



## **General Application Guide for the EEA and Norwegian Financial Mechanisms 2009-2014**

for the calls for proposals and funded projects  
within the

Energy Efficiency,  
Capacity Building and Institutional Cooperation,  
Conservation and Revitalisation of Cultural and Natural Heritage,  
Renewable Energy,  
Public Health Initiatives,  
Children and Youth at Risk  
Green Industry Innovation  
and  
National Fund for Bilateral Relations

programmes

Effective: from 28 September 2017

Worked out and published by the Prime Minister's Office – Deputy State Secretariat for  
International Affairs Department  
, as the National Focal Point for the EEA and Norwegian Financial Mechanisms

This is an unofficial translation; in case of any inconsistency the Hungarian language  
version shall prevail.

## Contents

<b>1. THE OBJECTIVE AND THE BACKGROUND OF THE DOCUMENT</b> .....	<b>4</b>
1.1. The scope of the guide .....	4
1.2. The framework and background of the implementation of the Grants in Hungary	6
1.3. Organisational background .....	6
1.4. The goals of the Grants .....	8
1.5. Contact data and the regime of communication .....	9
<b>2. CONDITIONS OF APPLICATION</b> .....	<b>10</b>
2.1. Application types .....	10
2.2. Identification of the range of possible applicants.....	11
2.3. Conditions to be met by the partners .....	11
2.4. Other conditions concerning the submission of applications for grants .....	12
<b>3. CONDITIONS RELATING TO THE CONTENTS OF A PROJECT</b> .....	<b>14</b>
3.1. Eligible activities.....	14
3.1.1. Project management .....	14
3.1.2. Ensuring publicity .....	15
3.2. Eligibility rules .....	16
3.3. Project implementation period.....	16
3.3.1. Project start date .....	16
3.3.2. The completion and closure of a project .....	18
3.3.3. Maintenance period .....	19
3.4. Observing the cross-cutting principles .....	19
3.4.1. Good governance.....	19
3.4.2. Sustainable development .....	20
3.4.3. Gender mainstreaming .....	21
<b>4. FINANCIAL CONDITIONS</b> .....	<b>21</b>
4.1. The form, rate and amount of the grant .....	21
4.2. Composition and certification of co-financing.....	22
4.3. Obligations relating to the provision of collateral.....	26
4.4. Rules on the disbursement of grants.....	27
4.4.1. Advance .....	27
4.4.2. Claiming and disbursement of the grant .....	27
4.4.3. Withholding.....	28
4.5. Rules on procurements .....	28
4.6. State aid rules.....	29
4.6.1. General rules applying to all categories of state aids (Vhr., Articles 130-136)	29
4.6.2. Regional investment aid (Vhr., 137-140.§) .....	31
4.6.3. Aid for small and medium-sized enterprises for obtaining and exercising of	32
patents and industrial patent protection rights (Vhr., Article 163) .....	32
4.6.4. Training aid (Vhr., Article 164).....	32
4.6.5. Aid for cultural purposes (Vhr., Articles 143-144) .....	32
4.6.6. R&D project aid (Vhr., Articles 156-157) .....	33
4.6.7. De minimis aid (Vhr., Article 165) .....	33
4.6.8. Rules on the financing of public services (Vhr., Article 166).....	34
4.6.9. Further titles of the aids.....	35
<b>5. SELECTION AND DECISION MAKING</b> .....	<b>36</b>
5.1. General conditions of the submission of applications .....	36
5.1.1. The mode of the submission of applications .....	36
5.1.2. Deadline for the submission of the application .....	36
5.1.3. Mandatory content elements of the applications .....	37
5.1.4. Request for supplementary information .....	38

<b>5.2. Selection process</b> .....	<b>39</b>
5.2.1. Checking conformity to the acceptance criteria.....	39
5.2.2. Evaluation of format.....	40
5.2.3. Technical/professional evaluation .....	40
5.2.4. Decision making .....	41
<b>5.3. Appeal procedure</b> .....	<b>42</b>
<b>6. CONCLUSION AND PERFORMANCE OF THE CONTRACT</b> .....	<b>42</b>
<b>6.1. The prerequisites for the conclusion of the project contract</b> .....	<b>42</b>
<b>6.2. Monitoring and controlling of the implementation of the project</b> .....	<b>44</b>
<b>6.3. Project maintenance</b> .....	<b>45</b>
<b>6.4. Claim management</b> .....	<b>48</b>
<b>7. ANNEXES</b> .....	<b>48</b>

## 1. THE OBJECTIVE AND THE BACKGROUND OF THE DOCUMENT

### 1.1. The scope of the guide

The General Application Guide (hereinafter: Guide) is a **tool** supplementing the calls for proposals published under the programmes of EEA and Norwegian Financial Mechanisms 2009-2014 (hereinafter: also as EEA and Norway Grant or Grants). It contains the conditions set in the legislation and regulations concerning the Grants, which apply in general to participation in application schemes (submitting applications) and the implementation and completion of projects, while the technical/professional conditions and requisites as well as the applicable regulations will be specified individually in the **various calls for proposals**. The Guide **must be interpreted** and used **together** with the relevant call for proposals and its attachments. It will be specified in the various chapters of the Guide whether the calls for proposals may prescribe further conditions, criteria, different requirements, restrictions or other considerations.

