

Implementation Manual

Poverty Alleviation Programme



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1. OVERVIEW

The European Economic Area (EEA) was created in 1994 as a free trade area between the European Community (EC) and the European Free Trade Association (EFTA) and brings together the EU member states and the three EEA EFTA States (Norway, Iceland and Liechtenstein) within an internal market based on free circulation of persons, goods, services and capital. The Norwegian Financial Mechanism 2009-2014 was established after the Agreement was signed by the Kingdom of Norway and the European Union on July 2010. The Norwegian Financial Mechanism 2009-2014 provides financial assistance to the Beneficiary States (13 EU state members: Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Slovakia and Slovenia) in the amount of approx. EUR 804 million, out of which Romania benefits from a funding of EUR 115.2 million.

The Norwegian Financial Mechanism 2009-2014 aims at reducing the economic and social disparities within the European Economic Area and at strengthening the cooperation between the donor state (Norway) and the beneficiary states through the proposed priority sectors. The Memorandum of Understanding for the Norwegian Financial Mechanism 2009-2014 establishes the legal framework and the administrative entities involved in the Financial Mechanism, the implementation framework as well as the priority sectors. The financial contribution was allotted for the following priority sectors: carbon capture and storage, green industry innovation, research and scholarships; human and social development; justice and home affairs, decent work and tripartite dialogue and poverty alleviation.

The Programme “**RO25 – Poverty Alleviation**” has as scope poverty alleviation on long term and implementation of short term measures to this purpose. The Programme especially focuses on the early development of children including training, vocational and continuous education encouraging the strategic and institutional cooperation to reduce poverty and promote social inclusion.

The funding of the Programme comes from a budget allocation from the projects already funded in Romania. **The Programme is entirely funded by the Norwegian funds with an overall amount of EUR 20 million available for pre-defined projects.**

1.1. *Scope of the manual*

The Implementation Manual is addressed to all Promoters of the **Programme ‘RO25 – Poverty Alleviation’** for an adequate implementation of the projects financed through this specific programme.

The Scope of this Implementation Manual is to facilitate the unitary understanding and implementation process of the projects funded through the Norwegian Financial Mechanism 2009-2014, Programme ‘RO25 – Poverty Alleviation’ and to introduce:

- Structures of the Fund Operator - Deloitte Consultanță, and their role;
- Rules on project implementation and the monitoring process;
- Financial management principles;
- Guideline on the procurement procedures;
- Rules regarding modifications to the financing contract;
- Visibility and publicity rules and principles;

- Guidelines regarding irregularities, control and fraud measures;
- A series of templates for the documents and reports to be prepared by Promoters as well as the timing for their submission.

In addition, each section of the Financing Contract provides relevant information, rules and obligations that are compulsory for the Promoters and their Partners.

1.2. Applicable law

At the moment of drafting this manual, the following European Union and national legislation is regulating the implementation and management of the contracts funded through the Norwegian Mechanism Office 2009-2014:

European Union law

- the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2009-2014;
- the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2009-2014, between the Kingdom of Norway and the Beneficiary State;
- Regulation on the Implementation of the Norwegian Financial Mechanism 2009-2014;
- Directive 2004/18/CE of 31 March 2004 on the Coordination of Procedures for the award of public works contracts, public supply, contracts and public service contracts;
- Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999;
- Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund.

National Law

- Government Emergency Ordinance no. 34/2006 on the award of public procurement contracts, public works concession contracts and services concession contracts subsequently amended and supplemented;
- Government Decision no. 1660/2007 on the approval of the application norms of the legal provisions referring to the award of public procurement contracts by electronic means from Government Emergency Ordinance no. 34/2006 with the subsequent amendments and supplements;
- Emergency Ordinance no. 30/2006 on the verification function of the procedural aspects related to the awarding process of the public procurements contracts, public works concession contracts and services concession contracts subsequently amended and supplemented;
- Law no. 500/2002 on public funding with the subsequent amendments and supplements;
- Law no. 571/2003 on the Fiscal Code with the subsequent amendments and supplements;
- Law approving Emergency Ordinance no. 23/2013 on the financial management of the non-reimbursable external financing corresponding to the Financial Mechanism of the European Economic Area 2009-2014 and Norwegian Financial Mechanism 2009-2014;

- Law approving Emergency Ordinance no. 88/2012 on the institutional framework for the coordination, implementation and management of the financial assistance given to Romania through the Financial Mechanism of the European Economic Area 2009-2014 and Norwegian Financial Mechanism 2009-2014;
- Emergency Ordinance no. 88/2012 on the institutional framework for the coordination, implementation and management of the financial assistance given to Romania through the Financial Mechanism of the European Economic Area 2009-2014 and Norwegian Financial Mechanism 2009-2014;
- Emergency Ordinance no. 23/2013 on the financial management of the non-reimbursable external financing corresponding to the Financial Mechanism of the European Economic Area 2009-2014 and Norwegian Financial Mechanism 2009-2014;
- Order of the Minister of European Funds 1120/2013 on approving the simplified procedure applied to private beneficiaries under the projects financed from structural instruments, the “Convergence” objective, as well as projects funded by the EEA and Norwegian Financial Mechanisms for awarding contracts of supplying, works or services subsequently amended and supplemented;
- Ordinance no. 92/2003 on the Fiscal Code, subsequently amended and supplemented;
- Order of the Minister of Public Finance no. 1917/2005 on approving the Methodological Norms concerning the organization and conducting of public sector accounting, the Chart of accounts and the Instructions for applying it;
- Order of the Minister of Public Finance no. 1792/2002 on approving the methodological Norms with regards to the employment, liquidation, enactment and payment of public institutions’ expenditures but also organization, evidence and account of budgetary and legal commitments, subsequently amended and supplemented;
- Government Emergency Ordinance no. 66/2011 on the prevention, ascertainment and sanctioning of the irregularities occurred upon the obtainment and use of the European funds and/or national public funds related thereto, subsequently amended and supplemented;
- Government Decision no. 875/2011 approving the methodological norms for the Government Emergency Ordinance no. 66/2011 on the prevention, ascertainment and sanctioning of the irregularities occurred upon the obtainment and use of the European funds and/or national public funds related thereto, subsequently amended and supplemented;
- Law No. 78/2000 on preventing, discovering and sanctioning of corruption acts subsequently amended and supplemented.

Useful links

- www.fonduri-ue.ro
- www.eeagrants.ro
- www.eeagrants.org

1.3. Roles and Responsibilities during the implementation of the Programme “Poverty Alleviation”

1.3.1. Fund Operator – Deloitte Consultanță SRL

- shall comply with all the provisions of the management contract, with the national and European Union law in force;

- shall be responsible for the Programme implementation by creating an adequate management and control system and shall establish its own organization structure so that the Programme's objectives are met
- shall make sure that the Programme/ Projects is/are implemented in accordance with the regulations in force and shall monitor the progress and quality of their implementation
- shall continuously monitor the progress of the projects regarding the progress made to achieve the objectives and the results set;
- shall ensure the transfer of payments to the Project Promoters and shall financially monitor the projects using well-set control and verification mechanisms;
- shall be responsible with the preparation and submission of the reports regarding irregularities drafted following the verifications performed at the Promoters' sites and shall make sure that all necessary and adequate measures are taken to prevent irregularities, to promptly and efficiently investigate any suspicion of irregularities;
- shall perform at least two monitoring visits for each project in order to verify the management and control systems of the Promoters;
- shall ensure the existence of an IT system for the recording and archiving of the accounting records for each project and shall make sure that the Promoters keep either a separate accounting system or an adequate bookkeeping for all project-related transactions;
- Shall make sure that the Promoters fulfil their visibility and publicity responsibilities in accordance with the contract provisions.

