



**Ministry of Economy  
and Finance**

**Authority for Coordination of Structural Instruments  
National Focal Point for the EEA Financial Mechanism**

# **CALL FOR PROPOSALS UNDER THE EEA FINANCIAL MECHANISM**

## **APPLICANTS' GUIDE**

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## **1. Introduction**

The main purpose of the present Applicants' Guide, which is a supplement to the adopted Rules and Procedures for the implementation of the EEA FM, is to provide to the Romanian potential applicants detailed information about:

- rules and procedures for applying for grant assistance under the EEA Financial Mechanism;
- practical information and advice on how to prepare applications and to fill out the application form;
- eligibility of projects, applicants and costs;
- criteria for assessment and approval of project proposals.

The implementation of the EEA Financial Mechanism is subject to Rules and Procedures as well as Guidelines published on [www.eeagrants.org](http://www.eeagrants.org) and [www.fonduri-ue.ro/eeagrants](http://www.fonduri-ue.ro/eeagrants). These documents are subject to amendment by the Financial Mechanism Committee. In case of inconsistencies between the Applicants' Guide and the EEA Financial Mechanism implementing rules, the latter shall take precedence.

## **2. Management structure**

### **The National Focal Point (NFP) within the Ministry of Economy and Finance**

The Ministry of Economy and Finance acts as the National Focal Point (NFP) for the EEA Financial Mechanism.

As the National Focal Point, the Ministry of Economy and Finance (MEF) has the overall responsibility for managing the activities of the EEA Financial Mechanism in Romania in accordance with the Memorandum of Understanding and the Rules and Procedures adopted by the Financial Mechanism Committee. As NFP, the MEF will:

- have overall responsibility for reaching the EEA Financial Mechanisms' objectives and the use of funds, financial control and audit,
- collect project proposals and submit them with justified opinion to the Financial Mechanism Office (FMO),
- manage financial flows and proof of expenditures according to Grant Agreements,
- ensure the refund of unused or unduly paid funds to the EEA Financial Mechanism,
- ensure a reporting mechanism for irregularities,
- draw up annual reports for submission to the FMO,
- ensure complete and sufficient audit trails in relevant institutions,
- ensure information and publicity on availability of funds.

The roles of the NFP and the Monitoring Committee are described below and will also be elaborated in the Grant Agreements between the Financial Mechanism Committee and the NFP.

### Division of responsibilities

- **The Authority for Coordination of Structural Instruments (ACIS)**, which is the executive body of the National Aid Coordinator (NAC) and national coordinator of the Structural and Cohesion Funds. It is set up under the direction of the Secretary of State in charge of national coordination of EU funds in the Ministry of Economy and Finance.
- **The Monitoring Committee (MC)**, which will assist the NFP in the selection and strategic overseeing of projects. The Minister of Economy and Finance appoints the members of the Monitoring Committee. The appointment of representatives of line ministries and governmental bodies is made on the basis of proposals from the relevant Ministers or Heads of Institutions. Working groups will be set up in order to assist the MC in carrying out its tasks, particularly as regards the selection of projects.
- **The Certifying and Paying Authority (CPA)**, which is the executive body of the National Authorising Officer (NAO) for the pre-accession EU funds and Certifying and Paying Authority for the Structural and Cohesion Funds. It is set up under the direction of a Secretary of State in the Ministry of Economy and Finance, who is responsible for the financial management of EU funds.
- **The Central Finance and Contracts Unit (CFCU)**, which is an independent unit directly subordinated to the Secretary of State in charge of national coordination of EU funds in the Ministry of Economy and Finance. The CFCU will conclude contracts with intermediaries and project promoters, verify the expenditure incurred under the approved projects and will be responsible for payments to intermediaries and project promoters.
- **The Central Harmonisation Unit for Public Internal Audit (CHUPIA)**, which is directly subordinated to the Minister of Economy and Finance, is responsible for systems verification and independent audit for the approved projects.

### 3. Objectives, priority sectors and focus areas

The EEA Financial Mechanism aims to contribute to the reduction of economic and social disparities in the European Economic Area and strengthen the bilateral relations between Romania and the EEA EFTA States.

Through the EEA Financial Mechanism, three EEA-EFTA states (Iceland, Liechtenstein and Norway) have made available to Romania financial support for a total amount of EUR 50.5 million. The programme will be implemented in Romania in the period 2008 – 2011.

Projects funded by the EEA Financial Mechanism must be consistent with the strategic national and EU-related priorities of Romania and must comply with the relevant EU and national legislation.

Under this call for proposals, grants are available for projects falling under the following **priority sectors**:

- **Protection of the environment**, including the human environment, through, inter alia, the reduction of pollution and the promotion of renewable energy

- **Human resource development** through, inter alia, promotion of education and training, strengthening of administrative or public service capacities of local government or its institutions and the democratic processes that support it
- **Health and childcare**
- **Conservation of European cultural heritage**, including public transport and urban renewal

Within the above-mentioned priority sectors, the grants will be given only in the following **focus areas**:

	<b>PRIORITY SECTORS</b>	<b>FOCUS AREAS</b>
1	<b>Protection of the environment, including the human environment, through, inter alia, the reduction of pollution and the promotion of renewable energy</b>	<ul style="list-style-type: none"> <li>• Supporting biodiversity and nature reserves, including sustainable use of water resources</li> <li>• Monitoring systems for ground water, waste water and air pollution</li> <li>• Reducing water pollution from mining activities</li> <li>• Developing sustainable waste water collection and promoting recycling systems</li> <li>• Enhancing flood prevention</li> <li>• Strengthening integrated coastal area management</li> <li>• Developing renewable energy sources, including geothermal energy and hydropower</li> </ul>
2	<b>Human resource development through, inter alia, promotion of education and training, strengthening of administrative or public service capacities of local government or its institutions and the democratic processes that support it</b>	<ul style="list-style-type: none"> <li>• Enhancing the administrative capacity of central and local public authorities, including for integrated development planning and the use of information technology</li> <li>• Developing tools and databases for territorial planning</li> <li>• Promoting the social dialogue</li> <li>• Enhancing competence building in the justice and home affairs sector</li> <li>• Enhancing attractiveness of, access to and participation in vocational education and training</li> </ul>
3	<b>Health and childcare</b>	<ul style="list-style-type: none"> <li>• Supporting children at risk</li> <li>• Rehabilitating buildings, modernisation of equipment and managerial systems</li> <li>• Implementing preventive measures to promote a healthy lifestyle</li> <li>• Preventing and improving treatment of communicable diseases (HIV/AIDS and TB)</li> </ul>
4	<b>Conservation of European cultural heritage, including public transport and urban renewal</b>	<ul style="list-style-type: none"> <li>• Conservation of European cultural heritage</li> </ul>

Academic research may be eligible for funding in so far as it is targeted at one of the focus areas.

#### 4. Total amount available for the call for proposals and indicative breakdown by priority sector

The total amount for this call for proposals is **EUR 40,500,000**. The indicative breakdown by priority sectors is as follows:

Priority sector no. 1: *Protection of the environment, including the human environment, through, inter alia, the reduction of pollution and the promotion of renewable energy* - **EUR 13,900,000**

Priority sector no. 2: *Human resource development through, inter alia, promotion of education and training, strengthening of administrative or public service capacities of local government or its institutions and the democratic processes that support it* - **EUR 5,000,000**

Priority sector no. 3: *Health and childcare* - **EUR 10,800,000**

Priority sector no. 4: *Conservation of European cultural heritage, including public transport and urban renewal* - **EUR 10,800,000**.

#### 5. Amount of the grant and co-financing ceilings

The amount of grant assistance applied for individual projects shall not be less than EUR 250,000. The maximum amounts of grant assistance for an individual project, as well as the maximum values of the project under each priority sector, are as follows:

No.	Priority sector	Minimum and maximum values of the grant assistance (Euro)	Maximum value of the project (Euro)
1.	Protection of the environment, including the human environment, through, inter alia, the reduction of pollution and the promotion of renewable energy	250,000 – 3,000,000	5,000,000
2.	Human resource development through, inter alia, promotion of education and training, strengthening of administrative or public service capacities of local government or its institutions and the democratic processes that support it	250,000 – 1,000,000	2,000,000
3.	Health and childcare	250,000 – 3,000,000	5,000,000
4.	Conservation of European cultural heritage, including public transport and urban renewal	250,000 – 3,000,000	5,000,000

**The grant rate** will be determined on a case-by-case basis, as the minimum necessary to allow the project to proceed:

- a. Grant rate up to 60%; with the exceptions referred to in subparagraphs (b) and (c) below, the grant rate shall not exceed 60% of the total eligible project cost.
- b. Grant rate up to 85% of the total project eligible costs could be provided to individual projects, for which 15% or more of the project costs, are co-financed by central, regional or local government budget allocations;
- c. For grant assistance set up to support NGO activities (including social partners), grant rates above those described above, but generally not above 90%, could be provided.

More details on the grant rates can be found in Annex 1 (*Guide on grant rates*).

Should an individual project be subject to state aid, the maximum grant rate will not exceed the maximum state aid intensity allowed under the applicable state aid regime.

Based on the analysis of the potential interventions under the priority sectors, the following possible state aid types have been identified in relation to the operations financed:

- **Regional Aid**: Investment aid for productive assets including intangible assets such as patents or creation of permanent jobs associated with assets open to all companies

*Under the regional aid, the maximum intervention rates applicable are established according to the national regional aid map (max. 40% for Bucharest-Ilfov region, and max. 50% for the rest of the country). An additional bonus of 20%, respectively 10%, will be applied if the beneficiary is a small and respectively, a medium enterprise.*

- **Training Aid**: Support towards the specific costs of training employed people

*The maximum intensities for the training aid vary from 35% to 80%, depending on the type of training foreseen (specific or general training) and to the status of beneficiary (large enterprise or SME – with higher intervention rates).*

These types of state aid may apply to different focus areas, particularly those relating to the development of sustainable waste water collection and promoting recycling systems, the development of renewable energy sources, including geothermal energy and hydropower, or to the interventions aiming to enhance attractiveness of, access to and participation in vocational education and training. However, depending on the interventions foreseen, not all the projects in the above mentioned focus areas are subject to state aid. On the other hand, projects in different focus areas may be subject to state aid. Consequently, the application of state aid rules and the compatibility with the existing legal framework at national and regional level will be analysed on a case by case basis.

The state aid regime influences not only the maximum grant rates allowed, but also the types of expenditure that the beneficiary can incur. The rules regarding eligible expenditure, as well as other details regarding the restrictions imposed by the state aid regulations will be detailed in the related state aid schemes, which will be formulated by the state aid grantor (Ministry of Economy and Finance).

Should the application submitted by a beneficiary fall under the state aid rules, the conditions detailed in the state aid schemes will have to be respected, otherwise the application will have to be rejected. Also, if the application falls under state aid rules, but the interventions foreseen are outside the scope of approved state aid schemes for the EEA FM, that application will have to be rejected.

