



Managing Authority for International Co-operation Programmes of the National
Development Agency – Programme Operator

Norwegian Financial Mechanism 2009-2014

**“Capacity-building of local governments for enhancing quality of
public services and for promoting local economic development”**

HU11-A1-2013

call for proposals

**for the HU11 Capacity-building and institutional cooperation
Programme**

Amended as of 24 September 2013

***“Strengthening Capacities of Hungarian Municipalities and Authorities with
Norwegian Support”
(scHUMANS)***

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1. BACKGROUND AND OBJECTIVE

1.1. Background

Hungary signed a Memorandum of Understanding (hereinafter referred to as the „MoU”) with the Kingdom of Norway on the implementation of the Norwegian Financial Mechanism 2009-2014. The MoU shall be read in conjunction with the Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the “Regulation”) issued by Norway.

The MoU establishes the programme entitled “Capacity-Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities”.

The MoU designates the National Focal Point as the Programme Operator. The role of the National Focal Point is fulfilled by the Managing Authority for International Cooperation Programmes of the National Development Agency. According to the Regulation, the Programme Operator is responsible for the preparation and implementation of the programme.

The present call has to be read in conjunction with the legal framework as listed in Chapter 7. Further important information is contained in the in the General Application Guide (hereinafter GAG) forming Annex 1 of the present call.

1.2. Overall objectives of the Programme and the present call

The overall objective of the programme is reaching enhanced institutional capacity and human resource development in public institutions, local and regional authorities in Hungary through cooperation and transfer of knowledge and experience with similar institutions and authorities in Norway, thereby contributing to better quality public services provided to citizens. It is also expected that programme will result in strengthened in bilateral relations between public entities in Hungary and Norway.

The programme, and specifically **the present call is designed with special focus on the local level and encourages cooperation between municipalities and efficiency increasing joint measures taken by them.** Enhanced cooperation among several actors at the municipality level (horizontal partnerships of local governments), as well as among central, regional and local level of public administration (so called multi-level governance) are also encouraged. The open call targeting the development of institutional and human capacity of municipalities and local authorities through cooperation shall contribute to the sustainable local economic and social development and thus to the elimination of the existing economic and social disparities within Europe. The programme puts strong emphasis on local initiatives and pilot projects to be implemented on local and regional level, but at the same time an impact at national level is foreseen, by best practices collected and sustainable models established. The programme clearly contributes to the reduction of economic and social disparities in the European Economic Area also as a direct output, but even more in the medium term, if the created results can be spread wider.

Results to be achieved through supported projects are better quality services ensured via cooperation and better organisation of tasks among municipalities and other stakeholders; pilot experiences put in place via cooperation for public services; capacity-building of municipalities and increased cooperation between public authorities in Hungary and Norway.

1.3. Specific objectives and fields of intervention of the present call

Recent legal and institutional changes in Hungary resulted in changing responsibilities of local governments. The new portfolio of local governments necessitates a shift in the attitude of municipality employees from being authority representatives to service providers. Public services to be provided by municipalities include among others local territorial development, ensuring basic public services (such as public lighting, maintaining public roads, parks and other public places, ensuring parking places for vehicles, etc.), basic public health services, kindergartens, ensuring clean settlements, access to culture, public safety, organizing the local economy, local tourism development and local taxation, social services for children, youth and elderly people, local public transportation, waste management, etc. For the change of attitude to successfully happen, there is a need for support in the form of strategic human resources and institutional capacity development that enables municipalities to provide high quality services in a rather complex socio-economic structural setting.

An ideal local government system – according to the European Charter of Local Self-Government – is modern, cost-effective, task-oriented, and provides the possibility for democratic and more effective operation. In order to better perform their tasks, municipalities should support self-organised communities of inhabitants and strengthen the self-supporting ability of their settlement.

Against this background, there are two fields of intervention within which projects may be awarded under the present call:

1. Promotion of local economic development based on the identification of local resources and values and the establishment of the necessary social consensus

Some of the municipalities have existing local resources and values to build upon, and have the opportunity to exploit these resources in order to ensure the well-being of the citizens. Such local values could be for example locally available renewable energy (thermal water, geothermic energy), local agricultural/food products, local specialities, called "Hungaricum" preparing the ground for eco and gastro-tourism developments, natural/cultural values including craft industrial heritage and traditions, and other local/regional production facilities of local/regional importance. Apart from identifying local and regional values and resources, the aim is to identify leading sectors, motivate and promote businesses in these specific sectors, involve local communities (including private and civil sector) in the planning processes, as well as to reduce 'brain drain' due

to the work force retaining effect of the value based economic development model. Municipalities may play a major role in connecting different actors and opportunities.

The development of the local economy is most vital for improving the capacities of the local government and providing good quality public services. A lively economic activity ensures revenues, decreases unemployment and helps to overcome social challenges deriving from poverty and social and economic disparities.

2. Encouraging the role of municipalities in the field of innovative social organisation and public service provision, for the purpose of creating more liveable settlements.

Some of the municipalities may have less potential to boost local economic development but are still required to exploit their own resources in order to fulfill their role as the primary provider of public services at local level. The aim is to enable municipalities to efficiently perform tasks related to the organisation of the local community through institutional capacity and human resources development and improvement of operational conditions both internally and via cooperation with other municipalities and local service providers. Project proposals are expected to focus on the social challenges, thematic areas that are the most relevant in their given micro-regions. A non-exhaustive list of these thematic areas is: improving public safety; supporting quality ageing; promoting health preservation; supporting the career opportunities and better living of younger generations; improving the quality and conditions of the built environment (e.g. creating and properly maintaining playgrounds, public spaces); initiating and encouraging cooperation between different ethnic groups; etc.

The specific objective in such cases is to develop and implement a model institutional development concept that, taking into account Norwegian examples and through development of HR, communication and coordination skills as well as infrastructure and technologies, enhances the efficient incorporation of tasks related to social organisation into the operational structures of municipalities. All this is complemented by measures linked to cost-efficiency, and monitoring, evaluation and dissemination of results.

1.4. Specific concerns

A core element of the programme is **bilateral cooperation**. Exchanging know-how, learning about best practices, well operating institutional models, training modules, and examples for quality public service provision shall be an important source of capacity building in all the projects. For being eligible to apply **each project promoter has to establish cooperation with one or more registered Norwegian entity** that the Project Promoter shall name in its application. A letter of intent on cooperation, which is issued by the Norwegian partner, shall be attached to the application. Prior to signing the project contract the Project Promoter shall conclude partnership agreement with each of its partners.