In accordance with Annex I of the financing contract - General Conditions applicable to the Contract - and with the Implementation Manual, the Fund Operator will ensure that the promoters are informed about the contract specific conditions, financial conditions and deadline for execution.

Any discrepancy between the objectives, results, activities, costs and deadlines foreseen in the Financing Contract and those in the progress reports (including financial reports and other supporting documents) and any violation of the terms and conditions stipulated in the financing contract identified by the Project Officer from the Contracting and Monitoring Team in the implementation process will be reported to the Financial Mechanism Office (FMO) and to other relevant institutions in overseeing the implementation of the programme. In case of deviations of project implementation from the initial planning or in case of non-compliance, the Project officer may provide the promoters with specific recommendations. In turn, the project promoters are bound to implement with no delay the recommendations.

If the Promoters do not implement the recommendations received from the Fund Operator during the monitoring process in order to fix the reported non-compliance or to correct the identified deviations from the initial planning, the Fund Operator will communicate this to the Financial Mechanism Office, and after analysing the situation it will apply the contractual provisions (if case) regarding suspension / reduction / termination of the contract.

1.3.2. Project Promoters

- shall comply with all the provisions of the funding contract, national and European Union law in place;
- shall ensure that the project is implemented with the highest professionalism and efficiency;

- shall use the funds only for the purpose of the project for which the funding contract was concluded;
- shall be exclusively liable for the elaboration and implementation of the Project or, where appropriate, for the elaboration and implementation of the Project in partnership with Project Partners, in order to reach the Project's objectives and indicators;
- shall submit to the Fund Operator, within the time limits and conditions mentioned in the funding contract, the notifications and addendum to the funding contract, in dully justified cases;
- shall prepare and submit to the Fund Operator, within the agreed time frame, the interim/ final technical and financial reports as well as the monthly summary;
- shall provide all administrative, technical or financial information related to the Project and the documents requested by the Fund Operator, the Financial Mechanism Office or any relevant body;
- shall ensure that all visibility and publicity measures stipulated in the funding contract and in this Manual are complied with.
- shall keep the accounting records using separate analytical accounts for this project. The accounting system shall be compliant with the national law in force.
- may contract an external auditor to prepare the Project's audit report in compliance with the audit standards in force.

2. APPLICABLE PROCUREMENT PROCEDURES

2.1 *General considerations*

In accordance with the Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014, national and European Union law on public procurement shall be complied with at any level in the implementation of the Programme and its projects.

As the project Promoters receive 100% of the eligible expenditure of the project as a project grant from a programme under the Norwegian Financial Mechanism 2009-2014, it is mandatory for them to conduct their procurement for their specific project in compliance with the applicable national public procurement legislation.

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

The eligibility of project expenditure undertaken through Programme “Poverty Alleviation” is conditional on compliance with national and European law on public procurement.

2.2 *Specific procedures applicable*

When awarding the contracts, the Promoters / Partners shall apply the following principles:

- **Non-discrimination and equal treatment** – ensure proper conditions for a real competition by setting and applying, at any time during the contract awarding procedure, identical rules, requirements and criteria for all economic operators.
- **Mutual recognition** – accept the products, services, works lawfully provided on the European Union market, accept the diplomas, certificates and other documents issued by relevant authorities from other states, as well as the technical specifications equivalent to those requested at national level.
- **Transparency** – inform the public of all the information related to product supply and/or services contract awarding.
- **Proportionality** – ensure the correlation between the Promoter’s objective, the scope of the public procurement contract and the requirements to be met.
- **Efficiency in the use of public funds** – competitive awarding of public procurement contracts and the use of criteria reflecting the economic advantages of the proposals that are cost-efficient.
- **Accountability** – clearly establish the tasks and responsibilities of the Promoter’s personnel involved in the public procurement procedure in order to ensure the professionalism, impartiality and independence of the decisions taken in the procurement process.

Specifically, the procurement within the projects funded through the Norwegian Financial Mechanism 2009 – 2014 may be performed by two types of beneficiaries:

1. Project Promoters as **PUBLIC INSTITUTIONS/ CONTRACTING AUTHORITIES** – as per article 8 of the Government Emergency Ordinance no. 34/2006 as well as the legal entities meeting the conditions stipulated at article 9, para c) and c^1), carry out procurement procedures within the projects implemented in accordance with and based on Government Emergency Ordinance no. 34/2006 on the award of public procurement contracts, approved with amendments and supplements by Law no. 337/ 2006, subsequently amended and supplemented.
2. Project Promoters as **PRIVATE BENEFICIARIES** – carry out procurement procedures within the implemented projects in accordance and based on the Order of the Minister of European Funds 1120/2013 on approving the simplified procedure applied to private beneficiaries under the projects financed from structural instruments, the “Convergence” objective, as well as projects funded by the EEA and Norwegian Financial Mechanisms for awarding contracts of supplying, works or services (Order of Minister of European Funds no. 1120/2013).

Type of contract	Estimated value (EURO, excluding VAT)	Applicable law
Services contracts	0-4.999	OMEF 1120/2013
	5.000-30.000	OMEF 1120/2013
	30.000-207.000	OMEF 1120/2013
	>207.000	GEO 34/2006
Supply contracts	0-4.999	OMEF 1120/2013
	5.000-30.000	OMEF 1120/2013
	30.000-207.000	OMEF 1120/2013
	>207.000	OMEF 1120/2013
Works contracts	0-4.999	OMEF 1120/2013
	5.000 – 100.000	OMEF 1120/2013
	100.000-5.186.000	OMEF 1120/2013
	>5.186.000	GEO 34/2006

The procedure applicable to project Promoters applies *mutatis mutandis* to Project Partners.

The acquisitions made from the budget chapter - Indirect costs will be exempted from this procedure if they are costs of contracts in progress at the time of signing the financing contract,

such as the office costs (electricity, gas, cleaning, heating, rent, etc.), administrative costs (telephone, fax, internet, mail etc.).

2.3 Roles and responsibilities during the procurement process

2.3.1 Fund Operator

The Fund Operator shall verify the compliance with the applicable procurement regulations from **an administrative viewpoint** thus ensuring that the project Promoters abide by the national regulatory framework in respect of public procurement.

This verification shall be performed based on the following documents submitted by Promoter:

- Internal procurement procedure, where applicable;
- Project procurement plan, detailed on each contract to be procured;
- Documents included in the Procurement file per each contract:
 - Explanatory note on the estimated value,
 - Explanatory note on qualification criteria,
 - Explanatory note on award criteria,
 - Publicity proof for procedure: proof of dispatching invitations to participate in the procurement procedure or proof of posting on website or proof of announcing in the media the procurement procedure,
 - The tender documentation including: data sheet (information to tenderers and forms, as applicable), technical specifications, draft contract and any modifications to the tender documentation: clarifications and erratum lists (if any);
 - Any other documents (e.g. statements) that can be required by the administrative verification procedure;
 - Any other relevant communications issued before the submission of tenders;
 - All technical and financial offers received,
 - Evaluation reports and the documents communicating the result of the procedure with proof of dispatching;
 - Contract (with annexes) between the Promoter and the winning tenderer,
 - Addenda to contract with supporting documents (if any),
 - Reception reports with partial and final acceptance of the goods / services / works.
- Monthly Report / Progress Reports / Final Report.

The Fund Operator performs *desk administrative verification of public procurement* and *on-the-spot verifications at the Promoter's head office*, during monitoring visits and additional checks.

2.3.2 Project Promoter

The Project Promoter or Project Partners (if case), as contracting entity, shall be directly liable for the lawfulness and technical quality of the procurement process.

