

## Annex I - Programme Decision

### 1. Expected Outcomes & Indicators for Outputs

#### Expected Outcome(s):

Enhanced institutional capacity and human resources development in public institutions, local and regional authorities in the Beneficiary States

#### Output

Increased knowledge and awareness of the economic and social potentials of cultural heritage

Output indicator(s)	Baseline	Target	Source of Verification
Nr. of methodologies on cultural heritage protection developed	0	2	Progress reports and final project report, publicly available documentation, information collected according to the monitoring plan.

#### Output

Increased capacity of the disaster management system at local level

Output indicator(s)	Baseline	Target	Source of Verification
Nr. of local disaster management units with new organisational and operational system and new competence maps	0	65	Progress reports and final project report, publicly available documentation, information collected according to the monitoring plan.

#### Output

Increased capacity of municipalities through Norwegian-Hungarian cooperation

Output indicator(s)	Baseline	Target	Source of Verification
Nr. of institutions at local level (local governments, and township offices) involved in capacity-building measures	0	356	Progress reports and final project report, publicly available documentation, information collected according to the monitoring plan.

#### Expected Outcome(s):

Enhanced capacity and quality of the services provided by public institutions, local and regional authorities through enhanced institutional capacity and human resources development

#### Output

Enhanced capacity of municipalities for higher quality public service provision

Output indicator(s)	Baseline	Target	Source of Verification
Nr. of strategic documents (development strategy, action plan, feasibility study, cooperation agreement, etc.) elaborated	0	8	Project results have to be concluded and summarized in a strategic document that ensure the sustainable utilization of the achievements

#### Output

Exchange of experience between Hungary and Norway

Output indicator(s)	Baseline	Target	Source of Verification
Nr. of events organized with participation of Hungarian and Norwegian stakeholders	0	15	Reports from project promoters, including the progress reports, final project report, and the accompanying justification documents, such as attendance sheets, photos, etc

**Output**

Strengthened human resources through training, exchange of experience and dissemination activities

<b>Output indicator(s)</b>	<b>Baseline</b>	<b>Target</b>	<b>Source of Verification</b>
Nr. of citizens directly reached by the projects	0	1500	Reports from project promoters, including the progress reports, final project report, and the accompanying justification documents, such as attendance sheets of events, photos, training materials, other dissemination materials, etc.

**2. Conditions****2.1 General**

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

3. 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, 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.

4. The output indicators (including bilateral indicators) shall be revised and submitted to the NMFA for approval prior to the first disbursement to the projects.

5. The National Focal Point shall ensure that the Programme Operator ensures coordination with all relevant programmes in Hungary, especially HU01, HU04 and HU07, to avoid double funding and exploit synergies.

6. Any interest earned at any level on Norwegian Financial Mechanism funds in Hungary, held by National Authorities until they are transferred to the Programme Operators or by Programme Operators and intended for regranting, is a resource for the NMFA and shall be reported on and reimbursed to the NMFA in line with the procedures foreseen in Article 8.7 of the Regulation.

**2.2 Pre-eligibility**

The Focal Point shall ensure that the Programme Operator, prior to signing project contracts for the pre-defined projects, conducts an appraisal of each pre-defined project in line with the requirements of the Regulation but including a specific assessment of the budget of each pre-defined project, with a view to achieving value for money. This appraisal shall also examine and establish that each pre-defined project allocates a minimum of 10% of total eligible costs to targeting gender issues. Costs under the pre-defined projects shall only be eligible once the NMFA has received a revised description of each project following the above mentioned appraisal and has confirmed the maximum grant to the project.

**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): 22/03/2013-31/12/2017

Eligibility of programme proposal preparation costs: 11/11/2011-21/03/2013

#### 3.2 Grant rate and co-financing

Programme estimated total cost (€)	€12,724,706
Programme estimated eligible cost (€)	€12,724,706
Programme grant rate (%)	85.0000%
Maximum amount of Programme grant (€)	€10,816,000

