

# Bilateral Guideline

*EEA and Norwegian Financial Mechanisms 2021 – 2028*

*Adopted by the Financial Mechanism Committee on 20 August 2025*

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## **LIST OF ABBREVIATIONS**

|              |                                                    |
|--------------|----------------------------------------------------|
| <b>BFA</b>   | Bilateral Fund Agreement                           |
| <b>DPP</b>   | Donor Programme Partner                            |
| <b>EEA</b>   | European Economic Area                             |
| <b>FMC</b>   | Financial Mechanism Committee                      |
| <b>FMO</b>   | Financial Mechanism Office                         |
| <b>FO</b>    | Fund Operator                                      |
| <b>GrACE</b> | Grant Administration and Collaboration Environment |
| <b>IPO</b>   | International Partner Organisation                 |
| <b>JCBF</b>  | Joint Committee for the Bilateral Fund             |
| <b>MoU</b>   | Memorandum of Understanding                        |
| <b>NFP</b>   | National Focal Point                               |
| <b>NGO</b>   | Non-Governmental Organisation                      |
| <b>NMFA</b>  | Norwegian Ministry of Foreign Affairs              |
| <b>PO</b>    | Programme Operator                                 |
| <b>SCO</b>   | Simplified Cost Options                            |
| <b>TA</b>    | Technical Assistance                               |

# 1 Introduction

## 1.1 The objective of strengthening bilateral relations

The EEA and Norwegian Financial Mechanisms for the funding period 2021-2028 (hereafter the “EEA and Norway Grants” or “Grants”) have two overall objectives:

- contributing to the reduction of economic and social disparities in the European Economic Area; and
- strengthening bilateral relations between the Donor States Iceland, Liechtenstein and Norway and each of the 15 Beneficiary States.

The EEA and Norway Grants promote the following three overall thematic priorities in the funding period 2021-2028:

- European green transition;
- Democracy, rule of law and human rights; and
- Social inclusion and resilience.

This Bilateral Guideline relates to the objective of strengthening bilateral relations, also called “the bilateral objective”, which means building trust, understanding and mutually beneficial relationships between Donor and Beneficiary States.

To facilitate bilateral relations, the EEA and Norway Grants are implemented in partnership between entities from Donor and Beneficiary States at programme level, project level and through activities outside the scope of programmes and projects.

## 1.2 Aim and legal status of the Bilateral Guideline

The aim of the Bilateral Guideline is to provide guidance on the implementation of the bilateral objective under the EEA and Norway Grants. The Bilateral Guideline is part of the Grants’ legal framework and complementary to, *inter alia*, the Regulations<sup>1</sup>, Protocol 38d to the EEA Agreement and the Agreement between Norway and the European Union on the Norwegian Financial Mechanism 2021-2028 (Article 1.5 of the Regulations).

This Guideline provides information on the forms of bilateral cooperation, the requirements for such cooperation and suggestions on how to best implement bilateral cooperation in practice.

The Guideline is primarily addressed to National Focal Points (NFPs), Programme Operators (POs), Fund Operators (FOs), Donor Programme Partners (DPPs) and Donor State representatives, including Donor State embassies to the Beneficiary States. It may also be helpful for entities interested in forming bilateral partnerships and applying for funding from the Grants.

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<sup>1</sup> Regulation on the implementation of the European Economic Area (EEA) Financial Mechanism 2021-2028, adopted by the EEA Financial Mechanism Committee pursuant to Article 9.4 of Protocol 38d to the EEA Agreement on 7 January 2025 and confirmed by the Standing Committee of the EFTA States on 27 January 2025, and Regulation on the implementation of the Norway Grants (including annexes) 2021-2028, adopted by the Norwegian Ministry of Foreign Affairs pursuant to Article 9.4 of the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period May 2021–April 2028 on 16 January 2025, hereinafter “the Regulations”. See: [Regulation on the implementation of the EEA Grants 2021-2028](#) and [Regulation on the implementation of the Norway Grants 2021-2028](#).

### 1.3 Funding sources for bilateral cooperation

In the setup of the EEA and Norway Grants, various funding sources contribute to the aim of strengthening bilateral relations:

- the **project grant**, in case of projects with a Donor project partner;
- the **programme management costs**, which cover the costs for POs related to the management of the programme;
- the **costs of the Donor State**, which cover, *inter alia*, the costs for DPPs in Donor partnership programmes (Article 1.9 of the Regulations);
- **technical assistance**, which covers costs by the Beneficiary State specifically related to the management of the Grants in the Beneficiary State (Article 1.10 of the Regulations); and
- the **funds for bilateral relations**, which is a funding source specifically created to support activities between entities from Donor and Beneficiary States, both within and outside of programmes (Article 4.6.1 of the Regulations).

### 1.4 Forms of bilateral cooperation

There are three main forms of bilateral cooperation under the EEA and Norway Grants:

- Donor partnership programmes (cooperation at programme level), see chapter 2;
- Donor partnership projects (cooperation at project level), see chapter 3; and
- bilateral initiatives (activities funded by the funds for bilateral relations), see chapters 4-6.

### 1.5 Funds for bilateral relations

The funds for bilateral relations are a source of funding within the Grants, specifically designed to support bilateral activities. Each Beneficiary State is required to set aside between 2 and 5% of its total allocation for bilateral initiatives. The exact amount shall be agreed in the MoU and allocated to the bilateral funds at national level and programme level. The part for use at programme level shall be further divided between the programmes in each Beneficiary State during the MoU negotiations and identified in the Programme Agreement (Article 4.6.1 of the Regulations). It is not required that all programmes receive an allocation from the bilateral funds.

The funds for bilateral relations are meant to be a flexible tool to promote, develop and sustain bilateral cooperation, within and outside the scope of programmes. The types of activities that qualify as bilateral initiatives and the rules applicable to them are explained in Chapters 4-6 of this Guideline.

### 1.6 Levels of bilateral cooperation: National vs Programme level

Bilateral cooperation can take place either at programme or at national level. Donor Partnership Programmes and Donor partnership projects are forms of bilateral cooperation that per definition take place within the scope of a programme. Bilateral initiatives, on the other hand, may take place either within the scope of programmes (programme level) or outside the scope of programmes (national level).

The responsibility for bilateral cooperation at programme level is with the PO, supported by the DPP(s). Decisions on the use of the bilateral funds in Donor partner programmes are taken jointly (in

consensus) by the PO and the DPP(s). The management of the bilateral funds in the programme remains with the PO who may, with the consent of the NFP and the Financial Mechanism Committee (FMC)<sup>2</sup>, entrust the use and management of a part of the bilateral funds at programme level to the DPP(s) (Article 4.10.4 of the Regulations).

The responsibility for bilateral cooperation at national level, including the use and management of the bilateral funds at national level, is with the NFP and the Joint Committee for the Bilateral Fund (JCBF). Decisions on the use of bilateral funds at national level are taken in consensus by the JCBF.

## 2 Donor Partnership Programmes

A Donor partnership programme is a programme of specific bilateral interest that is implemented in cooperation between a Beneficiary State entity (the PO) and one or more public entities from the Donor States, referred to as “Donor Programme Partners” (DPPs).

Donor partnership programmes aim to facilitate networking, exchange, sharing and transfer of knowledge, technology, experience and good practices between public entities in the Donor States and the Beneficiary States. The partnership is set up for sustainable and long-term cooperation between the partners in the programme areas covered by the programme. The partnership is expected to contribute to enhanced general knowledge of their respective countries and their policies within the relevant sectors. The cooperation shall be mutually beneficial for the partners and the partnership should have a positive impact on the planning, implementation and results of the programme. The cooperation is supposed to ensure that thematic priorities of the programme address common challenges and to facilitate meaningful and qualitative project level cooperation between entities from the Donor and Beneficiary States, rather than focusing on the quantity of partnerships.

### 2.1 Donor Programme Partners (DPPs)

A Donor Programme Partner (DPP) is a public entity in one of the Donor States acting as a strategic partner in a programme. DPPs are either identified in the Memorandum of Understanding (MoU) or through an exchange of letters between the FMC and the NFP (Article 4.2 of the Regulations). A DPP usually has a national mandate in the Donor State and international experience in a particular sector. A DPP brings sector experience and competence into a programme, alongside understanding and knowledge of the Donor States’ priorities. The DPPs are key actors in the Grants’ support to a greener, more democratic, and resilient Europe, through their work within the programme areas outlined in the Programme areas and funds for the EEA and Norway Grants 2021-2028 (Blue Book). The EEA and Norway Grants are based on common values and principles as defined in Art. 1.3 of the Regulations, and the operationalization of these values are strengthened in the 2021-2028 funding period. This means that the DPPs have a responsibility to assist the POs in ensuring that the values, including gender equality, are taken into account in the programmes.

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<sup>2</sup> Where reference in this document is made to the FMC, reference is made *mutatis mutandis* to the Norwegian Ministry of Foreign Affairs (NMFA) for the Norway Grants.

## 2.2 Role of the Donor Programme Partners (DPPs)

### 2.2.1 DPP tasks

In general, the role of a DPP in a programme is to advise on the preparation and implementation of the programme and to facilitate bilateral cooperation. For some specific tasks, the role of the DPP goes beyond advising. This applies, for example, to their role in the preparation of the Concept Note and the calls for proposals in their programmes, where they are expected to actively contribute to the development of these instruments. Moreover, they are co-decision-makers as regards the bilateral funds in their programmes and they can also be entrusted with the use and management of a part of the bilateral funds in these programmes. For project selection, DPPs are voting members of the Selection Committee, unless otherwise specified in the Programme Agreement, and they may make recommendations to the Selection Committee (or the PO, in case of the simplified selection procedure) as regards the Donor project partners in the project and the quality of the partnership.

A detailed list of the tasks of the DPP are identified in the Framework Agreement that the FMO concludes with each individual DPP. The DPPs' main tasks are also identified in the Regulations (Articles 4.2.3, 4.3.3, 7.6.4 and 7.7.2), as they are performed in collaboration with one or more of the other partners in the programme (i.e., the PO and the International Partner Organisation(s) (IPO(s))). During programme implementation, the DPP will perform most of its tasks in the scope of the Cooperation Committee, which is the main forum for collaboration between partners during the programme implementation phase.

The DPPs specific role in the programme may be shaped by their capacity, expertise, and willingness to take on additional tasks. Additional DPP tasks, such as providing information and communication on funding opportunities and advising in other programmes where it is not formally appointed as DPP, will be agreed upon with the FMO in line with the DPP Framework Agreement.

DPPs advising in programmes where they are not formally appointed as DPP could, for example, be relevant for programmes without a DPP or programmes where the DPP can offer valuable input and expertise on specific aspects of the programme. In addition to being agreed with the FMO, the level of such involvement must be decided in collaboration with the relevant PO/Cooperation Committee. Any costs related to such involvement shall be reimbursed based on the DPP Framework Agreement with the FMO.

The DPPs role in facilitating bilateral cooperation includes raising awareness of funding opportunities within the Grants for potential Donor project partners. The word 'potential' in this document refers both to Donor project partners who have not participated in projects or initiatives in the Grants before, and those who have participated in previous cooperation. These two categories of Donor project partners require different follow-up, and the DPP fulfills an important role in providing relevant information and assistance when issues arise.



### 2.2.2 Several DPPs in one programme

In programmes with several DPPs, the responsibility for DPP tasks may be distributed between DPPs, in line with the needs in the programme and the respective interest and expertise of the various DPPs. The distribution of tasks may be specified in the MoU or agreed in dialogue between the PO and the DPPs in the Concept Note. The DPPs may be equally involved in all levels of the cooperation, or a “lead DPP” can be designated, with the other DPP(s) advising on their areas of expertise. In such cases the lead DPP may take a coordinating role, overseeing the cooperation, ensuring that all DPP tasks are covered and that all DPPs are sufficiently involved in their respective fields of expertise. Several DPPs may also be involved in the development of a programme, and then leave the implementation to a “lead DPP”. It should be noted that the arrangement between the DPPs is not formally regulated in the Regulations or Guidelines and may be adapted depending on the specificities of the programmes and interest of the parties involved.

#### Example:

The MoU identifies a programme covering three programme areas. Each programme area corresponds to one outcome under the programme. It may be specified in the MoU or in the Concept Note/Programme Agreement, which DPP shall be responsible for which programme area/outcome, including for example:

- which DPP shall be a voting member in the Selection Committee for calls for proposals within that programme area/outcome;
- which DPP shall participate in the decision-making on which part of the bilateral funds;
- any delegation of the management of a part of the bilateral funds at programme level to one or more of the DPPs.

## 2.3 Role of the DPP in the programme development phase

At the stage of programme development, the DPP tasks include, *inter alia*:

- Contributing to the preparation of the Concept Note and the Programme Agreement; and
- Advising on stakeholder consultations, where applicable.

### 2.3.1 Concept Note development

The Concept Note serves as the basis for the Programme Agreement concluded between the NFP and the FMC. The Concept Note defines the scope and the planned results for the programme. In Donor partnership programmes, the PO shall develop the Concept Note in cooperation with the DPP(s), the IPO(s) where relevant, and the FMO (Article 6.2.1 of the Regulations). The PO shall invite the DPP(s) to advise and actively contribute to the preparation of the programme once the MoU has been signed.

While the PO is responsible for developing the programme, the DPP is expected to be actively involved in the development of the programme strategy and design. The DPP shall provide input and contribute with its sectoral expertise on all relevant aspects of the Concept Note. The DPP's contribution to the section on bilateral cooperation is of particular importance and includes defining the strategic use of the funds for bilateral relations and the main priorities in that respect, together with the PO.

Examples of how DPPs can contribute to the Concept Note development:

- co-write sections of the Concept Note with the PO and other partners;
- assess and comment on proposals from the PO;
- present proposals to the Concept Note; and
- identify relevant Donor project partners for pre-defined projects

The PO, the DPP(s) and the FMO shall be included in all correspondence during the programme development phase and be kept informed about any meetings taking place at that stage. It is considered good practice to keep the NFPs and Donor representatives, including Donor Embassies, informed, and they may be included as observers.