The main obligations of the Promoter and / or Project Partners as regards the procurement process are:

- Follow all the public procurement phases as provided by the relevant legal norms, including conclusion of the procurement contract and shall ensure the contract

- management, including payment of purchased goods/ services/ works, so that the Project implementation timeline is complied with;
- Choose the procurement procedure according to the applicable regulations, as described in the chapter 2.2 above,
 - Submit to Fund Operator:
 - Internal procurement procedure, where applicable;
 - Project procurement plan, detailed on each contract to be procured;
 - For each contract, documents included in the Procurement file within 2 working days since they are produced;
 - Monthly Report / Progress Reports / Final Report with details and progress of procurement procedures and implementation of the procured contracts;
 - Apply and ensure the compliance of the project procurement processes with principles of **non-discrimination and equal treatment, mutual recognition, transparency, proportionality, efficiency in use of public funds, accountability**, as described above.
 - Make sure that no contracts will be awarded to the tenderers who, during the procurement procedure fall into one of the following situation: do not comply with the mandatory criteria for participation in procurement procedure; are subject to a conflict of interest; are guilty of false statements provided in the information required by the acquirer as a condition of participation in the procurement procedure or fail to provide the requested information; send the necessary documentation after the deadline; the technical and financial offer does not comply with the technical specifications.
 - Keep all supporting documents for the procurement procedures (including the documents related awarding and implementation of the contracts) in hardcopy and softcopy for at least 5 years after the Project's completion.
 - Archive and keep available all justification documents to any party that have the legal right to ask for them (project auditor, representatives of Fund Operator, Financial Mechanism Office or to any other authority according to the financing contract).

3. PROJECT FINANCIAL MANAGEMENT

3.1 Eligibility of expenditure

3.1.1 General principles on the eligibility of costs in projects

In accordance with the Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014, eligible expenditures of projects are those actually incurred by the project Promoter, which meet the following criteria:

- they are incurred between the first and final dates of eligibility of a project as specified in the project contract;
- they are connected with the subject of the project contract and they are indicated in the estimated overall budget of the project;
- they are proportionate and necessary for the implementation of the project;
- they must be used for the sole purpose of achieving the objective(s) of the project and its expected outcome(s), in a manner consistent with the principles of economy, efficiency and effectiveness;
- they are identifiable and verifiable, in particular through being recorded in the accounting records of the project Promoter and determined according to the applicable accounting standards of the country where the Project Promoter is established and according to generally accepted accounting principles; and
- they comply with the requirements of applicable tax and social legislation.

Expenditures are considered to have been incurred when the cost has been invoiced, paid and the subject matter delivered (in case of goods) or performed (in case of services and works). Exceptionally, costs in respect of which an invoice has been issued in the final month of eligibility are also deemed to be incurred within the dates of eligibility if the costs are paid within 30 days of the final date for eligibility. Overheads and depreciation of equipment are considered to have been incurred when they are recorded on the accounts of the project Promoter.

The project Promoter's internal accounting and auditing procedures must permit direct reconciliation of the expenditures and revenue declared in respect of the project with the corresponding accounting statements and supporting documents.

All documents certifying the eligible expenditures under a contract between the promoter and a third party must be dated within the eligibility period of the project and the goods/services/works provided must comply with the technical and financial specifications set out in the contract.

3.1.2 Eligible Direct Expenditure

The direct eligible expenditures for a project are those expenditures which are identified by the project Promoter or the Project Partner, in accordance with their accounting principles and usual internal rules, as specific expenditures directly linked to the implementation of the project and which can therefore be booked to it directly. In particular, the following direct expenditures may be eligible provided that they satisfy the criteria set out in chapter 3.1.1 above.

3.1.2.1. Staff costs

The staff costs refer to the cost of staff assigned to the project, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this corresponds to the project Promoter's and project partner's usual policy on remuneration. For each team member the salary reimbursed is proportional to the working time spent on the project according to the time sheets / contract

3.1.2.2. Travel and subsistence allowances

Travel and subsistence allowance will be reimbursed for staff taking part in the project, provided that they are in line with the project Promoter's and project Partner's usual practices on travel costs and do not exceed the relevant national scales.

3.1.2.3. Equipment expenditure

Cost of new or second hand equipment will be reimbursed provided that it is depreciated in accordance with generally accepted accounting principles applicable to the Project Promoter and generally accepted for items of the same kind. 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 taken into account by the Programme Operator, except where the nature and/or the context of its use justifies different treatment by the Programme Operator. The application of such exceptions shall be regulated in the programme agreement and shall comply with the applicable rules on state aid.

3.1.2.4. Consumables and supplies

Costs of consumables and supplies are eligible, provided that they are identifiable and assigned to the project.

3.1.2.5. Costs entailed by other contracts

Costs entailed by other contracts awarded by a project promoter for the purposes of carrying out the project, provided that the awarding complies with the applicable rules on public procurement.

3.1.2.6. Costs arising directly from requirements imposed by the project contract for each project

e.g. dissemination of information, specific evaluation of the action, audits, translations, reproduction and including the costs of any financial services (especially the cost of financial guarantees).

3.1.2.7. Land and real estate

The cost of purchase of real estate, meaning buildings constructed or under development and the appropriate rights to the land on which they are built, and land not built on may be eligible under the following conditions:

- a) there shall be a direct link between the purchase and the objectives of the project;

- b) purchase of real estate and/or land may not represent more than 10% of the total eligible expenditure of the project, unless a higher percentage is explicitly authorised in this agreement and set in the decision to award the project grant;
- c) a certificate shall be obtained prior to the purchase from an independent qualified evaluator or duly authorised official entity confirming that the purchase price does not exceed the market value and that it is free of all obligations in terms of mortgage and other liabilities, particularly in respect of damage related to pollution. In case of purchase of real estate the certificate must either confirm that the building in question is in conformity with national regulations, or specify what is not in conformity with national regulations but which is to be rectified by the Project Promoter under the project;
- d) the real estate and/or the land shall be used for the purpose and for the period specified in the decision to award the project grant. The ownership must be transferred to the Project Promoter, or those explicitly designated by the Project Promoter in the project application as recipients of the real estate and/or the land, prior to the completion of the project. The real estate and/or the land cannot be sold, rented, or mortgaged within five years of the completion of the project, or longer if stipulated in the project contract. The FMO may waive this restriction if it would result in an unforeseen and unreasonable burden on the Project Promoter;
- e) the real estate and/or land may only be used in conformity with the objectives of the project. In particular, buildings may be used to accommodate public administration services only where such use is in conformity with the objective of the project; and
- f) the purchase of real estate and/or land shall be explicitly approved by the Fund Operator prior to the purchase, either in the project contract or by a later decision. The Fund Operator shall consult the FMO before issuing such approval.

The restrictions referred to in paragraph (d) apply also to buildings that are constructed or reconstructed through a financial contribution from the EEA Financial Mechanism 2009-2014.

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

The cost of real estate and/or land already owned, directly or indirectly, by the Project Promoter, or purchase of real estate and/or land owned, directly or indirectly, by the project partner or a public administration, shall not be eligible. Under no circumstances shall real estate and/or land be purchased for speculative purposes. The real estate and/or the land shall not have received a national or external donor grant in the last 10 years which would give rise to a duplication of funding.

3.1.3 Indirect costs (overheads)

Indirect costs are those costs that cannot be directly attributed to the project and cannot be identified by the Promoter and/or Project Partners as being directly attributed to the project but which can be identified and justified by the accounting system as being incurred in direct relation with the eligible costs. They may not include any eligible direct costs. Indirect costs of the project shall represent a fair apportionment of the overall overheads of the project promoter or the project partner.