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

Budget heading	Eligible expenditure	Advance payment*
Programme management	€1,161,297	€140,000
Enhanced institutional capacity and human resources development in public institutions, local and regional authorities in the Beneficiary States	€3,347,781	€1,200,000
Enhanced capacity and quality of the services provided by public institutions, local and regional authorities through enhanced institutional capacity and human resources development	€7,866,805	€0
Fund for bilateral relations	€259,882	€45,000
Complementary action	€40,000	€0
Preparation of programme proposal	€48,941	€48,941
Reserve for exchange rate losses	€0	€0
	€12,724,706	€1,433,941

\* The advance payment is composed of €1,218,850 in grant amount and €215,091 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	€98,710

#### 3.5 Small Grant Scheme

Not applicable

## Annex II - Operational Rules

### 1. Eligibility

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

The Programme Operator is the National Focal Point in Hungary. Certain tasks related to implementation and monitoring of the programme will be delegated to the implementing agency (IA) which is the International Development and Fund Coordinating Agency, however this does not in any way reduce or restrict the responsibility of the Programme Operator.

The Donor Programme Partners are the Norwegian Association of Local and Regional Authorities (KS) and the Norwegian Agency for Lifelong Learning (Vox), Norway.

The programme establishes capacity-building and institutional cooperation between Hungarian and Norwegian Public Institutions, Local and Regional Authorities.

The Programme objective is to strengthen institutional capacity and human resource development in public institutions, local and regional authorities in Hungary through cooperation and transfer of knowledge with similar institutions and authorities in Norway. The cooperation between the counterparts shall contribute to strengthening bilateral relations through the development of networks, exchange of knowledge and dissemination of best practices.

The Programme will be implemented by way of one call for proposals and three pre-defined projects.

#### 1.2 Eligible applicants:

The rules on eligibility of applicants are set in Article 6.2 of the Regulation. By way of derogation from the general rules on eligibility of applicants, local governments or consortia thereof are eligible applicants under the call for proposals.

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

Costs are eligible in accordance with Chapter 7 of the Regulation, with the following exceptions:

- a) In-kind contributions are not considered eligible expenditure.
- b) By way of exception from Article 7.3.1(c) of the Regulation, the entire purchase price of new and second hand equipment will be eligible in projects where the equipment is installed at the end of the project and the utilisation of the equipment starts after the closure of the project and/or in those cases where the equipment's use after project completion is limited to activities in line with the project's objectives.

Indirect eligible costs can be claimed by the application of a flat rate of up to 20% of total eligible direct costs. The Programme Operator shall describe a methodology that shall ensure the fair apportionment of the overall overheads in the open call text. This shall be based on a flat rate of up to 20% of eligible staff costs. All Project Promoters or project partners must apply the methodology established by the Programme Operator when setting the precise level of this flat rate.

### 2. Financial parameters

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

The minimum amount of grant assistance applied for is € 500,000; the maximum amount is € 1,500,000.

#### 2.2 Project grant rate:

Grants from the programme to projects selected under the call for proposals will not exceed 95% of total eligible project costs. The project grant rate shall be set at a level that complies with the State Aid rules in force and takes into account any and all other forms of public support granted to projects and/or the project promoter or partner, where relevant. The remaining costs of the project shall be provided or obtained by the Project Promoter.

### 3. Selection of projects

#### 3.1 Selection procedures:

All selection procedures carried out under this Programme shall be in accordance with the procedures specified in the Regulation. The independent and impartial experts required by Article 6.5.2 of the Regulation shall be independent of and impartial to both project applicants and the Selection Committee.

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

There shall be at least one call for applications. The call shall be launched no later than in the third quarter of 2013 and make available the total re-granting amount of € 7,866,805. Should funds remain uncommitted as a result of the first call, a second call may be launched no later than in the first quarter of 2016 and shall make available any remaining funds for re-granting. Any savings realised following the signature of the project contracts for the pre-defined projects shall be added to the total re-granting amount.

The call shall be open at least for 2 months.

**3.3 Selection criteria:** Detailed project selection criteria shall be developed by the Programme Operator and discussed in the Cooperation Committee and shall be subject to the agreement of the Donor Programme Partners. They shall, as a minimum, reflect the following main principles:

- All projects to be implemented under this Programme are to be based on partnerships between entities in Norway and entities in Hungary. More specifically, there is to be at least one partner from Norway co-operating with the Project Promoter of each project.
- All projects should allocate a minimum of 10% of total eligible costs to targeting gender issues.