Further specific concern that shall form part of each project is the promotion of **gender equality**. Addressing the gender dimension of issues such as access to employment, reconciliation of work, private and family life, pay gaps, participation in political and

economic decision-making is a challenge also within public administration and local and regional authorities. Projects have to pay attention to the gender aspects of the measures implemented and contribute to an increased awareness on the principles of equal opportunities. An indicative list of possible measures targeting gender aspects is provided in Chapter 2.3. Eligible activities. **A minimum of 10 % of the eligible budget of each project has to be dedicated for measures targeting the promotion of gender equality.**

A horizontal concern and cross-cutting issue within the programme is the principle of **life-long learning**. The principle of lifelong learning needs to be an overarching element of the project activities designed to increase the capacity of civil servants. Project applicants are encouraged to include in their project proposal activities that will increase the awareness, knowledge and capacity of national, regional and local authorities regarding Lifelong Learning. Applying the principles of Lifelong Learning, as a cross-cutting issue will make an important contribution to an increased capacity for the creation and implementation of policies that help to solve unemployment, fight poverty and increase social inclusion. Lifelong learning is the principal element of the EU's long-term strategy to become "a smarter and more inclusive economy" and a core component of the European social model.

2. ELIGIBILITY AND PROVISIONS ON CONTENT OF PROJECTS

2.1. Eligible applicants

Eligible applicants for the open call are local governments of Hungary (GFO code¹: 321). The applicant shall be the entity, who fulfils the role of the project promoter if awarded, and takes responsibility for the implementation of the project,

2.2. Eligible project partners

All applicants has to present in its proposal **at least one project partner from Norway** (i.e. donor project partner) and **at least one project partner from Hungary**. The project partner has to be actively involved in and effectively contributing to the implementation of the project.

Eligible donor project partners are public sector institutions and non-profit organisations registered in Norway, as listed below:

- governmental body
- national agency
- regional or local authority
- university, college or other teaching institution, research institute or think-tank
- non-governmental organisation (hereinafter: NGO)

¹ GFO stands for the standard nomenclature in Hungary for the classification of different types of entities. GFO codes with Hungarian and English name and description can be found at the following page of the Hungarian Central Statistical Office (KSH): http://www.ksh.hu/docs/osztalyozasok/gfo/gfo2013_struktura_tartalom.pdf

- foundation
- public benefit organisation/tax-exempt organisation
- employers' organisation
- professional association
- trade union

Eligible project partners from Hungary are any entities falling under any of the GFO codes 1 to 5:

- enterprise with legal entity (GFO code: 1)
- enterprise without legal entity (GFO code: 2)
- budgetary units and entities (central and local government) (GFO code: 3)
- non-profit organisation with legal entity (GFO code: 5)

2.3. Eligible activities

2.3.1. Mandatory activities

Mandatory activities are core activities of the project that are necessary to achieve the expected results of the project and thereby to contribute to the programme's objectives. While the activities listed here are mandatory, it is not a must to plan costs for them in the project budget, unless there is a minimum requirement stipulated regarding the necessary expenditure on the given activity. In case there is no eligible cost planned in the budget for any of the mandatory activities, it has to be explained in the project proposal, and the related costs shall be borne by the project promoter's or partner's own resources.

Preparation of partnership project

Only project proposals involving a donor project partner from Norway are eligible under the present call, thereby preparation of a partnership project is a mandatory activity. Although preparatory costs in general are not eligible, but acknowledging the importance of bilateral relations, the search for project partners from the Donors State prior to or during the preparation of a project application, the development of such partnerships, and the preparation of an application for a donor partnership project are activities eligible for support. Project proposals that meet the eligibility and administrative criteria will be entitled for such reimbursement.²

Eligible activities:

- organization of and participation at meetings with the participation of the project promoter and potential donor project partner(s);
- preparation of the proposal for the partnership project.

² For the reimbursement of the costs of project preparation, a contract has to be concluded between the applicant and the Programme Operator. In case the project is awarded, this will be the project contract, including also the possibility for reimbursement of the costs for preparation of a partnership project. In case the project is not awarded, a simplified contract will be concluded between the applicant and the Programme Operator, that provides the details for the application for reimbursement.

Only the costs related to travels, meetings and any necessary expert activities are eligible under this activity, general staff costs are not eligible.

Activities are eligible for: Project Promoter, project partner

Budgetary limit: **Maximum** allocation for the activities is **5 000 EUR**.

Detailed eligibility rules on expenditures:

Chapter 2.4 and the Eligibility Guideline forming Annex 1 of the GAG provides detailed description on the eligibility of different categories of expenditures. Herewith a summary, and the further specificities on eligibility of preparation cost is provided.

Travel costs are eligible up to 1.500 EUR/person/travel. In clearly justified cases, and when the travel to the Norwegian partner also requires domestic travel within Norway, travel costs may be eligible up to 3.000 EUR/person/travel. Maximum number of participants whose travel costs might be eligible is 2 persons/travel. The participants shall be persons dedicated to the preparation and implementation of the project. Travel costs may include the following expenditures:

- costs of travel to and from the destination
- daily allowances, 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,
- costs of accommodation, if it is not covered by the daily allowance.

Travel costs of potential donor project partners related to events organized by the Programme Operator will be covered by the Programme Operator, therefore such costs are not eligible within the project.

External consultancy fees may be eligible in case they clearly relate and are necessary to prepare a partnership project. This has to be justified by a signed contract with the consultant. Award of contract to a consultant shall follow the applicable procurement rules.

Project management

In order to ensure that project objectives are effectively fulfilled within the budget and schedule defined in the project proposal, the project promoter and its partners shall set up and operate a management team. The project management team is responsible for coordinating the activities of the project promoter, the project partners, the contractors and any involved stakeholders. Besides, the project management shall ensure that the project is implemented according to the project contract and activities fulfilled and expenditures incurred are eligible. Among project management tasks it is necessary to fulfil reporting obligations, ensuring availability of documents and all necessary information for desk-checks, on-the-spot checks, monitoring visits, etc., so that the institutions involved in the implementation of the programme can adequately follow-on the progress of the project.

Examples for eligible activities under project management are the employment or assignment of project manager(s), financial manager(s), legal of public procurement expert(s), technical expert(s).

It is eligible to assign external experts for supporting project management activities, however it is strongly preferred to ensure internal staff within the project management team. **Both the project promoter and the project partners have to delegate at least one person from their own organization to the project management team.**

Activities are eligible for: Project Promoter, project partners

Budgetary limit: **Maximum** allocation for project management activities is **10% of the project's eligible budget.**

HR development, institutional capacity building and organisational development

Since the overall objective of the programme is reaching strengthened institutional capacity and human resource development in public institutions, local and regional authorities, the activities connected to reaching this objective are mandatory part of each project. The activities shall relate to reaching outcome or output indicators as defined in the project proposal.

Examples for eligible activities:

- measures to strengthen human resources development;
 - a. creation of new positions and job descriptions for specific tasks;
 - b. elaborating educational programmes;
 - c. creating curricula;
 - d. training activities (e.g. trainings, courses, study trips, etc.);
 - e. exchange of personnel on long, medium or short term;
 - f. etc.
- measures to improve the quality and accessibility of the services provided by public institutions, local and regional authorities
 - a. studies, reports, polling, analyses, evaluations;
 - b. revision of scope of responsibilities within and among organizations;
 - c. improving decision-making processes;
 - d. establishing inter-institutional cooperation frames;
 - e. improving the service portfolio of local authorities;
 - f. strengthening quality assurance systems;
 - g. elaborating and implementing methodologies, operational plans, protocols and pilot actions;
 - h. etc.