The promoter can use for the calculation of indirect costs one of two methods listed below:

- Calculation method 1 – based on actual indirect costs for those Project Promoters and Project Partners that use an analytic accounting system to identify their indirect costs as indicated above,
- Calculation method 2 - Project Promoter and Project Partners may opt for a flat rate of up to 20% of its total direct eligible costs, excluding its direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises where the Project Promoter implements the Project (e.g. costs for the services provided by a Consultant and/or Expert that is not performing a dependent activity in accordance to the legislation in force).

The calculation method has to be indicated in the pre-defined project contracts.

Indirect costs are those costs for activities, goods or services that benefit more than one project and it can be partially included in this chapter. This category may include, for example, the costs related to administrative staff / executive costs utilities / rent / office supplies, etc. For their calculation the promoter will use one of the two methods specified above. In case of using first method of calculation the promoter must provide supporting documents (invoices, tax, etc.).

3.1.4 Proof of expenditures

In order to be reimbursed the expenditures will be assigned to the corresponding budget chapters' typology to which they belong and the costs incurred by project promoters and project partners shall be supported by receipted invoices, or alternatively by accounting documents of equivalent probative value.

The promoter has the possibility to choose to contract external audit in order to justify the expenditures made in the reporting period. A report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with this Agreement, the national law and accounting practices of the project partner's country, shall be seen as sufficient proof of costs incurred by a project promoter or a project partner whose primary location is in a Donor State or a Beneficiary State or inter-governmental organizations.

The costs of invoices issued in the last three months of the project are considered to be made within the eligibility period if they are paid within 30 days from the date of project completion. The payments made by the promoter after this period will not be considered eligible.

The Financial Report attached to each Progress Report will cover and detail all costs incurred in project implementation under each budgetary chapter.

Type of expense	Example of supporting documents	Document certifying the payment
Staff costs	<p>Salaries:</p> <ul style="list-style-type: none"> • administrative act (order, decision, disposal, etc.) to set up the project team, with the following information: name, position within the project team (project manager, assistant manager, financial manager, etc.) and the period of employment • administrative notification/addendum/ modifications of the team members; • Individual employment contracts or amendments to contracts of employment in accordance with applicable law, as appropriate; • Monthly payroll with the calculation of the amounts required to be reimbursed; • Time sheets approved by the project manager; • Convention / civil contracts for services; • Contract of copyright; • Service contracts concluded with authorized individuals (PFA); • Payroll (prepared for the project); • Invoice (if applicable); • Statement on the rights granted and taxes withheld under the law in force. <p>Social security contributions and the expenses related to salary:</p> <ul style="list-style-type: none"> • Centralized payroll; • The contributions to CAS, CASS, unemployment contributions for work accidents and occupational diseases. 	<ul style="list-style-type: none"> • Payment orders • Cash book; • Receipt, the payment order (for cash payments); • Account statement showing transfers and / or withdrawals.
Travel and subsistence	<p>General documents:</p>	<p>- Orders of payment / cash book; receipt, the payment order (for cash</p>

Type of expense	Example of supporting documents	Document certifying the payment
allowances	<ul style="list-style-type: none"> • Highway tax receipts; • Vouchers ferry bridge tolls; • Receipts / vouchers parking fees; • Tickets / travel tickets <p>Transportation by private car:</p> <ul style="list-style-type: none"> • Fuel tax receipt; • Travel order to be included in the route travelled and the number of kilometers actually travelled; <p>Vehicle transport service:</p> <ul style="list-style-type: none"> • Copy roadmap vehicle journeys approved for the project; • Fuel tax receipt; • Travel in order to be included in the route travelled and the number of miles actually travelled; <p>Transport by air / rail / waterway:</p> <ul style="list-style-type: none"> • Travel tickets / vouchers (as provided by the laws); • Travel order; • External or internal invoice (if applicable). <p>Transport by bus:</p> <ul style="list-style-type: none"> • Travel order; • Fuel tax receipt; • External or internal invoice (if applicable); 	<p>payments);</p> <ul style="list-style-type: none"> - Statement showing transfers and / or withdrawals. - The provision of payment (for cash payments); - Bank statement or other proof of payment of the invoice (electronic payments).

Type of expense	Example of supporting documents	Document certifying the payment
	Subsistence allowances: <ul style="list-style-type: none"> • Travel order Accommodation: <ul style="list-style-type: none"> • External or internal invoice with the names of the persons accommodated; • Travel order; • Per diem; 	
<i>Costs directly related to the project</i>	Rent (locations, property): <ul style="list-style-type: none"> • Lease / service; • External invoice and / or internal issued by the seller, provider. Rate of lease: <ul style="list-style-type: none"> • schedules lease with lease rates; • invoices paid lease rates; • Minutes of receiving provisional / final (where applicable). 	- Orders of payment / cash book; receipt, the payment order (for cash payments); - Statement showing transfers and / or withdrawals. - The provision of payment (for cash payments); - Bank statement or other proof of payment of the invoice (electronic payments).

The general administration expenses are considered to be eligible expenses if it is based on the actual costs directly related to project implementation and if the need for these expenses is proven.

3.1.5 Excluded costs

The following types of expenses are not eligible:

- any expenditures incurred prior to the approval of the grant by donors;
- interest on debt, debt service charges and late payment charges;
- charges for financial transactions and other purely financial costs, except costs related to accounts required by the Funder or the Fund Operator;
- provisions for losses or potential future liabilities;
- exchange rate losses;
- recoverable VAT, according to legal provisions in force;
- costs that are covered by other sources;
- fines, penalties and costs of litigation; and
- excessive and reckless expenditure.

The excluded costs which are needed to implement the project and any additional costs incurred during project implementation shall be borne exclusively by the Promoters/or Partners.

Note: Procedure for VAT Payment

The value added tax is an eligible expense related to the implementation of the project only if the Project Promoter cannot recover VAT, as follows:

- **If the promotor/partner does not recover VAT, the expense incurred with the unrecoverable VAT is eligible within the project.**
- **If the promotor/partner is able to recover the VAT, this shall be considered as an excluded expenditure within the project.**
- **If the VAT is partially recoverable, only the unrecoverable part is eligible.**

According to the provision of the Order NO. 33/2012 Certification Procedure for declaration of the deduction VAT on expenses in the request for Payment, the promoter has the obligation to obtain the "Certificate on VAT deductibility related costs included in the request for Payment".

3.2 The project financial flow

3.2.1 Opening a bank account and payments

In order to conduct financial transactions relating to the Program "Poverty Alleviation" (RO25), the Promoters and Partners are required to open accounts in EURO at a commercial bank, especially dedicated to the project. In this regard the Promoter will complete the financial identification form (Annex IV to Financing Contract) and will transmit it to the Fund Operator for verification.

For projects implemented in partnership, the payments will be transferred by the Fund Operator into the Promoter's bank account and the Promoter, within 5 working days from the receipt of the payment, will further make payments to the Partners. In this respect the Promoter is required to send a written notification to the Partner(s) and to the Fund Operator informing about the amounts transferred into partners' accounts. The notification will be accompanied by a copy of the payment proof and the bank statement.

If the Promoter does not transfer the agreed amounts, the partners can submit a written notification both to the Promoter and to the Fund Operator.

The Promoter will access the programme payment system through a Request for Advance Payment and several Requests for Payment at intervals not exceeding four (4) months.

The requested and authorised amounts will be transferred to the Promoter's account by the Fund Operator. All the amounts received in the account will be denominated in Euro and the payment instrument used is the order of payment.

The Request for Advance Payment will be submitted after signature of the financing contract. The Request for Payment shall be made at four months intervals. The Fund Operator will check and authorize the payments within 15 working days from the registration for the Request for Advance Payments and respectively in 15 days from the approval of the corresponding financial report for the Requests for Payment.