DPP input to the Concept Note is a key factor to be considered in the FMC's assessment of the Concept Note.

### 2.3.2 Stakeholder consultations

Stakeholder consultations during Concept Note development are mandatory only if required in the Memorandum of Understanding (Article 6.2.1 of the Regulations) or if the programme has a Roma inclusion component (see programme area "Roma inclusion and empowerment" in the Blue Book). In case of stakeholder consultations, one of the earliest tasks of the DPP(s) is to contribute to the planning and implementation of preparatory stakeholder consultations. In addition to assisting the PO in consulting relevant stakeholders in the Beneficiary State, the DPP may propose dedicated bilateral stakeholder consultations, involving relevant Donor State entities, to provide input to bilateral aspects of the programme. Identifying potential areas for bilateral cooperation and potential partners in pre-defined projects is an important task for the DPP at this stage.

## 2.4 Role of the DPP in the programme implementation phase

Most of DPP tasks during programme implementation are reflected in the Regulations (Articles 4.2.3, 4.3.3, 7.6.4 and 7.7.2 of the Regulations). Some of these tasks are explained in more detail below.

### 2.4.1 Contributing to selection criteria and calls for proposals

In Donor partnership programmes, calls for proposals shall be organised by the PO and developed in consultation with the FMO, the DPP(s) and the IPO(s), where relevant (Article 7.3.1 of the Regulations). The PO shall discuss the call text with these partners at an early stage, to ensure that bilateral cooperation is considered. The DPP is expected to actively provide input to the call text, in particular on the selection criteria for Donor project partners and the criteria for assessing the bilateral cooperation. The DPP is expected to ensure that the quality of the partnership and the added value of the Donor partner to the project can be adequately assessed during the selection process.

To ensure quality partnerships, it is important that the PO and the DPP(s) cooperate closely on calls for proposals from start to finish. Depending on the type of call and the sector, the timing of various steps of the process may influence the ability of the DPP to give meaningful input on Donor partnerships. Also, the timing of the calls for proposals should be considered in relation to partnership facilitation efforts such as travel grants or matchmaking events.

A call for proposals shall, in principle, be open for a minimum of three months unless a shorter deadline is agreed in the Programme Agreement (Article 7.3.2.b of the Regulations). Calls with high bilateral ambitions should be kept open for a longer period. This is to allow sufficient time for finding partners and for partnerships to develop, or for already established partnerships to find new areas of cooperation and develop new projects. This longer timeframe is particularly important as project applications should be developed by the Project Promoter together with the Donor project partner, to ensure quality in the partnership and to foster shared ownership of the project.

If the selection criteria provide additional points for partnerships with Donor entities, it is important that the scope and quality of the partnership are considered in the assessment and scoring. Awarding additional points just for having a Donor partner, but without a more in-depth assessment of the quality of the partnership, is not recommended practice, as such partnerships may not be sustainable or add value to the project.

Example of defining selection criteria for bilateral partnerships - Slovakia Culture programme in the Financial Mechanisms 2014-2021 (FM 14-21):

The SK Culture programme had two consecutive calls supporting contemporary arts and culture where bilateral partnerships were mandatory. Therefore, the selection criterion focused on assessing the added value/contribution of the Donor partnership to the overall value of the project. The criterion was worth 10% of the total points and could be scaled from 0-10 allowing for a nuanced assessment between the applications. The criterion was formulated as follows: *“The involvement of a Donor state partner/partners is a significant contribution to the overall value and impact of the project (cooperation, exchange of information, know-how etc.). The project enhances bilateral cooperation with Donor state partners (joint production, coproduction, residential arts centres and/or programmes, exchange of information and know-how)”*.

#### 2.4.2 Assessing Donor project partners and the quality of partnerships in the project selection process

The Regulations provide a standard procedure for the selection of projects across Beneficiary States (Article 7.6), whereby projects will be selected in three stages:

1. assessment of the applications by impartial experts, resulting in an expert ranking list;
2. review of the expert ranking list by a Selection Committee, resulting in an approved list of recommended projects; and
3. the final decision by the PO on the projects that will be awarded funding.

For calls for proposals for smaller projects (with a maximum grant amount of up to €100,000), a simplified procedure, based on general principles, may apply (Article 7.7 of the Regulations).

In both procedures, the DPPs have a particular important role in the assessment of Donor partnership projects, i.e., the DPPs shall review the Donor project partners' compliance with the applicable selection criteria and the quality of the bilateral cooperation, which shall have priority over the

quantity of Donor partnership projects. The DPPs are expected to verify that the Donor partner has a clear, active and meaningful role in the project and that it adds value to the project (and is not added just for having a Donor partner).

DPPs shall, in principle, be voting members of the Selection Committee, unless otherwise specified in the Programme Agreement (Article 7.4.2 of the Regulations). Hence, DPPs may choose to opt out of Selection Committee membership, in agreement with the FMC and the NFP. Notwithstanding the role of the DPP in the Selection Committee, the Regulations provide that the Selection Committee shall, in reviewing the expert ranking list, consult the DPP(s) and take into account their recommendations regarding any Donor project partners in the project applications (Articles 7.6.5 and 7.7.2 of the Regulations). DPPs are expected to make such recommendations to the extent that it is reasonable and proportional. It is, however, not an obligation for DPPs as the relevant information on the Donor partner(s) may not always be available to them. They may also limit their recommendations to one or a few Donor partners involved in project proposals under a certain call. Therefore, DPPs enjoy a margin of discretion on when and how to perform the task of making recommendations on Donor partners to the Selection Committee.

In cases where the Programme Agreement stipulates that a DPP is not a voting member of the Selection Committee, the DPP concerned shall be invited as an observer.

In calls for proposals where Donor partnership is mandatory, it may be an option to appoint one or more experts from the Donor States. DPPs could play an important role in the appointment of such experts and provide support in making practical arrangements, as they are familiar with the relevant sector in their country.

Example: use of Donor State evaluators in the FM 14-21 Poland Culture programme

Under Outcome 2 in the programme 'improved access to arts and culture', three consecutive calls were launched where bilateral partnership was mandatory. In view of this requirement, the PO and the DPP agreed that each application would be assessed by one expert from Poland and one from Norway. The DPP coordinated the pooling, contracting and payment of the Norwegian experts via a separate agreement with the PO using the Programme management funds. The Norwegian expert pool consisted of experts covering most arts fields (film, literature, music, dance, theatre, etc). The criterion on bilateral cooperation on which applications needed to be assessed was: "opportunities, experience, knowledge and planned partner's contribution as well as the level to which a bilateral partnership stimulates knowledge sharing, mutual learning and/or the emergence of stronger network of international cooperation."

In cases where a DPP representative would act as an expert for the evaluation of the project proposals, that person cannot represent the relevant DPP in the Selection Committee, to avoid conflict of interest.

### 2.4.3 (Co-)deciding on the use of the bilateral funds in the programme

In Donor partnership programmes, the PO and the DPP(s) shall decide in consensus on the use of the bilateral funds in the programme (see point 6.3). In agreement with the PO, the NFP and the FMC, the use and management of a part of the bilateral funds in the programme can be entrusted to the DPP (see point 6.4).

### 2.4.4 DPP Communication and match-making responsibilities

Throughout the programme development and implementation, the DPP shall play an active role in the communication concerning the programme, especially towards the target groups as well as previous and prospective partners in the relevant Donor State. An important task for the DPP is to create awareness of funding opportunities under the Grants in the Donor State and to establish and facilitate contacts between Project Promoters in Beneficiary States and potential Donor partners. Hereby, the DPP may consult relevant networks in its sector and provide the POs with a selection of interested and relevant Donor partners which could be matched with potential Project Promoters, provided this is done in a transparent manner and does not prejudice the opportunities for other potential Donor partners. The DPP responsibilities regarding communication and matchmaking shall be addressed in the DPP Framework Agreement between the FMO and each individual DPP. The bilateral funds can be used for match-making activities, both prior to the launch of a call and while a call is ongoing (see point 6.2). Finally, DPPs shall also communicate on the objectives of bilateral cooperation in the programme.

## 2.5 The Cooperation Committee

### 2.5.1 Role and functioning

The Cooperation Committee (CC) is the main forum for collaboration between the PO, the DPP(s), the IPO(s) and/or any other partner in the programme during the implementation of the programme. The Cooperation Committee shall be established at the latest by the entry into force of the Programme Agreement (Article 4.3.1 of the Regulations).

The role of the Cooperation Committee is to provide advice on the implementation of the programme and its tasks are listed in the Regulations (Article 4.3.3). In addition, the Cooperation Committee is encouraged to have discussions on issues of common interest (e.g. developments in the relevant sectors) and to share experience in view of establishing long-term cooperation and dialogue. The partners at programme level are also expected to be in contact outside the scope of Cooperation Committee meetings, through technical meetings or email exchange on relevant issues.

There are no specific requirements in the Regulations on how the Cooperation Committee should be established and how it should function. The principles of implementation set out in Article 1.3 of the Regulations should, however, be observed. It is up to the parties to agree on how and to what extent they formalise the working method of the Cooperation Committee in, for example, rules of procedures or mandates. As a minimum, the parties should discuss and reach agreement on the following elements:

- membership: should there be permanent representatives and substitutes, or could membership be flexible and determined *ad hoc*;
- frequency of meetings;

- meeting location, including the possibility to alternate between the Donor and Beneficiary States and the possibility for online meetings;
- procedure for preparing the meeting agenda and the relevant documents;
- timing for distribution of meeting invitations, including agenda, and other documents; and
- deadlines for distributing draft minutes and comments to them.

The working language of the Cooperation Committee shall be English. The minutes of the meetings and any other relevant meeting documents shall be kept and shared with the FMO by uploading them into GrACE.

Where relevant, and in case no arrangements to that effect have been made in the MoU or in the Concept Note/ Programme Agreement, the DPPs and the PO can decide within the scope of the Cooperation Committee how the bilateral funds allocated to the programme shall be divided over the different programme areas in the programme and which DPP(s) shall be involved in the decision-making on each of these parts of the bilateral funds.

### 2.5.2 Composition

The Cooperation Committee consists of representatives from all partners in the programme, i.e., the PO, the DPP(s), International Partner Organisations (IPOs) and/or any other programme partner as applicable (for example, in cases where the NFP acts as the PO or in programmes operated by a Fund Operator (FO), the line ministry/entity responsible for the relevant policy area in the Beneficiary State may be designated as programme partner). All members of the Cooperation Committee can suggest inviting experts and other relevant parties and agree on their participation.

The NFP, the FMO and representatives of the Donor States, including the embassies of the Donor States shall be kept informed about the planning of Cooperation Committee meetings and be invited as observers.

### 2.5.3 Costs

Costs related to the Cooperation Committee shall be covered from the budget for programme management costs and are eligible from the date of entry into force of the Memorandum of Understanding in which the PO is designated (Articles 8.10.1 and 8.10.5(l) of the Regulations). Costs incurred by the DPP shall be covered from the Cost of the Donor State budget and reimbursed directly to the DPP by the FMO in accordance with the terms and conditions stipulated in the DPP Framework Agreement (Article 1.9(f) of the Regulations).

## 2.6 DPPs as promoters or partners in projects or bilateral initiatives within the programme

As one of the DPP tasks is to contribute to the development of calls for proposals and advise on the selection of projects, a DPP shall not participate as Donor project partner in any project receiving funding following a call for proposals under a programme where it acts as DPP, to avoid any conflict of interest. Pre-defined projects are considered different, and may involve DPP participation, as these

projects are agreed directly between the Donor State and the Beneficiary State, either in the MoU or the Programme Agreement, and are not subject to a selection process.

A DPP may act as a promoter or partner in a *bilateral initiative* in a programme where it acts as a DPP. However, the DPP shall abstain from the decision-making on such an initiative. This applies both to bilateral initiatives resulting from a call for proposals and pre-defined bilateral initiatives. Moreover, bilateral initiatives involving a DPP in the programme shall not cover the salary costs for the DPP's involvement in the initiative. Those costs shall, in principle, be covered by the Costs for the Donor States. For larger initiatives where the inclusion of salary cost would be necessary, other funding sources of the Grants, such as the bilateral funds at national level, may be a venue to explore.

When a DPP is designated as a project partner in a *predefined project in the programme*, the costs related to its role as a project partner shall be covered by the project budget and not by the Costs for the Donor States budget. As a project partner, the DPP shall enter into a partnership agreement with the Project Promoter in line with Article 7.10 of the Regulations, whereby agreement shall be made on the budget for the DPP's work in the project.

## 2.7 DPP framework agreement

Each DPP will enter into a Framework Agreement with the FMO, which identifies the DPP's tasks in relation to the programmes under the Grants and the rights and obligations of each party. The reimbursement of costs related to the DPP activities will be based on annual work plans and budgets as well as certified invoices for eligible costs or proof of fulfilment of conditions for simplified cost options, to be approved by the FMO. The DPPs shall base their annual workplan and budget on the activities and the expected results of the cooperation in the programme for the coming year as agreed with the PO.

The DPPs will have costs related to the programme cooperation reimbursed from the funds set aside for the Costs of the Donor States (Article 1.9 of the Regulations) and shall not charge any costs related to their role as a DPP to the programme budget. Eligible costs are defined in the Framework Agreement and comprise staff costs, travel, consultancies and miscellaneous costs. The DPPs shall submit to the FMO an annual progress report briefly describing the activities carried out and an assessment of the outcome of the cooperation, together with the financial reporting.

There is no need for the PO to enter into a cooperation agreement with the DPP, as the basis for the cooperation is defined in the Regulations, the MoUs and the Programme Agreement. Where there is a need to agree on the ambitions, roles and working methods, DPPs may conclude an agreement with the PO to ensure mutual understanding of the cooperation. Such documents shall be shared with the FMO and the relevant NFP.