The Guide applies to the following programme areas of the EEA and Norway Grants, together with the various specific calls for proposals:

**Table 1**

Programme Code/F	Programme title in Hungarian	Programme title in English
<b>EEA Grant</b>		
HU02	Energihatékonyság	Energy Efficiency
HU03	Megújuló energia	Renewable Energy
HU06	Veszélyeztetett gyermekek és fiatalok	Children and Youth at Risk
HU07	Kulturális és természeti örökség megőrzése és megújítása	Conservation and Revitalization of Cultural heritage and Natural Heritage
<b>Norway Grant</b>		
HU09	Zöld ipari innováció	Green Industry Innovation
HU11	Kapacitásfejlesztés és intézményközi együttműködés	Capacity Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities
HU12	Népegészségügyi kezdeményezések	Public Health Initiatives

With regard to **four other programme areas** of the Grants guidance is to be found **not in the contents of this Guide** but in the calls for proposals concerning those particular programmes and their specific guides. Table 2 contains a list of the latter group of programmes, together with information on where further information can be accessed:

**Table 2**

Programme title in Hungarian	Programme title in English	Programme information, online access
Ösztöndíjak	Scholarship	<a href="http://www.egtalap.hu">www.egtalap.hu</a> ; <a href="http://www.tpf.hu">www.tpf.hu</a> ; <a href="mailto:norvegialaposztondij@tpf.hu">norvegialaposztondij@tpf.hu</a>
Globális alap a méltányos munka és	Global Fund for Decent Work and	<a href="http://www.decentwork.no">www.decentwork.no</a> ; <a href="mailto:decentwork@innovationnorway.no">decentwork@innovationnorway.no</a>

háromoldalú párbeszéd előmozdításáért	Tripartite Dialogue	
Civil szervezetek támogatása	Fund for Non-Governmental Organisations	<a href="http://www.norvegcivilalap.hu">www.norvegcivilalap.hu</a> ; okotars@norvegcivilalap.hu; demnet@norvegcivilalap.hu; karpatok@norvegcivilalap.hu; <a href="mailto:autonomia@norvegcivilalap.hu">autonomia@norvegcivilalap.hu</a>
Alkalmazkodás az éghajlatváltozás hoz	Adaptation to climate change	<a href="http://www.rec.hu">www.rec.hu</a> ; <a href="mailto:coh@rec.org">coh@rec.org</a>
Kétoldalú kutatási együttműködés	Bilateral research cooperation	<a href="http://www.norvegalap.hu">www.norvegalap.hu</a> ; <a href="http://www.nih.gov.hu/nemzetkozi-tevekenyseg/nemzetkozi-egyuttmukodes/norveg-alap">http://www.nih.gov.hu/nemzetkozi-tevekenyseg/nemzetkozi-egyuttmukodes/norveg-alap</a> ; <a href="mailto:norvegalap@nih.gov.hu">norvegalap@nih.gov.hu</a> ; <a href="http://eeagrants.org/content/download/7076/86247/version/1/file/Annex+12+-+Donor+partnership+research+programmes_amended+FINAL.pdf">http://eeagrants.org/content/download/7076/86247/version/1/file/Annex+12+-+Donor+partnership+research+programmes_amended+FINAL.pdf</a>

The **scope of this Guide does neither apply** to the **scholarship components** to be implemented in the context of the various programme areas of the Grants set out in Table 1. The detailed rules concerning the scholarship components are laid down in the various calls for proposals.

The following annexes attached to the Guide provide further information concerning the process of filing applications for moneys from the EEA and Norway Grants and the execution of the projects:

- Annex 1: Eligibility Guideline for the EEA and Norwegian Financial Mechanisms 2009-2014 (hereinafter: Eligibility Guideline)
- Annex 2: Glossary
- Annex 3: The Hungarian translation of the document entitled Guideline for strengthened bilateral relations
- Annex 4: The Hungarian translation of the Communication and design manual
- Annex 5: The list of basic rules and regulations relating to the EEA and Norway Grants

The terms and expressions used in the Guide shall have the meanings specified in the Glossary (Annex 2).