In the mechanism of Payment claims, which apply to all Promoters/Partners, the Fund Operator will transfer the eligible costs and the VAT that cannot be recovered under the rules in force. The payments are recorded in the accounting system, in separate analytical accounts for each project. Any interest or debt from the total amount paid to the Promoter will be mentioned in the financial report and it will be deducted from the final payment. The costs of activities financed through the projects must be sustained by supporting documents to prove that those expenses were incurred and paid otherwise the Fund Operator cannot validate these costs as being eligible. **The promoters will be reimbursed with amounts validated by the Fund Operator as being eligible costs.**

The project accounting will be carried out separately in the Promoter's accounting system using separate analytical accounts for each project in order to reflect the funding sources; the double entry must be in accordance with national legislation. The accounting records must be identified and verified. The project's separate account records will highlight the costs and the revenues of the project activities in order to identify and verify all project income and expenditures by a final account balance. The eligible expenses and the excluded costs must be recorded separately and presented separately on all invoices or payment documents, indicating separately the VAT on eligible costs.

NOTE:

The term assumed by FO for processing progress report (technical and financial) is 30 working days from date of receipt. If needed FO may request Promoters to send additional documents and clarifications and in this case the term assumed for processing may be interrupted repeatedly but without exceeding 10 working days.

If the Promoter does not submit the clarifications and the requested documents in due time (maximum 2 working days for each request), FO can reject in partial or in total the Request for Payment.

Starting with the second instalment, the Fund Operator shall retain the amount which was not spent or the project activities or were not performed and consequently amounts were not spent by the Project Promoter in the previous reporting period. The retained amounts can be released, in total or in part, within the following payment request and after the payments are made or activities are performed and corresponding payments are made.

The Final Financial report will be submitted within 90 days from the completion of the project.

3.2.2 Recovery of the undue payments

The undue payments shall be recovered by the Fund Operator in case of irregularities or at the end of the project if the total costs incurred and paid by the promoters for the entire contract is less than the payment requests already paid.

Should the Fund Operator, as result of the verification, report serious irregularities in financial project management, the Operator shall notify the Promoter about the amounts that should be recovered from the promoter.

The operator has the right to suspend payments in any of the following cases:

- The Project Promoter has not complied with the Financing Contract provisions on the conditions for payments;
- Credible information indicates that the progress of the Project is not in accordance with the Financing Contract;
- The reports requested by the Fund Operator under the Financing Contract or any other information requested has not been provided by the Project Promoter or include incomplete information;
- The access of the Fund Operator and the institutions stipulated hereof as required under the Financing Contract is restricted;
- The financial management of the Project has not been in accordance with the generally accepted accounting principles;
- The Fund Operator becomes aware of suspected or actual cases of irregularities, or such cases have not been adequately reported, investigated or remedied by the Project Promoter, in accordance with the Financing Contract;
- The implementation of the Project is deemed to be a violation of national or European Union law;
- A fundamental change of circumstances occurs and said circumstances constitute an essential basis for receiving the Funding from the Norwegian Financial Mechanism 2009-2014;
- The Fund Operator becomes aware of any misrepresentation of facts in any information given by or on behalf of the Project Promoter affecting directly or indirectly the implementation of the Project;
- A procedure on financial corrections has been opened, as detailed in the Financing Contract;
- Any other obligation stipulated in the Financing Contract is not complied with by the Project Promoter;
- The payments for the Project/ Programme have been suspended by the Financial Mechanism Office or any other institutions within the Norwegian Financial Mechanism Programme 2009-2014;

The suspension due to the serious deficiencies in the project management shall be proportionate with the nature and gravity of the irregularity. The Promoter shall be entitled to present their views before the Fund Operator decides on suspension of payments. The decision on suspension of payments will be motivated and it will have immediate effect. The Promoter has the right to submit documents or other evidence relevant for the Operator to review the decision on the suspension. If the Operator finds that there are no longer applicable conditions for suspension, it will decide to resume payments to the Promoter.

The Fund Operator may make any financial corrections based on the criteria included in the Financing Contract, consisting of cancelling all or part of the financial contribution provided under this Contract. The Fund Operator may make financial corrections if one or more of the following applies:

- A serious breach of the Contract has occurred,
- A serious deficiency exists in the management and control system of the Project,

- The expenditure reported in an interim financial report or in the final report is not compliant with this Contract and has not been corrected prior to sending of the financial correction notification by the Fund Operator;
- The Project Promoter has not complied with its obligation to investigate or remedy irregularities, prior to the sending of the notification on financial correction application by the Fund Operator;
- It was decided to apply financial corrections by the Financial Mechanism Office or by any other responsible institutions within the Norwegian Financial Mechanism 2009 – 2014.

In order to determine the amount of the financial correction, the Fund Operator shall take into account the nature and gravity of the irregularity and the extent and financial implications of the deficiencies found.

Prior to making a decision on the financial corrections, the Fund Operator shall notify the Project Promoter of its intention to make such a decision. The notification shall outline the reasons for the decision and indicate the relevant amounts. The Project Promoter can, within 30 (thirty) calendar days from the date the notification was received, provide the Fund Operator with any documents relevant to the decision. The Fund Operator's decision to apply financial corrections shall contain the reasons for the decision.

The operator shall establish and individualize, after verification of the complaints of irregularities received, the debtor and its payment obligation, compiling a record of finding irregularities and establishing budgetary claims. The promoter is required to record in accounting and to voluntarily pay the amounts due within 2 months from the date of confirmation of receipt. If the promoter fails to reimburse the referred by the deadline established by the Operator, the latter can increase the amounts due by adding late payment interest of 0.02% per day. The interest on late payment shall cover the period between the expiry of the deadline set by the Operator (exclusive) and the date of actual payment (inclusive). Any partial payments shall first cover increases thus established. If the project is implemented and the Promoter shall not transfer rate due to the voluntary payment, it will be recovered by deduction from the Payments. If the validated eligible expenditure is less than the amount owed, the difference will be deducted from the next Payment request will be made.

4. PROJECT MONITORING PROCESS

The project monitoring process is done by the Fund Operator to pursue its own projects objectives and therefore specific objectives and overall objective of the Programme "Poverty Alleviation" (RO25) and to ensure compliance with Norwegian Financial Mechanism 2009 – 2014 rules and European and national law. The Fund Operator will monitor projects administratively, technically and financially.

The project monitoring process is carried out as follows:

- **Through reporting process:**
 - Monthly Summary;
 - Progress Reports (four months);
 - Final report (at the end of the project);

- **Through specific monitoring procedures:**
 - Monitoring visits;
 - Additional checks;

4.1 Reporting process

The Project Promoters will prepare and submit to the Fund Operator the following reports:

4.1.1 Monthly Summary

The *Monthly Summary* will be prepared by the Promoter and submitted to Fund Operator by e-mail within 7 days of the month following the reporting period and will include a review of the activities implemented in the previous month with a focus on activities performed, achieved results and possible delays. Monthly Summary will be submitted electronically by e-mail at: ceroperatorfond@deloittece.com.

4.1.2 Progress Report

The *Progress Report* will be prepared by the Promotor and send to the Fund Operator every 4 months after signing the financing contract within 15 working days from the completion of each reporting period. The progress report will contain the following:

- Technical Progress Report, including details on:
 - o The progress of planned activities;
 - o Progress and status of indicators: since the last report until today and cumulative values from the beginning of project implementation until the reporting date;
 - o Description of results and deliverables;
 - o Issues / problems identified during the reporting period and mitigation measures
 - o Procurement procedures;
 - o Supporting documents for the activities performed during the reporting period.
- Financial Progress Report, including details on:
 - o Financial progress
 - o Supporting documents for the activities performed during the reporting period.