The contribution of the promoter (beneficiary) to the overall project budget shall normally be in form of cash, such as bank transfers. However, under the conditions set out below contributions in kind can also form part of the total contribution.

In-kind contributions are eligible expenditure provided that:

- a) they consist of the provision of land or real estate, equipment or materials, research or professional activity, or unpaid voluntary work;
- b) their value can be independently assessed and audited;
- c) in the case of the provision of land or real estate, the value is certified by an independent qualified evaluator or duly authorised official body;
- d) in the case of unpaid voluntary work, the value of that work is determined taking into account the amount of time spent and the normal hourly and daily rate for the work carried out.

The maximum in-kind contribution shall be 50% of the co-financing provided by the project promoter, but never higher than 20% of the total eligible project cost.

## **6. Procedure for application**

The submission of projects will be done in accordance with the provisions of the call for proposals and the present Applicants' Guide.

### **6.1 Methodology to fill in an application**

This section of the Applicants' Guide provides detailed instructions on how to fill in the application form for the EEA Financial Mechanism. By following the procedures described below, the applicant will ensure that there is a sound basis for an appraisal of the application and speed up the decision-making process.

Disclaimer: The application, any supporting documents, and information provided therein, may be made publicly available according to the freedom of information acts of the EEA-EFTA states.

#### **Tips and advice**

- Study the key documents available on [www.fonduri-ue.ro/eeagrants](http://www.fonduri-ue.ro/eeagrants) and [www.eeagrants.org](http://www.eeagrants.org) and make sure that your project meets the eligibility criteria
- Be clear about the objectives of your project: what, when, why and how
- Demonstrate the need for the project and demonstrate how it responds to that need
- Base the budget on comparable projects and relevant documentation such as offers, prices, indexes, etc. and justify the costs in question

- Make sure that the application form is fully completed and verify the accuracy of the information
- Make sure to attach any additional details and background information that may be needed for an efficient appraisal
- Use simple language, define abbreviations and avoid using specialist jargon
- Prepare the proposal thoroughly and submit only when ready for financing
- Make sure that none of the cells in the application form are red
- Contact the National Focal Point in Romania if you have further queries regarding the financial mechanism and any country specific implementation requirement. The Financial Mechanism Office (FMO) can also be at your service. All FMO contact details are available on [www.eagrants.org](http://www.eagrants.org).

### **Application form**

The application form is a standard Excel workbook that should be compatible with Microsoft Excel 97 and any later versions. Once the workbook has been opened, there are three sheets (forms) available that can be accessed by clicking the "tabs" at the bottom (Terms, Applicant, Focal Point). You can move easily through the forms by using the mouse and the scroll-bar at the right side of the screen. The forms must never be modified except for the fill-in areas. All fields to be filled in are coloured light blue.

To avoid loss of information on the printout, do not exceed the size of the fill-in boxes, even if the application form allows you to type beyond this point. You are not obliged to fill in all the text boxes in full – in some cases parts of the form might not be applicable for your application.

Do not forget to save the file regularly as you progress.

In case of problems or error messages, contact the National Focal Point in Romania.

### **Submission of applications**

Applications are submitted to the NFP as a response to the open call. Project applications (application form and supporting documentation) shall be submitted **in English** in 3 hard copies (1 original and two copies), **as well as** in 3 copies in electronic format (CD), which shall be **identical** to the hard copies.

NFP recommends that a hard copy and a copy in electronic format (CD) of the application form and other relevant documents translated in Romanian are submitted in the application package. Although this is optional for the applicant, it could avoid some requests for clarification addressed by the NFP to the applicant and would be very helpful in the appraisal process.

Required documents:

- Completed application form (only Part I by the applicant<sup>1</sup>)
- Supporting documentation

The application package will include a table of contents (“opis”) mentioning clearly the documents included, in the order in which they are organised.

No changes should be made to the original settings of the electronic version of the application form submitted.

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<sup>1</sup> Part II is filled in by the Focal Point

Only the hard copy needs to be officially signed by the applicant. The hard copy should be unbound and all pages must be of A4 size and one-sided. The application form and any necessary supporting documents will be forwarded to the Financial Mechanism Office by the Focal Point following a national evaluation and prioritisation process.

All monetary units used in the application form and in supporting documentation must be in euro. No decimal should be used (only round numbers).

Ensure that you have fulfilled the requirements listed below before submitting the application to the Focal Point:

- ✓ The standard format of the application form has been used and no amendments have been made to the text of the form (protected fields).
- ✓ The electronic and hard copy versions are identical and include all supporting documents. Note that only electronic versions in Word, Excel and PDF-formats will be accepted.
- ✓ All financial data are in euro.
- ✓ All inputs to tables containing financial and numerical information are correct.
- ✓ The hard copy is duly signed and dated.
- ✓ All necessary and listed supporting documents are attached and clearly numbered.

Under this call for proposal, an applicant can submit a **maximum of 3 (three) grant applications**. If more than three applications are submitted, the NFP will request the applicant to indicate, within a given deadline, which are the three applications to be taken into account and appraised.

Applications shall be submitted in a sealed, intact envelope/box as letter/package by registered or express mail, by courier or in person to the address indicated below:

Ministry of Economy and Finance  
Authority for Coordination of Structural Instruments  
44 Mircea Vodă Blvd., M17 Block, Entrance C, Sector 3, Bucharest, Romania

The envelope containing the application shall be marked “EEA Financial Mechanism Application – call for proposals 2008”, with the inscription “A NU SE DESCHIDE” (“DO NOT OPEN”). Applications sent by any other means (e.g. by fax or by e-mail) or delivered at other addresses will be rejected.

The deadline for submission of applications is: 12 June 2008 (3 p.m.).

In case the applications are sent by post, the latest acceptable post mark is on closing date of this call.

## **PART I TO BE COMPLETED BY THE APPLICANT**

### **Title of the project**

The title of the project should be descriptive, practical and short. The title should refer to the geographical location and the purpose (keywords).

## **Beneficiary state**

Select “Romania” from the drop-down menu.

## **Main priority sector covered by the operation**

The applicant must select the appropriate priority sector from the drop-down list that to his/her mind best matches the main objective of the project. An application should relate to only one priority sector and only one focus area.

## **Summary**

Provide a short summary of the information given in this application form (maximum one page). You may consider writing the summary once the application form is fully completed. In the summary, the following types of information should be mentioned in short:

- Focus area to which the project relates (from the focus areas under each priority sector, as specified in the call for proposals and Section 3 of this guide)
- Background of project
- Location of project
- Objective statement (purpose or overall objective)
- A project description which should include main activities and timeframe
- Other relevant information of key importance

This section should not be used as an index of the contents of the application form or of the attachments.

## **1. Applicant**

### **1.1 Name and contact details**

Provide the full legal name and the registered address of the applicant. The applicant must be a legally established entity in Romania.

Provide contact details of a contact person with whom the application can be discussed. Make sure to provide only **one** contact e-mail address. In case of several e-mail addresses entered into this field, the cell will turn red.

The person signing the application on behalf of the applicant in section 11 does not have to be the same person as the contact person in section 1. Add the contact address only if different from the registered address.

### **1.2 Description of the applicant**

Give a concise description of the applicant. The description should cover the following key issues:

- brief background of the organisation, including an indication of its owner, where applicable;
- main activities at present;
- management structure and resources (including funding); and
- experience in managing similar projects.

Attach last year's annual report, financial statements, registration certificate etc. as appropriate.

The Focal Point will carry out essential checks (legal and tax status, etc.) under the Romanian legislation on the eligibility of the applicant. The documents required may vary according to each type of project and category of applicants, and therefore it is not possible to provide an exhaustive list of required documents here. Also, see point 11 "Supporting documents".

### **1.3 Source of information for the availability of grants**

Select from the drop-down menu the most appropriate answer to how you first learned about the opportunity to apply for EEA Financial Mechanism.

## **2. Type of application**

Only the option "complete application" must be selected.

A complete application must include all information relevant to the decision-making process of the Focal Point and necessary as basis for an appraisal to be organised by the Financial Mechanism Office. Accordingly, all fields of the Part I of the application form must be completed. If the applicant considers a certain part of the form irrelevant for the project in question, the applicant must state that and explain why this is the case.

## **3. Type of project assistance**

Only the option "individual project" must be selected.

An individual project is an economically indivisible series of works fulfilling a precise technical function and with clearly identifiable aims. An individual project may include one or more subprojects.

All elements of the individual project, including any sub-projects, must be clearly identified.

## **4. Description of the project**

### **4.1 Project description, with background and justification**

Explain the origins and outline **why** the project should be undertaken, and identify clearly the main problem that the project shall solve or contribute to solve. Give an overall description of **what** the project is about and **how** it will be implemented.

Describe the target groups of the project.

Explain the feasibility of the project and why the described approach has been chosen as the most appropriate. This description should include the choice of best available technology (when appropriate) and the cost-benefit in relevant comparison. When relevant, a description of whether the polluter pays principle has been followed is required.

If the project is an independent part of a larger project, operation or overall strategy, explain the links between activities already completed, activities to be carried out under these funds, and any activities planned in the future. For projects involving infrastructure works, it is required to attach a **feasibility study**. It may cover, among other things:

- socio-economic context
- technological alternatives
- financial analysis

risk analysis  
logical framework matrix

Give relevant details of the geography of the project (national, regional, sub-regional, municipal or any other). When necessary, **attach a map** or any relevant **conceptual illustration**, such as an overall lay-out, drawings or photos related to the project.

#### 4.2 Activities and schedule

Include those project activities that are to be directly co-financed from this grant. Select a target start date of the project from the drop-down menu (month, year) and indicate as well the planned duration of the project (in months). *Note that it can take approximately 6 to 12 months between the closing date of the call and the grant decision – this aspect is to be taken into consideration when the target start date is selected.*

Break down the project into distinct activities. Limit the number of activities to maximum 10. For most projects, this is more than sufficient, however in exceptional cases when the project needs to be divided into more than 10 activities, combine activities in a logical way in order to fit the format and give the details in an attachment.

For each activity give a concise description which include:

- Activity name and scope
- Start month, expressed as an ordinal number of the month compared to the planned start month (e.g. if the project is planned to start in October 2008, activity 1 starts in October 2008, activity 2 in October 2009 and activity 3 in December 2009, the start month for activity 1 is 1, for activity 2 is 13, and for activity 3 is 15)
- Estimated duration, expressed as number of months
- Estimated expenses in euro, including the sum of cash eligible expenses, the value of in-kind eligible expenses and non-eligible expenses. The total expense is added up automatically from the expenses entered under the activities. This sum must be equal with the total project expenses from the table in section 5.2. If not, the cell **Total expense** will turn red.