The Guide was worked out and published by the NDA Managing Authority for International Co-operation Programmes as the National Focal Point for the EEA and Norwegian Financial Mechanisms, which is also authorised to amend, modify or withdraw the Guide. Any modifications will be published on the official homepage of the EEA and Norway Grants (at [www.egtalap.hu](http://www.egtalap.hu); and [www.norvegalap.hu](http://www.norvegalap.hu)) and they enter into force on the day following publication.

The applicants are advised to regularly visit the above homepages to monitor communications appearing there and to make sure before submitting their applications that their application documentations have been put together in line with the effective

Guide, call for proposals and the relevant attachments because in case of any differences (whether in terms of format or content) their applications may be turned down.

## **1.2. The framework and background of the implementation of the Grants in Hungary**

The **Memoranda of Understanding** for the EEA and Norwegian Financial Mechanisms 2009-2014 were signed between the Donor States (the Kingdom of Norway, Iceland, the Grand Duchy of Liechtenstein) and Hungary in **October 2011**. The memoranda of understanding were promulgated by the Government by way of Government Decree 235/2011. (XI. 15.) and Government Decree 236/2011. (XI. 15.) Pursuant to the memoranda (agreements) so signed Hungary will receive a contribution of **EUR 153.3 million**. The overall objective of the grants includes **reduction of economic and social inequalities** and **strengthening of bilateral relations** between Hungary and the Donor States.

Bilateral relations can be strengthened in the context of the various programmes with the institutions and organisations of those of the Donor States that have contributed to financing the given programme. Accordingly, in the case of the so-called EEA Fund provided by the EEA countries (Kingdom of Norway, Iceland and the Grand Duchy of Liechtenstein), it is the Kingdom of Norway, Iceland and the Grand Duchy of Liechtenstein, while in the case of the Norwegian Grant it is the organisations of the Kingdom of Norway with which the strengthening of partnership and cooperation is of paramount importance. (Table 1 shows which programme is funded by which Fund.)

The **Rules on the implementation of the Grants were set out in Government Decree 326/2012 (XI. 16.)**. The decree contains implementing rules transposing the **Regulations** issued by the Donor States (Regulations on the implementation of the EEA / Norwegian Financial Mechanism 2009-2014) into the Hungarian national legislation. The Decree covers the assumption and performance of commitments for which grants can be obtained from the EEA and the Norwegian Grants, the controlling of performance, the natural persons, legal persons and organisations without legal personality participating in the utilisation of such grants in the implementation of projects and in controlling, as well as applicants applying for grants and the Project Promoters.

For a list of the basic rules and regulations relating to the Grants are set out in Annex 5 to the Guide. It should be noted that various calls for proposals may stipulate further pieces of legislation that are to be applied on a mandatory basis to the projects for which grants are provided under the given application scheme.

## **1.3. Organisational background**

The institution system providing for the implementation of the EEA and Norway Grants is comprised of the following bodies:

The tasks of the **National Focal Point** are carried out by the NDA's Managing Authority for International Co-operation Programmes. The National Focal Point is responsible for ensuring the attainment of the objectives of the Grants, for the conformity of

implementation in Hungary and for making sure that the tasks and requirements set out in the cooperation agreements are fulfilled and met.

The tasks of the **Certifying Authority** are performed by the Hungarian State Treasury. Its duties include certifying the eligibility of the used grants and submitting financial reports to the Donor States.

The tasks of the **Audit Authority** in relation to the execution of the Grants are carried out by the Directorate General for Audit of European Funds (DGAEF). The Director General prepares reports and it comments on the adequacy of the management and control system, it prepares an audit strategy and it carries out the auditing of the projects on the basis of a sampling technique.

**Programme Operators** are responsible for the planning and for the technical/professional implementation of the programmes funded within the Financial Mechanisms. The Programme Operators are tasked with ensuring that the funded projects contribute to the attainment of the overall objectives of the Grants and to the achievement of the results and goals expected of the programme concerned. The Programme Operators are responsible for planning, for the completion of the application process and for execution, including the monitoring of the adequate technical/professional progress made by the projects, for the strengthening of bilateral relationships and for cooperation with the donor programme partners.

The work of the Programme Operators is assisted, in most programmes, by **donor programme partner**. A donor programme partner is an organisation or institution in the Donor States or an inter-governmental organisation designated by the Donor States, fulfilling an advisory role during the preparation and the implementation of a programme.