Activities are eligible for: Project Promoter, project partners

Budgetary limit: **Minimum** allocation for the activities is **30% of the project's eligible budget.**

Measures promoting and targeting gender equality

Addressing the gender dimension of issues and promotion of gender equality is a mandatory element for each project. Projects have to pay attention to the gender aspects of the measures implemented and contribute to an increased awareness on the

principles of equal opportunities (e.g. employment, reconciliation of work, private and family life, pay gaps, participation in political and economic decision-making, etc.)

Examples for eligible activities:

- taking into account gender specific needs and address gender specific conditions;
- taking into account past experiences and/or current gender equality activities in Hungary and Norway;
- providing qualitative information on gender issues;
- encouraging the access of labour market by women and enhancing the income earning opportunities of women;
- strengthening social rights and/or contributing to participation of women in civil life;
- reducing social exclusion of women;
- strengthening organizations and public institutions working to improve the opportunities and rights of women including NGOs;
- supporting awareness-raising actions and campaigns empowering women;
- contributing to participation by women in decision making at political and/or economic level
- promoting women's participation within the project, for example as project staff, members of project management team.

Activities are eligible for: Project Promoter, project partners

Budgetary limit: **Minimum** allocation for the activities is **10% of the project's eligible budget.**

Publicity

The Project Promoters must communicate the achievement and results of their project and must acknowledge the support received from the Norway Grants to the relevant audiences at national, regional and local levels and use the image elements of the Norway Grant when conducting communication activities.

The planned publicity measures shall be presented in the Publicity Plan, forming part of the project proposal, and must include as a minimum:

- at least three **information activities** on progress, achievements and results in the project, including
 - ✓ a seminar or a conference with stakeholders
 - ✓ a launch event and/or a closing event for the project
 - ✓ any of the above accompanied by a press conference or press event
- creating a **dedicated website, or a dedicated web page on an existing website** providing regularly updated information on the project both in Hungarian and in English, as well as pictures, contact information a clear reference to the Programme and to the Norway Grants,
- putting up a **billboard** at the site of each operation in line with requirements of the Communication and Design Manual during project implementation,

- replacing the billboard with a **permanent commemorative plaque** that is visible, of significant size and in line with requirements of the Communication and Design Manual no later than six months after completion of the project

Any activities necessary to fulfil the above listed mandatory publicity measures, and any additional activities contributing to the dissemination of the project's achievements are eligible. The detailed rules of the communication activities can be found in Annex 4 of GAG (Communication and Design Manual).

Activities are eligible for: Project Promoter, project partners

Budgetary limit: **Maximum allocation** for the activities is **10%** of the **of the project's eligible budget**.

2.3.2. Optional activities

Purchase of real estate and land

Purchase of real estate and land shall only be eligible under the below conditions:

- There has to be a direct link between the purchase and the objectives of the project;
- The purchase shall contribute and be necessary to achieve the overall objectives of the programme and the project, and the project's results;
- The purchase shall be explicitly approved by the Programme Operator prior to the purchase, either in the project contract or by a later decision;
- The ownership must be transferred to the project promoter, or those explicitly designated by the project promoter in the project proposal as recipients of the real estate and/or the land, prior to the completion of the project. The project promoter shall ensure that it has the ownership rights and the right to use the real estate and/or the land in line with the purposes of the project until the end of the maintenance period. These rights have to be officially recorded in the Land Registry. 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 mortgage restriction does not apply to a mortgage taken in favour of the Programme Operator or the National Focal Point;
- 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,
- 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, EU or external donor grant in the last 10 years which would give rise to a duplication of funding.

- Detailed rules on eligibility of expenditures under are described in Chapter 2.4. and in the Eligibility Guideline forming Annex 1 of the GAG.

Activities are eligible for: Project Promoter only

Budgetary limit: **Maximum** allocation for the activities is **10% of the project's eligible budget.**

Investment

Investment may include the purchase and development of any tangible assets, including new or second hand equipment, construction and reconstruction of buildings.

Investment shall only be eligible if the purchase clearly contributes and is necessary to achieve the objectives of the programme and the project, and the project's results.

Detailed rules on eligibility of expenditures under "Investment" are described in Chapter 2.4. and in the Eligibility Guideline forming Annex 1 of the GAG. As a general rule, cost of equipment is eligible, 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. The entire amount of the purchase price of new and second hand equipment shall be eligible only in case the equipment is installed at the end of the project and the utilization of the equipment starts after the closure of the project and/or if after the completion of the project the usage of the equipment is limited to activities in line with the project's objectives.

In case of construction and reconstruction of buildings, and purchase of equipment falling outside the scope of the depreciation rule the project promoter must

- keep a list of all such acquired tangible assets,
- keep the acquired tangible assets in their ownership for a period of at least five years following the completion of the project and continue to use them for the benefit of the overall objectives of the project for the same period,
- keep the acquired tangible assets properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project;
- set aside appropriate resources for the maintenance for at least 5 years following the completion of the project.

Activities are eligible for: Project Promoter only

Budgetary limit: **Maximum** allocation for the activities is **50% of the project's eligible budget.**

ICT³ development

ICT development is eligible activity, as long as it contributes to strengthened institutional capacity and improved quality and accessibility of the services provided by public institutions, local and regional authorities, etc. Only intangible assets, and services i.e. software development and small scale technological and infrastructural investments is eligible under this activity. Purchase of large scale IT equipment may be eligible under the activity "Investment".

In case of intangible assets, as a general rule, 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 eligible. The entire amount of the purchase price of the intangible asset shall be eligible only in case the asset is installed at the end of the project and its utilization starts after the closure of the project and/or if after the completion of the project the usage of the asset is limited to activities in line with the project's objectives. Further conditions on intangible assets to be reimbursed at purchase price are identical to the conditions described under the eligible activity "Investment", and further detailed in the Eligibility Guideline forming Annex 1 of the GAG.

Activities are eligible for: Project Promoter, project partners

Budgetary limit: No budgetary limit is determined.

Other services connected to eligible activities

Any further services closely related to the implementation of the mandatory activities and selected optional activities may be eligible only in case they clearly contribute and are necessary to the achievement of the project's objectives.

Examples for eligible activities:

- engineering, technical experts,
- conducting procurement procedures,
- operation and maintenance of IT systems,
- etc.

Activities are eligible for: Project Promoter, project partners

Budgetary limit: No budgetary limit is determined.

2.4. Eligible expenditures

2.4.1. Eligible direct expenditures

Related to the eligible activities different types of expenditures are eligible. In the project proposal the total eligible budget of the project shall be compiled so that the project promoter and project partners separately record the different types of eligible expenditures under the eligible activities that they plan to implement. The below table

³ Information and Communication Technologies

shows the correspondence between eligible activities and eligible expenditures, using the cost categories in accordance with Hungarian accounting principles.