### 3 Donor partnership projects

Donor partnership projects are projects developed and implemented by an entity in the Beneficiary State, in cooperation with one or more legal entities in the Donor States (Article 4.4 of the Regulations). These partnerships may be new or build on previous cooperation. To achieve the bilateral objective, such projects shall be encouraged and facilitated, in accordance with the level of bilateral ambitions in the programme. The project level cooperation shall be mutually beneficial to the partners and the partnership should have a positive impact on the project. It is important that the Donor partner has a clear, active and meaningful role in the project and that it provides added value to the project. The quality of the partnership depends on the Donor partner's involvement and contribution. A fair share of the project budget should be reserved for the Donor partner's activities in the project.

#### 3.1 Donor project partners

A Donor project partner is a legal person actively involved in, and effectively contributing to, the implementation of a project, and whose primary location is in one of the Donor States. Both public and private entities, commercial and non-commercial, as well as non-governmental organisations may participate as Donor project partners in a project. Any limitations to the eligibility of Donor project partners must be discussed during the programme development phase and explicitly stipulated in the Programme Agreement. The limitations will then be reflected in the eligibility criteria set out in the calls for proposals. Natural persons who are legal residents in one of the Donor States may be eligible as project partners (or as Project Promoters) in specific cases (Articles 1.6(z) and 7.2.3 of the Regulations). Bilateral cooperation between civil society organisations in the Donor and Beneficiary States is particularly encouraged.

The primary location of entities refers to the location of the managerial and administrative centre of the entity (e.g. headquarters, head office, board of directors, etc.). Given the variety of potential entities under consideration, and the complexity of different international structures, a decision on primary location may have to be taken on a case-by-case basis. For international NGOs, a national section will in most cases qualify.

The degree of involvement and the content of the partner's contribution will vary but only projects implemented in close co-operation between Beneficiary and Donor State entities will be considered Donor partnership projects. These should cover joint activities where input from both partners is necessary to achieve the project objectives.

Donor project partners should be involved as early as possible in the planning stages of the project cycle. The Donor project partner shall be consulted on and given the opportunity to contribute to all relevant aspects of the project application.

#### Examples of qualitative Donor partnership projects:

Example 1: Project on the restoration and revitalization of the House of Arts in the Romania Culture Programme in the FM 14-21:

The project established a partnership between the Astra Museum in Sibiu (Romania), the Museum of South Trøndelag in Norway and a private partner in Romania. This project benefitted largely from the involvement of the Norwegian partner, who contributed to the project by providing training, organising the exchange of experience between craftsmen and specialists from both countries and by



sharing its experience in establishing a new cultural business model, *inter alia*, through the example of the Norsk Døvemuseum. A considerable share of the project budget was reserved for the Donor partner's activities (approximately €360,000 out of €2,7 million in total eligible expenditure of the project).

Example 2: Predefined project No.2 - Science and Information towards Regional Environmental Action for the Black Sea (SCIRENA-Black Sea) in the Bulgaria Environment Programme in the FM 14-21.

The main goal of the project was to improve the national capacity to manage marine waters, by improving the knowledge base for managing the marine environment, development and application of global methods and tools for marine monitoring and a comprehensive system for improving the state of the marine environment. The project was implemented between the Black Sea Basin Directorate (Project Promoter) and the Norwegian Institute of Marine Research (IMR). The IMR contributed by preparing and participating in events under the project (e.g. making presentations), by giving training and sharing data and collaboration to find solutions to common challenges in the project. For example, the Norwegian partner provided training on sampling in marine litter, contaminants in marine environment and sea food with several of its experts and field work on several topics were followed by analysis in the IMR laboratory. The collaboration enhanced results and lead to increased visibility and interest from other stakeholders. The IMR received approximately €210,000 out of the €387,000 in total eligible expenditure under the project.

### 3.2 Partnership facilitation and development of Donor partnership projects

In accordance with the bilateral ambitions of the programme, the PO should actively encourage and facilitate the establishment of Donor partnership projects throughout the programme cycle. The PO can do this e.g. by considering the potential for bilateral project-level cooperation during the programme development, by carrying out relevant match-making events and partnership facilitation efforts prior to or during the launch of calls for proposals, and by encouraging Donor partnership projects in these calls. The PO should also consider efforts targeted at previous partners, to promote sustainable and long-term cooperation. For these purposes, the PO should make use of the bilateral funds allocated to the programme (see Chapter 6).

The PO should apply clear and proportionate application procedures and reporting requirements, to encourage bilateral cooperation. Procedures and requirements should be proportionate to the size of the Grants. Moreover, the PO should ensure that potential Project Promoters get sufficient guidance on how to best establish contact with potential Donor project partners. Partnership opportunities shall be widely communicated, including on the PO's dedicated programme websites.

The DPPs shall assist the PO in the facilitation of project partnerships through appropriate measures, from ensuring that programmes are designed to encourage and enable bilateral cooperation at project level, to identifying and bringing in potential Donor project partners (see also point 2.4.4). In the Donor States, the DPPs shall communicate partnership opportunities to relevant entities, and should make such information available on their websites. While the PO and the DPP may not limit the eligibility of Donor partners (unless stipulated in the Programme Agreement), they can promote partnership opportunities to relevant and interested partners and facilitate the matching of relevant entities, if this is done in a transparent manner and does not prejudice the opportunities for other potential partners. Donor State embassies may also offer advice and assistance to POs and potential Project Promoters in the Beneficiary States, by advertising partnership opportunities and referring potential Project Promoters to relevant Donor State entities.

Several POs and DPPs have developed databases for partner search or are using existing databases in the Donor or Beneficiary States for that purpose. The use of such databases for matchmaking purposes is recommended.

Travel grants, supported through the bilateral funds in the programmes, can ensure that potential promoters and partners have the possibility to meet and discuss the project prior to submitting the application. It is recommended that travel grants are made available well in advance of the deadline of the call for proposals and the administrative requirements for applying and reporting on the grants should be proportional to the size of the grants. Ideally, travel grants should be made available at the same time as a call is published. When developing open calls for travel grants, any higher cost level in the Donor State should be considered.

### 3.3 Geographical scope

The Regulations do not foresee any explicit requirements or limitations as to where project activities can take place. Therefore, it is possible that project activities take place outside the territory of the Beneficiary or Donor States. At the same time, the proportionality principle applies, meaning that eligible expenditure of projects must be proportionate and necessary for the implementation of the project. This means that, in principle, activities shall take place in one of the Beneficiary or Donor States and exceptionally in other countries if proportional and justified.

### 3.4 Partnership agreements

#### 3.4.1 Form and content of the partnership agreement

In each Donor partnership project, the Project Promoter shall enter into a partnership agreement with each Donor project partner, in line with the requirements set out in Article 7.10 of the Regulations. Partnership agreements involving a Donor project partner shall be in English and shall be based on the template provided by the FMC (Article 7.10.3 of the Regulations). While the template shall form the basis for the partnership agreement, the template clauses may be amended and/or supplemented by the parties to the extent necessary to reflect the project specific arrangements of their partnership.

The partnership agreement forms the basis for the cooperation between the parties. Therefore, it is crucial that the Project Promoter and Donor project partner work closely together on the preparation of the agreement and that the agreement includes all essential elements of the cooperation, such as the main role(s) and responsibilities of the parties, the budget share of the partner, the use of simplified cost options, financial reporting obligations, proof of expenditure, arrangements on who bears the risk for currency exchange losses, dispute resolution etc. (Article 7.10.2 of the Regulations).

A draft partnership agreement or, alternatively, a letter of intent shall be submitted to the PO in English before the signature of the project contract. This gives the Project Promoter and Donor project partner sufficient time to develop their cooperation and agree on their roles, responsibilities and financial arrangements. The PO may require in the call for proposals that a draft partnership agreement or a letter of intent shall be submitted together with the project application. The parties should endeavour to sign the partnership agreement as soon as possible following the signature of the project contract.

### 3.4.2 Compatibility with project contracts

In any project, including Donor partnership projects, the Project Promoter is in general the grant recipient and the only entity to enter a contractual relationship with the PO. In most Donor partnership projects, however, the Donor project partner will implement parts of the project activities. Therefore, it is important that the arrangements made in the partnership agreement are compatible with the ones stipulated in the project contract and that there is transparency regarding the project contract towards the partners. At the same time, it is important that the project contract does not exclude any rights which the partners are entitled to in accordance with the Regulations.

Example: for Donor project partners, the project contract shall not exclude any of the options for proof of expenditure provided for in Article 8.12.3 of the Regulations, including audit reports or reports by a competent and independent public officer.

### 3.4.3 Access to information

The Project Promoter should provide the Donor project partner access to all available documents, data and other information that may be necessary or useful for that partner to fulfil its obligations. In cases where such documents, data and information are not in English, the Project Promoter should provide an English translation thereof if requested by the Donor project partner.

Example: the Project Promoter should provide the Donor project partner with a copy of the signed project contract, in English, ideally before the conclusion of the partnership agreement. In case of extensive and complex contracts, this could be limited to a summary in English, covering at least the elements of the project contract which are necessary for the Donor project partner to understand his role and obligations. At the same time, the Donor project partner should always receive a copy of the project contract in the local language of the Beneficiary State concerned upon request.

### 3.4.4 Budget

The financial contribution to the project will be distributed among the partners in accordance with the partnership agreement. The expenditure of the Donor project partners is reimbursed from the project budget, and accordingly, it is important that the partnership agreement reserves an appropriate share of the budget for the Donor state partner, reflecting the estimated cost of his contribution. The PO is expected to oversee that an appropriate amount is set aside for the Donor project partner in the partnership agreement. In Donor partnership programmes, the DPP should provide support to the PO for this task. To the extent possible, the Donor project partner's budget share should be specified in the project application.

Example: Expenditure related to financial reporting obligations, e.g. audit reports, should be considered as project costs and should be covered by the project budget and the budget allocation for the partner in the partnership agreement.

### 3.4.5 Currency exchange rates

Where relevant, i.e., in case of use of currencies other than Euro by any of the partners, it is important for Project Promoters and Donor project partners to agree on which party shall bear the risk for currency exchange rate losses and to adopt risk mitigating measures in the partnership agreement. (see point 9.3)

## 4 Funds for bilateral relations - General

“Funds for bilateral relations” (or “bilateral funds”) refers to the part of the country allocation (between 2 and 5%) that each Beneficiary State shall set aside for strengthening bilateral relations in the Memorandum of Understanding, to be divided between national and programme level. The term “Bilateral Fund” refers to the funds for bilateral relations at national level in a Beneficiary State, as regulated by the Bilateral Fund Agreement.

### 4.1 Bilateral initiatives: scope, objective and type of activities

Bilateral initiatives are activities characterised by the following cumulative elements:

- funded by the funds for bilateral relations;
- with the aim to strengthen bilateral relations between Donor and Beneficiary States; and
- implemented in partnership between entities from Donor and Beneficiary States.

Bilateral initiatives can take place either at programme or at national level (Article 4.5.1 of the Regulations).

The type of activities that may qualify as bilateral initiatives are broadly defined in the Regulation. It can be any activity aiming at strengthening bilateral relations between the Donor State(s) and the Beneficiary States. Bilateral funds shall, however, not be used for activities for which POs and NFPs have dedicated funding (for example, the organisation of annual meetings or a closing conference of a programme).

Bilateral initiatives imply the participation of at least one Donor State entity and one Beneficiary State entity. The Donor State partner(s) must have a meaningful and active role in the activity, i.e. their involvement cannot be just a formality. For example, having attendants from Donor State entities at an event is not sufficient to define it as a bilateral initiative. The attendants from the Donor State entities should play an active role at the event. Moreover, the event programme should reflect the bilateral objective, e.g. through a focus on exchanging relevant experiences between the Donor and the Beneficiary State.

Bilateral initiatives can take place either within or beyond the scope of a programme. At programme level, they fall under the responsibility of the PO. At national level, they fall under the responsibility of the NFP. While bilateral initiatives at programme level are thematically related to the programme areas in the programme, bilateral initiatives at national level can relate to thematic areas within or outside of programmes.

Bilateral initiatives do not require any co-financing and may be 100% funded by the Grants.

Same as for project activities (point 3.3), the Regulations do not foresee explicit requirements or limitations as to where bilateral initiatives can take place. Therefore, they may, in principle, take place outside the territory of a Donor or Beneficiary State. However, the proportionality principle applies,

meaning that the expenditure of bilateral initiatives must be proportionate and necessary for the implementation of the activity to be eligible under the Grants.

#### 4.2 Participation in bilateral initiatives

Apart from the requirement to have at least one Donor State entity and one Beneficiary State entity involved in the activity, there are no specific criteria for participation in bilateral initiatives. This means that private or public entities, commercial or non-commercial entities as well as non-governmental organisations, international organisations or bodies or agencies thereof may participate in bilateral initiatives. Natural persons and entities established in third states may also participate. Both Beneficiary State entities and Donor State entities are eligible as promoters of bilateral initiatives (Article 4.5.2 of the Regulation). Bilateral cooperation between civil society organisations in the Donor and Beneficiary States is particularly encouraged.

#### 4.3 Distribution of bilateral funds: calls for proposals or predefined initiatives

Bilateral funds may be distributed through calls for proposals or pre-defined initiatives, both at programme and national level.

For calls at programme level, there are no procedural rules on the selection of bilateral initiatives in the Regulations. Therefore, the PO and the DPP(s) in the programme, who take decisions on the bilateral funds in the programme, enjoy a wide margin of discretion on how to select bilateral initiatives. At the same time, when launching calls for proposals, general principles need to be complied with, such as the principles of transparency and equal treatment (Article 1.3 of the Regulations). Bilateral initiatives may be selected on a “first come, first serve” basis, if this has been duly announced and the criteria for selection have been clearly communicated.