#### 4.3 Objectives and indicators

Three levels of objectives should be identified in the table in the application form: Results, Purpose and Overall Objective.

**Overall objective** is the consequence of the project beyond the immediate effects to its direct beneficiaries. The overall objective can usually only be measured when some time has passed, typically 2-5 years after completion. The overall objective should be linked to the project as directly as possible. A few examples of overall objectives:

- for a kindergarten, the overall objective may be to enable a larger part of women in a community to engage in paid work;
- for a wastewater treatment plant, the overall objective may be to reach a certain level of water quality measured as minimum oxygen level in a lake;
- for an education project, the overall objective may be to achieve a certain level of efficiency in a municipal administration.

**Purpose** is the expected outcome of the project, such as number of museums opened, tonnes of reduced CO<sub>2</sub> equivalents per year, number of jobs directly created, etc. The purpose is the reason

for why the activities were carried out, and it is usually the combination of the results that determine the purpose. For example the combination of m<sup>2</sup> walls and floors etc produced in the project will at the completion be used as a kindergarten for 45 children, which is the purpose. It shall normally be possible to measure or identify the achievement of the purpose at the completion of the project.

**Results** are the direct products of the project, such as square meters of building refurbished, numbers of training places created, businesses advised, etc. The results can usually be measured during the project implementation and will therefore serve as progress indicators. Each result may be linked to an activity described in 4.2 above. All results must be measurable and achieved at the latest by the completion of the project.

In the **first column** of the table, give a short statement on each level. One overall objective, one purpose and up to three results are possible.

In the **second column**, define up to three indicators per statement. This definition must be short and clear and also include the unit of the indicator such as e.g. number of, m<sup>2</sup>, Mg (tonne) etc.

The **third column** is for the baseline value of each indicator chosen. This is the status prior to the implementation of the project. If needed, applicants may provide further explanations and calculation methods in an attachment.

The **fourth column** is for the target value of the chosen indicators. This is the expected value to be achieved as a consequence of the project. In the baseline and target columns only numerical values can be entered. Applicants should always provide quantifiable targets for indicators for Results and Purpose. If Overall Objective indicator targets can be quantified realistically, then this should be done as well. To quantify overall objectives may sometimes be difficult and may require some creativity, however, it should in most cases be possible. For those cases where this is deemed impossible, the third and fourth column may be left blank in case of the overall objective. The objectives and indicators table has a restricted number of possible objectives and indicators. If a larger number is relevant, choose the most important ones, and the ones that – in combination – cover as much as possible of the project. Feel free to give further objectives and indicators in an attached document.

A further illustration of the use of indicators and how to fill in the above table is given in the Annex 2 (*Examples of indicators for priority sectors*), where examples of indicators are given and grouped according to the priority sectors of the EEA Financial Mechanism in Romania. The examples are purely indicative.

The indicators are also often influenced by other circumstances than the project itself, especially on the overall objective level.

## **4.4 Management**

### **4.4.1 Management structures during the implementation, including financial management**

Describe the co-ordination and management structure of the project. Outline clearly the structure, responsibilities and procedures for the management and co-ordination of the project. If needed, illustrate the management structures in an organisational chart or flow-chart and attach it to the application. The description should include a brief explanation of the arrangements in place for the

financial management of the project, including arrangements for reporting, monitoring and auditing.

#### **4.4.2 Partnership**

Indicate whether the application is made with respect to a partnership. Where an applicant indicates a partnership, he/she is applying on behalf of itself and other organisations and/or institutions that make up the partnership and will implement specific tasks in the proposed project. Describe the role and added value that each partner brings to the project. Project partners' expenses are normally fully or partially reflected in the project budget. This section is not intended as a place to describe other stakeholders involved in an indirect way in the project. Contractors providing goods or services usually need to be selected through public procurement and normally have yet to be identified.

#### **4.5 Other grant applications made**

##### **4.5.1 Preparation support (including seed money fund)**

State if the development of the application has been financed with other grant funding. If yes, specify the source(s) and amount(s).

##### **4.5.2 EU funding for this project**

Explain whether applications for any EU funding have been made or have been successful with respect to this project or with respect to other projects closely linked to this project. Explain the reasons for rejection (if known). Provide details of the amount applied for. If any such applications were approved, indicate the grant amount(s) and specify the EU funding source(s).

##### **4.5.3 Other applications**

Explain whether applications to a national public budget or donors other than the EU (international or national financial institutions, or others) have been made with respect to the project in question or with respect to other projects closely linked to this project. If yes, specify the donor(s) and explain the result of the application(s) (approved/rejected).

Provide details of the amount applied for and the reasons given for any rejections. If any such applications were approved, indicate the grant amount(s) and the source(s) of the support.

### **5. Finance and Budget**

#### **5.1 Key project parameters**

The targeted start date in section 4.2 must be completed before completing this section of the application form. Indicate the exchange rate used in the budget preparation, which must be the exchange rate published in the open call (**1 Euro = 3.51 RON**).

The financial information must be given in euro. It is also required that the applicant indicate the total cash co-financing in euro from the central, regional or local government budget allocations and from non-public sources. The total sum from the fields 'Grant requested', 'Total cash co-financing – central, regional or local government budget' and 'Total cash co-financing – non-public source' must correspond with the field 'Total cash outflow' in the table 'Cash Eligible Expenses – Euro' in section 5.2. If the cells turn red, then there is a discrepancy.

For further information on co-financing rules, see Section 5.2 of the guide.

For individual projects an advance payment of up to 10 percent of the grant awarded may be made if justified by the applicant and deemed necessary by the Financial Mechanism Committee. A request for an advance payment, its justification and type of offset mechanism (selected from the drop-down menu) must be included in this section.

The advance offset mechanism to be applied for the project can take one of four forms:

1. The whole advance is set off against the first payment claim
2. The advance is set off in equal proportions from the first payment claim until 80% of the grant has been spent
3. The whole advance is set off when 80% of the grant has been spent
4. Manual advance offset scheduling

The first three of these are predefined offset mechanisms which are to be applied in most cases. The fourth provides the applicant with the opportunity to request a different form of offset schedule. The advance offset mechanism to be applied to the project must be approved by the donors. The applicant should, however, indicate his/her preferences here. Select 'No advance payment required' if advance payment is not necessary for the project. Specific examples of the four advance offset mechanisms are provided on the FMO website.

## 5.2 Expenses

Guidance on the eligibility of expenses is provided in Annex 3 (*Detailed Eligibility Provisions – Expenditures*), which contains the rules applicable to all the beneficiaries states under the EEA Financial Mechanism. The only exception applicable to Romania is that purchase of second hand equipment is not eligible, therefore Article 4 from Annex 3 should be disregarded.

Cash eligible, in-kind eligible and non-eligible expenses must be separated as indicated in the budget table. *It is obligatory to attach a **detailed budget** to the application form.* The totals from the attachment must correspond with the totals in the budget table.

### Cash eligible expenses

The section provides one row exclusively for management costs, four rows for already predefined expenses (to be selected from the drop-down menu), and if the expenses cannot be described under any of the above mentioned categories, the applicant may include a maximum of four other descriptions.

**Management costs** refer to expenses for additional dedicated management structures, with staff hired exclusively for the project's management tasks during the period of project implementation.

In cases where additional dedicated management structures and systems are created for the project, with staff hired exclusively for this purpose, the necessary related costs can be included in the eligible project budget. The costs of staff assigned to the project should not exceed a maximum hourly rate of 1 promille of the actual annual salaries including social security charges. These costs shall be decided by the Financial Mechanism Committee on a case-by-case basis, taking into account the size of the project, the responsibilities of the project promoter and other relevant factors.

The management costs shall generally be in the range of 4-10 % of the total eligible cost of the project. The amount of the total eligible management costs under this article shall be set in the grant agreement.

**Predefined expenses** (from the drop-down menu) include the following expenses:

- **Labour** refers to salaries, all benefits, as well as social security and any other taxes for the individuals working on the project, but which are not part of the management costs mentioned above
- **Services** refer to expenses which are limited to the “soft type” of services, e.g. consultancy, studies, teaching, marketing etc.
- **Office expenses** refers to expenses that cannot be identified readily and specifically with a particular activity, e.g. office supplies and equipment, travel expenses, petty expenses
- **Equipment** refers to capital expenses for equipment directly allocable to the project activities
- **Raw materials** refers to expenses for material which is used in the project, e.g. steel, concrete, wood or any other substance / products out of which something can be made or used in order to achieve the objectives of the project
- **Building acquisition** refers to expenses for purchase of real-estate
- **Land acquisition** refers to expenses for purchase of land
- **Contractors** refers to expenses related to physical work e.g. construction, renovation, excavation, repairs etc.
- **Publicity** refers to expenses which are related to project information and/or publicity measures

### **In-kind eligible expenses**

The section provides one row for in-kind eligible expenses from central, regional or local government budget allocations and one row for in-kind eligible expenses from a non-public source. The value of the in-kind contribution must be filled in here and the nature of the in-kind must be described below in the remarks field. For further details on in-kind contributions, see Article 2 in the Annex 3 (*Detailed eligibility provisions – expenditures*).

### **Non-eligible expenses**

Define and explain the non-eligible expenses directly linked to the project. The eligibility of different types of expenditure is defined in the Annex 3 (*Detailed Eligibility Provisions – expenditures*). Indicate whether the applicant can recover VAT expenses incurred – ‘yes’ or ‘no’ must be selected from the drop-down list.

#### **5.3 Eligible expense funding**

This section summarises information provided by the applicant in sections 5.1 and 5.2 of the application form. You cannot change information in this part of the Form directly. If cells in this section have turned red, this indicates that there is a discrepancy between “Project expenses” in 5.2 and “Total cash and in-kind contribution” in 5.1, and you must review and amend the data in those sections.

#### **5.4 Additional benefits**

The applicant should provide a statement of additional benefits to the project through the approval of the grant. The appropriate statement is to be selected from the drop-down menu. If the applicant estimates that the project would proceed without the grant, but in a reduced way, the applicant must explain to what extent the project would be limited without receiving the grant. If the applicant

estimates that the project would proceed, but would take longer to finish, the applicant must explain the change in timescale and the impact this will have on the project's success. If the applicant estimates that project would proceed as planned without the grant, the applicant must explain why the project should benefit from the grant.

### **5.5 Revenue generating project**

Specify whether the project is revenue-generating or not – 'yes' or 'no' must be selected from the drop-down list. In case of a revenue-generating project, the table should be completed with the expected revenues and operating expenses during the economic lifetime of the project. All the other figures are calculated automatically. The standard profit margin is predefined, it equals to the previous year's average of monthly average 10 years Government bond interest (or equivalent) in the beneficiary state + 2 %. For further details on revenue generating projects, check the *Revenue generating projects guideline*.