Eligible activity / Eligible expenditure	11. Intangible assets	12. Rights representing assets related to real estates	13.,14. Technical equipment, machinery and vehicles	51. Material cost	52. Costs of services used	53. Costs of other services	54. Staff costs	55. Other employee related payments	56. Duties on salaries	57. Depreciation
Preparation of partnership project					x		x	x	x	
Project management				x	x	x	x	x	x	
HR & institutional development					x		x	x	x	
Gender equality					x		x	x	x	
Publicity				x	x		x	x	x	
Purchase of real estate		x								
Investment		x	x	x						x
ICT development	x			x	x					x
Other services					x	x	x	x	x	

Actual incurred expenditure will form the basis of all reimbursements. Eligibility of expenditures will be checked and verified by the Implementing Agency.

The first date of eligibility is the day when the Programme Operator decides to award the project grant. No expenditures incurred before this date are eligible except for expenditures related to the "Preparation of partnership project". Expenditures related to the activity "Preparation of partnership project" shall be eligible from the date of publication of this call, until the date of submission of the project proposal.

The eligible expenditures incurred related to the project are listed below. **Further details and information are available in the Eligibility Guideline forming Annex 1 of the GAG**, that is recommended to thoroughly studied by all applicants, to ensure that the planned expenditures in the project are eligible.

Intangible assets (accounting category 11)

Costs of softwares and licences purchased or acquired in a lease are eligible, if the transaction was carried out in accordance with market rules and conditions and there is a direct link between the purchase and the objectives of the project. Rules on procurements described in the Chapter 2.5 of the Eligibility Guideline must apply.

Real estate and related rights representing assets (accounting category 12)

Conditions listed in Chapter 2.3. Eligible activities – Purchase of real estate and land - must apply. 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, and that the building in question is in conformity with national regulations. Rules on real estate and related rights representing assets described in Chapter 2.2 and 2.3 of the Eligibility Guideline must apply.

Technical equipment, machines, vehicles (*accounting category 13, 14*)

Equipment may be eligible at purchase price falling under the accounting category 13 or 14, in case conditions as described in Chapter 2.3. Eligible activities – Investment on acquired tangible assets are fulfilled. In case those conditions are not fulfilled, the purchase of equipment may be eligible in 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, under accounting category 57. Rules on procurements described in Chapter 2.4 of the Eligibility Guideline must apply.

Material costs (*accounting category 51*)

Acquisition of small scale tangible assets that can be depreciated in 100% upon purchase according to the effective Act on Accounting. Such assets (i.e. consumables and supplies, small scale equipment, and other material expenditure identifiable and assigned to the project) may be eligible at purchase price. Rules on procurements described in Chapter 2.6 of the Eligibility Guideline of the GAG must apply.

Cost of services used (*accounting category 52*)

Costs of consulting and other external services, travel and accommodation, audits, etc. necessary for the implementation of the project delivered by a third party, used according to market rules and conditions. Services must not be fulfilled by any of the partners being a beneficiary to the project. Rules on procurements described in Chapter 2.7 of the Eligibility Guideline of the GAG must apply.

Costs of other services (*accounting category 53*)

Authorities' fees necessary for the implementation of the project and prescribed by legislation shall be eligible under costs of other services. Moreover, costs of the financial guarantee provided by the financial institution and bank charges directly linked to the project shall also be eligible provided they are necessary to fulfil criteria set out in the call. Rules on costs of other services described in Chapter 2.8 of the Eligibility Guideline must apply.

Staff costs, duties on salaries, and other employee related payments (*accounting category 54, 55, 56*)

The cost of salaries of staff assigned to the project, and related social security and other statutory costs provided that it corresponds with the general remuneration policy applied by the beneficiary (project promoter or partner). Only staff costs of those persons are eligible, whose employment/assignment contract or the related job description includes tasks related to the project, and only in that portion that the person actually dedicates from its working hours to the project. Salary costs of staff of public administrations are eligible only to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken. The staff assigned to the project and their tasks (e.g. project manager, project assistant, etc.) shall be presented in the project proposal.

Subsistence allowance paid for participants at travels implemented in the framework of the project is also eligible, provided that it corresponds with the general policy on travel costs applied by the beneficiary (project promoter or partner).

Rules on costs of staff, duties on salaries and other employee related payments described in Chapter 2.1 of the Eligibility Guideline must apply.

Depreciation (*accounting category 57*)

Equipments and intangible assets not fulfilling the conditions to be eligible at the entire purchase price may be eligible at their corresponding depreciation amount. Cost of new or second hand equipment shall be 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 is eligible. Rules on depreciation described in Chapters 2.4 and 2.5 of the Eligibility Guideline must apply.

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

2.4.2. Eligible indirect expenditures (Overhead)

Indirect costs are those costs that cannot be identified by the project promoter and/or the project partner as being directly attributed to the project but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. They may not include any eligible direct costs. Project promoters and project partners are entitled to include in their respective budget indirect costs in an amount not exceeding 20% of budgeted eligible staff costs (*accounting category 54, 55, 56*). Rules on eligible indirect expenditures described in Chapter 2.9 of the Eligibility Guideline must apply.

2.4.3. Contingency (Reserve)

The project budget presented in the project proposal may include contingency up to 5% of the project's total eligible budget. The contingency may be used during project implementation for the eligible costs and corresponding eligible expenditures.

2.5. Mandatory output indicators

As a minimum, projects must deliver the minimum target values of the below listed mandatory output indicators. Target values exceeding the minimum are strongly preferred.

Output indicator	Description of the indicator	Minimum target value	Unit of measure
Nr. of strategic documents elaborated	Strategic documents, such as a development strategy, action plan, feasibility study, cooperation agreement, etc., that ensure that the achieved results are put in practice and remain sustainable following implementation of the project are necessary outputs of the projects.	1	unit
Nr. of citizens directly reached by the projects	Citizens directly reached are the persons who actively take part in the actions of the project, such as participants of trainings, stakeholder meetings, workshops, pilot actions, etc.	200	person
Nr. of events organized with participation of Hungarian and Norwegian stakeholders	Events that serve exchange of experience and transfer of knowledge shall be organized, and accompanied by a survey or peer-reviewing, based on which the results and outcomes of the events can be reported.	2	unit

Applicants are free to identify and set additional indicators in their project proposals. Project promoters have to ensure that the set indicators are achieved and can be measured by the completion of the project and/or during the maintenance period.

2.6. Duration of project implementation

The maximum duration of project implementation is **24 months**. The final deadline for completion of projects is **30 April 2016**.

The projects shall be considered completed if the objectives specified and the tasks undertaken in the project contract have been fulfilled. The final project report and the final payment request shall be submitted no later than 90 days after the date of project completion. The final date of eligibility of expenditures within the project shall be the date when the final project report and the final payment request is submitted, but no later than 30 April 2016.

(Note: In case the project is completed by 30 April 2016, the project promoter may still have an additional 90 days for preparing the final project report and the final payment request, however related costs (i.e. project management and audit) will not be eligible. Only costs that incur before 30 April 2016 may be eligible. See Article 3.3.2 of the GAG for more details and examples related to the project completion and closing date.)