The PO and the DPP(s) may also award funding to predefined initiatives from the bilateral funds in the programme. This means that a promoter and at least one partner submit a proposal for a bilateral activity to the PO for approval. If the PO, in consensus with the DPP(s) in the programme, considers it a good proposal, with a clear bilateral component and falling within the scope of the programme area(s) covered by the programme, the activity may be selected for funding. In programmes without a DPP, such decisions shall be taken by the PO only. However, the Embassy may be consulted and invited to give advice.

At national level, it is up to the Joint Committee for the Bilateral Fund (JCBF, see section 5.2) to decide to launch calls for proposals for bilateral initiatives and/or to select predefined bilateral initiatives. Calls for proposals must equally comply with the general principles of transparency and equal treatment. Calls can be open or thematic. Predefined initiatives are prepared by a promoter and at least one partner and submitted directly to the NFP or to one of the other JCBF members, and presented to the JCBF for decision. The NFP can be in communication with the promoter of an initiative, to ask for details or corrections to the proposal, before forwarding it to the JCBF.

#### How to find a Donor project partner?

A good starting point to find a Donor project partner is to make use of existing contacts. Be it from previous cooperation in the EEA and Norway Grants or other contexts, having existing contacts make it easier to start a bilateral partnership and get a bilateral initiative going. Finding a Donor partner among existing contacts is also in the spirit of the Grants' objective to create sustainable partnerships between entities in the Donor and Beneficiary States.

Alternatively, Donor partners may be found through the relevant Donor Programme Partners, the Embassies or other entities representing the Donor States to the Beneficiary States. These Donor representatives are experts on the bilateral relations between their country and the respective Beneficiary State and, therefore, able to give valuable advice. In the search for a Donor partner, it may also be good to reflect on which Donor State(s) could have a natural interest in the subject matter covered by the bilateral initiative. By way of example, if a bilateral initiative relates to the maritime sector, it is likely that a relevant Donor partner can be found from Iceland or Norway.

For information about the opportunities offered by the Bilateral Fund at national level, the NFP is a natural starting point. On the NFP's website, there shall be information about the funding opportunities, how to apply, which documents to use, etc., and the NFP will be able to answer any remaining questions. Based on its experience in working with the Grants and the Beneficiary States, the NFP is often able to direct entities from the Beneficiary States to relevant entities, clusters or sources of information in the Beneficiary States.

In some thematic areas, there are established databases allowing to look for Donor partners matching an idea for a bilateral initiative. Information on such databases may be found via networks related to the thematic area of the possible bilateral initiative. The NFP, the representatives of the Beneficiary States and the FMO may also be helpful in this regard.

#### 4.4 Cooperation across programmes or Beneficiary States

Bilateral funds can also be used to fund activities involving several programmes and/or Beneficiary States, provided they have a clear bilateral profile and are in line with the objectives of the bilateral funds. Examples are network meetings, conferences with involvement from stakeholders from other programmes or other Beneficiary States. Such activities may contribute positively to the programme implementation, by sharing experiences across Donor and Beneficiary States.

The funding models of cross-programme or network activities may vary and is up to the PO(s) and the DPP(s) to agree upon with other relevant cooperation partners, provided it is in line with the Regulations. For example, it is possible to include participants from other Beneficiary States in an event funded by the bilateral funds and cover their expenses from the initiative. Costs for participants from third states (i.e., non-Donor or Beneficiary States) are in principle not eligible, unless they bring added value to the cooperation (for example as an expert, a speaker or a trainer).

If partners from more than one Beneficiary State are involved in a bilateral initiative, the partners can agree that the initiative is funded by the respective programmes or bilateral funds of the Beneficiary States. Hence, the management of the expenses of partners from each Beneficiary State can be handled by the relevant PO or NFP.

#### Example of Innovation Norway cross-programme matchmaking seminars in the FM 14-21:

Innovation Norway employs a cross-programme approach to bilateral events, by bringing together representatives from all the business and innovation programmes to co-organize common events. The topics addressed are relevant for all programmes and participating countries. The participants are businesses/potential Project Promoters, representatives from the POs, embassies, and other relevant stakeholders.

The events typically start with a seminar/conference, and end with a networking/matchmaking session with the businesses participating. Joint planning meetings between Innovation Norway and the POs ensure alignment of objectives and effective implementation of the events. Costs are shared equally among programmes, initially covered by Innovation Norway, which then reclaims expenses from the programmes involved.

#### Example: Multilateral EEA Network on Children and Adolescent Health in the FM 14-21

The Norwegian Directorate of Health has, in collaboration with the POs in the different Health Programmes established the multilateral EEA Network on children and adolescent health that involves institutions working in this area from Beneficiary and Donor States. The network meets regularly (aiming to meet twice a year) to discuss challenges and exchange knowledge. The meeting costs are covered jointly from the funds for bilateral relations of each participating programme.

## 5 Funds for bilateral relations at national level

The Bilateral Fund in each Beneficiary State is managed by the NFP, and decisions on its use are taken by the Joint Committee for the Bilateral Fund (JCBF). As the funds for bilateral relations in general, the Bilateral Fund shall be used to implement bilateral initiatives that contribute to the bilateral objective.

### 5.1 Bilateral Fund Agreement

The Bilateral Fund is regulated by a Bilateral Fund Agreement between the Donors and the NFP. The Bilateral Fund Agreement template is provided in Annex 3 to the Regulations. The procedures for amending the Agreement are the same as for Programme Agreements. For Beneficiary States where both the EEA Grants and the Norway Grants are relevant, there is one Bilateral Fund Agreement covering both.

The Bilateral Fund Agreement sets out the size and objective of the Bilateral Fund. It also describes the role, functioning and composition of the JCBF and the procedures and requirements for the Work Plan and allocation of the Bilateral Fund.

### 5.2 The Joint Committee for the Bilateral Fund

#### Tasks of the JCBF

The JCBF is the decision-making body for the Bilateral Fund.

In addition, the JCBF is a forum for discussion of matters of bilateral interest beyond the programmes. In the JCBF, the Donor and Beneficiary States establish bilateral ambitions, identify priority areas for

bilateral cooperation, and discuss how to address these through the elaboration of the Work Plan and the selection of initiatives at national level.

The aim of the Bilateral Fund is primarily to support bilateral initiatives that are thematically outside the scope of the programmes, although it is not excluded to have a bilateral initiative in a programme area. It is for the JCBF to assess the bilateral aspect of the activity.

The JCBF identifies bilateral initiatives at national level. For that, it decides whether to have predefined initiatives, calls for proposals or a combination of both. For calls for proposals, the NFP collaborates with the JCBF to develop the call texts. Predefined initiatives can be proposed to the JCBF by any of its members, or by a potential initiative promoter. The proposals should be sent to the NFP, who does an initial eligibility check and can request further details from the promoter. The NFP then submits the proposal to the JCBF for consideration and approval.

As the decision-maker for the use of the Bilateral Fund, the JCBF takes the final decisions on predefined bilateral initiatives and calls at national level.

The JCBF also assesses the overall progress towards the objective of strengthened bilateral relations, i.e. its work towards the bilateral objective at national level. For this, the NFPs should regularly and/or in advance of meetings submit to the JCBF overviews of the initiatives and calls, including progress of implementation, level of spending and bilateral results.

The JCBF adopts and updates the Work Plan for the funds for bilateral relations at national level. This is the working document of the JCBF (see point 4.6.4) and should be regularly updated to reflect the JCBF's priorities and plans, and the initiatives and calls it has adopted.

### Composition

The JCBF is composed of representatives from the NFP and the Ministry of Foreign Affairs of the Beneficiary State, and representatives from all Donor States, including the embassies of the Donor States. The NFP chairs the JCBF. The FMO participates in the JCBF as an observer.

The members and their deputies are appointed by their respective institutions. Deputies have the same mandate as the members, unless otherwise agreed. A JCBF member can also be replaced on an ad-hoc basis; the replacement has the same mandate as a deputy.

If members cannot attend a meeting, they may submit written input to the NFP. This is particularly relevant for the agenda items requiring decisions.

### Meetings

The JCBF shall meet at least once a year. This is a minimum requirement and most JCBFs will likely need to meet more frequently.

For a JCBF meeting to be valid, at least half of its members must attend, and at least one of the members attending must be from the Donor States. To the extent possible, the NFP should accommodate online participation in physical meetings, to allow meetings to be valid. If it is impossible to have the necessary attendance for a valid meeting, it is advisable not to organise the meeting.

If a JCBF decides on more detailed rules than the Bilateral Fund Agreement provides for, these rules must be set forth in a document adopted by the JCBF. Detailed rules could, for example, set deadlines for taking decisions in writing (Article 2.5.4 of the Bilateral Fund Agreement).



It is for the JCBF to agree on its functioning. The meetings of the JCBF can be held in person, online and in writing, as appropriate and as agreed to by the JCBF members. If a JCBF chooses mainly one way to organise its meetings (e.g. by written procedure), it is strongly recommended to keep all options open in the Work Plan, to avoid amendments. In case of disagreement between any detailed rules adopted by a JCBF and the Bilateral Fund Agreement, the latter shall prevail.

To ensure sufficient direct contact between the members, while also allowing for efficient decision-making, a good practice is to adapt the nature of the meetings to the content. This could mean, for instance, having in-person meetings for general reviews of the Bilateral Fund and the progress towards the bilateral objective, online meetings for discussions on individual issues, and written procedure for decisions to adopt bilateral initiatives outside of in-person meetings.

### Decision-making

The JCBF takes decisions by consensus. For written procedures, this means that a decision is taken once the NFP has received the approvals from all JCBF members. The NFP should then send an email to the JCBF notifying the conclusion of the procedure and the adoption date of the decision.

If all members cannot attend online or in-person meetings, the NFP should inform the JCBF via email that a decision has been provisionally adopted, pending approval by all members. Once the NFP receives the approvals, it can confirm the decision's adoption and date of adoption to the JCBF.

When a JCBF member represents an entity involved in a proposed bilateral initiative, the member shall inform the JCBF about this and refrain from taking part in the approval of the initiative.

The Regulations state that if the JCBF cannot reach consensus, the FMC shall take the decision. The intention is not to involve the FMC at all levels, but to provide a way forward in cases where the lack of decision would hinder the continued work of the JCBF.

## 5.3 Work Plan

The Bilateral Fund Work Plan is a working document that describes the main objective, the implementation system, the calls and pre-defined bilateral initiatives of the JCBF. The Work Plan is discussed, modified and adopted by the JCBF.

### Management of the Work Plan

The NFP is responsible for managing the Work Plan and keeping it updated. The NFP shall update the Work Plan in GrACE. Recommended practice is to share the Work Plan with the JCBF ahead of meetings, with clear marking of the changes proposed for decision. In this way, if the JCBF approves the proposed changes, it also adopts the amended version of the Work Plan. When the JCBF has approved an amended version of the Work Plan, the NFP shall make it available on its website.

The NFP can make minor changes to the Work Plan, e.g. correcting clerical mistakes. The NFP does not need to keep the JCBF continuously updated on such minor updates. The NFP should rather mark such changes at the occasion of the approval of substantial changes.

The FMO has developed a GrACE User Manual on how to create and update the Work Plan, which can be found under Resources on [eeagrants.org](http://eeagrants.org). The FMO is also available to organise trainings. Issues and question can be sent to [grace-support@efta.int](mailto:grace-support@efta.int).

### Donor Shares

The total budget of the Bilateral Fund is set in the MoU(s). In the workplan of the JCBF, the budget will be split into three separate amounts for strengthening bilateral relations with each of the three Donor States.

The share of the Bilateral Fund corresponding to the objective of strengthening relations with each individual Donor State will generally support bilateral initiatives involving a Donor partner or promoter from that Donor State.

It is possible that a bilateral initiative involves entities from more than one Donor State. In that case, the budget can be split between the relevant Donors or counted towards one of them. These arrangements are made between the Donors.

### Strategy

It is recommended to define a strategy for the use of the Bilateral Fund in the Work Plan. While discussing their priorities for the use of the Bilateral Fund, the JCBF members deepen their working relations and identify topics of shared bilateral interest.

The elaboration of a strategy at an early stage can be a success factor, especially for ambitious predefined initiatives or calls that would need ample time for implementation. According to the size of the initiative, it may require more or less planning and follow-up by the NFP and the JCBF. It is recommended that the JCBF considers a mix of predefined initiatives and calls, and that they vary in scope.

When priorities are identified, it is easier to tailor the different modalities of the Bilateral Fund to achieve the best proposals. While open calls for proposals with small budgets were a popular modality in the previous mechanism, thematic calls can be considered more strategic.

The NFP shall provide accessible information on how to propose predefined initiatives on the NFP website, to ensure equal opportunity and enhance the chances to get good proposals.

#### How to identify good bilateral initiatives

The JCBF can take various approaches to identify good initiatives, such as:

##### Thematic approach

Find areas of shared interest, common history, similar challenges or common business sectors, and build activities around them. Such initiatives could also come in the shape of studies to explore the potential for bilateral cooperation within specific areas, notably in priority areas where Donors and Beneficiary States have niche competence. DPPs could be consulted in their thematic areas of expertise.

##### Building on previous successful cooperation

The JCBF could consult POs and DPPs to see if there are projects where the cooperation has been successful and could be continued or developed outside the scope of the programme, or later in the implementation of the Grants, as the bilateral funds have a later end date for eligibility of expenditure. Also at national level, the JCBF could consider continuing or upscaling existing bilateral initiatives. In the Beneficiary States that have implemented open calls with limited grant amounts per initiative, the JCBF could consider the potential of such small activities to be expanded into larger pre-defined bilateral initiatives.