## **6. Legal issues relevant to the project**

### **6.1 Compliance with EU legislation**

Provide a statement on the arrangements made to ensure compliance with EU legislation relevant to the project. The statement must cover **at least** the following areas of EU legislation:

- State aid rules
- Public procurement rules
- Environment

If the project involves state aid aspects, give details such as the amount of state aid, whether de minimis rule applies, whether the state aid is registered in a scheme or on ad hoc basis, provide number of notification, reference to the letter of approval by the Commission, etc. EU legislation related to state aid is a complex issue and applicants are advised to contact the Focal Point for guidance if needed.

As for public procurement, a general statement on the arrangements foreseen should be provided, and a general description of types of contracts (e.g. studies, works, supplies or services) and the award procedures may also be added. Where any such procedures have already started, provide information on the status.

As for EU legislation in the field of environment, the applicant should refer to the legislation relevant to the project (e.g. Environmental Impact Assessment Directive 85/337/EEC (as amended)) and the practical consequences for the project.

### **6.2 Implementation of EU legislation**

If the project has been developed with the aim of contributing to the implementation of certain EU legislation, then specify the Directive or Regulations in question and explain what impact you hope the project to achieve.

### **6.3 Compliance with national, regional or local development strategies**

Explain how the project will support strategies adopted at a national or regional level in Romania, to the extent that these are relevant to the project's objectives.

#### **6.4 Legal challenges or procedures**

State whether the successful implementation and completion of the project is dependent on the outcome, positive or negative, of any legal challenges or procedures within the jurisdiction of Romania, the European Community, international courts or tribunals, or any other state. The term 'legal challenges or procedures' is to be understood to include any unresolved legal disputes even when no formal procedures have been initiated. If yes, provide the relevant details.

#### **6.5 Certificates and permits**

List any permits or certificates required before and/or during the implementation of the project. Provide a clear reference to the permit/certificate (including any reference number). Indicate the date on which the permit/certificate was obtained and its period of validity (if this is limited). Provide an estimated date on which the permit / certificate will be applied for. Examples of permits and certificates include building permits, decisions issued by heritage conservation offices or environmental protection offices, etc.

#### **7. Publicity**

An information and publicity plan should be prepared by the applicant and should be included in the application. The plan should include a brief description of aims and target groups, implementation measures and methods, budget (check that it is the same as in the detailed budget breakdown) and responsibility for implementation. Refer to the requirements set out in the *Publicity guideline*. If the space provided in the application form is insufficient, attach the publicity plan to the application form.

#### **8. Risks and risk management**

Generally, any project will have associated risks and these risks must be managed properly. Accordingly, it is important to recognise such risks and plan how to manage the risk factors. Risks could be related to funding sources, permissions, procurement issues, etc., and they could be technical, financial, legal or managerial. A risk analysis must identify the risks, including considerations of likelihood and impact, as a basis to determine how risk should be managed. Both likelihood and impact can have three values (low, medium or high) to be selected from a drop-down list. It will typically include, but not be limited to, the relation between risks and objectives, judgment of critical risks and determination of actions to mitigate risks. Provide a separate risk analysis if applicable (may be part of a feasibility study, see 4.1).

#### **9. Cross-cutting issues**

Cross-cutting issues address various values/aspects of the project relevant for all sectors, and are important in relation to the overall quality of the application. The cross-cutting issues are essential parts of the primary goal of the financial mechanisms, the reduction of social and economic disparities in the European Economic Area (EEA). The applicant must consider cross-cutting issues when applying for grant assistance and provide information on how they relate to the application. If a particular cross-cutting issue is considered not to be relevant, a justification for this must be provided.

## 9.1 Sustainable development

In this section the applicant is asked to describe how the project contributes to sustainable development which integrates the environmental, economic and social dimensions of human endeavour into a single, comprehensive concept. The listed questions illustrate various aspects of sustainable development within each of the three dimensions as they may relate to project applications. The applicant should consider and provide comments on these issues as relevant. Note that the questions are not exhaustive. For further information on sustainable development in the EEA Financial Mechanism, see the *Sustainable development policy and guide*.

### 9.1.1 Environmental

Describe how the project will contribute to environmental sustainability and how any possible adverse environmental impact will be rectified. If relevant (e.g. for certain infrastructure project), an environmental impact assessment must be attached. The issue regarding the environmental dimension is to determine whether or not the project has a positive environmental impact and how the key aspects of environment have been considered. Some general questions to consider are

- Does the project respect the principles of preventive action?
  - How have green procurement targets been included for the project?
- More specifically and depending on the nature of the project, one or more of the following questions may be answered:

- To what degree will the project reduce or prevent emission of persistent toxic pollutants?
- Will the project result in the recovery of natural resources?
- Is use of fossil energy reduced by the project?
- Is the project of benefit to biodiversity?

### 9.1.2 Economic

Describe how the long-term economic viability of the project will be ensured. **How, when** and by **whom** will the results be used? How will the purpose of the project be maintained?

Explain how operating and maintenance expenses will be covered **after** project implementation is completed. Where relevant, explain whether a fund exists or will be established to secure against unexpected expenses related to the maintenance and operation of the project results.

It is also important to determine that the economic drivers that influence the project are sustainable and whether or not the project in itself make any kind of contribution for establishment of economic tools for sustainable development.

- Does the project strengthen financial tools for ecosystem protection?
- Have the costs of all ecosystem effects been taken into consideration?
- Are all the financial drivers of the project sustainable?
- Has the polluter pays principle been followed?

### 9.1.3 Social

The social related checkpoints relate to the knowledge and conduct of the population, their health and integrated sustainable development management.

- Will the project increase public understanding of sustainability?
- Will the project influence citizens' sustainability behaviour positively?
- Will the project have positive effects for public health?

- Does the project contribute to more integrated policy, planning or management, for sustainable development?
- In what way does the project contribute to the ‘social dialogue’ (meaning both the dialogue between the trade unions and employers’ associations, as well as the dialogue between government, local government and civil society organisations)?
- Will the project contribute to poverty reduction?

In addition, summarise measures taken to include disadvantaged groups, such as direct involvement in project design, accessibility to project results etc., or summarise possible social disadvantages and how they will be rectified.

## **9.2 Gender equality**

In this section the applicant is asked to describe how the project contributes to gender equality, participation and empowerment. The following list of examples illustrates the various aspects of gender equality as they may relate to project applications. The applicant should consider and provide comments on these issues as relevant. Note that this list is not exhaustive. For further information on gender equality in the financial mechanisms, see the *Gender equality policy and guide*.

### General methodology

- Does the project take into account gender specific needs and address gender specific conditions?
- Does the project take past experiences and/or current gender equality activities in the country into account?
- Does the project address the gender equality issues and targets relevant to the project?
- Does the project provide qualitative information on gender issues where necessary?

### Economic and social rights

- Does the project encourage lifelong learning and access by women to the labour market?
- Does the project enhance the income earning opportunities of women?
- Does the project strengthen social rights and/or contribute to participation in civil life by women?
- Does the project reduce the social exclusion of women?

### Human rights

- Does the project contribute to strengthening organisations and public institutions working to improve the opportunities and rights of women, including NGOs?

### Prevention of violence

- Does the project support awareness-raising actions and campaigns empowering women?

### Participation and decision-making

- Does the project contribute to participation by women in decision making at both a political and an economic level?
- Does the project involve male and female stakeholders in the consultative process
- Does the project promote women’s participation within the project, for example as project staff, members of steering committees?

### **9.3 Good governance**

In this section the applicant is asked to describe how the project contributes to good governance in Romania. The following list of examples illustrates the various aspects of governance as they may relate to project applications. The applicant should consider and provide comments on these issues as relevant. Note that this list is not exhaustive. For further information on good governance in the financial mechanism, see the *Good governance policy and guide*.

- Does the project contribute to better public access to information and/or improved transparency?
- Does the project improve participation of civil society in decision making processes?
- In what way does the project deal with the issue of accountability vis-à-vis those affected by the project?
- In what way does the project take a proactive approach to preventing and dealing with corruption?
- How has it been determined that the project fulfils a real need?

### **10. Bilateral relations**

State whether the project may contribute to the strengthening of relations between the EEA-EFTA states (Iceland, Liechtenstein and Norway) and Romania. If the implementation of the project involves partners from the EEA-EFTA states, explain the opportunities you hope to gain from their involvement.

Where there are no such project partners, are there any other benefits that may stem to the relations with the EEA-EFTA states during the implementation or as a result of the project? Project partners from these countries and the role they will play in project implementation should also be described under section 4.4.2.

### **11. Supporting documents**

The application should be supported by additional documentation according to the nature of the proposal, with the application form summarising the key characteristics of the project.

All supporting documents (attachments) provided with the application must be listed. Number each supporting document clearly. The electronic version of each supporting document should be saved with a file name that makes its identification clear, for example using the attachment number and name.

Obligatory supporting documents:

- detailed budget
- statements required by the NFP (to be further detailed)

Common supporting documents would be, among other things:

- feasibility study
- maps and conceptual illustrations
- latest verified annual report
- signed letter of intent or partnership agreement

## 12. Signature

The application form must be signed by a person with the designated authority in the applicant organisation. The signature shall be original (signature stamps, persons signing on others' behalf, or photocopies are not acceptable). If a decision of a management committee, board of directors or comparable bodies is required to grant the signatory the necessary powers, the original of the decision, signed by the members of the committee or the board, shall be attached to the application (letter of authority for person signing the application). Do not forget to complete the signatory name, position and signature date electronically in the application form.

## PART II TO BE COMPLETED BY THE FOCAL POINT

Part II of the application form is completed by the National Focal Point. The applicant should leave this part of the form blank. The Focal Point is charged with selecting the best applications from among those received through open calls, or any other applications made as a result of separate agreements between the donors and the beneficiary state. These prioritised applications (consisting both of the application form and of all or some of the attachments prepared by the applicant) are forwarded to the Financial Mechanism Office, in English, for appraisal and recommendation to the donor states.

### 6.2 Deadline for submission of project applications

Project applications should be received by the National Focal Point not later than 12 June 2008.

### 6.3 Deadline for execution of projects

All project activities shall be finalized by 30 April 2011 at the latest.

## 7. Eligibility Rules

### 7.1. Eligibility of applicants

Under this call for proposals, all public or private sector bodies and non-governmental organisations (NGOs) constituted as legal entities in Romania and operating in the public interest - e.g., national, regional and local authorities, education/research institutions, environmental bodies, voluntary and community organisations and Public-Private Partnerships may apply for assistance.

However, this does not mean that all applicants are eligible for each and every priority sector and focus area. The categories of eligible applicants are tailored to each priority sector / focus area, taking into account their specificities. These categories are specified in the table below.