2.7. Applicable state aid rules

In case of support to non-economic activities the grant shall not be considered as state aid pursuant to Article 107 of the Treaty on the Functioning of the European Union.

In case of support to economic activities the grants shall be awarded as **de minimis aid**. Detailed rules regarding de minimis aid are set out in Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the Application of Articles 87 and 88 of the Treaty to de minimis aid.

The total de minimis aid granted to any one undertaking from any source shall not exceed, over the current fiscal year and the previous two fiscal years, the HUF amount which is the equivalent of EUR 200,000, and, for the road transport sector, the HUF amount which is the equivalent of EUR 100,000. Aid payable in several instalments shall be discounted to its value at the moment of its being granted.

Prior to granting the aid, a declaration must be made by the undertaking concerned in written form stating any other de minimis aid granted or not yet assessed during the previous two fiscal years and the current fiscal year (see Annex 3).

De minimis aid should not be cumulated with state aid in respect of the same eligible costs if such cumulation would result in an aid intensity exceeding that fixed by a block exemption regulation or Decision adopted by the European Commission.

De minimis aid may be granted to undertakings in all sectors, with the exception of:

- a) aid granted to undertakings active in the fishery and aquaculture sectors, as covered by Council Regulation (EC) No 104/2000;
- b) aid granted to undertakings active in the primary production of agricultural products as listed in Annex I to the Treaty on the Functioning of the European Union;
- c) aid granted to undertakings active in the processing and marketing of agricultural products as listed in Annex I to the Treaty on the Functioning of the European Union, in the following cases:
 - a. when the amount of the aid is fixed on the basis of the price or quantity of such products purchased from primary producers or put on the market by the undertakings concerned,
 - b. when the aid is conditional on being partly or entirely passed on to primary producers;
- d) aid to export-related activities towards third countries or Member States, namely aid directly linked to the quantities exported, to the establishment and operation of a distribution network or to other current expenditure linked to the export activity;
- e) aid contingent upon the use of domestic over imported goods;
- f) aid granted to undertakings active in the coal sector, as defined in Regulation (EC) No 1407/2002;
- g) aid for the acquisition of road freight transport vehicles granted to undertakings performing road freight transport for hire or reward;
- h) aid granted to undertakings in difficulty.

Records regarding de minimis aid granted under the above title shall be retained by the Recipient for 10 years from the date on which it was granted, and shall be presented to the grant provider on his request.

3. FINANCIAL CONDITIONS

3.1. Grant amount and grant rate

Altogether **6 830 000 EUR is made available in the present call**, from grants provided by the Norwegian Financial Mechanism 2009-2014 and co-financed by the Hungarian state budget. From the above allocation, **80.000 EUR is provided** from the "Fund for bilateral relations" **to support preparation of partnership projects** as described in Chapter 2.3.1. **6.750.000 EUR is dedicated to all other activities.**⁴ The Programme Operator reserves the right to increase the amount of allocation if funds become available within the programme, and will issue a notification on the www.norvegalap.hu website to inform the applicants if such increase applies.

The **minimum amount of grant assistance applied for is 500 000 EUR; the maximum grant amount is 1 500 000 EUR.** For the purposes of calculating the project budget in the application and to make HUF/EUR conversions as necessary, the **applicable exchange rate is 283,4 HUF/EUR**, if not stipulated otherwise. The grant will be awarded and set in the project contract in EUR.

The maximum grant rate is 95% of the total eligible project costs.

3.2. Requirements on own contribution

The part of the project's total eligible costs that cannot be covered by the requested grant shall be provided or obtained by the project promoter as own contribution. **The minimum level of own contribution is 5% of the project's total eligible costs.** Own contribution may be provided from own resources or external resources, i.e. from resources provided by the project partners, bank loans, etc. In-kind contributions are not considered eligible to certify own resources. The following sources of own contribution are eligible:

- earmarked budget in the project promoter municipality's budget,
- earmarked budget in the budget of the supervising public administration body of any of the project partners,
- bank account money or securities held by the project promoter or project partners,
- bank loan.

⁴ The availability of these funds is contingent upon the signature of the Programme Agreement agreed between the Norwegian Ministry for Foreign Affairs and the National Focal Point. The Programme Operator does not take any responsibility and does not make a commitment for making available the funds, in case for any reason the conclusion of the above Agreement would fail. Once the Programme Agreement is signed, the Programme Operator will release this waiver of responsibility.

Project promoters shall declare in the application that they can ensure the necessary own contribution. Awarded project promoters shall certify the availability of own contribution prior to the conclusion of the project contract at the latest, in a form as described in Chapter 4.2 of the GAG.

3.3. Collateral

In order to ensure that any unduly used grants can be reclaimed and recovered by the Programme Operator, project promoters are obliged to provide adequate collateral. Prior to the conclusion of the project contract the project promoter shall submit direct debit authorizations to initiate collections from all its accounts which, pursuant to legislation, can be encumbered with direct debits, for cases where payment orders cannot be executed due to lack of funds, together with a provision stating that any claim may not be suspended for more than thirty-five days. Such debit authorization will form the part of the project contract and shall remain valid until the end of the maintenance period. Rules on providing collateral are described in Chapter 4.3 of the GAG.

3.4. Provisions regarding the disbursement of the grant

Payment requests shall be submitted to the Implementing Agency. Payment requests shall be compiled and submitted by the project promoter, including all the expenditures of the project partners as well.

Payment requests shall be accompanied by proofs of expenditures. The applicable proofs of expenditures are described in Chapter 5 of the Eligibility Guideline. For donor project partners, a report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with applicable laws and regulations shall be seen as sufficient proof of expenditures.

Payment requests are checked and verified by the Implementing Agency. Payment has to be authorized by the Programme Operator. The National Development Agency is responsible for transferring the authorized payments.

The grant shall be disbursed by means of advance payment, reimbursement or supplier financing and final payment. The eligible grant amount shall be calculated in EUR, and will be disbursed in EUR, according to Article 1.3. of the Eligibility Guideline.

Advance payment

Project promoters may request an advance payment of up to 30% of the grant amount for those project activities of the project for which they choose reimbursement.

Interim payments - Reimbursement

In case of reimbursement, the eligible grant amount based on the verified payment request shall be transferred directly to the account of the project promoter or, in case of an assignment, to the account the assignee (e.g. the project partner). A payment request containing reimbursement items may only be submitted once the requested grant amount exceeds 10% of the total amount granted for the project.

Interim payments - Supplier financing

Supplier financing shall be applicable only to real estate purchase, IT development and investment activities. No advance payment may be requested for those eligible activities, for which the project promoter chooses supplier financing. Supplier financing may be requested only to invoices for amounts which include a grant amount over EUR 3,000, and the amount of the own contribution to be covered by the beneficiary has been paid. Following verification of such payment claim, the grant amount will be disbursed directly to the supplier's bank account.

Final payment

The last 10% of the grant shall be disbursed following the approval of the final project report.