##### Forward-looking approach

Identify relevant areas for cooperation and explore the opportunities for initiatives in shared strategic priority areas. Such initiatives could serve to gather the knowledge necessary for preparing larger initiatives to be proposed later to the JCBF, or for large projects within the scope of the programmes (e.g. big calls) or even cooperation outside the scope of the Grants. It is also a way to test the compatibility of potential partners. This approach could possibly be implemented together by several Beneficiary States.

## 5.4 Reporting

The NFP shall report on the use of the bilateral funds at national level in the Interim Financial Reports and the annual and Final Country Reports (Article 4.7.1 of the Regulations). The NFP shall also report on the Bilateral Fund in the Annual Meetings.

The NFP furthermore has the responsibility to include information about calls, initiatives selected further to calls and predefined initiatives in the electronic grants management system (GrACE). For bilateral initiatives up to €3,000, reporting is simplified.

The FMO has developed a GrACE User Manual on how to deal with bilateral initiatives, which can be found under Resources on [eeagrants.org](http://eeagrants.org). The FMO is available to organise trainings. Issues and question can be sent to [grace.support@efta.int](mailto:grace.support@efta.int).

Finally, the NFP reports on state of play and developments related to the Bilateral Fund and calls and bilateral initiatives to the JCBF, in writing or in meetings.

## 5.5 Tasks of the NFP

### Towards the JCBF

The NFP is the secretariat of the JCBF. It organises and manages the JCBF meetings, and takes care of all related tasks, such as the sending of agendas and relevant meeting documents. This includes uploading JCBF meeting reports to GrACE.

The NFP has the important task to keep an overview of the predefined bilateral initiatives and the calls in GrACE. This overview should be continuously updated, so the NFP can provide the JCBF with the status of the different processes and activities. Good practice is also for the NFP to provide the JCBF with information about decisions and initiatives in the pipeline, so the JCBF can deal with each proposal on its own merit and in the context of upcoming initiatives.

It is very important that the NFP communicates clearly with the JCBF. By way of example, good practice is to have a numbered list of the decisions to approve bilateral initiatives, with the dates of adoption.

The NFP shall manage the Work Plan and keep it updated in GrACE.

If the JCBF decides to launch a call, the NFP shall be responsible for drafting the call text. The involvement of the JCBF in the drafting of a call text may vary, but as a minimum, the NFP shall consult the JCBF on the call text. It is for the JCBF to approve the call text.

### Towards promoters and partners of bilateral initiatives

The NFP has an important role in the assistance to potential partnerships and to promoters and partners in established bilateral initiatives.

Proposals for predefined initiatives can be submitted directly to the NFP or to one of the other JCBF members. In the latter case, the JCBF member shares the proposal with the NFP, with a view to having it presented to the JCBF for decision. In its role as secretariat to the JCBF, the NFP assesses the eligibility and completeness of a proposal for a bilateral initiative, and may assist in improving a proposal before it is submitted to the JCBF for approval.

In addition, in its role as JCBF member, the NFP takes part in the deliberation and decision-making on a proposal, and therefore considers the relevance of an initiative in terms of its substance.

### Accessible information and transparency of procedures

The NFP should ensure that all relevant information for potential initiative promoters is accessible. As a minimum, this information shall be available on the NFP website, in English and the Beneficiary State local language. To further incentivise initiative promoters, templates for initiative proposals in both languages could also be made available. For proposals of predefined initiatives, the JCBF could also outline some general guidance as to what type of initiatives they are likely to adopt, for example a cost range, advised implementation time and priority topics, if such have been identified in the Work Plan.

The NFP and JCBF should aim to be as transparent in their processes as possible, to ensure equal access and opportunity for potential initiative promoters. Information on remaining funding and forthcoming

calls or deadlines for proposals should be continuously updated. If possible, meeting dates and protocols on past JCBF decisions should be published, allowing promoters to prepare their timeline and to understand the process.

## 6 Funds for bilateral relations at programme level

When a programme receives a share of the bilateral funds, these funds are part of the programme budget and can be used during the programme development and the programme implementation.

If the programme is funded by the EEA Financial Mechanism or by the EEA and the Norway Financial Mechanisms, initiatives implemented in partnership with an entity from any of the Donor States are eligible for funding. If the programme is funded by the Norwegian Financial Mechanism only, only initiatives implemented in partnership with Norwegian entities are eligible.

### 6.1 Programme development phase

During the programme development phase, funds for bilateral relations can be used to strengthen the bilateral dimension of the programmes and to prepare the ground for future cooperation. Examples of such activities are:

- study tours to the Donor States for POs, potential Project Promoters and partners to get input to the programme development;
- feasibility studies for bilateral cooperation and expert advice on how to design the programme to integrate bilateral aspects;
- meetings with Donor State entities identified as (potential) partners in pre-defined projects;
- bilateral stakeholder consultations; and
- promotional activities to attract potential Project Promoters and partners for partnership projects.

It is important to ensure early access to bilateral funds in the programmes. To cover the costs of bilateral activities during the development of programmes, the FMC can make an advance payment directly to the PO. Such payment shall be made in agreement with the NFP, following the designation of the PO (Article 4.6.5 of the Regulations). Costs are eligible from the date of entry into force of the Memorandum of Understanding with the respective Beneficiary State (Article 4.10.2 of the Regulations).

### 6.2 Programme implementation phase

Funds for bilateral relations allocated to programmes should strengthen the bilateral profile of the programme and facilitate partnerships at project level. These funds are particularly relevant for:

- search for Donor partners in projects prior to or during the preparation of a project application; and
- development or continuation of such partnerships and the joint preparation of an application for a Donor partnership project.

Both potential Project Promoters and potential Donor project partners can apply for funding. Reimbursement of costs related to the preparatory activity shall not be conditional upon submission or approval of a project application.

The PO, in consensus with the DPP(s), can choose to establish a 'seed money facility' open for applications, either through open calls for proposals at specific points in time (for example some months prior to the main calls for proposals), or allow for applications on a continuous basis, depending on the specificities of each programme. The seed money can, *inter alia*, be used for travel and meeting costs for potential partners or costs related to the development of the project application or development of the partnership.

The PO, in consensus with the DPP(s), can also initiate and organise events and meetings to promote Donor partnership projects. Outreach and match-making seminars, for instance, can allow for potential Project Promoters and Donor project partners to explore cooperation possibilities.

Throughout the programme implementation period, the PO may also use the funds for bilateral relations for other types of activities to strengthen bilateral relations between the Donor States and Beneficiary State. Such activities can be implemented by the PO itself, by Project Promoters, Donor project partners or other relevant stakeholders.

Where the use and management of a part of the bilateral funds is entrusted to a DPP in the programme, the DPP has the same options as described above for the part that is under its management.

### 6.3 Decision-making

In Donor partnership programmes, the PO and the DPP(s) shall decide in consensus on the use of the bilateral funds in the programme. In programmes with multiple DPPs, arrangements on the division of responsibility between DPPs can be made and may be included in the MoU or in the Concept Note (and eventually in the Programme Agreement). If there are no such arrangements (for example, at the start of the programme development phase), decisions shall be taken in consensus between the PO and all DPPs in the programme. In programmes without a DPP, the decision is for the PO only. (Article 4.10.1 of the Regulations). In such case, the PO may consult and seek advice from Donor State embassies, other relevant Donor State entities and the FMO.

### 6.4 Entrusting the management of a part of the bilateral funds to DPP(s)

The Regulations provide the possibility for the PO to entrust the management of a part of the bilateral funds in the programme to the DPP(s). This is subject to consent by the NFP and the FMC and provided that the PO and DPP(s) conclude an agreement assuring that the PO shall fulfil its reporting obligations (Article 4.10.4 of the Regulations). Such arrangements may be interesting for the partners in the programme in cases where a DPP is willing to take up management tasks, for example in view of setting up a travel grant scheme for Donor State entities. Such arrangements may have the advantage of reducing and spreading the administrative workload in the programme and may help to avoid potential issues because of different rules and practices in the Donor and Beneficiary States. More details about this can be found in point 9.2.

## 6.5 Bilateral results

All programmes must contribute to strengthening bilateral cooperation. To measure bilateral results, all programmes must include the pre-set bilateral outcome '*Enhanced collaboration between beneficiary and Donor State entities*' in their results framework. The bilateral outcome is not required to have any outputs under it.

All programmes must use the same framework for measuring bilateral outcome results. A description of the bilateral outcome indicators can be found in the Core Indicator Guidance for Financial Mechanisms 2021-2028. The FMO will collect the data for reporting on the bilateral indicators. The data source will be a short online survey administered by the FMO to Project Promoters and Donor project partners at the end of each project.

In addition to responding to the survey, the Project Promoter is responsible for providing a description of the project bilateral cooperation to the PO for inclusion in the Project Level Information (PLI) in the Grants' electronic management system (GrACE).

The POs are responsible for providing a description of the bilateral cooperation at the programme level as part of their annual reporting to the FMO.

See more information in the Result-Based Management Guidance, which can be found under Resources on [eeagrants.org](https://eeagrants.org).

## 6.6 Reporting on bilateral funds

Reporting on the use of the bilateral funds in programmes shall be done in the annual and Final Country Reports, Interim Financial Reports and the Final Programme Report (Article 4.10.3 of the Regulations). The PO is responsible for registering the bilateral initiatives in GrACE and for regularly updating the information.

For bilateral initiatives below €3,000, reporting is simplified.

The FMO has developed a GrACE User Manual on how to deal with bilateral initiatives, which can be found under Resources on [eeagrants.org](https://eeagrants.org). The FMO is also available to organise trainings. Issues and question can be sent to [grace.support@efta.int](mailto:grace.support@efta.int).

## 7 Reallocations and the bilateral funds

The split between programme level and national level bilateral funds is set in the MoU by the Donors and the Beneficiary State. The MoU sets the total amount of programme level bilateral funds but not how they are split between programmes. The distribution to each programme is agreed in the margins of the MoU negotiations and set in the Programme Agreements. The following flexibilities for reallocations involving bilateral funds apply:

1. Reallocations of bilateral funds between programmes are possible by modifying only the Programme Agreements and not the MoU, provided that the total amount of programme level bilateral funds does not change.
2. Cost savings and amounts not committed to projects can be transferred from programmes to the bilateral funds at programme or national level without modifying the MoU or getting the

approval of the FMC. This is contingent on the prior consultation of the Cooperation Committee of the concerned Programme and that the transfer does not affect the objectives or outcomes of the Programme. The NFP shall notify the FMC of such transfers without delay and the FMC updates the Programme Agreements and the Bilateral Fund Agreement, as relevant.

In addition, there is the general flexibility of cumulative transfers of up to 10% of the total eligible expenditure of a programme that can be made between programmes without modifying the MoU, provided it has been approved by the FMC through modifications of the relevant Programme Agreements. This flexibility includes the bilateral funds and allows for transfers from a programme to the bilateral fund of another programme.

## 8 Bilateral activities funded by programme management costs or Technical Assistance

At programme level, in addition to the bilateral funds, the PO may decide to support bilateral activities from the budget for programme management costs (point (m) of Article 8.10.5 of the Regulations), for instance to cover its own costs for taking part in bilateral initiatives or facilitating bilateral initiatives and matchmaking. Such activities will be subject to the rules on programme management costs (e.g. eligibility period, eligible expenditure, reporting).

In the same way, at national level, the NFP may decide to use funding from its Technical Assistance to support bilateral activities.

The flexibility is built into the Regulations to make sure that good bilateral activities are not hampered by lack of funding and that funding is easily available (see also the overview of the different funding sources for bilateral cooperation in point 1.3).

## 9 Financial rules

### 9.1 Eligibility of expenditures under the bilateral funds

The rules on eligibility of expenditures set out in Chapter 8 of the Regulations apply to the funds for bilateral relations and should be interpreted by analogy. In general, provisions on “projects” apply to bilateral initiatives and “project contracts” apply to contracts for bilateral initiatives. For bilateral funds at national level, the role of the PO is generally undertaken by the NFP. Two provisions in Chapter 8 specifically do *not* apply to the funds for bilateral relations:

1. Where new or second-hand equipment is purchased, the main rule is that only the portion of the depreciation corresponding to the duration of the project and the rate of actual use for the purposes of the project may be considered eligible expenditure. Article 8.4.1 (c) allows for an exception from this rule in case of projects. This exception is *not* applicable to the funds for bilateral relations; and,
2. Purchase of land and real estate is not eligible under the funds for bilateral relations as per Article 8.4.1 (d). It therefore follows that the provisions of Article 8.8 that concern the purchase of land and real estate do *not* apply to the funds for bilateral relations. However,



Article 8.8.3 does apply, regarding restrictions for buildings that are constructed, reconstructed or renovated.

According to Articles 4.7.2 and 4.10.2 the first date of eligibility for support under the funds for bilateral relations shall be date of entry into force of the MoU with the respective Beneficiary State.

For the funds for bilateral relations at national level, the final date of eligibility of expenditures is 30 April 2032.

For the funds for bilateral relations at programme level, the final date of eligibility of expenditures is 31 December 2031.

## 9.2 Budget at programme level

According to Article 4.10.4 of the Regulations the PO and the Donor Programme Partner (with consent of the NFP and the FMC) can agree on entrusting the use and management of a part of the bilateral fund under the programme to the DPP. If this is the case, the agreement should be formalised between the two parties. The details regarding the payments to be included in the contract as well as the financial management of the entrusted amount need to be agreed upon and reflected in the agreement. For funds for re-granting, i.e. the amount to be under the control of the DPP could be transferred to the DPP (preferably to a dedicated account), or the PO could open a separate account, deposit funds on it and give access to the DPP. The costs for managing the allocation entrusted to the DPP can be covered by the programme management costs, the Costs of the Donor States, or the bilateral funds in the programme and can be determined on a case-by-case basis.