The following table contains a list of the Programme Operators in charge of the various programmes along with the donor programme partners assisting their work:

**Table 3**

<b>Programme code</b>	<b>Programme title</b>	<b>Programme Operator</b>	<b>Donor programme partner</b>
HU02	Energy Efficiency	NDA Managing Authority for Environmental Programmes	-
HU03	Renewable Energy	National Environmental Protection and Energy Centre. Non-Profit Ltd.	Icelandic National Energy Authority
HU06	Children and Youth at Risk	NDA Managing Authority of Human Resource Development Programmes	Council of Europe
HU07	Conservation and Revitalisation of Cultural and Natural Heritage	NDA Managing Authority for Regional Programmes	Norwegian Directorate for Cultural Heritage
HU09	Green Industry Innovation	Szent István University	Innovation Norway
HU11	Capacity Building and Institutional Cooperation	NFÜ Managing Authority for International Co-operation Programmes	Norwegian Association of Local and Regional Authorities (KS) Norwegian Agency for

			Lifelong Learning (VOX)
HU12	Public Health Initiatives	NFÜ Managing Authority of Human Resource Development Programmes	Norwegian Institute of Public Health

In the course of the implementation of the programmes the activities of the various Programme Operators are assisted by the NFFKÜ – International Development and Fund Coordination Agency Private Company Limited by Share - as **Implementing Agency**. In the course of the application process and of the implementation of the programmes the Implementing Agency is the **primary contact (focal) point towards applicants and winning Project Promoters**. In this capacity it publishes calls for proposals and receives applications, it creates and operates the on-line electronic application system and information system supporting implementation (NORA), it carries out the tasks of checking applications for format and eligibility, checks settlements, verifies the payment claims, checks the regularity and conformity of execution and it operates a customer service function.

#### 1.4. The goals of the Grants

The **two overall objectives of the EEA and Norway Grants are to reduce social and economic inequalities and to strengthen bilateral relations**. The programmes implemented in the context of the Grants and the projects to which funds are provided in the framework of the programmes must equally contribute to the attainment of these overall objectives.

The strengthening of bilateral relations is facilitated by the **Funds for bilateral relations at programme level** accounting for at least 1.5 % of the grants of the various programme areas. Within the various programmes this separated grant provides additional funds for the development of partnerships of organisations in the Donor States. The Hungarian language translation of the guide relating the strengthening of bilateral relations is attached hereto as Annex 3, while its original version is accessible on the official homepage of the Grants.<sup>1</sup>

The Memoranda of Understanding concluded between Hungary and the Donor States specify the **objectives** for each programme, along with the **outcomes** to be attained in the medium and long term, supporting the goals that have been set and that can appear in the form of effects that can be identified in the area concerned. To facilitate the attainment of the outcomes the Programme Operator determines the **outputs** that have to be realised during the implementation of the programme. The controlling and monitoring of the expected outcomes and outputs is enabled by the **indicators** determined by the Programme Operators.

The above system is built up on the basis of the so-called **result based management (RBM)** approach. In other words, for the attainment of the overall objectives of the Grants the objectives of the programmes need to be accomplished, which in turn, requires that

---

<sup>1</sup> Guideline for strengthened bilateral relations:  
<http://eeagrants.org/content/download/5228/51786/version/1/file/Guidelines+for+strengthened+bilateral+relations.pdf>



the various projects funded in the framework of the various programmes also contribute to the attainment of the programmes' objectives. Consequently, the **outcomes to be delivered by the various projects** have to be so determined that it enables them to contribute to the accomplishment of the objectives of the programmes on the whole.

To this end, the various calls for proposals identify the objectives of the grants to be provided, the expected outcomes and the range of indicators (to be undertaken on a mandatory basis) enabling the measurement of the contributions of the funded projects to the goals and the outcomes. If that is prescribed by the call for proposals, it is the possibility and obligation of the Project Promoter to identify further optional, quantitative and qualitative indicators, making sure that such indicators are suitable for measuring the outcomes of the project and that they contribute to the attainment of the objectives of both the project and the programme. Regular reports must be produced and filed on the status of the delivery of the indicators during the implementation.

### **1.5. Contact data and the regime of communication**

The address of the official **homepage** of the EEA and Norway Grants is [www.egtalap.hu](http://www.egtalap.hu), and [www.norvegalap.hu](http://www.norvegalap.hu), respectively. These are the sites where information on the various application schemes are to be found, along with the on-line application system, basic pieces of legislation and regulations on the various Grants, guidelines and other information.

Access data of the **customer service** function operated by the Implementing Agency:

NFFKÜ - Nemzetközi Fejlesztési és Forráskoordinációs Ügynökség Zrt. (International Development and Fund Coordination Agency Private Company Limited by Share)  
1037 Budapest Montevideó u. 16/A  
e-mail address: [info@norvegalap.hu](mailto:info@norvegalap.hu)  
telephone number: +36-1-999-4400

In the course of the application and execution processes of the Grants to ensure as effective and as quick communication as possible, **communication takes place primarily on-line** in e-mail and/or the on-line application system (hereinafter: NORA). For detailed information on the submission of applications on-line see subsection 5.1.1. After the submission of an application the Project Promoter receives written notices concerning the processing and stages of its application at the on-line address specified in the application. **Applicants should be advised that in order to ensure successful communication they should provide on-line addresses in their applications that will be reliably functioning, that is guaranteed to be easy to access and one that is frequently checked for information.** The electronic notices and communications sent to Project Promoters can also be accessed via the NORA system, so in addition to regularly checking incoming e-mail messages Project Promoters should regularly check the electronic application system as well for any pertinent message even after the submission of their applications.