In addition, together with each Progress Report, the Project Promoters will submit the Request for Payment for the next implementation period.

The Progress Report will be signed by the Promoter's legal representative / project manager and will be submitted electronically by e-mail. The Progress Report will be accompanied by all supporting documents needed to justify the technical and financial progress during the corresponding reporting period.

The Fund Operator will pay the Request for Payment accompanying the Progress Report only after the approval of the Progress Report.

The *Final Report* is required for the final assessment of project implementation and it has a key role in identifying total eligible costs of the project.

The report includes all activities and results, and all indicators achieved during the entire period of project implementation. The success of the project implementation is reflected in the achievement of indicators provided in the Financing Contract.

The Promoter will explain the progress of the overall objective/purpose of the project, in terms of achieving the indicators provided in the application.

The final report, along with supporting documents, Final Request for Payment, the external audit report (if applicable) and Financial Report will be submitted to the Promoter within maximum 90 days from the completion of the project implementation. The Final Report, Request for Payment and Financial Report will be completed electronically, listed, signed and stamped and will be submitted in one original copy by mail to the Fund Operator.

If after analysing progress reports the Operator will require clarifications and additional documentation the Fund experts will send an address/e-mail for clarification. The promoter is required to submit any information requested within maximum 7 (seven) calendar days from the date of the receipt of the Fund Operator's request. The Operator reserves the right to apply during the period of project implementation, any documents it deems necessary in the verification process.

4.1.3 Specific monitoring procedures

The specific monitoring procedures include:

- the monitoring visit (on the spot visit) and
- additional (ad-hoc) checks to monitor the status and progress of the activities described in the project.

The monitoring visits and the additional checks may occur at any time during the project implementation and also after final payment (ex-post visits), for a period of five years from the date of project completion and it can include checks of technical and financial aspects. The Promoter has the obligation to put at the disposal of the monitoring team all information required and to provide all necessary support for the verification operations by:

- Ensuring the presence of project team members.
- Ensuring access to places and spaces where the project is implemented,
- Ensuring access to systems, including all documents concerning the technical and financial information of the project,
- Ensure access to all original documents,
- Ensuring adequate space to perform verifications,
- Ensure that all sub-contractors will guarantee the availability of information and documents related to the project.

The Fund Operator shall manage and implement the verification in accordance with the principle of sound financial management, as follows:

- check the supply of products and services and control if the expenditure declared by the promoters for operations has actually been incurred and complies with Norwegian Financial Mechanism 2009 – 2014, European and national rules;
- check the existence of a system for recording and storing in electronic form of information, the accounting records for each operation and their availability;
- ensure that promoters and other bodies involved in the project operations maintain a separate accounting system or an adequate accounting code for all transactions relating to the operations according to national accounting rules;
- Check the compliance with the information and publicity rules of the Programme “Poverty Alleviation”;
- Check the reality of the declared expenditures;
- Check if the purchase of goods or services has been made in accordance with the applicable procurement rules as detailed in chapter 2 – Applicable procurement procedures;

The Promoter has the obligation to provide to verification team all administrative and accounting documents required in original, to provide access to computer systems and to all documents stored in electronic format on the technical and financial management of the project. During the verification the promoter shall ensure the presence of persons empowered to give all relevant information.

The others issues checked during the monitoring visit/additional checks/ad hoc visits:

- to verify the promoter/project management team capacity to implement the actions set out in the application;
- to check the legality, regularity of financial operation;
- to check accounting records of all transactions relating to the project;
- to check the compliance with European and national public procurement legislation;
- to check the obligations on providing visibility and publicity to the project;
- to verify project technique stage in accordance with its obligations under the financing contract.

In principle ex-post verification shall be focused on:

- the sustainability of the project, according to the financing contract;
- the achievement of indicators after the completion of the project;
- the archiving of the project documents.

4.1.4 Monitoring (on the spot) visits

The monitoring visits are official meetings between Promoter and representatives of the Fund Operator. The purpose of these visits is to monitor the implementation of the important activities, to provide assistance in order to improve implementation, to verify compliance between the situation described in the Monthly Summary and Progress Reports and the actual project implementation stage.

The monitoring visits are conducted by the Fund Operator project and financial officers. Through the monitoring visits the following aspects will be verified:

- accuracy and reality of the information provided in the progress reports,
- progress of work as compared with the proposed targets,
- contents of the project file – original documents: relevant technical supporting documents, procurement documents, financial documents.

The final scope of the monitoring visits is to have an early identification of possible problems occurred in the implementation, make suggestions or recommendations on remedial measures and remark the project successful elements.

The Operator shall pay at least two visits during the project implementation. The promoter will be notified, in writing, usually at least 3 working days before the monitoring visit. If the Promoter informs the Operator on its unavailability, the Operator will consider replanning, and the Promoter will be informed about the decision.

The monitoring visits are carried out by project officers and financial officers. The promoter shall ensure the availability of project team and prepare the documentation and the local logistics for the monitoring visit. After the monitoring visit the promoter will receive a copy of the monitoring visit report prepared by Operator's monitoring team. The monitoring visit report will include, as appropriate: the purpose of the visit, the findings, recommendations / corrective actions and deadlines proposed to remediate possible problems. Also, if there are inconsistencies between data reported by the Promoter in the progress reports and the situation on the ground, such differences will be noted in the monitoring visit report.

4.1.5 Additional checks

The additional checks are usually performed if special problems occur in project implementation, uncertainties and or situations that require consultation between Operator and Promoter. The additional checks may occur at the Promoter offices (ad hoc monitoring visits) or at the Operator's headquarter based on additional information submitted by Promoter. The ad hoc monitoring visits and the desk additional checks are conducted by the fund operator project and/or financial officers.

The Promoter will be notified, in writing usually at least 3 working days before the planned date of the additional verification.

The additional checks are carried out by project officers and / or financial officers.

If the additional check is carried out at Promoter's offices, the Promoter shall ensure the availability of project team and prepare the documentation and the local logistics for the additional check / ad hoc monitoring visit. After the additional check the promoter will receive a copy of the ad hoc monitoring visit report prepared by the monitoring team. The ad hoc monitoring visit report will include, as appropriate: the purpose of the visit, the findings, recommendations / corrective actions and deadlines proposed to remediate possible problems. Also, if there are inconsistencies between data reported by the Promoter in the progress reports and the situation on the ground, such differences will be noted in the ad hoc monitoring visit report.

The desk additional checks will be performed at headquarters of the Operator. The Promoter will be requested in writing to submit additional information to clarify aspects related to project implementation. The additional information will be submitted by Promoter in 3 working days since receipt of request for additional information.

After performing the additional checks the Operator will prepare the Report on additional checks. The Promoter will receive a copy of the Report. The Report on additional checks will include, as appropriate: the purpose of the additional checks, the findings, recommendations / corrective actions and deadlines proposed to remediate possible problems.

5. MODIFICATION OF FINANCING CONTRACTS

After the contract signature, the contract provisions may be modified without affecting the project main goal. The changes to the financing contract can be achieved either by notification or by an addendum. Most of the changes require the agreement of both parties. As an exception, modifications to financing contracts due to changes in national and European legislation will be made by the Operator, without requiring the Promoter consent.

The modifications of the financing contract may be initiated by the parties, only during project implementation period. All changes must be duly justified.

The Operator reserves the right to approve or not the Promoter requests to amending the contract. The Operator has the obligation to justify the rejection of contract modification.