As the amount set in the Programme Agreement in Euro cannot be exceeded, how to deal with changing exchange rates must be arranged up-front in the agreement between the PO and the DPP. Additionally, the PO needs to ensure that reporting on the funds disbursed by the DPP is compatible with the PO's reporting in the Interim Financial Report. Article 9.6.2 of the Regulations on incurred costs within this part shall apply, i.e., the amount of incurred expenditure shall be converted into Euro using the monthly accounting exchange rate of the European Commission in the month during which the expenditure was paid by the PO.

## 9.3 Currency exchange rates

Budgets in project contracts and partnership agreements will normally be set in the Beneficiary State local currency or in Euro, while the Donor project partner keeps accounts in another currency. This implies a risk of exchange rate losses.

Exchange rate losses are as such non-eligible costs under the Grants (point (d) of Article 8.9.1 of the Regulations). Therefore, Project Promoters and Donor project partners should agree on which entity shall bear the risk of currency exchange losses or how the risk will be shared (for example, by using an average exchange rate over a certain period as the applicable exchange rate<sup>3</sup>, to mitigate the effect of strong fluctuations). However, price increases due to exchange rate fluctuations external to the bilateral initiative, resulting in increased project costs for the partner bearing the risk, can be considered eligible provided that the project budget (in Euro) is not exceeded. Project cost increases resulting from exchange rate fluctuations must be borne within the project, for example through use of a contingency in the budget and/or use of the flexible rules in the project contract for shifts between

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<sup>3</sup> European Commission's official monthly accounting rates for the Euro (InforEuro) could be used.

budget headings (point (k) of Article 7.9.3 in the Regulations). The risk of exchange rate losses may also be reduced by limiting the period between incurring the cost and its reimbursement.

#### 9.4 Simplified cost options

In accordance with the provisions of Article 8.3 of the Regulations, the forms of grants to beneficiaries of the bilateral funds may take the form of reimbursement of actual costs or “simplified cost options” (SCOs). SCOs comprise of unit costs, lump sums and flat rates.

It is possible to use so-called off-the-shelf SCOs (ready-made options), i.e., existing methods and calculations to establish the amounts, as defined in points (a) to (c) of Article 8.3.2 of the Regulations. This allows for the use of corresponding SCOs used by grants funded by the Beneficiary State or the European Union for similar types of projects and SCOs established in the legal framework of the EEA and Norway Grants. Promoters or partners from the Donor States may use corresponding SCOs used in the respective Donor States. For example, in accordance with State travel regulations.

Due to the large variations in rates applied by national administrations, it is recommended to apply the European Commission’s flat rates for per diems as presented in Annex to the Commission Decision C(2017)5323 on the general provisions for implementing Articles 11, 12 and 13 of Annex VII to the Staff Regulations of Officials (mission expenses) and on authorised travels.

The POs, in the case of bilateral funds at the programme level, or the NFPs, in the case of bilateral funds at national level, can design SCOs that are best suited to their programme or area of activity. The DPPs should be consulted in the development and discussion on the use of SCOs, to ensure that the selected method/SCOs are adapted to the cost levels and requirements in the Donor States.

For promoters, the use of SCOs and the way they are established must be determined in the project contract and for project partners it must be done in the partnership agreement.

According to Article 8.3.4 of the Regulations, the PO can limit the options for the forms of grants in calls for proposals. In Donor partnership programmes the relevant DPP(s) shall be consulted prior to making such limitations. This also applies for bilateral initiatives at programme level. For bilateral funds at national level, the NFP can limit the options for the forms of grants for bilateral initiatives in consultation with the JCBF.

#### 9.5 Proof of expenditure

For incurred costs, Article 8.12 of the Regulations sets out rules on proof of expenditure. While the rules on submission of proof of expenditure vary, it should be noted that for *all* incurred costs, receipted invoices or accounting documents of equivalent probative value must be kept. These documents shall be made available to the Donors, the EFTA Board of Auditors or the Office of the Auditor General of Norway upon request. In addition, promoters and partners whose primary location is within a Beneficiary State shall grant the Audit Authority access to the supporting documents upon request. The submission of supporting documents is subject to national and European Union law on data protection.

The submission of proof of expenditure can take the following forms:

1. Receipted invoices or accounting documents of equivalent probative value<sup>4</sup>;
2. A report by an independent auditor qualified to carry out statutory audits of accounting documents, certifying that the claimed costs are incurred in accordance with the Regulation, the national law and relevant national accounting practices; or
3. A report issued by a competent and independent public officer<sup>5</sup>, certifying that the claimed costs are incurred in accordance with the Regulation, the relevant law and national accounting practices.

The POs, in the case of bilateral funds at the programme level, or the NFPs, in the case of bilateral funds at national level, may limit promoters and partners whose primary location is within a Beneficiary State, to option 1. However, promoters and partners whose primary location is outside the Beneficiary State may always choose which form they use to submit proof of expenditure. If the submission is by way of an audit report, as stipulated in the project contract or partnership agreement, it must be regarded as sufficient proof, and no additional documentation shall be required to be submitted. The cost of the report by an independent auditor is eligible as part of the project's expenditure and should be planned for in the project budget as relevant.

The requirements for the submission of proof of expenditure shall be set in the project contract and, where applicable, the partnership agreement. The requirements should be proportional to the grant allocation to each promoter and/or partner in a project and are set in Article 8.12 of the Regulation.

For costs covered by SCOs, no proof of expenditure needs to be submitted, only proof of conditions, as described in Article 8.13. The underlying expenditure covered by SCOs is not subject to audits or verifications by POs, but the amount established is.

## 9.6 Procurement and state aid

The applicable rules on public procurement should always be complied with. The NFP/PO and the promoter are responsible for evaluating whether a partnership raises any procurement or state aid issues. This will depend on the precise nature of the activities to be performed by the partner and the value of any services provided.

Actual or potential project/initiative partners should be aware that they may in certain cases be excluded from participation in public tenders if they were directly involved in the preparation of these tenders, for example, through advising the promoter on technical specifications.

Costs incurred by Donor project partners in the Donor State are subject to the Donor State's national procurement rules.

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<sup>4</sup> Accounting document of equivalent probative value means any document submitted by the body responsible for implementation to prove that the book entry gives a true and fair view of the transactions made, in accordance with standard accounting practice.

<sup>5</sup> A competent and independent public officer is someone recognised by the relevant national authorities as having budget and financial control capacity over the entity incurring the costs and who has not been involved in the preparation of the financial statements. For organisations having public entity status, the audit report can be issued by an employee who holds the responsibility of verification of the organisation's expenditure. For example, in Norway this can be a "regnskapsrapport" issued by a qualified employee. For organisations who do not have the status as a public entity, an external audit report is required (a "revisorrapport").

## 10 Legal Framework

This Guideline applies to the implementation of programmes, projects and bilateral initiatives aimed at strengthening bilateral relations between the Donor States and the Beneficiary States funded by the EEA and Norwegian Financial Mechanisms 2021-2028.

The following documents constitute the legally binding framework which applies to the present Guideline:

- Protocol 38d of the EEA Agreement on the EEA Financial Mechanism (2021-2028) and/or the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period May 2021 - April 2028, as applicable;
- the Memorandum of Understanding signed between the Donor State(s) and Beneficiary State;
- the Regulation on the implementation of the European Economic Area Financial Mechanism 2021-2028 and Annexes and/or the Regulation on the implementation of the Norwegian Financial Mechanism 2021-2028 and Annexes, as applicable; and
- any guidelines adopted by the FMC, as appropriate.

The Guideline contains references to relevant articles of the Regulations, but this does not dispense the user from referring to the Regulations.

## 11 Annexes

Annex 1 – Glossary

Annex 2 – Structure of the Bilateral Fund Work Plan (will be filled in using GrACE)

Annex 3 – Certification of costs template

Annex 4 – Partnership Agreement Template

## **ANNEX 1 - Glossary of bilateral terminology**

*This Annex shall be read in conjunction with Article 1.6 of the Regulations.*

**BILATERAL FUND AGREEMENT:** Agreement between the Donors and the National Focal Point that lays down the rights and obligations of the Parties regarding the use of the funds for bilateral relations at national level under the financial contribution from the EEA and the Norwegian Financial Mechanisms 2021-2028.

**BILATERAL OBJECTIVE:** To strengthen bilateral relations between the Donor States Iceland, Liechtenstein and Norway and each of the 15 Beneficiary States. This means building trust, understanding and mutually beneficial relationships between Donor and Beneficiary States. The bilateral objective is one of the two overall objectives of the EEA and Norwegian Financial Mechanisms 2021-2028.

**BILATERAL STAKEHOLDER CONSULTATION:** Meetings and/or exchanges with stakeholders in the process of preparing a programme under the EEA and/or Norwegian Financial Mechanisms 2021-2028 aiming at strengthening the bilateral profile of a programme. A bilateral stakeholder consultation is typically specifically targeted towards relevant stakeholders in the Donor States.

**COOPERATION COMMITTEE:** The Programme Operator of a Donor partnership programme or a programme implemented in partnership with an International Partner Organisation, shall establish a Cooperation Committee consisting of representatives from the Programme Operator and representatives from the Donor Programme Partner(s), the International Partner Organisation(s) and/or any other programme partner, as applicable.

**DONOR PARTNERSHIP PROGRAMME:** A programme of the EEA and/or Norwegian Financial Mechanisms 2021-2028 to facilitate networking, exchange, sharing and transfer of knowledge, technology, experience and best practices between public entities in the Donor States and the Beneficiary States at programme level. The Donor Programme Partner shall advise on and contribute to the preparation and implementation of the Donor partnership programme.

**DONOR PARTNERSHIP PROJECT:** A project implemented in close cooperation with a project partner whose primary location is in one of the Donor States.

**DONOR PROGRAMME PARTNER (DPP):** A public entity in a Donor State designated by the FMC/NMFA advising on the preparation and/or implementation, and/or participating in the implementation of a programme.

**DONOR PROJECT PARTNER:** A legal person actively involved in, and effectively contributing to, the implementation of a project, and whose primary location is in one of the Donor States. Natural persons who are legal residents in one of the Donor States may be eligible as project partners (or as project promoters) in specific cases.

**FUNDS FOR BILATERAL RELATIONS:** Source of funding within the Grants, specifically designed to support bilateral activities. Each Beneficiary State is required to set aside between 2 and 5% of its total allocation for bilateral initiatives.

**JOINT COMMITTEE FOR THE BILATERAL FUND (JCBF):** A committee established by the National Focal Point to discuss matters of bilateral interest, identify bilateral initiatives at national level, review the overall progress towards reaching the objective of strengthened bilateral relations, adopt the Work Plan for the funds for bilateral relations at national level, and take decisions by consensus on the use of the funds for bilateral relations at national level.

**PARTNERSHIP AGREEMENT:** Agreement between a project promoter and a project partner implementing a project in partnership regulating the inter alia roles and responsibilities of the parties.

**PROGRAMME:** A structure setting out a development strategy with a coherent set of measures to be carried out through projects with the support of the EEA or Norwegian Financial Mechanisms 2021-2028 and aimed at achieving agreed objectives and outcomes.

**PROJECT:** An economically indivisible series of works fulfilling a precise technical function and with clearly identifiable aims related to the programme under which it falls. A project may include one or more sub-projects. The funds for bilateral relations do not support projects, but bilateral initiatives.

**WORK PLAN:** A working document that describes the main objective, the implementation system, the calls and pre-defined bilateral initiatives of the JCBF. The Work Plan is discussed, modified and adopted by the JCBF.

## **ANNEX 2 - Structure of the Bilateral Fund Work Plan**

- Objective and priorities
- Implementation system
- Donor shares and Donor priorities
- Calls (filled in automatically by GrACE)
- Pre-defined initiatives (filled in automatically by GrACE)
- Activities carried out by the NFP (filled in automatically by GrACE)
- Summary (filled in automatically by GrACE)

### ANNEX 3 – Template for the certification of costs of the donor project partner

This is issued for the certification purposes as required by Article 8.12.3 of the Regulations on the implementation of the EEA/Norwegian Financial Mechanisms 2021-2028.

We confirm that procedures have been performed to provide assurance as to the relevance and conformity with the Regulations, national law and relevant national accounting practices of the costs declared by the Donor project partner.

|                                                      |                                                          |
|------------------------------------------------------|----------------------------------------------------------|
| <b>Project/ initiative reference:</b>                | <i>Fill in</i>                                           |
| <b>Project/ initiative title:</b>                    | <i>Fill in</i>                                           |
| <b>Donor project partner:</b>                        | <i>Name of Donor project partner</i>                     |
| <b>Entity responsible for the certification:</b>     | <i>Name of entity</i>                                    |
| <b>Type of entity:</b>                               | <i>Auditor/ Competent and independent public officer</i> |
| <b>Start date of declared expenditure:</b>           | <i>DD.MM.YYYY</i>                                        |
| <b>End date of declared expenditure:</b>             | <i>DD.MM.YYYY</i>                                        |
| <b>Expenditure declared<sup>6</sup> this period:</b> | <i>Fill in amount [e.g., EUR/ NOK...]<sup>7</sup></i>    |

The [Auditor<sup>8</sup>/ Competent and independent public officer<sup>9</sup>] hereby certifies that:

- i. The costs declared by the Donor project partner are in accordance with the Regulations on the EEA/ Norwegian Financial Mechanisms 2021-2028<sup>10</sup>.
- ii. The costs declared are in accordance with the relevant law and national accounting practices.
- iii. The [Auditor/ Competent and independent public officer] has not been involved in the preparation of the relevant financial statements and is independent from the Donor project partner.

|                  | <b>Auditor/ Competent and independent public officer</b> | <b>Optional second signature</b> |
|------------------|----------------------------------------------------------|----------------------------------|
| <b>Name</b>      |                                                          |                                  |
| <b>Signature</b> |                                                          |                                  |
| <b>Position</b>  |                                                          |                                  |
| <b>Date</b>      |                                                          |                                  |

<sup>6</sup> A breakdown of costs certified (per cost category) must be provided as an annex to the certificate.