4. ADMINISTRATIVE INFORMATION

4.1. Submission of applications

Deadline for submission of applications: **30 September 2013**

To submit an application, the applicant has to be registered at the official website of the Grants: www.norvegalap.hu.

The application form and the annexes to be attached shall be completed and submitted through the electronic platform (NORA) available on the above website. **The application form must be filled in in the English language. Attachments might be in English or Hungarian.**

The deadline for submitting the electronic application form shall be **18:00 hrs on 30 September 2013**. After the submission of the electronic application form, one original of the printable declaration signed by the duly authorized representative of the applicant shall be sent by post, by registered mail at the latest **on 30 September 2013** (date on post stamp) to the following address:

"scHUMANS"
NFFKÜ - Nemzetközi Fejlesztési és Forráskoordinációs Ügynökség Zrt.
1037 Budapest Montevideo u. 16/A

Applications must not be submitted in person or by courier service.

Supporting documents to be uploaded as an attachment to the project proposal:

1.	Specimen signature of the duly authorised representative of the project promoter (<i>Aláírási címpéldány</i>)	Mandatory
2.	Letter of intent on partnership	Mandatory
3.	Declaration on de minimis aid	Mandatory in case any of the partners may receive grant only as de minimis aid (template attached in Annex 3)
4.	Quotations, price offers or public price lists supporting that cost items presented in the budget correspond to market prices	Mandatory in case of budget items exceeding the national threshold for public procurements
5.	Goal hierarchy	Mandatory (template attached in Annex 4)
6.	CVs of key personnel	Mandatory
7.	Organigram (project management set-up)	Mandatory
8.	Title deed from the Land Registry (not older than 30 days) and any further documents supporting the ownership of the land concerned (e.g. lease agreement, contribution of the owner to the development, etc.) (<i>Tulajdoni lap</i>)	Mandatory in case the project contains development of assets related to real estates, e.g. construction or reconstruction
9.	Cost estimates for designs (<i>Tervezői költségbeclés</i>)	Mandatory in case the project contains construction or reconstruction of buildings
10	Documents prepared / elaborated in the frame of project preparation activities (i.e. minutes of meetings, studies, background analysis)	Mandatory in case the project budget includes costs for preparation of the partnership project
11	Other supporting documents	Optional

The maximum size of uploaded attachments altogether must not exceed 500 MB.

4.2. Further information and contact information

All official information regarding the present call for proposals and the Capacity-building and institutional cooperation Programme is available on the following site: www.norvegalap.hu. Annexes to the call such as guidelines, documents and forms may be downloaded from this site.

Further information related to the call may be requested from the customer service operated by the Implementing Agency on the following contact points:

International Development and Fund Coordination Agency Ltd.

phone: +36-1-999-4400

e-mail: capacity@norvegalap.hu

Replies shall be given or uploaded on the site www.norvegalap.hu within 8 days.

We would like to inform Applicants that we only guarantee to reply to questions asked at least 10 days prior to the submission deadline.

5. SELECTION PROCEDURE

5.1. Review of eligibility criteria

The Implementing Agency shall verify compliance with the eligibility criteria of the application. If any of the criteria listed below is not met by the project proposal, then it will be excluded from further evaluation:

- the Project Promoter and/or the Project Partner is eligible for funding;
- the electronic application form was submitted by the deadline specified in the call;
- the electronic application form is filled in in the English language;
- the declaration printable after submission of the electronic application form was submitted by post by the deadline specified in the call;
- the declaration was signed in compliance with the specimen signature;
- the requested grant amount corresponds to the minimum and/or maximum amount of funding that can be awarded according to the call;
- the project implementation period and closure deadline are in line with the call;
- at least one project partner and at least one Norwegian partner is named in the application.

The review of compliance with eligibility criteria shall be completed within 7 days of receipt of the declaration submitted by post, which may be extended with another 7 days in duly justified cases. If an application does not comply with the eligibility criteria, the Implementing Agency shall make a decision to reject the application without any possibility to remedy deficiencies. The notification on rejection of an application must include the reasons for rejection and on the possibilities to submit an appeal regarding this decision.

5.2. Review of administrative criteria

Applications that meet the eligibility criteria shall be checked by the Implementing Agency for the following administrative criteria:

- all the necessary annexes are attached electronically and are duly completed;
- the submitted application form is fully and duly completed;
- there are no quantitative or other contradictions between the individual documents of the application package;
- the indicator value target reaches the minimum target value;
- the budget planned for the different eligible activities is in line with the minimum and maximum ceilings;

- the grant rate, the amount of the own contribution, the overhead, the contingency or any other financial parameters are in line with the set minimum/maximum requirements set in the call;
- the declarations on the intent of partnership are signed by the partners participating in the project implementation.

In case of deficiencies the Implementing Agency shall call upon the Project Promoter to remedy the deficiencies within 10 days. Failure to remedy deficiencies or submitting erroneous or incomplete documentation shall result in the administrative rejection of the application. The Project Promoter shall be notified in writing about the reasons for rejection and on the possibilities to submit an appeal regarding this decision.

Should it be revealed at any stage of the evaluation that the project proposal contains incorrect information, this may result in the rejection of the application.

5.3. Expert evaluation

Project proposals complying with the above eligibility and administrative conditions will be **evaluated and scored** based on the following criteria:

Criteria	Scores
<p>Relevance of the project with regard to the programme's objectives:</p> <ul style="list-style-type: none"> • The project will contribute to strengthened cooperation between Hungarian and Norwegian public authorities. • The project will contribute to enhanced institutional capacity and development of human resources. • The project will contribute to enhanced capacity and quality of the services provided by local authorities. <p>0 pt for any of the above criteria, or a total score not exceeding 5 pts in total for this group of selection criteria shall result in an immediate rejection of the proposal without further evaluation.</p>	<p>0-15 points</p> <p>(0-5 pts)</p> <p>(0-5 pts)</p> <p>(0-5 pts)</p>
<p>Level of bilateral partnership</p> <ul style="list-style-type: none"> • There are more than one donor project partner nominated in the project proposal • The Project Promoter organization has previous experience in cooperation with the proposed donor project partner(s) • The donor project partner took actively part in the preparation of the project proposal (substantiated by attached documentary evidence, such as minutes of meetings, etc.) • The role, responsibility and specific contribution of the donor project partner(s) are clearly defined in the application. • The profile and experience of the proposed donor project partner(s) is/are relevant with regard to the objectives of the project. • The proposed involvement of the donor project partner provides added value regarding methodology, know-how, best practices and 	<p>0-20 points</p> <p>(0-1 pts)</p> <p>(0-1 pt)</p> <p>(0-3 pts)</p> <p>(0-3 pts)</p> <p>(0-3 pts)</p> <p>(0-3 pts)</p>