Messages sent to programme promoters on-line need not be dispatched in a printed form by conventional mail. The documents relating to the process of submitting applications and implementing projects - including, in particular, the calls for proposals, the Project

Contract and other guidelines will determine the cases in which the programme promoters have to file documents in a paper-based form, by conventional mail.

**Documents posted on-line must be regarded as having been delivered by confirmation of receipt.** If no confirmation is posted within seven days of the day of the sending of the original document, the document shall be qualified as delivered on the seventh day, until the contrary is proven. Applicants are advised to set and use the function indicating receipt of on-line deliveries to ensure that the sender is informed of the receipt of the on-line notices.

**Documents despatched by conventional mail service must be posted as official documents and must be regarded as delivered on the day of receipt.** If the addressee or its authorised representative refuses to take over the consignment, the notice shall be regarded as delivered on the day on which its delivery was attempted. If the consignment delivered by mail is returned marked 'unclaimed', the notice shall be regarded as delivered on the fifth day following the second attempt at its delivery, until the contrary is proven.

Whether sent on-line or by conventional mail the legal consequences of missing the deadline or those of a delay come into effect upon the end of the last day of the period concerned. In the course of on-line communication the period ending in the deadline date does not include the day of the posting/delivery of the notice. If the first day of period concerned falls on any day that is not a working day, the prescribed period runs from the first subsequent working day. A time frame specified in terms of months or years expires on the day that is the same as the starting day in terms of its number and if such day does not exist in the month of expiry, then the prescribed deadline expires on the last day of the month concerned. If the last day of the time frame is not a working day, the deadline expires on the next working day.

When in doubt, the deadline must be regarded as having been met.

## 2. CONDITIONS OF APPLICATION

### 2.1. Application types

In the context of the EEA and Norway Grants **open tendering** takes place as a general rule and the applications are of the single round type.

The application schemes are **typically with a fixed deadline** where the applications submitted by the deadline specified in the calls for proposals and decision is made on the basis of the ranking of the cores assigned by the selection committee. Such calls for proposals provide for at least two months after the call is published, for the submission of proposals.

By contrast, the evaluation of and decision making on **proposals** submitted in the context of the **Funds for bilateral relations at programme level** may, until the fund is depleted, be a continuous process, or, if the final deadline for the filing of applications has been specified, they may even be suspended before the deadline. The purposes of these application possibilities include

- seeking for partners for the donor partnership programme during the project preparation phase, establishing contacts and creating the possibility for future cooperation; and
- during the implementation of the projects, enabling the transfer, exchange, and sharing of technologies, experience, good practices and knowledge, and strengthening relationships with partners in the Donor States.

In particularly justified cases - based on the Donor States' prior approval - the Programme Operator specified **pre-defined projects** with the aim of accomplishing specific programme objectives. The provisions set out in this Guide apply to pre-defined projects as well - with the appropriate differences - while other differences for pre-defined projects may be specified by the Programme Operator in a separate written notice addressed to the promoter of the pre-defined project or in the project contract.

## 2.2. Identification of the range of possible applicants

Applications for grants from the budgets of the Grants may be filed by legal persons, economic associations without legal personality, budgetary institutions, non-profit organisations registered in Hungary, along with inter-governmental organisations operating in Hungary.

Natural persons may apply for grants exclusively in the scholarship components of the various programmes (not covered by this Guide) or from the Funds for bilateral relations at programme level, if that is permitted by the calls for proposals.

The **detailed conditions and restrictions** concerning the range of entities that may submit applications **are always specified in the given call for proposals**. The range of organisations entitled to file their proposals may be restricted in the calls for proposals particularly on the basis of the organisations' legal form codes and scopes of operations. Organisations having their registered offices abroad and foreign nationals may submit applications if that are specifically permitted by the call for proposals.

## 2.3. Conditions to be met by the partners

The applicants may implement their projects in the framework of partnerships as well. Both Hungarian organisations and organisations of the Donor States may participate in the implementation of projects. The latter arrangement is referred to as partnership project. Organisations registered in any other country may only collaborate as a partner receiving grant if that is specifically permitted by the call for applications. **The detailed conditions concerning the organisations entitled to cooperate in partnership and any applicable restrictions are set out in the calls for proposals**. Partnership or donor partnership project may even be prescribed in the calls for proposals as an obligatory condition.