Priority sector	Focus areas	Eligible applicants
<b>Protection of the environment, including the human environment, through, inter alia, the reduction of pollution and the promotion of renewable energy</b>	<i>Supporting biodiversity and nature reserves, including sustainable use of water resources</i>	<ul style="list-style-type: none"><li>• national, regional and local authorities (administrative-territorial units)</li><li>• intercommunity development associations</li><li>• commercial entities operating in the public interest, including water regional operating companies</li></ul>

<b>Priority sector</b>	<b>Focus areas</b>	<b>Eligible applicants</b>
		<ul style="list-style-type: none"> <li>• education / research institutions</li> <li>• non-governmental organisations (NGOs)</li> <li>• administrations and custodians of the protected areas, including “Natura 2000” sites</li> </ul>
	<i>Monitoring systems for ground water, waste water and air pollution</i>	<ul style="list-style-type: none"> <li>• national, regional and local authorities (administrative-territorial units)</li> <li>• intercommunity development associations</li> <li>• commercial entities operating in the public interest, including water regional operating companies</li> <li>• NGOs</li> <li>• education / research institutions</li> </ul>
	<i>Reducing water pollution from mining activities</i>	<ul style="list-style-type: none"> <li>• national, regional and local authorities (administrative-territorial units)</li> <li>• intercommunity development associations</li> <li>• commercial entities operating in the public interest, including water regional operating companies</li> <li>• NGOs</li> <li>• education / research institutions</li> </ul>
	<i>Developing sustainable waste water collection and promoting recycling systems</i>	<ul style="list-style-type: none"> <li>• national, regional and local authorities (administrative-territorial units)</li> <li>• commercial entities operating in the public interest, including water regional operating companies</li> <li>• NGOs</li> <li>• education / research institutions</li> </ul>
	<i>Enhancing flood prevention</i>	<ul style="list-style-type: none"> <li>• national, regional and local authorities (administrative-territorial units)</li> <li>• intercommunity development associations</li> <li>• commercial entities operating in the public interest, including water regional operating companies</li> <li>• NGOs</li> <li>• education / research institutions</li> </ul>
	<i>Strengthening integrated coastal area management</i>	<ul style="list-style-type: none"> <li>• national, regional and local authorities (administrative-territorial units)</li> <li>• intercommunity development associations</li> <li>• water regional operating companies</li> <li>• NGOs</li> <li>• education / research institutions</li> </ul>

<b>Priority sector</b>	<b>Focus areas</b>	<b>Eligible applicants</b>
	<i>Developing renewable energy sources, including geothermal energy and hydropower</i>	<ul style="list-style-type: none"> <li>• national, regional and local authorities (administrative-territorial units)</li> <li>• intercommunity development associations</li> <li>• commercial entities operating in the public interest</li> <li>• NGOs</li> <li>• education / research institutions</li> </ul>
<b>Human resource development through, inter alia, promotion of education and training, strengthening of administrative or public service capacities of local government or its institutions and the democratic processes that support it</b>	<i>Enhancing the administrative capacity of central and local public authorities, including for integrated development planning and the use of information technology</i>	<ul style="list-style-type: none"> <li>• national, regional and local authorities (administrative-territorial units)</li> <li>• intercommunity development associations</li> <li>• NGOs (only in partnership with national, regional or local authorities)</li> </ul>
	<i>Developing tools and databases for territorial planning</i>	<ul style="list-style-type: none"> <li>• national, regional and local authorities (administrative-territorial units)</li> <li>• education / research institutions (only in partnership with national, regional or local authorities)</li> </ul>
	<i>Promoting the social dialogue</i>	<ul style="list-style-type: none"> <li>• national, regional and local authorities (administrative-territorial units)</li> <li>• trade unions, associations, federations, confederations</li> <li>• employers' unions, associations, federations, confederations</li> </ul>
	<i>Enhancing competence building in the justice and home affairs sector</i>	<ul style="list-style-type: none"> <li>• national, regional and local authorities (administrative-territorial units)</li> <li>• NGOs</li> </ul>
	<i>Enhancing attractiveness, access and participation to vocational education and training</i>	<ul style="list-style-type: none"> <li>• national, regional and local authorities (administrative-territorial units)</li> <li>• intercommunity development associations</li> <li>• education institutions and units</li> <li>• authorized CVT (continuous vocational training) providers</li> <li>• authorized guiding and counseling providers</li> <li>• NGOs</li> </ul>
<b>Health and childcare</b>	<i>Supporting children at risk</i>	<ul style="list-style-type: none"> <li>• national, regional and local authorities (administrative-territorial units)</li> <li>• intercommunity development associations</li> <li>• NGOs</li> <li>• authorized social services providers</li> <li>• education units and institutions</li> <li>• research institutions</li> </ul>
	<i>Rehabilitating buildings, modernisation of equipment and managerial systems</i>	
	<i>Implementing preventive measures to promote a healthy lifestyle</i>	
	<i>Preventing and improving treatment of communicable</i>	

<b>Priority sector</b>	<b>Focus areas</b>	<b>Eligible applicants</b>
	<i>diseases (HIV/AIDS and TB)</i>	
<b>Conservation of European cultural heritage, including public transport and urban renewal</b>	<i>Conservation of European cultural heritage</i>	<ul style="list-style-type: none"> <li>• national, regional and local authorities</li> <li>• NGOs</li> <li>• religious institutions according to the Law No 489/2006</li> </ul> <p>Applicants must be owners/administrators/concessionaires of objectives included in the UNESCO world patrimony list or national patrimony list.</p>

Projects may be submitted in partnership, provided that both the applicant and its partner(s) fall under the categories of eligible applicants for the focus area targeted by the project. For such projects, because of legal implications and practical reasons related to the assessment of the projects, partnership between peer entities (public-public, NGO-NGO, public-NGO, private-private) are preferable to partnerships between different-status entities.

In line with the national legislation in the field of public procurement, among the partners there should not be any commercial relation (e.g. contracting authority – economic operator).

Projects that involve partners from the EEA EFTA states (Iceland, Liechtenstein and Norway) are encouraged. Please note that partners from Iceland, Liechtenstein and Norway are subject to the same eligibility rules for applicants described above as in the case of Romanian – Romanian partnerships.

## **7.2. Eligible costs**

Unless otherwise decided in the detailed eligibility provisions (Annex 3) or the grant agreement, costs incurred by a project promoter which are necessary and directly related to the implementation of a project, and are incurred within the dates of eligibility, are considered as eligible costs.

Guidance on the eligibility of expenses is provided in Annex 3 (*Detailed Eligibility Provisions – Expenditures*), which contains the rules applicable to all the beneficiaries states under the EEA Financial Mechanism. The only exception applicable to Romania is that purchase of second hand equipment is not eligible, therefore Article 4 from Annex 3 should be disregarded.

To be considered eligible, costs must be provided in the budget of the application submitted to the National Focal Point. Approved costs shall be described later in the grant agreement.

### **Examples of eligible costs subject to certain conditions**

- Overheads
- VAT and other taxes and charges
- Charges and legal expenses
- Purchase of land and real estate

The above list is not exhaustive. For more details, see Annex 3.

### **Examples of ineligible costs**

- Purchase of second-hand equipment
- Financial charges
- Fines, financial penalties and expenses of litigation
- Expenditures related to VAT that are recoupable by the applicant
- Depreciation of equipment or real estate

The above list is not exhaustive. For more details, see Annex 3.

### **7.3 Period of eligibility**

#### **Start of eligibility period**

Unless otherwise said in the grant agreement, expenditure incurred shall be eligible for assistance as of the date Financial Mechanism Committee decides to award the grant.

Costs are deemed to be incurred within the dates of eligibility if the costs are paid, invoiced, and the subject matter (goods, services or works) of the costs is delivered, within the said dates.

#### **End of eligibility period**

The final date for eligibility shall be fixed in the grant agreement. It shall be 24 months after the scheduled date for project completion, but 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.

In exceptional cases where further delays are justified, the Financial Mechanism Committee can extend the period of eligibility to 30 April 2012, provided that acceptable disbursement claims are received by 31 October 2012.

If a project is, on the end date of eligibility of expenditures, subject to judicial procedures or administrative appeal with suspensory effects, the Committee can give further extensions if it deems that such extension is in the interests of the EEA Financial Mechanism.

## **8. Evaluation, prioritisation and approval of applications**

### **8.1 National evaluation and prioritisation procedure**

The project application will be assessed by the National Focal Point (NFP), the Monitoring Committee for the EEA Financial Mechanism and its Working Groups for each priority sector. The appraisal will be based on the following categories of criteria:

#### **I – ADMINISTRATIVE COMPLIANCE**

#### **II – ELIGIBILITY**

##### ***II.1 APPLICANT***

##### ***II.2 PROJECT***

#### **III – SELECTION**

The appraisal will be based on a combination of yes/no and weighted criteria as detailed below.

The NFP will carry out the "administrative compliance" and "eligibility" checks. In case of a 'no' assessment corresponding to any of the criteria in categories I–II, the NFP may ask for clarifications or completion of an application file from the applicant (e.g. correction of minor, non-substantial errors in the filling in of the Application Form or documents missing from the application package), within a given deadline, or it will disqualify the application from further assessment, leading to the rejection of the application in a letter to the applicant that will indicate the reasons for rejection.

If all the criteria in categories I-II below are complied with, the application will be further assessed as per criteria in category III (see Section 8.2 below).

If an application is rejected after the administrative or eligibility checks, the applicant may request in written the NFP to review such a decision within a period of 5 working days.

The appraisal of the applications based on the criteria in category III is carried out first by the working groups of the Monitoring Committee, resulting in a ranking list by each priority sector. In order for an application to be proposed for selection and included in the list, the application must score at least 60 points in total for the criteria in category III. The ranking lists by priority sector are then sent for validation to the Monitoring Committee, which formulates a 'consolidated opinion' (a consolidated list of proposed projects) and submits it to the NFP. Taking into account the Monitoring Committee opinion, the NFP establishes the final list of applications proposed for submission to the FMO.

At this stage, a letter will be sent to the applicant, notifying one of the following results of the appraisal process:

- the application has been selected by the NFP and will be submitted to the FMO; the NFP may ask the applicant to provide, within a given deadline, a confirmation that he/she is still committed to the project

or

- the application has not been selected by the NFP (the letter will state the reasons for rejection).

The NFP will then send the package of proposed applications to the FMO.

During the appraisal process, NFP reserves the right to request clarifications and further documentary proof as may be necessary depending on the complexity and specificity of the project being appraised. Such cases may include, for example, applications targeting infrastructure works or giving rise to complex state aid issues. Complex/specific issues may be subject to further formalisation in the grant award letter, once the project is approved by the Financial Mechanism Committee, or in the financing contract concluded by the Ministry of Economy and Finance (as NFP) with each beneficiary.

