of the Project Promoter in connection with the application for funding, and the conclusion and implementation of the Grant is authentic, accurate and complete.

ARTICLE 8

Eligible Expenditures

1. Only expenses that are eligible according to Article 3.1 of the Rules and Procedures and the Applicant's Guide chapter 3 Eligible costs and Periods of Eligibility can form the basis for the financing from Norwegian Cooperation Programmes for Economic Growth and Sustainable Development in Bulgaria and Romania. The Applicant's Guide chapter 3 Eligible costs and Periods of Eligibility shall be applicable to the implementation of the Project.

ARTICLE 9

Disbursement of the Grant

1. Disbursements are made pursuant to agreement with Innovation Norway and in accordance with the approved Project Implementation Plan based on requests for disbursements submitted by the Project Promoter.

2. Before disbursement can be made, Innovation Norway shall be provided with a Project Interim Report in accordance with the Applicant's Guide chapter 5 Disbursement and chapter 6 Reporting and Monitoring. The Project Interim Report shall cover a period of at least 3 calendar months and be related to expenditures from that period.

3. Innovation Norway may retain up to 10% of the grant until the Project Completion

Report referred to in Article 4.1 has been approved by Innovation Norway.

4. In case of an error is made in relation to a disbursement resulting in a higher amount paid than required under the Grant, the Project Promoter shall, upon request from Innovation Norway, reimburse without delay the exceeded amount. Similarly, if an error results in a lower amount paid than required, Innovation Norway shall, as soon as possible after being made aware of such an error, disburse the missing amount.

5. The principle of pro rata co- financing of costs incurred shall apply.

ARTICLE 10

Increased cost

1. If the cost of the implementation of the Project should exceed the estimated eligible project cost or the estimated total project cost, Project Promoter shall ensure that any such additional funds are made available so as to ensure the full implementation of the Project. If the Project Promoter deems that additional funds cannot be made available or additional investments in the project are not advisable, it can instead, decide to cancel the Project and the Project Promoter shall refund the amount already disbursed. Article 18 below applies to the extent possible as to the procedures on reimbursement.

2. The Project Promoter shall take on an obligation to provide additional funds if necessary unless the conditions as laid down in paragraph 1 above, are met.

ARTICLE 11

Modification of the Project

1. With the exceptions stipulated in paragraph 3 of this article, any modifications of the Project shall be subject to Innovation Norway's prior written approval. Before submitting the proposed modifications, Innovation Norway shall approve them and confirm that they are necessary and/or suitable for the effectiveness of the Project.

2. Any such modifications may require a new appraisal prior to being accepted or rejected.

3. Modifications of the Project do not need an approval of Innovation Norway if they do not affect the scope, objectives, purpose, or results of the project, and the financial impact is limited to:

- (a) Changes in any of the reporting periods for the Project Interim Reports scheduled in the Project Implementation Plan,
 - (b) A transfer between budget headings involving a variation of 10% or less of the amounts in the latest approved Project Implementation Plan under each relevant heading, or,
 - (c) A transfer between project activities involving a variation of 10 % or less of the amounts in the latest approved Project Implementation Plan for such activity,
4. Notwithstanding paragraph 3, modifications that result in an increase of management costs will always require a prior approval of Innovation Norway.

ARTICLE 12

Revision of the Project Implementation Plan

The Project Promoter must submit a revised Project Implementation Plan to Innovation Norway when:

- (a) Proposing modification which requires an approval by the Innovation Norway according to Article 11,
- (b) any of the reporting periods for the Project Interim Reports scheduled in the Project Implementation Plan are changed; a revised Project Implementation Plan shall be submitted no later than 60 days before the end of the first affected reporting period, or,
- (c) Innovation Norway requests an updated Project Implementation Plan; a revised Project Implementation Plan shall be submitted no later than 30 days after such request is sent.

ARTICLE 13

External monitoring by Innovation Norway

Innovation Norway may monitor the implementation and the progress of the Project in order to ensure that it is in compliance with the Grant Conditions, c.f. procedures as described in chapter 5 of the Rules and Procedures and chapter 6 of the Applicant's Guide.

ARTICLE 14

Audit by Innovation Norway

In accordance with the procedures as laid down in Article 6.2 of the Rules and Procedures, Innovation Norway may at any time arrange its own audits and inspections of the Project at all relevant locations.

ARTICLE 15

Audit by the Office of the Auditor General of Norway

In accordance with the procedures as laid down in Article 6.2 of the Rules and Procedures, the Office of the Auditor General of Norway may at any time conduct audits of the Project at all relevant locations.

ARTICLE 16

Access

1. The Project Promoter shall ensure that Innovation Norway, the Norwegian Ministry of Foreign Affairs or anyone mandated to perform 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 Grant Agreement. Such access is subject to the applicable limitation under the national legislation of Beneficiary State.