In the case of a partnership project a reproduction copy of the **letter of intent** of the partners concerning cooperation must be attached to the application. When a partnership project is provided with a grant the Project Promoter must conclude a partnership

agreement with the partner(s). The conclusion of a partnership agreement is a prerequisite for the conclusion of the project contract. The minimum required content elements of a **partnership agreement** are set out in subsection 6.1. A model document for the partnership agreement may be contained in the calls for proposals in the form of an attachment. In the case of a donor partnership project the partnership agreement must be drawn up in English.

The **Project Promoter is responsible** for the implementation of the project even in the case of a project implemented in partnership. Accordingly, a partnership agreement does not result in joint and several responsibilities between the parties. **With the exception of the projects relating to strengthen bilateral relations**, in the case of a partnership attention must be paid to making sure that the partnership agreement does not result in any legal relationship of subcontracting between the parties that would come under the scope of the Public Procurements Act or any other such arrangement. In the framework of the project the partner may receive grant exclusively with regard to eligible expenditures incurred on its part. The partner submits its settlements to the Project Promoter and the Project Promoter must provide for the settlement of the costs of the partner and for applying for grant to cover such costs.

A partner may also be a cooperating partner that does not receive any grants.

A cooperating partner that does not receive grant may, particularly in the case of applications aimed at strengthening bilateral relations, be the host institution that does not undertake to cover costs but the establishment of contact and a relationship with it contributes to the development of cooperation, or any such domestic or Donor State partner that undertakes to monitor the implementation of the project, that gets involved in implementation as a stakeholder, but that does not carry out any specific activity in the context of the project.

## 2.4. Other conditions concerning the submission of applications for grants

In order to apply for a grant a **general condition** is to sign a declaration in which the applicant undertakes the following obligations and declares that the following conditions are met:

- the applicant's representative is fully authorised to represent the organisation submitting the application;
- the applicant has familiarised itself, acknowledged and will completely fulfil the obligations concerning it as specified in the call for proposals, the Guide and in the relevant statutory regulations;
- the organisation submitting the application is not the subject of winding up or liquidation ordered by a final and definitive ruling, it is not the subject of bankruptcy proceedings ordered by final and definitive ruling and there is no other procedure aimed at terminating it, as prescribed by law;
- the applicant meets the requirements set out in Article 50 (1) of the Act on Public Finances (Áht., Public Finance Act) and it makes available the data of the legal person or organisation without legal personality to be examined according to the ministerial decree issued pursuant to Article 109 (4) of the Public Finance Act;
- the applicant undertakes to fulfil the notification obligation prescribed in Article 83 (1) of Implementation decree on the Public Finance Act (Ávr., Implementation decree on the Public Finance Act) and to refund any grant amount utilised without

entitlement together with interests on that amount, as prescribed in the Implementation decree on the Public Finance Act;

- the applicant accepts that its data held in the monitoring system operated by the Hungarian State Treasury can be accessed by the organisation remitting and disbursing the budgetary aid, in the case of budget aid provided from Chapter XIX EU development projects the Implementing Agency, the Programme Operator, the National Focal Point, the State Audit Office, the Government Audit Office, the Directorate General for Audit of European Funds, the state tax administration, the controlling bodies of the Donor States, the bodies engaged in keeping registries of de minimis aids and other bodies authorised to do so according to specific other legislation;
- the applicant undertakes to make available the co-financing prescribed by the grant provider and it undertakes to provide proof of its availability by the time of the conclusion of the project contract in the way prescribed in the call for proposals and the Guide;
- the applicant undertakes to make available the collateral prescribed by the grant provider, by not later than the project contract;
- the applicant assumes responsibility for ensuring that the data contained in the application form and its attachments are complete, valid and authentic, and that the declarations contained in those documents are true and correct;
- the applicant meets the requirements and criteria set out in Article 14 of Act CLXXXI of 2007 on the transparency of aids provided from Public Funds (hereinafter: Közpénztv., Public Funds Act);
- the applicant recognises and acknowledges the conditions, stipulations and restrictions set out in the call for proposals, the Guide and the related legislation as binding upon itself and the organisation it represents, and it declares that the organisation it represents and the project presented in the application is fully in line with the conditions and stipulations set out therein, and it ensures that they will be in line with those during the whole period of the project contractual relationship;
- the applicant gives its consent to the conditions specified in the call for proposals, the Guide and the related legislation requiring consent on the part of the organisations submitting applications;
- the applicant fulfils the obligations concerning notifications, providing information, making declarations or representations, supplying data, providing access for audits and other obligations prescribed in the call for proposals and the Guide;
- the applicant undertakes to collaborate during the implementation of the project with the institutions participating in the execution of the project, including, in particular, the Programme Operator, the Implementing Agency, the National Focal Point, other bodies authorised to carry out monitoring visits and audits, including organisations and institutions commissioned by the Donor States to carry out such activities;
- the applicant has familiarised itself with the rules and information contained in the call for proposals and in the Guide concerning electronic communication and it acknowledges communications in this form to be official and authentic;
- the applicant has familiarised itself with the information requirements and cross-cutting issues set out in the Guide and undertakes to comply with those during the implementation of the project;
- the applicant does not meet any other criterion set out in the related legislation, the call for proposals and the Guide, that would rule out its eligibility;

- the reproduction copies of the documents attached to the application form are fully identical with the originals and they are available at the document storage site of the Project Promoter or the Project Partner.