<sup>7</sup> The reporting currency and exchange rate should be fixed in the project contract/ partnership agreement.

<sup>8</sup> An auditor (in Norway, "statsautorisert revisor") shall be qualified to carry out statutory audits of accounting documents.

<sup>9</sup> For organisations having public entity status, the audit report can be issued by an employee who holds the responsibility of verification of the organisation's expenditure. For example, in Norway this can be a "regnskapsrapport" issued by a qualified employee. For organisations who do not have the status as a public entity, an external audit report is required (in Norwegian this is equivalent to a "revisorrapport").

<sup>10</sup> Provisions on eligibility of expenditure are specified in Chapter 8 of the Regulations.



**ANNEX 4 – Template Partnership Agreement for Donor partnership projects**

**Template Partnership Agreement  
for  
Donor partnership projects**

between

**[Name]**

*[Full address, tax ID number or other]*

*[Represented by]*

hereinafter referred to as the “Project Promoter”

and

**[Name]**

*[Full address, tax ID number or other]*

*[Represented by]*

hereinafter referred to as the “Project Partner”

hereinafter referred to individually as a “Party” and collectively as the “Parties”

**for the implementation of the Project [*“Title”*]  
funded under the [*EEA/Norwegian*] Financial Mechanism Programme  
[*Programme title*]**

**Disclaimer:**

This template Partnership Agreement aims at assisting Project Promoters and Project Partners in the preparation of their partnership agreements required under Article 7.10 of the Regulations on the implementation of the EEA and Norwegian Financial Mechanisms 2021-2028. The use of the template is mandatory in Donor partnership projects. The template shall be used as a basis for a Partnership Agreement and as such contains the minimum requirements of what a Partnership Agreement should entail. The template is not sector-specific, and its contents are not intended to replace consultation of any applicable legal sources or the necessary advice of a legal expert, where appropriate. The Programme Operator may, in consultation with any Donor Programme Partners, add or modify provisions to address specificities in the programme and/or call for proposals, while ensuring coherence with this template and compliance with the Regulations. It is the responsibility of the Parties to ensure compliance of the provisions of this Partnership Agreement with the Project Contract and the applicable legal framework. Neither the FMO nor any person acting on its behalf can be held responsible in connection with any use or re-use made of this template Partnership Agreement.

## PREAMBLE:

In general terms, it is recommended to include introductory provisions referring to the scope and objectives of the EEA/Norwegian Financial Mechanism Programme as well as the general aims of the Project, highlighting, if deemed appropriate, any background information that might be relevant to the partnership.

Since several provisions of the Partnership Agreement will make reference to the Programme (as defined and agreed upon in the Programme Agreement entered into between the National Focal Point and the Donor(s)) as well as to the Project (as agreed between the Programme Operator and the Project Promoter in the framework of the Project Contract), a definition of what is meant by both the Programme and the Project should be foreseen so as to ensure clear cross-references throughout the Partnership Agreement.

## IT IS AGREED AS FOLLOWS:

### **Article 1 – Scope and objectives**

1. This Partnership Agreement (hereinafter referred to as the “Agreement”) defines the rights and obligations of the Parties and sets forth the terms and conditions of their cooperation in the implementation of the Project [*in case of Annexes to the Agreement: as described and defined in Annex[es] [number] (hereinafter referred to as the [specify the relevant documents: e.g. the “Terms of Reference” or “Work Plan” or “List of activities” and/or other])].*
2. The Parties shall act in accordance with the legal framework of the [EEA/Norwegian] Financial Mechanism 2021-2028, namely with the Regulation on the implementation of the [EEA/Norwegian] Financial Mechanism 2021-2028 (hereinafter referred to as the “Regulation”). The Parties expressly acknowledge to have access to and to be familiar with the content of the Regulation.
3. Any Annexes to this Agreement constitute an integral part of the Agreement. In case of inconsistencies between the Annexes and the Agreement, the latter shall prevail.

### **Article 2 – Entry into force and duration**

1. This Agreement shall enter into force on the date of the last signature by the Parties [*optional addition, provided that no cooperation is foreseen before the signature of the Project Contract: or on the date of the last signature of the Project Contract, whichever is later.*]. It shall remain in force until the Parties have discharged in full their obligations towards each other as defined in this Agreement.
2. Notwithstanding the termination or expiration of this Agreement, the Parties shall continue to comply with any provision in this Agreement for which a set period is defined, as well as with any provision of the Regulation or applicable national law relevant to the Project, throughout the required period. This includes, but may not be limited to, obligations with regards to record keeping, audits, and irregularities.

### **Article 3 – Main roles and responsibilities of the Parties**

These provisions will vary depending on the precise involvement of the Project Partner. The aim is to ensure that the parties are aware of what is expected of each other, by when and the corresponding costs/budgets.

They should include general provisions about the relations between the parties but should also, to the extent possible, identify the main activities to be carried out, in particular by the partner, including any activities of the promoter that the partner is dependent on for the performance of its tasks.

This could, for example, take the form of a work plan with indicative timings and budgets associated to the different activities. Where it is not possible to draw up a comprehensive work plan, a simple list of activities by the partner should be used. Containing the list of activities in an Annex that can be reviewed on a regular basis and modified following a simplified procedure would be beneficial.

If the project involves the processing of personal data, it is recommended to include a provision outlining the responsibilities of the Parties with regards to ensuring compliance with GDPR and other relevant data protection rules.

The Partnership Agreement should be in line with the Project Contract, however it will not always be possible for the Project Partner to have a complete overview of the Project Contract. It is therefore strongly recommended to avoid references to the Project Contract and include, as far as possible, all the information that is necessary for the implementation of the Project Partner's tasks. Provisions allowing for the amendment of the Partnership Agreement where this is necessitated due to a change in the Project Contract should also be included.

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this Agreement.
2. The Parties shall carry out their respective obligations with efficiency, transparency and diligence. They shall keep each other informed about all matters of importance to the overall cooperation and the implementation of the activities to be performed. They shall act in good faith in all matters and shall, at all times, act in the interest of the Programme and the Project.
3. The Parties shall make available sufficient and qualified personnel, which shall carry out their work with the highest professional standard. While carrying out the assignment under this Agreement, the personnel and entities engaged by either Party shall comply with the laws of the respective countries.
4. Whenever in the performance of their assignments under this Agreement the Parties' personnel are on the premises of the other Party, or at any other location in the other Party's country on request of such Party, that Party shall ensure, where possible, that such premises and locations comply with all applicable national health, safety and environmental laws and standards. The Parties shall take all necessary precautions to prevent the occurrence of any injury to persons or damage to the property of the other Party in connection with the implementation of the Project. *[Further provisions on safety and other relevant personnel-related issues may be included here]*

5. *[Each Party shall appoint a Project Manager who shall have operational responsibility for the implementation of the Project as well as serve as contact point for all exchanges of communication, documentation and materials between the Parties].*

#### **Article 4 – Obligations of the Project Promoter**

1. The Project Promoter is responsible for the overall coordination, management and implementation of the Project in accordance with the regulatory and contractual framework specified herein. It assumes sole responsibility for the successful implementation of the Project towards the Programme Operator.

2. The Project Promoter undertakes to, *inter alia*:

- (a) ensure the correct and timely implementation of the Project's activities;
- (b) promptly inform the Project Partner about all circumstances that may have an impact on the correct and timely implementation of any of the Project's activities of relevance to the role and activities of the Project Partner, as well as of any event that could lead to a temporary or final discontinuation or any other deviation of the Project;
- (c) provide the Project Partner with access to all available documents, data, and information in its possession that may be necessary or useful for the Project Partner to fulfil its obligations; in cases where such documents, data and information are not in English, it shall provide an English translation thereof when so requested by the Project Partner;
- (d) provide the Project Partner with a copy of the signed Project Contract, including any subsequent amendments thereof as of their entry into force;
- (e) ensure that the Project Partner is informed sufficiently in advance of all provisions of the Project Contract that are relevant for them and of all modifications to the Project that affect them;
- (f) consult the Project Partner before submission of any request for amendment of the Project Contract to the Programme Operator that may affect or be of interest for the Project Partner's role, rights and obligations hereunder;
- (g) prepare and submit in a timely manner to the Programme Operator [*specify what should be submitted: interim project reports or other*] in connection with the payment claims, in compliance with the Programme Agreement and the Project Contract so as to prevent non-compliance with the payment deadlines towards the Project Partner as stipulated in this Agreement;
- (h) transfer to the Project Partner's nominated bank account all payments due by the set deadlines;
- (i) ensure that the Project Partner promptly receives all assistance it may require for the performance of its tasks;
- (j) [*list other obligations, if applicable*].

#### **Article 5 – Obligations of the Project Partner**

1. The Project Partner is responsible for the performance of the activities and tasks assigned to it in accordance with this Agreement [*in case of Annexes: and Annex[es] [number] (specify the*

Refer to any Annexes referred to in Article 1.

*relevant documents*: hereinafter referred to as the “*Terms of Reference*” or “*Work Plan*” or “*List of activities*”].

2. In addition to the above obligations, the Project Partner shall:

- (a) promptly inform the Project Promoter on relevant circumstances that may have an impact on the correctness, timeliness and completeness of its performance;
- (b) provide the Project Promoter with all information necessary for the preparation of [*any reports due by the Project Promoter to the Programme Operator*] within the deadlines and according to the reporting forms set by the Project Promoter;
- (c) immediately inform the Project Promoter of any cases of suspected or actual fraud, corruption or other irregularity within the meaning of Article 12.2 of the Regulation that come to its attention, at any level or any stage of implementation of the Project;
- (d) keep all supporting documents regarding the Project, including proof of expenditure for incurred expenditure and proof of conditions fulfilled for expenditure covered by simplified cost options, either in the form of originals or in versions certified to be in conformity with the originals on commonly accepted data carriers, for at least [*specify number of years (no less than three)*] from the [*FMC/NMFA*]’s approval of the Final Programme Report;
- (e) provide any bodies carrying out mid-term or ex-post evaluations of the Programme, as well as any monitoring, audits and on the spot verifications on behalf of the [*EEA/Norwegian*] Financial Mechanism any document or information necessary to assist with the performance of that task;
- (f) effectively participate in promoting the objectives, achievements and results of the Project, as well as raising awareness of the support from the Financial Mechanism(s) and the contribution of the Donor(s) to reduce economic and social disparities in the European Economic Area;
- (g) [*list other obligations, if applicable*].

## **Article 6 – Project budget and eligibility of expenditures**

1. The detailed total Project budget, the budget share of [*each Party/the Project Partner*] as well as the allocation of the budget between the activities to be performed by [*each Party/the Project Partner*] is fixed in Annex[*es*] [*number*] [*specify the relevant documents*].

Financial arrangements are a crucial element to agree upon in the Partnership Agreement. These must include the total amount that the partner may claim from the project budget, the forms of grants used for all cost categories and, where possible, the allocation of the total amount between the activities to be performed by the partner. This can be done in conjunction with a work plan, as mentioned above. Where a detailed breakdown of the allocation to the partner is provided, it is recommended that this is contained in an Annex that can be reviewed on a regular basis and modified following a simplified procedure.

The detailed total Project budget should foresee flexible rules for shifts between budget headings and may allow for (up to) 5% contingency to meet unforeseen costs that may emerge in the implementation of the project (e.g., to cover price increases, additional activities if/ where justified).

2. Expenditures declared by the Project Partner must be in line with the rules on eligibility of expenditures as defined in Chapter 8 of the Regulation.

The Partnership Agreement can either mirror the relevant provisions in Chapter 8 of the Regulation, with the appropriate adaptations, or incorporate them by reference. The following provisions can be relevant to Project Partners: 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.9, 8.12, 8.13, 8.14, 8.15, 8.16 and 8.17.

3. The following additional rules on eligibility of expenditures apply:

As per Article 8.3.4 the options for forms of grants may be limited in the Programme Agreement or the call for proposals. These limitations must also be reflected here.

As per Article 8.4.4 the Programme Agreement may allow for additional expenditures to those listed in Article 8.4 to be eligible, or impose further limitations on eligibility of expenditures. These exceptions must also be reflected here.

Where the project is implemented pursuant to a call for proposals, regard should also be made to any specific provisions listed in the call documents.

4. Eligible expenditure by the Project Partner shall take the following form(s):

*[specify the form of grants for each cost category and, where relevant, the corresponding calculation method.]*

*[If indirect costs are foreseen as a separate cost category: Indirect costs shall be claimed by the application of the following method: [specify the method in accordance with Regulation Article 8.5.1(a), (b), (c) (d), (e) or (f)].]*

The Parties should identify the forms of grants available to the Project Partner per cost category. The Partner's expenditures may take the form of actually incurred costs and simplified cost options (unit costs, lump sums, flat rates). The actually incurred costs and simplified cost options can be combined in the Project Partner's budget provided the forms cover different cost categories or successive phases of the project (Article 8.3.1 (e)).

If flat rates, unit costs and/or lump sums are used, their amounts/rates/percentages and the way they are calculated should be stipulated in the Agreement. The calculation methods for simplified cost options are defined in Article 8.3.2 of the Regulation (established on the basis of the Regulation; using the fair, equitable and verifiable method; in accordance with the rules for application of the simplified cost options in Union policies and national schemes; using the draft budget method).

If lump sums are used, information on the deliverables and payment triggers should be stipulated in the Agreement.

If a lump sum is used for an activity implemented by more than one partner, the share of the amount of the lump sum to be paid to the Partner must be specified in this Agreement.