## 8.2 National appraisal criteria

No.	CRITERION	Appraisal method
<b>I</b>	<b>ADMINISTRATIVE COMPLIANCE</b>	
1.	The applicant has used the standard Application Form (AF) provided in the Applicants' Guide and no amendments have been made to the text of the form (protected fields)	Yes/No
2.	AF is fully completed	Yes/No
3.	All the required annexes to AF have been submitted using the standard format (where this was provided in the Applicants' Guide)	Yes/No
4.	AF including annexes is submitted in English in 3 hard copies (1 original and 2 copies), as well as in 3 copies in electronic format (CDs), which shall be identical to the hard copy	Yes/No
5.	AF including annexes is signed and stamped on each page by the applicant	Yes/No
6.	AF is duly signed and dated	Yes/No
7.	AF including annexes is submitted within the deadline specified in the call for proposals (by 12 June 2008, 3.00 p.m.)	Yes/No
8.	All financial data mentioned in the AF package are in Euro	Yes/No
9.	All inputs to tables containing financial and numerical information are correct	Yes/No
<b>II</b>	<b>ELIGIBILITY</b>	
<b>II.1</b>	<b><i>Applicant</i></b>	
1.	The applicant is constituted as a legal entity (the same for their partners, if there is the case)	Yes/No
2.	The applicant is registered in Romania	Yes/No
2'	The applicant has to have at least one year of activity	Yes/No
3.	The applicant and its partners (where applicable) have a basic capacity to implement the project (human and technical resources)	Yes/No
4.	The applicant has a secure source for financing the project, including, where applicable, clearly defined and valid "in-kind" contribution	Yes/No
5.	The applicant and its partners (where applicable) belong to one of the eligible categories mentioned in the Applicants' Guide for the respective priority sector / focus area	Yes/No
6.	The applicant and its partners (where applicable) are not in insolvency according to the Romanian legislation in force	Yes/No
7.	The applicant and its partners (where applicable) have not been convicted by means of a definitive judgment (i.e. where no further appeal can be made) because of a professional misconduct	Yes/No

No.	CRITERION	Appraisal method
8.	The applicant and its partners (where applicable) have not been guilty of grave professional misconduct	Yes/No
9.	The applicant and its partners (where applicable) have not fulfilled obligations relating to the payment of social security contributions or the payment of taxes in accordance with the legal provisions of the country in which they are established	Yes/No
10.	The applicant and its partners (where applicable) have not been the subject of a judgment which has the force of <i>res judicata</i> for fraud, corruption, involvement in a criminal organisation or any other illegal activity	Yes/No
11.	Following another procurement procedure or grant award procedure financed by the Community budget or public national funds, the applicant and its partners (where applicable) have not been declared to be in serious breach of contract for failure to comply with their contractual obligations	Yes/No
<b>II.2</b>	<b>Project</b>	
1.	The application targets one of the priority sectors and is included in one focus area	Yes/No
2.	The implementation period does not exceed the deadline for the eligibility of expenditures (30 April 2011)	Yes/No
3.	The project value does not exceed the ceilings mentioned in the Applicants' Guide	Yes/No
4.	The value of requested financing is within the limits mentioned in the Applicants' Guide	Yes/No
5.	The project or activities from the project have not received other public funding (national or EU) in the last three years before the project submission	Yes/No
<b>III</b>	<b>SELECTION</b>	
1	<i>Relevance</i>	
	<i>Total:</i>	
1.1	The overall objective of the project application is in compliance with the EEA FM strategic goal, priorities and focus areas	Scoring (1-5)
1.2	The project application is in compliance and contributes to the implementation of the national/regional policies and strategies (inc. implementation of the <i>EU acquis</i> )	Scoring (1-5)
1.3	Project purposes correspond to the needs and problems of the target groups	Scoring (1-5)
2.	<i>Methodology</i>	
	<i>Total:</i>	
2.1	There is a clear link between the project purposes, proposed	Scoring (2-10)

No.	CRITERION	Appraisal method
	activities and expected results	
2.2	Proposed methods for implementation of the project activities are adequate and realistic	Scoring (1-5)
2.3	The project application has clearly identified expected results and activity's achievement indicators are realistic and measurable, in accordance with the project objectives	Scoring (1-5)
2.4	The implementation plan is realistic and achievable	Scoring (2-10)
2.5	The project application envisages adequate information and publicity measures	Scoring (1-5)
3.	<i>Budget and cost-effectiveness</i>	
	<i>Total:</i>	
3.1	The project application has detailed and realistic budget	Scoring (1-5)
3.2	The project budget envisages realistic and necessary costs which will contribute to the project implementation	Scoring (1-5)
3.3	The project budget is economically grounded and effective with the view to the ratio between expected costs and results	Scoring (1-5)
4.	<i>Risk</i>	
	<i>Total:</i>	
4.1	Project application envisages a clearly identified system for identification and risk management	Scoring (2-10)
5.	<i>Cross-cutting issues</i>	
	<i>Total:</i>	
5.1	Sustainable development	Scoring (1-5)
5.2	Gender equality and good governance	Scoring (1-5)
6.	<i>Partnership and bilateral relations</i>	
	<i>Total:</i>	
6.1	The application includes project partners from the donor states and the partnership clearly contribute to the successful implementation of the project Note: If there are no partners from the donor states, the score will be 1.	Scoring (1-5)
7.	<i>Sustainability</i>	
	<i>Total:</i>	
7.1	Are the expected results of the proposed action sustainable: - financially - institutionally - at policy level (where applicable)	Scoring (2-10)

**Scoring guidelines.** The evaluation grid is divided into 7 sections, which include a number of selection criteria. Each criterion must be given a score between 1 and 5 in accordance with the following guidelines:

Score (1-5)	Score (2-10)	Meaning
1	2	very poor
2	4	poor
3	6	adequate
4	8	good
5	10	very good

These scores are added to give the total score for the section concerned. The totals for each section are then added together to give the total score for the proposal.

### 8.3 Approval of applications

According to the Rules and Procedures, the FMO carries out a detailed appraisal of the prioritised applications and makes recommendations to the Financial Mechanism Committee, which makes the final decision on the co-financing of the project. On the basis of a positive decision, a Grant Agreement will be concluded between the Financial Mechanism Committee and the National Focal Point. The National Focal Point shall notify the applicant of the approval or rejection of projects by the Financial Mechanism Committee.

The Ministry of Economy and Finance, as National Focal Point will then conclude on its behalf a financing contract with the successful applicants that stipulate the rights and obligations, as well as the distribution of responsibilities of the parties involved in project management and implementation.

## 9. Partnership

Projects can be implemented in cooperation with **partners**. Partners are defined as parties that have a relevant role in the implementation of the project activities and/or contribute to the budget of the project. A project may have only one applicant that is registered in Romania and has a leading role in the cooperation project. However there can be more than one beneficiary, including partners. Partner organizations are not required to be registered in Romania – they may be from any country in the EEA (such as Iceland, Liechtenstein, Norway). Partner’s role in the project may be financial or in kind (value must be measurable).

Both the applicant and its partner(s) should fall under the categories of eligible applicants for the focus area targeted by the project. For such projects, because of legal implications and practical reasons related to the assessment of the projects, partnership between peer entities (public-public, NGO-NGO, public-NGO, private-private) are preferable to partnerships between different-status entities. Also, in line with the national legislation in the field of public procurement, among the

partners there should not be any commercial relation (e.g. contracting authority – economic operator).

One of the aims of the EEA Financial Mechanism is to improve bilateral relations between donor (Iceland, Liechtenstein, Norway) and beneficiary states, therefore partnerships with donor state actors are encouraged. Please note that partners from Iceland, Liechtenstein and Norway are subject to the same eligibility rules for applicants as in the case of Romanian – Romanian partnerships.

## **10. Implementation provisions**

The project will be implemented based on the provisions of the grant agreement and the financing contract. A standard model of the grant agreement for an individual project can be consulted on the NFP website ([www.fonduri-ue.ro/eeagrants](http://www.fonduri-ue.ro/eeagrants)).

### **Public procurement**

The award of procurement contracts needed to implement the projects will be carried out by the project promoter (beneficiary) in compliance with the provisions of the Emergency Government Ordinance No 34/2006<sup>2</sup> with its subsequent amendments and completions, observing the following principles:

- non-discrimination
- equal treatment
- mutual recognition
- transparency
- proportionality
- efficiency of the use of public funds
- assuming responsibility

The project promoter bears the full responsibility for complying with the provisions in force of the public procurement legislation. If infringements of these legal provisions are found, the expenses related to the payment of goods / services / works shall be considered ineligible and shall not be reimbursed by the NFP / FMO.

### **Monitoring and evaluation**

The monitoring arrangements for an individual project shall be stipulated in the grant agreement and in the financing contract. The NFP shall ensure that these arrangements are sufficiently implemented and, if needed, take steps to strengthen them.

- Promoters provide progress reports (including monitoring of sustainable development factors) to the NFP.
- The NFP reports at least once a year to the FMO.

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<sup>2</sup> Government Emergency Ordinance No. 34/2006 regarding the award of public procurement contracts, public works concession contracts and services concession contracts, approved by Law No. 337/2006, amended and supplemented by Law No. 128/2007 and GEO No. 94/2007

- The FMO monitors projects and normally for this purpose draws upon the services of a monitoring agent to undertake external monitoring of the project, as well as on-the-spot checks.
- Ex-post evaluation of the project may be carried out individually or in the context of the programming framework of Romania.

The *Reporting and Monitoring Guidelines* contain a more detailed description of the reporting and monitoring requirements and procedures. Also, additional provisions may be foreseen by the NFP in the financing contract.

## **Disbursements**

Grant assistance is given as reimbursement of already incurred documented costs according to an agreed disbursement schedule.

For individual projects an advance payment of up to 10% may be made if justified by the Beneficiary State and deemed necessary by the FMC. The advance payment is disbursed in accordance with the grant agreement.

Promoters submit requests for disbursements to the NFP. The payment claim is an integral part of the project interim report. The NFP in turn presents the documentation to the FMO or, if applicable, its designated disbursement agent for disbursement.

The *Disbursement Guidelines* contain a more detailed description of the disbursement procedures.

## **Financial control and audit**

Audit and financial control is carried out in accordance with Article 6 of the Rules and Procedures of the EEA Financial Mechanism.

## **11. NFP contact coordinates**

Ministry of Economy and Finance  
Authority for Coordination of Structural Instruments  
44 Mircea Vodă Blvd., M17 Block, Entrance C, Sector 3, Bucharest, Romania  
e-mail: [eea.grants@mfinante.ro](mailto:eea.grants@mfinante.ro)  
Web: [www.fonduri-ue.ro/eeagrants](http://www.fonduri-ue.ro/eeagrants)

## Guide on grant rates

The rules on the co-financing ceiling are set in Article 3.2.1 of the Rules and Procedures of the EEA Financial Mechanism. This guide is intended to clarify those rules and provide guidance on their interpretation with respect to individual project applications.