The applicant must declare whether it has the right to deduct tax in relation to the grant.

Moreover, the applicant must declare on whether it has submitted or it is submitting an application for granting for the project described in the application and if it has or is, in what grant programme it took place or is taking place, giving also its data and dates enabled the identification.

The **certain calls for proposals may specify additional conditions** concerning application for the grant, in particular sectoral, territorial or technical/professional restrictions or conditions concerning the contents of the application, and/or legal obligations to be observed or fulfilled.

### 3. CONDITIONS RELATING TO THE CONTENTS OF A PROJECT

#### 3.1. Eligible activities

Every call for proposals specify the eligible activities for which grants can be provided in the context of the relevant application schemes, along with the applicable terms and conditions, e.g. the minimum or maximum percentage ratio of the given activity's share within the project budget, the range of eligible expenditures within that budget, or if it is relevant, the type of the state aid that can be accessed in the case of the activity concerned.

The various calls for proposals specify the range of mandatory activities and may even specify the range of ineligible activities.

With the exception of the application schemes announced in the context of the Grants for bilateral relations at programme level, **project management and providing for the publicity of the project** are **mandatory activities** subject to the terms and conditions set out below.

##### **3.1.1. Project management**

In order to ensure the implementation of a project in accordance with the terms and conditions set out in the project contract the establishment and operation of a management organisation is a mandatory requirement. In the context of project management the participation of the following persons with adequate expertise can be funded, unless otherwise provided in the call for proposal:

- general project manager,
- project assistant,
- financial assistant,
- legal assistant,
- public procurement expert,
- technical expert,
- communication expert,
- coordinator of technical/professional activities.

A proportion of the project's eligible expenditures as specified in the call for proposals can be spent on project management activities. The performance of project management within or outside the organisation of the Project Promoter or the Project Partner can be equally funded, unless otherwise stipulated in the call for proposals.

### **3.1.2. Ensuring publicity**

All information and publicity measures from the Project Promoters shall support the overall objectives of the Financial Mechanism:

- contribute to the reduction of economic and social disparities; and
- strengthen bilateral relations between the Donor State(s) and Hungary.

The design elements to be applied in the course of the publicity activities are set out in the **Communication and design manual** of the Grants, attached to this Guide as Annex 4. The Manual sets out detailed technical requirements in respect of the use of logos, as well as billboards, plaques, posters, publications, websites and audiovisual material that have to be applied by the Project Promoter.

The Project Promoter shall ensure to inform those who are involved in the project to the wildest possible audience during the implementation of the project. The Project Promoters shall ensure that the participants in the project (including partners, engaged experts, entrepreneurs, other contributors and stakeholders) will be informed of the fact that the grant comes from the EEA or the Norway Grants under its relevant programme.

As part of the application the Project Promoter must work out a **publicity plan** containing at least the following:

- the aims and target groups, including stakeholders on a national, regional and/or local levels and the public;
- the strategy and content of the information and publicity measures, including activities, communication tools and timeframe, having regard to the added value and impact of Financial Mechanism funding;
- information on the administrative departments or bodies responsible for implementation of the information and publicity measures, including a contact;
- an indication of how the information and publicity measures are to be evaluated in terms of visibility and awareness of the project and the Financial Mechanism, the objectives and impact of communication, and the role of the Donor State(s).

Moreover, the publicity plan must contain, as a minimum, the **publicity activities to be performed on a mandatory basis** as detailed below:

The Project Promoter must organise at least three **information activities** on progress, achievements and results in the project, such as a seminar or a conference with stakeholders, a press conference or press event, including a launch activity and/or a closing activity for the project. For projects whose grant size is less than € 500 000, two information activities are sufficient. The Project Promoter shall undertake to make explicit and visible the grant of the Financial Mechanism by displaying **design elements** in case of participating in events such as conferences, seminars, fairs and exhibitions.

The Project Promoters shall provide regularly updated project information available on the web. Measures for making information on the project available on the internet, either through a **dedicated website** or through **dedicated web pages on an existing website** under the following terms and conditions:

- all projects receiving a minimum of € 50 000 in Financial Mechanism support shall have dedicated project web pages; and
- all projects receiving a minimum of € 150 000 in Financial Mechanism support and/or having a donor project partner shall have dedicated project web pages with information in English.