## **Article 7 – Financial management and payment arrangements**

1. Payment of the project grant share to the Project Partner shall take the form of *[specify the applicable forms of payments: advance payments, reimbursement of declared expenditures (interim payments) and payment of the final balance]*.
2. *[If an advance payment is foreseen, its maximum amount and the off-set mechanism with interim and final payments should be specified here]*.
3. *[If applicable]* The advance payment to the Project Partner shall be made no later than *[number of working days]* of the crediting of the advance payment from the Programme Operator to the Project Promoter's bank account.
4. Interim payments shall be paid based on *[specify how the Project Partner is to claim expenditure from the Project Promoter and if a template shall be used to that effect. If so, the template should be annexed to the Partnership Agreement. It is strongly recommended to have a template but if no templates are foreseen, then the provision should specify, with as much detail as possible, the content of the payment claims]*. Payment claims shall be submitted to the Project Promoter *[specify the monthly frequency or specific deadlines]*, along with a confirmation from *[responsible person within the Project Partner, e.g. Project Manager]* that the declared expenditures are in accordance with the principles and rules set forth in this Agreement.
5. Interim payments to the Project Partner shall, *[if applicable: subject to Article [provision concerning the verification of the Partner's expenditure by the Project Promoter.] If there is no such Article, the sentence should be revised to refer to any other preconditions for payment.]*, be made within *[number of working days from receipt of the Partner's payment claim or, in case deadlines are specified in paragraph 4, the dates by which the Project Promoter shall transfer the amounts.]* *[Consider including a provision addressing the consequences of any delays in submitting payment claims by the Project Partner]*.
6. Payment of the final balance shall be made *[specify details]*.
7. All amounts shall be denominated in *[specify the applicable currency]*.

The provision of funds to the Project Partner will normally be made in the Beneficiary State local currency or in euro in some cases. The reporting currency of declared expenditure is set by the Programme Operator and will normally be the Beneficiary State local currency unless otherwise decided. The conversion exchange rate for establishing declared expenditure in the local currency is set by the Programme Operator. This will normally follow a methodology whereby expenditure declared by the partner, in any other currency, shall be converted into the reporting currency according to the valid exchange rate as set by the European Commission, valid on the day/month in which the expenditure was declared.

It is important that this Agreement specifies which entity will bear the exchange rate risk, bearing in mind that exchange rate losses are not considered eligible expenditure (Article 8.9.1(d) of the Regulation.)

8.

Payments to the Project Partner shall be made to the Project Partner's bank account denominated in *[specify the currency]*, identified as follows:

*[specify bank account details of the Project Partner: name of bank, address of branch in full, exact designation of account holder, full account number including IBAN and BIC/Swift codes].*

9. Payments shall be deemed to have been made on the date on which the Project Promoter's account is debited.

### **Article 8 – Proof of expenditure and/or proof of conditions fulfilled**

1. Receipted invoices or accounting documents of equivalent probative value shall be maintained by the Project Partner for all costs actually incurred.

Notwithstanding requirements for submission of proof of expenditure, these documents may be subject to audits by the Financial Mechanism Committee or the EFTA Board of Auditors. (for EEA Grants), or the Norwegian Ministry of Foreign Affairs or the Office of the Auditor General of Norway (for Norway Grants).

2. Proof of expenditure shall be provided by the Project Partner to the Project Promoter to the extent necessary for the Project Promoter to comply with its obligations to the Programme Operator. The Project Promoter shall communicate in full all proof of expenditure requirements to the Project Partner as soon as possible after the start of the Project and provide any guidance or clarification required, including facilitating direct contact with the Programme Operator where necessary.

The requirements for submission of proof of expenditure are proportional to the total grant allocation to each Promoter and Partner and are based on the total grant allocation to each entity. The thresholds are based on the initial allocation and not the final incurred amount.

When the total grant allocation to a Project Partner within a project does not exceed EUR 10,000 – **no** proof of expenditure shall be submitted.

When the total grant allocation to a Project Partner within a project does not exceed EUR 100,000 but is higher than EUR 10,000 – proof of expenditure shall be submitted **once**, at the end of the project.

When the total grant allocation to a Project Partner within a project exceeds EUR 100,000 – proof of expenditure shall be submitted no more than **once per year**.

3. When required, proof of expenditure shall take the following form: *[see different options below]*.



Proof of expenditure can take the following forms:

- a) receipted invoices or accounting documents of equivalent probative value;
- b) a report by an independent auditor (as per point (b) of Article 8.12.3 of the Regulation); or
- c) a report issued by a competent and independent public officer (as per point (c) of Article 8.12.3 of the Regulation).

Accounting document of equivalent probative value means any document submitted by the body responsible for project implementation to prove that the book entry gives a true and fair view of the transactions made, in accordance with standard accounting practice.

A competent and independent public officer is someone recognised by the relevant national authorities as having budget and financial control capacity over the entity incurring the costs and who has not been involved in the preparation of the financial statements. For organisations having public entity status, the audit report can be issued by an employee who holds the responsibility of verification of the organisation's expenditure. For example, in Norway this can be a "regnskapsrapport" issued by a qualified employee. For organisations who do not have the status as a public entity, an external audit report is required (a "revisorrapport").

In certain cases, the Programme Operator may require a Project Promoter or Project Partner whose primary location is within the Beneficiary State to submit receipted invoices. For entities whose primary location is outside of the Beneficiary State, the options for forms of proof of expenditure cannot be limited. The option chosen should be reflected in this Agreement.

The reports referred to in b) and c) are intended to facilitate proof of expenditure; however, in the case of partnerships that do not involve significant expenditures on the Partner's side, it is always possible (and may be simpler) to provide original documents as proof (e.g. receipted invoices, payroll extracts, etc).

When option a) is chosen, it is important to specify in advance if these documents have to be translated into the promoter's national language.

When the report options are used, please be aware that the cost of obtaining the report is considered eligible expenditure, if incurred within the project eligibility period, and should therefore be included in the budget allocation for the partner.

4. For expenditure covered by simplified cost options, proof of conditions fulfilled shall be provided by the Project Partner to the Project Promoter to the extent necessary for the Project Promoter to comply with its obligations to the Programme Operator.

For expenditure in the form of a lump sum or unit costs, proof of conditions fulfilled is limited to proof of activities carried out (as per Article 8.13.2 of the Regulation).

Where flat rates are used, the proof of conditions fulfilled depends on the form of the basis costs. If real costs (as per Article 8.3.1) are the basis costs then Article 8.12 on proof of expenditure shall apply. If the basis costs are in the form of unit costs or lump sums then Article 8.13.2 applies and proof of conditions fulfilled is limited to proof of activities carried out.

Underlying expenditure covered by simplified cost options shall not be subject to audits, or verifications performed by Programme Operators. However, amounts established as simplified cost options shall be subject to audits in accordance with Article 5.5 and Chapter 11 of the Regulation.

## **Article 9 – Progress and financial reports**

This provision should outline the reporting obligations of the Project Partner, including content and frequency of such reports, as well as a reference to templates, if any. The Project Promoter shall by way of this provision ensure that it receives in a timely manner all the necessary information to comply with its reporting obligations to the Programme Operator.

## **Article 10 – Audits**

The Project Partner shall make the necessary arrangements to comply with its obligations under Chapter 11 of the Regulation, and grant access to persons performing audits on behalf of the [*If EEA Grants* FMC, EFTA Board of Auditors; *If Norway Grants*: NMFA; *if both*: FMC, NMFA] and/or competent authorities in the relevant Donor State. Where proof of expenditure is provided in line with points (b) or (c) of Article 8.12.3 of the Regulation, presentation of the audit report is sufficient for the purpose of financial audits.

## **Article 11 – Procurement**

1. Applicable national and EU law on public procurement, as well as Article 8.16 of the Regulations, shall be complied with by the Parties at any level in the implementation of the Project. To this end, each Party shall comply with the applicable national law on public procurement to the extent it is considered a ‘contracting authority’ within the meaning of the EU Directives on public procurement.

[*Include if the project grant rate is 50% or higher*: 2. Any Party which is not considered a ‘contracting authority’ within the meaning of the EU Directives on public procurement shall follow an open procurement procedure, where the amount of the contract is at or above the relevant European Union thresholds set for public procurement. In such cases any economic operator may submit a tender. The invitation to tender shall be published at least on the website or social media presence of the entity and in other relevant media. The tender documents shall include clear and precise exclusion, selection and award criteria. The selection process shall be

documented. The minimum time limit for the submission of tenders is 35 days from the publication date of the contract notice.]

3. In cases where contracts concluded fall below the European Union thresholds set for public procurement or outside the scope of the applicable public procurement laws, the awarding of such contracts (including the procedures prior to the awarding) and the terms and conditions of such contracts shall, in line with the principle of proportionality, comply with best economic practices, including accountability, allow a full and fair competition between potential providers, for example by way of effective price comparison, and ensure the optimal use of resources from the [EEA/Norwegian] Financial Mechanism 2021-2028.

4. The applicable procurement law is the law of the country in which the procurement is being carried out.

### **Article 12 - Conflict of interest**

1. The Parties shall take all necessary measures to prevent any situation where a person or entity involved in the implementation of the Agreement has direct or indirect interests that are or appear to be incompatible with the impartial and/or objective exercise of their function(s). Such interests may be related to economic interests, political or national affinities, family or emotional ties, or any other shared interests. Any conflict of interest which could arise during the performance of the Agreement must be notified to the other Party in writing without delay. In the event of such conflict, the Party concerned shall immediately take all necessary steps to resolve it.

2. Each Party reserves the right to verify that such measures are adequate and may require additional measures to be taken, if necessary, within a time limit which it shall set. The Parties shall ensure that their staff, board and directors are not placed in a situation which could give rise to a conflict of interest. Each Party shall immediately replace any member of its staff exposed to such a situation.

### **Article 13 - Confidentiality**

*[Please include appropriate provisions addressing protection and disclosure of any confidential information disclosed by the Parties in connection with the Partnership Agreement.]*

### **Article 14 - Intellectual property rights**

*[Provisions on the ownership of work, materials or other results produced under the Agreement and the use thereof by the other Party should be included here.]*

### **Article 15 –Liability**

*[Provisions on liability and limitations thereof (including cases of force majeure) should be mentioned here, as appropriate and taking into account the nature of the activities to be performed.].*

### **Article 16 – Irregularities**

1. Irregularities are defined in accordance with Article 12.2 of the Regulation.

2. In case an irregularity has come to the attention of one Party, that Party shall immediately inform the other Party thereof in writing.

3. In cases where measures to remedy any such irregularity are taken by the competent bodies referred to in Chapter 12 of the Regulation, including measures to recover funds, the Party concerned shall be solely responsible for complying with such measures and returning such funds to the Programme. Where the Project Partner is required to return recovered funds to the Programme, it shall return the recovered funds through the Project Promoter.

#### **Article 17 – Suspension of payments and reimbursement**

1. In cases where a decision to suspend payments and/or request reimbursement from the Project is taken by the Programme Operator, the National Focal Point or the Donor State[s], the Project Partner shall take such measures as are necessary to comply with the decision.

2. For the purposes of the previous paragraph, the Project Promoter shall, without delay, submit a copy of the decision referred to in the previous paragraph to the Project Partner.

#### **Article 18 – Termination**

1. Termination for convenience by either Party [*insert procedures and requirements for termination for convenience by either party, in case this possibility is deemed appropriate*].

2. Either Party may terminate this Agreement in the event of a breach by the other Party of its obligations [*insert procedures and requirements for termination for breach by either party*].

3. Furthermore, in case of termination of the Project Contract for any reason whatsoever, the Project Promoter may terminate this Agreement with immediate effect.

4. [*Consequences of termination*]

It is highly recommended that the consequences of termination on the parties' obligations and on the disbursed share of the grant to the Partner are outlined clearly and distinguishing between the different reasons giving rise to termination (for convenience, breach, force majeure, termination of project contract, etc.). Given that the applicable law may not be a common national law of the parties, this will minimise uncertainties and disputes in cases where the agreement is terminated.

#### **Article 19 - Assignment**

1. Neither Party shall have the right to transfer their rights and obligations under this Agreement without the prior consent of the other Party.

2. The Parties acknowledge that all assignment, re-assignment and termination of rights and obligations under this Agreement is dependent upon the Programme Operator's prior consent in accordance with the provisions of the Project Contract [*Note: if applicable*].

#### **Article 20 – Amendments**

1. Any amendment to this Agreement, including its Annexes, shall be the subject of a written agreement concluded by the Parties.

2. The Project Promoter shall notify the Programme Operator of any amendment which substantially changes the Agreement or the Project.

### **Article 21 – Severability**

1. If any provision of this Agreement (or part of any provision) is found by any court, tribunal or other authority of competent jurisdiction to be invalid, illegal or unenforceable, that provision or part-provision shall, to the extent required, be deemed not to form part of the Agreement, and the validity and enforceability of the other provisions of the Agreement shall not be affected.

2. If a provision of this Agreement (or part of any provision) is found illegal, invalid or unenforceable, the Parties shall negotiate in good faith to amend such provision such that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieves the Parties' original intent.

### **Article 22 – Notices and language**

1. All notices and other communications between the Parties shall be made in writing and be sent to the following addresses:

For the Project Promoter:

*[include contact details]*

For the Project Partner:

*[include contact details]*

2. The language governing the execution of this Agreement is English. All documents, notices and other communications foreseen in the framework of this Agreement shall be in English.

### **Article 23 – Governing law and settlement of disputes**

1. The construction, validity and performance of this Agreement shall be governed by the laws of *[specify governing law]*.

2. Any dispute relating to the conclusion, validity, interpretation or performance of this Agreement shall be resolved amicably through consultation between the Parties.

3.

It is recommended that the Parties agree on an alternative dispute resolution mechanism, such as the referral of the dispute to an arbitral tribunal or to the mediation of an impartial third party (one such party could be the Programme Operator). Please be aware that the costs related to disputes are not eligible under the Project and shall be borne by each Party individually.

This Agreement has been prepared in two originals, of which each Party has received one.

For the Project Promoter

For the Project Partner

Signed in..... on ..... Signed in..... on .....

[Name]  
[Title]

[Name]  
[Title]