### 1. General principles

At the outset it is important to note that all individual projects will be reviewed independently. The grant rate offered will be set on a case-by-case basis by the Financial Mechanism Committee. The grant rate offered will correspond to what is reasonable as the minimum necessary to allow the proposed activity to proceed. Furthermore, the FMC can set a lower grant rate than requested in the application, for example if the project is likely to generate revenues beyond certain levels (see *Revenue Generating Projects Guideline*), when necessary to comply with state aid rules, or when an adjustment of the grant rate is necessary to properly apply the “polluter pays” principle. Nevertheless, the FMC will, when possible, aim to use the grant rate requested in the application as long as it is within the co-financing ceilings.

The application must be fully transparent in terms of the financing of the project; the applicant must state the source of all sources of co-financing in the application and should attach a confirmation from the/these source/s regarding the availability of these funds. In-kind contributions and overheads may form part of the co-financing (see *Detailed Eligibility Provisions – Expenditures*).

It is important to note that the co-financing must be paid in parallel to the financing from the EEA Financial Mechanism, as the proportion of the total amounts paid by the mechanism to the project cannot exceed the grant rate.

The maximum grant support from the EEA Financial Mechanism is divided into three levels, and will hereafter be referred to as level A, B, and C.

### 2. Grant rate levels for individual projects

#### A. Level A grant rate (up to 60%)

The basic principle of the support offered by the EEA Financial Mechanism is that the grant rate for *individual projects* can be *up to 60%* of the total eligible project cost. The remaining 40% or more necessary in co-financing may be covered by the applicant, by its partner(s), by an external source (domestic or foreign), or by any combination thereof.

#### B. Level B grant rate (up to 85%)

In cases when 15% or more of the total eligible cost of an *individual project* is provided by central, regional or local government budget allocations, the EEA Financial Mechanism may provide a grant covering *up to 85%* of the total eligible cost of the project.

It is important to note that level B is **not** dependent on the status of the applicant (i.e. whether the applicant is a governmental agency or a private entity). Instead, the **source of the co-financing** is the decisive factor, meaning that all eligible applicants may qualify for a level B grant rate as long

as they are able to demonstrate that at least 15% of the co-financing is provided by an allocation from central, regional or local government budgets <sup>\*</sup>.

***C. Level C grant rate (generally up to 90%)***

If the purpose of an *individual project* is to support NGO (including social partners) activities <sup>\*\*</sup>, grant rates above those described above, but generally not above 90%, could be provided. When level C grant rate is applied, domestic co-financing will normally be required. It can come from any source, public or private.

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<sup>\*</sup> The condition of funding from “central, regional or local government budget allocations” is considered fulfilled when at least 15% of the co-financing comes from the budget of a public body. In addition to ministries, municipalities, and regional authorities, the term “public body” includes entities such as the police, judiciary, governmental agencies, universities, schools, libraries, museums, research institutions, and hospitals, provided that these entities are primarily funded through public funds.

<sup>\*\*</sup> For the purposes of this Guide, a definition of NGOs is provided in Article 1 of the *NGO Grants Guideline*.

### Examples of indicators for priority sectors

The following list gives typical indicators for various examples of operation within the priority sectors. The operation examples are mainly projects, but the same logic applies to programmes and block grants as well. The list is meant as guidance in the process of identifying indicators for the logical framework method when preparing the application. It is not an attempt to cover all possible indicators that may be relevant.

The *Result* indicators are meant to cover the main physical outcomes of the operation. Please note that there will typically be more than one indicator for each *Result*, and often more than one *Result* for each operation. In the list below, only one *Result* indicator example is given for each project.

There is typically only one *Purpose* for each project, but in some cases there may be more and each should be assigned with indicators. For each *Purpose* there may be more than one indicator. The same *Overall Objective* will often be identified for several unrelated operations. Typically, sustainable livelihood (employment increase and economic growth) would be an *Overall Objective* which is directly linked to the objective of the EEA Grants to reduce the social and economic disparities within the EEA. Other typical *Overall Objectives* can be related to biodiversity improvement, health improvement, reduction of greenhouse gases, etc.

For examples of indicators for priority sectors see table below:

<i>Priority sector</i>	<i>Operation type</i>	<i>Level</i>	<i>Type of indicator</i>	<i>Definition</i>	<i>Measurement</i>
<b>Protection of the environment including the human environment, through, inter alia, reduction of pollution and promotion of renewable energy.</b>	<b>Water treatment, potable (drinking) water</b>	Overall Objective	Improved health of population	Population health improvement through the reduction of diseases from pathogens carried by drinking water	% reduction of diseases transferred by drinking water
		Purpose	Population served (water supply)	Households served by improved water quality	Number and % of population
		Result	Water treatment and purification	Capacity improvements for water treatment and purification plants	m <sup>3</sup> water treatment capacity per day
	<b>Waste management</b>	Overall Objective	Sustainable use of resources	Materials and energy recovered from recycling	% net recovered resources
		Purpose	Reduction of land filling	Reduced dumping of waste to landfills	% reduction to landfills
		Result	Waste recycling	Capacity created in waste recycling facility	Capacity measured in tones per year
	<b>Renewable energy</b>	Overall Objective	Reduction of CO <sub>2</sub> emissions	Increase in share of renewable energy sources compared to total energy supply	% compared to total; Kg of CO <sub>2</sub> reduced per year
		Purpose	Cost for final users	Reduction in energy costs	Euro/KWh
		Result	Production of renewable energy	Production capacity established for renewable energy	KW/MW capacity

<i>Priority sector</i>	<i>Operation type</i>	<i>Level</i>	<i>Type of indicator</i>	<i>Definition</i>	<i>Measurement</i>	
<b>Human resources development through, inter alia, promotion of education and training, strengthening of administrative or public service capacities of local government or its institutions and the democratic processes that support it.</b>	<b>Implementation of information technology in a municipal administration</b>	Overall Objective	Efficiency	Increased efficiency in handling clients, faster response times etc.	Response time for typical public requests	
		Purpose	Training	Training courses for employees at different levels and adapted to different needs	Number of employees with relevant new competence	
		Result	Installation	Information and Communication Technology (ICT) network and software installation	Data-processing capacity	
	<b>NGO participated training</b>	Overall Objective	Strengthened civil society	Better use of local resources and improved communication between different sectors of the society	Value added (% increase of GDP/capita in the area or elements thereof)	
		Purpose	Training	Organisation of training programmes to implement specific skills to both governmental and private sectors	Number of people with new skills	
		Result	Resource identified	Search and identification of specific skills within the NGO sector in a defined area	Number of NGO's and persons with defined skills	
	<b>Conservation of European cultural heritage including public transport and urban renewal.</b>	<b>Revitalisation of historic urban area</b>	Overall Objective	Sustainable livelihoods	The revitalisation of the buildings creates opportunities for various businesses in the buildings	Value added, (Number of jobs; income etc.) Men/Women
			Purpose	Improvement of functionality	Buildings can be used for education, tourist sites and other purposes	Number of people using the buildings
			Result	Restoration of buildings	New utility infrastructure and surfaces of historical buildings	m <sup>2</sup> building surface renewed
<b>Health and childcare</b>	<b>Institution for children with learning disabilities</b>	Overall Objective	Integration into society	More children able to benefit from their own resources to function in society	Rate of integration into society	
		Purpose	Assistance given	Assistance given to children both living at the institution and visiting from time to time	Number of children benefiting from the institution	
		Result	Capacity	Construction of building equipped as institution for disabled children	Number of beds	
	<b>Increasing health services in a rural area</b>	Overall Objective	Improved health	Reduced number of sick days	Number of sick days in % of population	

<i>Priority sector</i>	<i>Operation type</i>	<i>Level</i>	<i>Type of indicator</i>	<i>Definition</i>	<i>Measurement</i>
		Purpose	Consultations	Consultations given to the public in the area within a period of time	Number of consultations per year
		Result	Capacity	Number of health personnel available to the public in the area	Number of health personnel

## Detailed Eligibility Provisions - Expenditures

### A. RULES ON ELIGIBILITY OF EXPENDITURE

According to Article 3.1.5 of the Rules and Procedures for the implementation of the EEA Financial Mechanism, all projects (individual projects, programmes, block grants, seed money facilities, and NGO funds) cofinanced under the EEA Financial Mechanism shall be subject to these detailed eligibility provisions.

#### *1. Eligible costs and periods of eligibility*

##### **1.1 Eligible costs**

1.1.1 Unless otherwise decided in these detailed eligibility provisions or the grant agreement, proportionate costs incurred by a project promoter or an intermediary which are necessary and directly related to the implementation of a project or a subproject, and are incurred within the dates of eligibility, are considered as eligible costs.

##### **1.2 Periods of eligibility**

1.2.1 The implementation of a project shall cover all stages from preparation of implementation to the completion of the approved project, including the relevant publicity measures. All expenditures, incurred by the body responsible for implementation, must be supported by documentary evidence.

1.2.2 Unless a later date is provided in the grant agreement, expenditure incurred shall be eligible for assistance as of the date on which the Financial Mechanism Committee (FMC) decide to award the grant. The FMC shall, in accordance with Article 3.1.3 of the Rules and Procedures, fix the final date of eligibility in the same decision. The final date shall be stated in the grant agreement.

1.2.3 Costs are deemed to be incurred within the dates of eligibility if the costs are paid, invoiced, and the subject matter (goods, services or works) of the cost is delivered, within the said dates.

##### **1.3 Costs incurred by promoters or intermediaries**

Promoters and intermediaries are defined as the public or private bodies in the Beneficiary States responsible for the implementation of projects. Promoters are the bodies responsible for the implementation of individual projects, while intermediaries are those responsible for the implementation of programmes, block grants, and NGO funds. In the case of programmes, block grants, and NGO funds, incurred costs means both grant assistance paid to end-recipients and management costs of the programme, the block grant, or the NGO fund. Payments of grant assistance by intermediaries must be justified by reference to the conditions and objectives of the grant. In cases where the selection of the intermediary in the Beneficiary State is conducted through a competitive tendering procedure, the FMC can in the grant decision, decide that the contract value shall be accepted as the incurred management costs.

#### **1.4 Costs incurred by end-recipients (Not applicable to this call for proposals)**

The eligibility of costs incurred by end-recipients (responsible for the implementation of sub-projects under programmes, block grants, or NGO funds) shall be described in the grant agreement. Such descriptions can contain a reference to the Detailed Eligibility Provisions – Expenditures, which would state any variations, if applicable, from the Detailed Eligibility Provisions - Expenditures or provide a separate list of eligible expenditure. This is without prejudice to Article 2.4.

#### **1.5 Proof of expenditure**

As a rule, costs incurred by promoters or intermediaries shall be supported by receipted invoices. In cases where this cannot be done, costs shall be supported by accounting documents of equivalent probative value. In addition, in cases where the implementation of a project is not subject to a competitive tendering procedure, payments by promoters or intermediaries shall be justified by expenditure actually paid (including expenditure referred to in Articles 2.2 and 2.3) by the body/ies concerned in implementing the project, both public and private.