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

### *4.1 Payment flows*

Payments to project promoters will be in the form of advance payments, interim payments and payments of the final balance.

Project Promoters have the possibility to request an advance payment not exceeding 30% of the grant amount. The request will need to be justified and is subject to approval by the Programme Operator. The advance payment off-set mechanism will be adapted to each Project Promoter's liquidity needs and included specified in the Project Contract.

Interim payments will be based upon incurred costs. The Programme Operator has the possibility to withhold up to 10 % of the total grant for the final balance.

### *4.2 Verification of payment claims*

The payment request prepared by the Project Promoter will be reviewed by the Implementing Agency (IA). The IA will finish the verification process within 15 days after receiving all necessary supporting documents linked to the payment request. The conclusion of the IA on the eligibility of costs included in the payment request will be sent to the Programme Operator for final approval which should not take more than 5 days.

The rules and frequency of payment requests provided by the Project Promoter will be set in the Project Contract.

Proof of expenditure shall only be submitted with the payment claim for costs above a certain threshold to be determined by the PO/IA, in the range of €1,700 - €2,000. Expenditures falling below this threshold should be summarized and will be controlled during on-the-spot verifications.

A report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with this Regulation, the national law and accounting practices of the project partner's country shall be seen as sufficient proof of costs incurred by a project partner whose primary location is in a Donor State.

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

### *4.3 Monitoring and reporting*

Project promoters shall submit project progress reports on project implementation and one final report following project completion.

The Programme Operator and the IA will monitor the projects by reviewing project reports and through monitoring visits and on-the-spot checks. Monitoring visits will be conducted by the Programme Operator and will assess whether the project is implemented in accordance with the project contract and all relevant regulations and will identify potential risks and related mitigation measures.

On-the-spot checks will be conducted every year by the Implementing Agency on a sample of projects selected on the basis of risk analysis or random sample. For projects awarded a grant from the programme exceeding €1,000,000 on-the-spot checks will be done on an annual basis. Monitoring activities will be supported by external experts.

The aim of the on-the-spot checks is to make sure that the project is implemented in accordance with the requirements of all relevant regulations and the project contracts, to verify procurement procedures and the cost efficiency of incurred expenditures.

On-the-spot checks and monitoring visits on an ad-hoc basis will also be carried out when suspicions arise that the information provided by the Project Promoter is incorrect or misleading. On-the-spot checks on an ad-hoc basis can also be organised for other reasons.

Information about the date of the ad-hoc on-the-spot checks should normally not be provided to the Project Promoter in advance.

Irregularities will be handled in accordance with Chapter 11 of the Regulation.

Information on Reporting and Monitoring shall be further outlined in the description of the Programme's Management and Control System according to Article 4.8.2 of the Regulation.

## 5. Additional mechanisms within the programme

### 5.1 Funds for bilateral relations

Support under the Bilateral Fund will be available for activities under measure "A" (matchmaking or partner search activity) and measure "B" (networking, exchange, sharing and transfer of knowledge, technology, experience and best practices between Project Promoters and entities in the Donor State).

The use of funds for bilateral relations, the detailed procedures and criteria for awarding support from the fund, and any other relevant details will be developed by the Programme Operator in cooperation with the Donor Programme Partners and will be subject to the approval of the Cooperation Committee.

Costs under the bilateral fund are eligible in accordance with Chapter 7.7 of the Regulation.

### 5.2 Complementary action

Complementary actions in line with the Regulation shall be organised by the Programme Operator, in line with the objectives of the Programme, in order to strengthen co-operation between the Programme Operator and similar entities within the Donor States and the Beneficiary States. These will include the exchange of experience and best practice related to the implementation of the Programme. The further use of the funds for complementary action shall be discussed and agreed upon in the Cooperation Committee.

### 5.3 Reserve for exchange rate losses

Not applicable.

### 5.4 Small Grant Schemes

Not applicable.

## 6. Pre-defined projects

### 1) "Revealing the Economic and Social Potentials of Cultural Heritage"

The project promoter is the Gyula FORSTER National Centre for Cultural Heritage Management, Hungary.