ARTICLE 17

Suspension of Disbursements

1. Innovation Norway may decide to suspend disbursements of the Grant if:
- (a) the conditions for disbursement in accordance with Article 9 have not been met,
 - (b) credible information indicates that the implementation or the progress of the Project does not correspond to the Project Implementation Plan or is not in compliance with the Grant Agreement,
 - (c) reports referred to in Article 4.1 or any other information requested has not been provided or include incomplete information,
 - (d) access required under Chapter 16 is restricted,
 - (e) the financial management of the Project has not been in accordance with internationally recognised accounting principles,
 - (f) it becomes aware of suspected or actual cases of irregularities, fraud or corruption, or if such cases have not been

- adequately reported, investigated or remedied,
- (g) the implementation of the Project is deemed to be in violation of Community/EEA, local and/or national legislation,
 - (h) a fundamental change of circumstances occurs and said circumstances constitute an essential basis for the Grant Agreement or the contribution from the Norwegian Cooperation Programmes for Economic Growth and Sustainable Development in Bulgaria and Romania to the Project,
 - (i) it becomes aware of any misrepresentation of facts in any information given by or on behalf of the Project Promoter affecting, directly or indirectly the implementation of the Grant,
 - (j) an adjustment of the Grant is required in order to comply with the grant rate referred to in the Grant Conditions or the requirements referred to in Article 3.2 of the Rules and Procedures, or
 - (k) Any other obligation stipulated in the Grant Conditions is not complied with by the Project Promoter.
2. If possible, the Project Promoter shall be given an opportunity to provide its views prior to Innovation Norway making a decision to suspend disbursements.
 3. The decision to suspend disbursements shall be reasoned and immediately effective. The Project Promoter shall be notified as soon as possible but no later than 10 working days from the date of the decision.
 4. The Project Promoter can at any time present documents or other evidence showing that the conditions in paragraph 1 (a) to (k) no longer apply or do not justify suspension of disbursements, and request that Innovation Norway reviews its decision to suspend payments.
 5. When the Innovation Norway finds that the conditions described in paragraph 1 (a) to (k) above no longer apply or justify suspension of disbursements, it shall take a decision to continue disbursements.

ARTICLE 18 **Reimbursement**

1. In case of serious non-compliance with the Grant Agreement, or if suspension of payments is not feasible or likely to be sufficient, Innovation Norway may, after having consulted the Project Promoter with a view to reaching a solution, decide to demand reimbursement if any of the conditions referred to in litra (b) to (k) of Article 17.1 apply.
2. Innovation Norway may decide to demand reimbursement if it becomes aware of any conviction of or fines for irregularities, fraud or corruption, or if such cases have not been adequately reported, investigated or remedied.
3. Prior to making such a decision, Innovation Norway shall notify the Project Promoter of its intention to demand reimbursement. The notification shall outline the reason for the proposed measures. The Project Promoter can within 45 working days from the date of the notification provide any documents relevant to the decision and/or provide its views.
4. The Project Promoter shall be notified of a decision referred to in paragraph 1 of this article as soon as possible but no later than 10 working days from the date of the decision. The notification shall outline the reason for the decision.
5. Within three months from the decision of Innovation Norway, the Project Promoter shall, with the exception stipulated in paragraph 8 of this article, reimburse the request amount to Innovation Norway, subject to the specifications detailed in the decision.
6. If a demand for reimbursement to Innovation Norway is not complied with by the Project Promoter, or a dispute related to a demand for reimbursement arises that cannot be solved, the Parties may bring the dispute before Oslo Tingrett in accordance with Article 1.6 of the Rules and Procedures. The disputed amount shall be transferred to a closed bank account.

ARTICLE 19

Waiver of Responsibility

1. Any appraisal of the Project undertaken before or after the approval of the Project by Innovation Norway does not in any way diminish the responsibility of the Project Promoter to verify and confirm the correctness of the documents and information forming the basis of the Grant Agreement.

2. Nothing contained in the Grant shall be construed as imposing upon Innovation Norway any responsibility of any kind for the supervision, execution, completion, or operation of the Project.

3. Innovation Norway does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Project, including, but not limited to inconsistencies in the planning of the Project, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the Project Promoter to satisfactorily address such issues.

4. The Project Promoter or any other party shall not have recourse to Innovation Norway for further financial support or assistance to the Project in whatsoever form over and above what has been provided for in the Grant.

5. Innovation Norway cannot be held liable for any damages or injuries of whatever nature sustained the Project Promoter or any other third person, in connection, is it direct or indirect, with the Grant.

ARTICLE 20

Language

1. All communication shall take place in the English language.

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 Project Promoter shall bear the responsibility for the accuracy of the translation and the possible consequences that might arise from any inaccurate translations.