Criteria	Scores
<p>exchange of experience</p> <ul style="list-style-type: none"> • There are mutual benefits clearly identified for both the project promoter and the donor project partner as a result of the partnership • The cooperation and partnership is likely to remain and expand after project completion. 	<p>(0-4 pts)</p> <p>(0-2 pts)</p>
<p>Level of partnership at national level</p> <ul style="list-style-type: none"> • The project includes partnership with relevant Hungarian public institution(s). • The project includes partnership with relevant Hungarian local and regional authorities. • The project includes partnership with relevant local NGOs, civil society organisations. • The project includes partnership with relevant local businesses. • The project includes partnership with any further relevant stakeholders. 	<p>0-10 points</p> <p>(0-2 pts)</p> <p>(0-2 pts)</p> <p>(0-2 pts)</p> <p>(0-2 pts)</p> <p>(0-2 pts)</p>
<p>Justification of the project</p> <ul style="list-style-type: none"> • The project proposal provides a clear description on the background of the project and on the existing situation • The proposal contains reference to strategic documents, legislation, existing institutional and organizational structures relevant for the project • The objectives defined in the project reflect and propose adequate responses to existing needs • The project proposal identifies such relevant challenges and needs and planned solutions for them, that might be relevant for other municipalities / regions, thereby has a potential to serve as a best practice pilot experience 	<p>0-15 points</p> <p>(0-3 pts)</p> <p>(0-3 pts)</p> <p>(0-4 pts)</p> <p>(0-5 pts)</p>
<p>Target groups</p> <ul style="list-style-type: none"> • The project proposal adequately identifies the target groups of the project, including primary (direct) target groups of the project and secondary (indirect) target groups and beneficiaries of the project • The needs and specific characteristics of the target groups are adequately described • There are adequate measures proposed to reach and/or involve the target groups during implementation • The size of the target group to be achieved by the results of the project exceeds 20.000 citizens 	<p>0-15 points</p> <p>(0-4 pts)</p> <p>(0-3 pts)</p> <p>(0-3 pts)</p> <p>(5 pts)</p>
<p>Overall project design</p> <ul style="list-style-type: none"> • The planned activities to be implemented are eligible and include all mandatory activities • The mandatory activities, especially HR development, institutional 	<p>0-25 points</p> <p>(0-3 pts)</p> <p>(0-5 pts)</p>

Criteria	Scores
<p>capacity building and organisational development represent the core activity within the project and their content is professionally well elaborated</p> <ul style="list-style-type: none"> • The planned optional activities are justified and necessary, especially in case investment is planned within the project (Investment shall only be eligible if the purchase clearly contributes and is necessary to achieve the objectives of the programme and the project, and the project's results.) • The planned activities are logically well organized and in line with the presented goal hierarchy • The timeline of the project is realistic • The procurement plan of the project is realistic • The project proposal is elaborated in proper, easily understandable English language 	<p>(0-5 pts)</p> <p>(0-5 pts)</p> <p>(0-3 pts)</p> <p>(0-2 pts)</p> <p>(0-2 pts)</p>
<p>Inclusion of gender issues within the project</p> <ul style="list-style-type: none"> • The earmarked budget for measures targeting gender equality exceeds the 10 % of the total project budget. • Adequate and justified measures targeting gender issues are proposed that fit well to the project and their relevance is properly justified • The inclusion of gender issues is not limited to the project, but has a wider scope and potential lasting effects including change in attitudes. 	<p>0-10 points</p> <p>(0-1 pt)</p> <p>(0-5 pts)</p> <p>(0-4 pts)</p>
<p>Inclusion of Lifelong Learning within the project</p> <ul style="list-style-type: none"> • Adequate and justified measures for the promotion of Lifelong Learning are proposed. • The partnership contains the necessary expertise to implement Lifelong Learning activities or has planned to subcontract these to adequate external consultants • The partnership plans to document the structure and contents of the activities in order to ensure their dissemination and usability beyond the end of the project 	<p>0-10 points</p> <p>(0-4 pts)</p> <p>(0-4 pts)</p> <p>(0-2 pts)</p>
<p>Publicity</p> <ul style="list-style-type: none"> • The aims and target groups of the communication are well identified • The strategy and content of the information and publicity measures is adequately elaborated • The mandatory publicity activities are covered in the proposal • There are adequate measures proposed for the evaluation of visibility of and awareness towards the project • There are sufficient capacities presented for the implementation of publicity activities 	<p>0-10 points</p> <p>(0-2 pts)</p> <p>(0-2 pts)</p> <p>(0-2 pts)</p> <p>(0-2 pt)</p> <p>(0-2 pt)</p>

Criteria	Scores
<p>Project results and sustainability</p> <ul style="list-style-type: none"> • The project proposal identifies indicators that are result-oriented and relevant for the project (0-4 pts) • The target values set for the indicators are realistic (0-4 pts) • The proposed source of verification is adequate to measure the achievement of the indicators (0-3 pts) • There are adequate operational and institutional structures proposed for the maintenance of the project results (0-3 pts) • Availability of financial resources for the maintenance of the project results are presented and justified (especially in case the project includes investment element) (0-3 pts) • Availability of human resources for the maintenance of the project results are presented and justified (0-3 pts) • The increased capacity achieved by the project can be sustained on the long-term. 	<p>0-20 points</p>
<p>Budget</p> <ul style="list-style-type: none"> • The budget covers all planned activities and the proposed expenditures are necessary and justified. (0-4 pts) • The proposed expenditures are not overestimated (0-4 pts) • Sufficient budget is planned for carrying out the mandatory activities of the project. (0-4 pts) • The budget of each of the project promoter and project partners proportionately represent the partner's role and activities in the project (0-3 pts) 	<p>0-15 points</p>
<p>Adequacy of the management set-up</p> <ul style="list-style-type: none"> • The presented management set-up is considered suitable for the proper coordination of the implementation of the project. (0-2 pts) • The capacities of the presented management set-up is considered adequate for the proper coordination of the implementation of the project (0-2 pts) • The Project Promoter organization has substantial experience in implementing projects, also with international partners (0-3 pts) • There is at least one person of staff internal to each of the project promoter and the project partners (0-3 pts) • The experience of the members of the proposed project management team are adequate. (0-1 pt) • The management skills of the members of the proposed project management team are adequate. (0-1 pt) • The language skills of the members of proposed project management team are adequate. (0-1 pt) • Adequate measures are proposed to manage the project in line with the principles of good governance (0-2 pts) 	<p>0-15 points</p>

The total score that might be achieved is 180 points. **Any proposal not reaching at least 120 points will be rejected**, independently from the fact if there are available sources of funding.

5.4. Decision-making

The **project proposals will be reviewed and evaluated by two independent and impartial experts**. The experts shall separately score the projects according to the evaluation criteria. Based on the scores given by the evaluators a ranked list of the project proposals will be compiled. For the purposes of ranking the projects, the average of the scores awarded by the experts shall be used.

If the difference between the scores given by the two experts is more than 30% of the higher score, a third expert shall be commissioned. In such cases the average score of the two closest scores shall be used for the ranking of the projects.