5.1 Notification

The promoter is required to notify in writing the Operator, no later than 10 working days from the date of the modification in the following cases:

- a) Change of address or registered office;
- b) Change of the project account;
- c) Replacement of the legal representative;
- d) Appointment / change of any member of the project team. The Promoter must disclose the names and contact details of the nominated person and to send a CV;
- e) Changes in the project budget reallocations between budget chapters, involving a variation of less than 10% of the amount stipulated in the contract grant. These changes will be cumulated. When the cumulated amount of variations per chapter exceeds 10%, the further reallocations will be made through addenda.
- f) Changes in the budget lines in the same budget chapter;
- g) Changes in the implementation timeline which do not affect overall project duration;
- h) Change of Partner organisations in the project.

These changes can be made only with the written consent of the Operator. The notification shall be accompanied by supporting documents demonstrating the necessity to operate the changes. It should be noted that the professional experience of the persons proposed to replace other team members must be at least equivalent with the professional experience of those leaving the project. Depending on the notification subject, the promoter is required to submit various documents such as:

- New registered tax certificate;
- New Financial Identification Form;
- Names and contact details of the legal representative;
- Revised budget;
- CV members' team;
- Revised sections of the Application Form;

The notification must be signed and stamped by the legal representative/project manager, registered with the Promoter and submitted by fax or e-mail to Operator. The Operator shall communicate to promoter the notification approval or the rejection by fax/e-mail within 7 working days from the registration. After

analysing notifications and the supporting documents, the Operator may request clarification and may reject with justification the notifications.

The approved notifications will enter into force starting from the date of registration and submission by the Promoter to Fund Operator.

5.2 Addendum

In certain cases, the Promoter is required to submit an addendum request with explicit and detailed justification of the reasons that led to this. Examples of situations which may require the completion of an addendum:

- a) Any changes in budget between chapters, which exceed 10% of each chapter affected, except indirect costs that cannot be increased;
- b) Changes in the project budget reallocations between budget chapters, involving a variation of less than 10% of the amount stipulated in the contract grant; in cases where cumulated amount of variations per chapter exceeds 10%.
- c) Include new eligible activities that contribute to achieving specific objectives and results of the project *without supplementing total eligible cost of the project*;
- d) Change of the project implementation period.

The duration of project implementation can be extended with the consent of the Fund Operator, but it cannot exceed April 30th, 2017. The duration can be extended in the following conditions: the cause that generates delays cannot be attributable solely to the Promoter; the prolongation of the project implementation conducts to achieve the project goals; *force majeure*.

Any request to amend the financing contract through addendum must be submitted to the Operator, within 60 calendar days before the project completion at the latest.

Any addendum request must be signed and stamped by the legal representative / project manager and submitted for approval with at least 30 calendar days before the date on which the Promoter wishes the changes to take place. The request shall detail the reasons for which the addendum is required and proper justification and arguments shall be given in favour of the proposed modification. The proposed addendum should not affect the the project purpose nor increase the total eligible budget. The addendum request will be accompanied by all supporting documents (revised sections of the application, new project budget, new timeline and other supporting documents that may be necessary).

The Fund Operator will analyse the addendum and the supporting documents and will communicate to the promoter the addendum approval or the rejection (with justification) by fax/e-mail within 14 calendar days from registration. During this period the Operator may request clarifications and/or additional information or documents to support approval of the addendum.

In case of approval of addendum request the Fund Operator shall initiate the modification of the financing contract and will send to promoter the signed addendum to Financing Contractat in two originals together with the approval letter.

The addendum must be signed and stamped by the Promoter legal representative/project manager. One original will be kept by the Promoter and one shall be returned to Fund Operator.

NOTE

If the requested changes are affecting the general objective, the specific objectives or propose reallocations between budgetary chapters of more than 10%, the addendum will be submitted to direct approval of the Financial Mechanism Office.



The last request for the contract amendment shall be submitted, with at least 60 calendar days before the last day of the project implementation.

6. MEASURES OF INFORMATION AND PUBLICITY

In accordance with the financing contract, Article 3 – Visibility and publicity within the programme, General Conditions of Contract, the Promoter has the Project Promoter shall disseminate the information about the Project to a wider audience, at national, regional or local level. All the advertising information and materials related to the Project and the Norwegian Financial Mechanism 2009-2014 shall comply with the Visual Identity Rules as stipulated Communication and Design Manual. This manual provides guidance and advice on how to best carry out information and publicity activities on programmes and projects funded by the EEA Grants and Norway Grants.

The obligatory requirements on communication activities are outlined in the Publicity and Information Requirements as set out in Annex 4 of the Regulations on the implementation of the EEA and Norwegian Financial Mechanisms 2009-2014, and attached to this manual.

The rules set out in the Annex 4 of the Regulations on the implementation of the EEA and Norwegian Financial Mechanisms 2009-2014 and in Communication and Design Manual are referring to the technical requirements on the development and implementation of Publicity Plan and the use of logos, leaflets, boards, posters, publications, websites or audio-visual materials.

6.1 Role and responsibility in the implementation of visibility and publicity activities

The Fund Operator will monitor the compliance with rules and regulation on visibility set up by the Norwegian Financial Mechanism 2009-2014. As mentioned before, the Promoter responsibilities on visibility and publicity are provided in Article 3 of the General Conditions to Financing Contract and in Annex 4 to the Regulation on implementation of the Norwegian Financial Mechanism 2009-2014.

According to these documents, the Project Promoters are responsible to:

- develop and implement the Publicity Plan for the project;
- inform the public about the project developed through the "Poverty Alleviation" (RO25) financed by the Norwegian Financial Mechanism 2009-2014;
- mention that the project is directly financed through the Programme "Poverty Alleviation" (RO25) under the Norwegian Financial Mechanism 2009-2014;
- include in the project a minimum measures of information and publicity as: the publication of a press release in a national/regional newspaper about launching the project and a press release on project closure mentioning the project results; to post banners or posters about the project; the insertion on the support materials (training activities) compulsory visual identity elements; the placing labels on the visible part of fixed assets acquired during the project; to organize at least one event to promote the project, for example, a press conference, a seminar etc.

The Fund Operator will cooperate with the Financial Mechanism Office concerning the dissemination of information on the program "Poverty Alleviation" (RO25). A web site dedicated to the program will be developed and will contain detailed information relevant to program implementation and may also include printed materials (brochures, flyers), press releases, articles, interviews etc. The Promoters may be requested to submit publicity materials to be published on this web site.

6.2 Visibility and communication rules

All the materials developed under the projects will highlight the financial support provided by the Norwegian Financial Mechanism 2009-2014 through the Programme "Poverty Alleviation" (RO25).

The following statement is required:

In English:

Supported by a grant from Norway through the Norwegian Financial Mechanism 2009-2014, in the frame of Poverty Alleviation.

In Romanian:

Proiect susținut din fonduri acordate de către Guvernul Norvegiei prin Mecanismul Financiar Norvegian 2009-2014 în cadrul Programului "Combaterea Sărăciei" (RO25).

This statement will be inserted in different forms (written or audio) depending on the type of material produced.

When issuing communications to the media, such as press releases or invitations to events the Promoters should comply with the following rules:

- Mention the project source of funding:

Proiect finanțat prin Mecanismul Financiar Norvegian 2009-2014 în cadrul Programului "Combaterea Sărăciei" (RO25)/ A project financed by the Norwegian Financial Mechanism 2009-2014 in the framework of " Poverty Alleviation" (RO25);

- Insert the logo Norway Grants 2009-2014, on the first page, top right;
- Use the logo of project promoter and optionally partner/s' in the bottom side of the materials;
- Mention the project title and the financed amount;
- Insert the following statement "For official information on EEA and Norway Grants please access www.eegrants.org", located in the bottom side of communication.