#### **2. Incurred costs**

##### **2.1 Main principles**

Payments effected by promoters or intermediaries shall normally be in the form of cash, such as bank transfers. However, under the conditions set out in Articles 2.2 and 2.3, contributions in kind and overheads can also form part of the payments. The EEA Financial Mechanism's co-financing of a project shall nevertheless not exceed the total eligible expenditure, excluding contributions in kind, at the completion of the project.

##### **2.2 In-kind contributions**

2.2.1 In-kind contributions are eligible expenditure provided that:

- (a) they consist of the provision of land or real estate, equipment or materials, research or professional activity, or unpaid voluntary work;
- (b) their value can be independently assessed and audited;
- (c) in the case of the provision of land or real estate, the value is certified by an independent qualified evaluator or duly authorised official body;
- (d) in the case of unpaid voluntary work, the value of that work is determined taking into account the amount of time spent and the normal hourly and daily rate for the work carried out;
- (e) the provisions set out in Articles 4, 5 and 6 are complied with where applicable.

Cost of depreciation is not eligible. This is relevant for the evaluation of in-kind because depreciation of equipment or real estate provided by the project promoter itself is not eligible and if the equipment was purchased before the first date of eligibility its purchase price is also ineligible.

2.2.2 The Beneficiary State may, after consultation with the Financial Mechanism Office, determine the maximum proportion of in-kind contributions in relation to the total co-financing provided and/or acquired by the promoter, intermediary, or the end recipient. Such ceilings, which may vary between different types of project assistance, shall generally be in the range of 20-80% of such co-financing but never higher than 20% of the total eligible project cost. The establishment of any such ceiling shall be made prior to any call for applications where this applies, and be clearly

indicated in the call for proposals itself. If no ceilings have been established, the maximum in-kind contribution shall be 80% of the co-financing provided and/or acquired by the promoter, the intermediary, or the end-recipient, unless otherwise decided in the grant agreement.

*Note. Under this call for proposals, as indicated in Section 5 of the Applicants' Guide, the maximum in-kind contribution shall be 50% of the co-financing provided by the project promoter, but never higher than 20% of the total eligible project cost.*

### **2.3 Overheads**

Overheads may be eligible expenditure, provided that they are based on real costs which relate to the implementation of projects financed by the EEA Financial Mechanism and are allocated on a pro-rata basis to the project, according to a duly justified, fair and equitable method.

### **2.4 End-recipients**

The provisions on in-kind contributions and overheads are also applicable to end recipients in the case of programmes, block grants and NGO funds.

### **2.5 Subcontracting**

2.5.1 Without prejudice to the application of stricter national rules, expenditure relating to the following subcontracts is ineligible for co-financing by the EEA Financial Mechanism:

- (a) subcontracting which adds to the cost of execution of the project, without adding proportionate value to it;
- (b) subcontracts with third parties or consultants in which the payment is defined as a percentage of the total cost of the project, unless such payment is justified by the promoter or intermediary by reference to the actual value of the work or services provided.

2.5.2 The subcontractors of all subcontracts shall undertake to provide the audit and control bodies with all necessary information relating to the subcontracted activities.

## ***3. Financial and other charges and legal expenses***

### **3.1 Financial charges**

Debit interest charges for financial transactions, foreign exchange commissions and losses, and other purely financial expenses, are not eligible for co-financing by the EEA Financial Mechanism.

### **3.2 Bank charges on accounts**

Where the grant agreement, the Focal Point, or national legislation requires the opening of a separate account or accounts for implementing a project, the bank charges for opening and administering the accounts, are eligible.

### **3.3 Professional services**

Fees for legal advice, notary fees, costs of technical and financial expertise, costs related to reparation of procurement, insurance, and accountancy or audit costs are eligible if they are directly linked to the project and are necessary for its preparation or implementation. In the case of accounting or audit costs, these must also relate to requirements by the Beneficiary State and the FMC.

### **3.4 Costs of guarantees provided by a bank or other financial institution**

These costs are eligible where any such guarantees are deemed necessary by the FMC in the case of advance payments by the EEA Financial Mechanism.

### **3.5 Fines, financial penalties and expenses of litigation**

These expenses are not eligible.

#### ***4. Purchase of second-hand equipment (Not applicable to Romania)***

The purchase costs of second-hand equipment are eligible for co-financing by the EEA Financial Mechanism under the following three conditions, without prejudice to the application of stricter national rules:

- (a) the seller of the equipment shall provide a declaration stating its origin, and confirm that at no point has it been purchased with the aid of national, Community, or EEA Financial Mechanism grants;
- (b) the price of the equipment shall not exceed its market value, taking into consideration its reduced technical and economic lifetime, and shall be less than the cost of similar new equipment; and
- (c) the equipment shall have the technical characteristics necessary for the project and comply with applicable norms and standards.

#### ***5. Purchase of land***

##### **5.1 General rule**

The cost of purchase of land not built on shall be eligible for co-financing by the EEA Financial Mechanism under the following conditions, without prejudice to the application of stricter national rules:

- (a) there shall be a direct link between the land purchase and the objectives of the project co-financed;
- (b) except in the cases described in Article 5.2, the land purchase may not represent more than 10% of the total eligible expenditure of the project, unless a higher percentage is fixed in the assistance approved by the FMC;
- (c) a certificate shall be obtained from an independent qualified evaluator or duly authorised official body confirming that the purchase price does not exceed the market value and that it is free of all obligations in terms of mortgage and other liabilities, particularly in respect of pollution;
- (d) neither the cost of land already owned by the body responsible for implementation, nor the purchase of land owned by a public administration shall be eligible;
- (e) under no circumstances shall land be purchased for speculative purposes; and
- (f) the purchase of land shall be approved by the FMC, either in the grant agreement or by a later decision.

## **5.2 Environmental protection projects**

For environmental protection projects, all the conditions indicated below shall also be met for the expenditure to be eligible:

- (a) the purchase is the subject of a positive decision by the Focal Point;
- (b) the land is devoted to the intended use for a period determined in that decision;
- (c) the land is not for agricultural purposes, save in duly justified cases accepted by the Focal Point;
- (d) the purchase is made by or on behalf of a public institution or a body governed by public law.

## **6. Purchase of real estate**

### **6.1 General rule**

The cost of purchase of real estate, meaning buildings constructed or under development and the appropriate rights to the land on which they are built, may be eligible for co-financing by the EEA Financial Mechanism if there is a direct link between the purchase and the objectives of the project concerned, under the conditions set out in Article 6.2, and without prejudice to the application of stricter national rules. The purchase of real estate must be suited to the specific operational needs of the project.

### **6.2 Terms of eligibility**

6.2.1 A certificate shall be obtained from an independent qualified evaluator or duly authorised official body confirming that the price does not exceed the market value, that it is free of all obligations in terms of mortgage and other liabilities, particularly in respect of damage related to pollution. Such certificates must either attest that the building in question is in conformity with national regulations, or specify what is not in conformity with national regulations but which is to be rectified by the promoters or intermediaries under the project.

6.2.2 The real estate shall not have received a national or donor grant which would give rise to a duplication of aid in the event of co-financing of the purchase by the EEA Financial Mechanism in the last 10 years.

6.2.3 The real estate shall be used for the purpose and for the period specified in the FMC decision. The ownership must be transferred to the final beneficiary of the project no later than at the end of its implementation. The real estate can not be sold, rented, or mortgaged within five years after the approval of the project completion report, or longer if stipulated in the grant agreement. The Financial Mechanism Committee may waive this restriction if it would result in an unforeseen and unreasonable burden on the final beneficiary.

6.2.4 The real estate may only be used in conformity with the objectives of the project. In particular, buildings may be used to accommodate public administration services only where such use is in conformity with eligible activities of the EEA Financial Mechanism.

6.2.5 The cost of real estate already owned by the body responsible for implementing the project and the purchase of real estate owned by a public administration shall not be eligible.

6.2.6 Expenditure on site preparation and construction which are essential for the implementation of the project may be eligible.

6.2.7 Under no circumstances shall real estate be purchased for speculative purposes.

6.2.8 The purchase of real estate and new buildings and constructions shall be approved by the FMC decision.

### ***7. VAT and other taxes and charges***

The expenditures related to VAT and other taxes, levies or charges of whatever nature, which by law are not recoupable from the Beneficiary State, are eligible for financing.

Other taxes and charges (in particular direct taxes and social security contributions on wages and salaries) which arise from co-financing from the EEA Financial Mechanism do not constitute eligible expenditure, except when they are genuinely and definitely borne by the promoter, intermediary, or end-recipient.

## **B. INFORMATION REQUIREMENTS FOR A SUFFICIENT AUDIT TRAIL**

A sufficient audit trail is considered to be present when, for a given grant, the following applies:

1. Accounting records kept at the appropriate management level provide detailed information about expenditure actually incurred in each co-financed operation by promoters or intermediaries, including (where the latter are not the final recipients of funding) the bodies and firms carrying out the operations. The accounting records show the date they were created, the amount of each item of expenditure, the nature of the supporting documents and the date and method of payment. The necessary documentary evidence (e.g. invoices) is attached.
2. For items of expenditure relating only partly to the co-financed operation, the accuracy of the allocation of the expenditure between the operations co-financed and other operations is demonstrated. The same applies to types of expenditure that are considered eligible only within certain limits or in proportion to other costs.
3. The technical specifications and financial plan of the operation, progress reports, the documents concerning the grant approval and tendering and contracting procedures, and reports on inspections of the products and services co-financed in the operation are also kept at the appropriate management level.
4. For declaring expenditure actually incurred in co-financed operations to the Beneficiary State, the information referred to in paragraph 1 is aggregated into a detailed statement of expenditure for each operation that covers all individual items of expenditure for the purpose of calculating the total certified amount. The detailed statements of expenditure constitute supporting documents for the accounting records of the Beneficiary State.
5. The FMO keeps accounting records for each operation and for the total amounts of expenditure certified by the Beneficiary State. The Beneficiary State presents lists of the operations approved under each project, identifying each operation in detail and indicating the promoter or intermediary, the date of approval of the grant, the amounts committed and paid and the period of the expenditure, and the total expenditure with regard to the Beneficiary State's programming framework. This information constitutes supporting documentation for the accounting records of the Beneficiary State and is the basis for the preparation of the declarations of expenditure to be presented to the EEA Financial Mechanism.
6. In the case of computerised transfer of accounting data, all the authorities and bodies concerned obtain sufficient information from the lower level to justify their accounting records and the sums

reported upwards, so as to ensure a sufficient audit trail from the total summary amounts certified to the EEA Financial Mechanism, down to the individual expenditure items and the supporting documents at the level of the promoters or intermediaries and the bodies carrying out the operations.