The Selection Committee shall review the ranking and may propose to modify it in justified cases. The Programme Operator shall, based on the recommendation of the Selection Committee, make a decision as to which projects shall be supported. The following types of decisions may be taken:

- to grant funding without modification of the budget,
- to grant funding with a reduced total amount of eligible costs, with reduced grant amount or with conditions,
- to reject funding (for lack of available funding or professional reasons).

Applicants shall be informed about the grant decision - including the justification in case of rejection - in writing within 5 days after the day when the decision was made. Projects shall be rejected for professional reasons if their score does not reach the minimum value as defined in chapter 5.3. In such cases applicants shall have no right to appeal the decision. Project proposals that reach the necessary minimum score, but are rejected because of the lack of available funding will be put on a reserve list. In case any of the awarded project promoters would fail to conclude the project contract, projects on the reserve list may be offered with a grant from the remaining funds.

5.5. Conditions of conclusion of project contract

Selected project promoter shall receive, together with a notification on the awarding of the grant, an offer to conclude a project contract. The documents necessary for the conclusion of the project contract shall be submitted by the project promoter no later than 30 days after reception of notification about the grant decision. The project contract shall be concluded not later than 60 days after the grant decision was taken. This deadline may be extended once and by not more than 30 days by the Programme Operator.

If the project contract cannot be concluded by the above deadline for reasons attributable to the project promoter, the decision for support shall be repealed. In such cases or in the case the project promoter withdraws from the conclusion of the contract,

the applicant(s) next on the reserve list, rejected for reasons of lack of resources, shall receive an offer to conclude the contract.

Conditions for signing a project contract shall include the submission of the following documents:

- certification of the availability of own resources;
- certification of the availability of collateral (*inkasszó*);
- declarations with authorized signature, specimen signature or sample of signature, deeds of foundation, act of incorporation or official documents certifying registration, in case a change has occurred in terms of the content of the documents annexed to the project proposal;
- licences from authorities necessary for the implementation of the project;
- detailed, semi-annual budget plan and financing plan;
- a copy of the partnership agreement signed by the parties.

Before concluding the project contract the partners shall commit themselves to the implementation of the project in the form of a **partnership agreement**, which shall be drafted in English in case of the Norwegian partner. The partnership agreement shall as a minimum contain

- provisions on the roles and responsibilities of the parties;
- provisions on the financial arrangements between the parties, including, but not limited to, which expenditure the project partners can get reimbursed from the project budget;
- grant share of the parties and the amount of own resources they shall provide;
- provisions on the method of calculating indirect costs and their maximum amount;
- currency exchange rules for expenditure and its reimbursement;
- reporting obligations;
- provisions on audits on the project partners;
- data and information disclosure requirements;
- a detailed budget, with itemised costs and unit prices; and
- provisions on dispute resolution.

Please, note that project contracts may not be concluded with an Applicant who:

- does not have valid licences necessary for the activity from competent authorities;
- does not have own resources specified by the grant provider or by legislation, and, does not certify own resources or does not make a declaration about them as prescribed by Paragraph 72 (3), point (a);
- has provided incorrect, false or deceiving data or has made such a declaration substantially influencing the decision for support;
- is subject to liquidation, bankruptcy, winding up or other proceedings defined by legislation with the aim to have its activities terminated;
- may not be granted budget funding pursuant to Paragraph 6 of the Act on the Transparency of Assistance from Public Funds;
- does not make the declarations prescribed by legislation or this regulation as prerequisites for issuance of a grant document or the conclusion of a project contract, does not submit the documents or withdraws its declaration;
- does not comply with requirements prescribed in 50. § (1) of the Act on Public Finances.

The notification on the grant decision may set out further conditions for the conclusion of the project contract. The project contract will be concluded between the Programme Operator and project promoter, based on the draft project contract attached to this call as Annex 2.

5.6. Appeal procedure

The applicant may submit a reasoned appeal no later than 5 working days after receipt of the decision rejecting its project proposal for reasons of non-eligibility or non-compliance with administrative requirements, provided that a violation of law or the provisions of the present call has occurred. Appeals shall be sent to the Implementing Agency at the following address:

NFFKÜ - Nemzetközi Fejlesztési és Forráskoordinációs Ügynökség Zrt.
1037 Budapest Montevideo u. 16/A

If the decision to reject the application was made by the Implementing Agency, the Programme Operator shall make the decision with regard to the complaint, in all other cases it shall be investigated by the National Focal Point.

6. MONITORING OF PROJECT IMPLEMENTATION

The implementation of the project shall be **monitored** on the basis of quarterly progress reports to be submitted by the project promoter and the monitoring visit(s) conducted by the Programme Operator. The deadlines for the submission of the progress reports shall be laid down in the project contract. The monitoring visits shall be conducted by the Programme Operator according to the monitoring plan prepared on the basis of the risk assessment.

The **verification** activity of the regular use of the grant shall be performed by the Implementing Agency based on documents and on-the-spot checks. The project promoter shall cooperate with organisations that participate in the implementation and verification of the use of the grant. They shall provide assistance to entities carrying out **audits** by ensuring access to necessary documents, invoices and other data, and by providing access to inspect the physical implementation on the spot. The project promoter shall also ensure the availability and accessibility of any documents, physical outputs or data related to the project partners' activities as well.

Suspicion of any **irregularity** will be investigated. Establishment of an irregularity may have legal consequences, such as reduction of eligible costs and the related grant, repayment obligation for unauthorized use of the grant amount or termination of the project contract.

The project promoter and the project partners shall undertake a **maintenance** obligation for a **period of 5 years after the Programme Operator's approval of the final project report**, during which period the results gained from the grant shall be maintained. Thus the project promoter shall bear particular responsibility to use real estate purchased, constructed or renovated and assets acquired in the framework of the project in line with the objectives of the project.

Further information regarding monitoring of project implementation and the maintenance period are set out in the GAG and in the attached sample project contract.

7. LEGAL FRAMEWORK

List of acts, regulations and documents that have a high relevance regarding the present call:

- Government Decree 236/2011. (XI. 15.) on the publication of the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2009-2014 between the Kingdom of Norway and the Republic of Hungary;
- Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014 (<http://www.norvegalap.hu/web/guest/jogszabalyok>);
- further guidelines published by the Donor in line with the regulations (www.eeagrants.org);
- Government Decree 326/2012. (XII.31.) on the Implementation of the European Economic Area (EEA) Financial Mechanism 2009-2014 and the Norwegian Financial Mechanism 2009-2014;
- Act CXCV of 2011 on Public Finances;
- Government Decree 368/2011 (XII.31.) on the implementation of the Act on Public Finances;
- Government Decree 37/2011 (III.22.) on the Procedure regarding State Aid within the meaning of European Union Competition Law and the Regional Aid Maps;
- Act CVIII of 2011 on Public Procurement.

8. ANNEXES

Annex 1: General Application Guide (GAG) with Annexes (in Hungarian)

Annex 2: Draft project contract (in Hungarian)

Annex 3: Template of the De minimis declaration (in Hungarian and in English)

Annex 4: Template of the goal hierarchy to be attached to the application

Annex 5: Instructions for filling the application (in Hungarian)