In the publications - such as books, brochures, leaflets, newsletters, flyers, training materials etc. the promoter will include the following:

- The project source of funding:

Proiect finanțat prin Mecanismul Financiar Norvegian 2009-2014 în cadrul Programului "Combaterea Sărăciei" (RO25)/ A project financed by the Norwegian Financial Mechanism 2009-2014 in the framework of " Poverty Alleviation" (RO25);

- Logo Norway Grants 2009 - 2014;
- The text:
This material does not necessarily represent the official position of Norwegian Financial Mechanism 2009 - 2014;
- The editor of material;
- The date of publication (month, year).
- Recommended websites www.eegrants.org and the project website (if applicable).

In the posters to promote events and activities in the project the promoter will include the following:

- The project source of funding:

Proiect finanțat prin Mecanismul Financiar Norvegian 2009-2014 în cadrul Programului "Combaterea Sărăciei" (RO25)/ A project financed by the Norwegian Financial Mechanism 2009-2014 in the framework of " Poverty Alleviation" (RO25);

- Logo Norway Grants 2009 - 2014;
- The text:
This material does not necessarily represent the official position of Norwegian Financial Mechanism 2009 - 2014;
- The logo of the project promoter and optionally partner/s' in the bottom side of the materials;
- Recommended websites www.eeagrants.org and the project website (if applicable).

In the case of banners and panels are indoor and outdoor materials (Roll-up, billboards, plaques, etc.) the promoter will include the following:

- Logo Norway Grants 2009-2014, on the first page, top right;
- The logo of the project promoter and optionally partner/s' in the bottom side of the materials
- Project title and/or slogan, where applicable.
- Recommended websites www.eeagrants.org and the project website (if applicable).

In the case of electronic materials - websites, newsletters the promoter will include the following:

- Logo Norway Grants 2009-2014, on the first page, top right;
- Recommended websites www.eeagrants.org and the project website (if applicable).
- The text:
This material does not necessarily represent the official position of Norwegian Financial Mechanism 2009 - 2014;
- The logo of the project promoter and optionally partner/s' in the bottom side of the materials
- Project title and/or slogan, if applicable.

In the case of websites or sections of their website dedicated to project, the promoter will include the following:

- The logo Norway Grants 2009-2014, on the first page, top right;
- The text:
This material does not necessarily represent the official position of Norwegian Financial Mechanism 2009 - 2014;
- The statement
For official information on EEA and Norway Grants please access www.eeagrants.org
located in the bottom side of communication.
- The logo of project promoter and optionally partner/s' in the bottom side of the materials;

In the case of audio-video - radio and TV, video presentations, etc. the promoter will include the following:

- To mention the project source of funding: Proiect finanțat prin Mecanismul Financiar Norvegian 2009-2014 în cadrul Programului "Combaterea Sărăciei" (RO25)/ A project financed by the Norwegian Financial Mechanism 2009-2014 in the framework of " Poverty Alleviation" (RO25);
- To insert the logo Norway Grants 2009-2014, on the first page, top right;
- www.eeagrants.org website;
- To insert the warning: This material does not necessarily represent the official position of Norwegian Financial Mechanism 2009 - 2014;
- To use the logo project promoter and optionally partner/s' in the bottom side of the materials;

In case of the videos posted on various online platforms (e.g. YouTube), the promoter should mentioned in the material the financing source and the project title in which the material was made.

The promotional materials not included in the previous categories (folders, pens, mugs, shirts, etc.) will have the following entries, depending on the size and space available:

- The project source of funding:

Proiect finanțat prin Mecanismul Financiar Norvegian 2009-2014 în cadrul Programului "Combaterea Sărăciei" (RO25)/ A project financed by the Norwegian Financial Mechanism 2009-2014 in the framework of " Poverty Alleviation" (RO25);

- Recommended websites www.eeagrants.org and the project website (if applicable).
- Project title;
- Logo of project promoter and optionally partner/s' in the bottom side of the materials;

If the space does not permit, the promoter must use the logo Norway Grants 2009-2014, or www.eeagrants.org website.

In case of purchased land and buildings through the project the spaces must be marked with a sign/poster provisionally that will include all the following elements:

- Logo Norway Grants 2009-2014;
- Project title;

Not later than 6 months from the project ends, the panel will be temporarily replaced by a permanent plaque, which will include the same items. All fixed assets purchased under the project shall be marked with labels that will contain the items listed in this chapter.

The logos used may be downloaded from the website www.eea.grants.org. For technical details about the implementation of communication materials and recommended formats and models, please see the "Communication and Visibility Manual of EEA Grants 2009 – 2014", available on the website: <http://eeagrants.org/Results-data/Results-overview/Documents/Toolbox-for-programmes/Communication-templates/Communication-manual-and-guidance-notice/Communication-and-design-manual>

All visibility materials will be sent by Promoter by e-mail to Fund Operator for approval before printing or sending them to the press.

The press release will be sent at least three days before the events. All other visibility materials must be submitted to the Fund Operator for approval in Romanian/English (language minority and - where applicable) before being used by the Promoter.

7. IRREGULARITIES

7.1 Irregularity

In accordance with “*Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014*”, the *Agreement on the on the Implementation of Poverty Alleviation Programme (RO25)* and the *General Condition to Financing Contract* an irregularity shall mean an infringement of:

(a) the Financing Contract;

(b) any provision of European Union law;

Under EU law (Article 2 point 7 of Council Regulation (EC) Nr. 1083/2006, with subsequent amendments), the irregularity is defined as any violation of a provision of European law by an operator which has, or could have the effect of prejudicing the general budget of the European Union by charging an improper expenditures.

(c) any provision of the national law of the Beneficiary State,

The irregularities in accordance with applicable national law (article. 2 paragraph (1) letter a) of the Ordinance No. 66/2011, as amended and supplemented), is any deviation from legality, regularity and conformity to the provisions of national and/or European legislation and the provisions of financing contract, which harmed or could harm EU budget/public budgets international donors and/or national public funds.

which may affect or prejudice the Project / Programme implementation, for instance unjustified or disproportionate expenditure or reducing or losing the funding under the Project.

It is the Project Promoter's responsibility to make every effort possible to prevent, detect, and nullify the effect of any cases of irregularities, both intentional and unintentional. Similarly, the Fund Operator shall investigate any suspected and actual cases of irregularities promptly and efficiently.

In case of irregularities, the Fund Operator shall, taking into account the seriousness of the irregularity, decide whether to:

- Terminate the project and the contract and request the reimbursement of all or part of the funding already paid to the Project Promoter,
- Allow the project to continue but apply a proportionate financial correction,
- Take no action.

The unintentional irregularity is an action of a person involved in the program/project who is negligent in accomplished their duties or in most cases, result in a violation of procedures. The unintentional irregularity refers to mistakes and errors caused by negligence; the unintentional violation of applicable national procedures.

An intentional irregularity is an intentional act or an intentional omission relating to:

- the use or presentation of false statements or documents, incorrect or incomplete, resulting in illegal detention acquire no right or funds / decrease resources from the general budget of the European Communities and the state budget;
- Non-disclosure of information in violation of a specific obligation with the same effect shown above;
- Allocation / acquisition that inappropriate use of funds;
- Erroneous spending the funds.



The responsibilities that Project Promoters have related to irregularities are included and detailed in the General Conditions to each Financing Contract.

8. ANNEXES

Annex 1 – Request for Payment

Annex 2 – Financial Report

Annex 3 – Monthly Summary

Annex 4 – Technical Progress Report

Annex 5 – Notification form

Annex 6 – Budget modification form

Annex 7 – Procurement Plan