Project partners:

- Ministry of Human Resources
- Ministry for National Economy
- Hungarian State Holding Company (MNV Zrt)

Donor Project Partners:

- Directorate for Cultural Heritage, Norway
- Norwegian Ministry of Environment

Estimated total eligible project cost: €995,821

Grant rate: 100%

Maximum contribution from the Programme: €995,821

The pre-defined project aims to reveal the socio-economic benefits of cultural heritage (CH) and to develop methodologies and tools to further enhance such benefits and include the following three main activities:

#### I. Develop two methodologies

A) Methodology for measuring the socio-economic benefits and impacts of CH

B) Methodology on how to intervene (restore/revitalise/rehabilitate, etc) in CH sites in a way that ensures that it's embedded in local socio-economic processes and its long term sustainability after the initial investment

Inclusion of cross-cutting issue: integrate gender equality.

#### II. Acquire central administration and field experience

A) Implementation of a pilot project at a Hungarian cultural heritage site on the basis of Norwegian experiences

- Elaborate a development concept for a CH site in Hungary, including survey, research, utilisation and management concept
- Restore the selected CH site, give it function(s) ensuring that it's embedded in local socio-economic processes and build on LLL tools
- Measure the socio-economic impacts of this intervention

- Do it in such a way that it informs the methodologies I. A) and B)
- B) Compare (NO-HU and other European) methods and HR needs in management processes at different levels (national, micro-regional and local) of CH protection and management

Inclusion of cross-cutting issue: integrate gender equality.

III. Disseminate the approach of and the results achieved in I. and II., as well as promote the project.

#### 2) "Capacity building of the disaster management system at local level"

The project promoter is National Directorate General for Disaster Management

Project partners:

- Ministry of Interior – Directorate for Education, Training and Science Organization (DETSO),
- Hungarian Civil Protection Association (HCPA)

Donor Project Partners:

- Norwegian Directorate for Civil Protection and Emergency Planning (DSB)
- Norwegian Water Resources and Energy Directorate (NVE)

Estimated total eligible project cost: €1,027,328

Grant rate: 94,72%

Maximum contribution from the Programme: €973,085.08

The pre-defined project will implement capacity building and human resource development in prevention and disaster management system, joint action on the elaboration of new institutional system in disaster recovery and damage control in Hungary, and include the following main activities:

- Elaborate a new organisational and operational system of local disaster management units
- Planning, designing and training in a new IT system
- Training of staff of local disaster management units
- Purchase of equipment necessary for the project

#### 3) "Capacity-building in municipalities through Norwegian-Hungarian cooperation"

The project promoter is Hungarian National Association of Local Authorities (TÖÖSZ).

Project partners:

- Hungarian Village Association (MFSZ)
- National Association of Small Cities (KÖÖÉSZ)
- Association of Life Long Learning (ALLL)
- Trade Union of Hungarian Civil Servants and Public Employees (MKKSZ)
- Ministry of Interior (BM)
- Ministry of Public Administration and Justice (KIM)
- Ministry of Human Resources (EMMI)

Donor Project Partners:

- Norwegian Association of Local and Regional Authorities (KS)
- Norwegian Agency for Lifelong Learning (Vox)

Estimated total eligible project cost: €1,408,962.53

Grant rate: 98.39%

Maximum contribution from the Programme: €1,386,278.23

The pre-defined project aims to increase the knowledge and professionalism of local governments, share experiences and examples between Hungarian and Norwegian local governments and public institutions, and support local democracy through building the capacity of local governments associations in Hungary with support from the Norwegian Association of Local and Regional Authorities (KS), and includes the following main activities:

- supporting gender policy in local governments through Norwegian experiences and exchange programme of female elected representatives, and implementing pilot projects based on Norwegian examples aiming to support the work-life balance of citizens in 5 Hungarian municipalities
- capacity-building of local government associations in Hungary, including trainings of staff of these associations
- establishing a cooperation programme between township and local government offices: establishing tri-partite dialogue on local level between newly (in 2013) established township offices, local government offices and their employees.

## 7. Modification of the programme

Any modifications of the programme will follow the rules 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 5 July 2012 and shall include all subsequent correspondence and communication between the NMFA, the Financial Mechanism Office, the National Focal Point and the Programme Operator.

## 9. Miscellaneous

Not applicable.