Regularly updated information on the dedicated website or on the dedicated web pages on an existing website shall include information about the project, its progress, achievements and results and also the cooperation with Donor State entities. Contact information must also be presented on a mandatory basis.

The Project Promoter shall, during the implementation of the project, put up a **billboard** at the site of each operation in line with requirements of the Communication and design manual and which fulfils the following conditions:

- the total public contribution to the operation exceeds € 50 000;
- the operation consists in the financing of a physical object, infrastructure or of construction operations.

The Project Promoter shall replace the billboard set up during the implementation with a permanent **commemorative plaque** that is visible, of significant size and in line with the Communication and design manual no later than six months after completion of the project. In addition to the above minimum requirements the call for proposals may stipulate further publicity requirements.

## **3.2. Eligibility rules**

The general eligibility rules relating to the EEA and Norway Grants are set out in Chapter 7 of the Regulations issued by the Donor States. The detailed eligibility rules - in line with the above general eligibility rules - are set out in the **document entitled Eligibility Guideline, attached to this Guide as Annex 1.**

The eligible expenditures are related to the activities eligible for support. The call for proposals defines which types of expenditures and under what kind of conditions could be eligible related to the different eligible activities. The rules contained in the Accounting Act apply to the assignment of the eligible expenditures to the various relevant cost categories.

## **3.3. Project implementation period**

### **3.3.1. Project start date**

The **project start date is the date**, which in relation to the activities intended to be implemented in the context of the project, is the earliest of the following events:



- in the case of a construction project the date on which the contractor's agreement enters into force, regardless of the day of the execution or validity of the agreement (contract),
- in the case of the procurement of tangible assets, current assets or intangible assets
  - the date of the receipt by the client of the document in proof of the ordering of the asset to be purchased first,
  - if there is no such order, the date of the entry into force of the first contract concluded for procurement, regardless of the day of the execution or validity of the contract,
  - in the case of assets purchased without the placement of an order or the conclusion of a contract the earliest of the date of physical performance stated in the invoice, the date of the invoice or the date of the settlement of the invoice,
- in the case of the provision of a grant for service provision or other activity, if an order had been placed before the contract was concluded, the date of that order, or if no order had been placed earlier on, the date on which the first contract concluded for implementation enters into force, regardless of the day of the execution or validity of the contract,
- in the case of a project involving implementation of an investment project or in the case of a project involving service performed by the Beneficiary itself
  - in the case of construction activities, if a construction log is to be kept on a mandatory basis, the date of the first entry in the construction log,
  - in the case of service involving education and training or one or more organised events, the date of the first such event,
  - the earliest of the date of physical performance stated in an invoice for a cost not qualifying as preparation costs, or in a business document underlying other settlement, the date of the invoice/document or the date of the settlement of the invoice/document, or the starting date specified in relation to this project in the job description of the own employee or the employer's instruction given to such employee participating in the performance of the activity concerned,
  - in the case of the use of the Beneficiary's own assets for purposes associated with the goals of the project the day on which the depreciation of the asset is recognised as settlement in the books of the Beneficiary in relation to the project concerned.

No grant may be applied for in relation to activities started before the grant decision is made, i.e. **the project must not be commenced before the grant decision is made**. The activities in preparation of the project required for the filing of the proposal does not qualify as the commencement of the project. A project **may be started after the taking of the grant decision, even before the conclusion of the project contract**, and the costs so incurred will be eligible expenditures. If the maximum duration scheduled for the implementation of the project is specified in the call for proposals (e.g. up to 12-24 months), this period shall run from the earlier of the day of commencement (after the grant decision is made) or the entry into force of the project contract.

**The Project Promoter must start the implementation of the project within a maximum of 3 months following the entry into force of the project contract** or in other words, within a maximum of three months following the execution of the project

contract at least one of the activities/events listed in the first paragraph of this Chapter must take place. The call for proposals or the project contract may specify obligations for the Project Promoter in relation to reporting on the commencement of the implementation of the project, and in relation to sanctions that can be applied in the case of a delay in commencement, including, in particular, the following:

- ordering the preparation of an action plan and monitoring its implementation,
- modification of the project contract,
- cancellation of the project contract,
- withdrawal of the grant.

Interpretations concerning the commencement of the implementation of a project and the preparation of a project:

1. **Preparatory activities performed before the filing of the proposal** qualify as project preparation. Such activities include the elaboration of the feasibility study, business plan or technical designs required for the application, which **do not qualify as the commencement of the project** and whose costs are **not eligible** - unless they have been incurred in relation to the activities aimed at preparing a donor partnership project and strengthening the bilateral relations and the call for proposals expressly allows for their eligibility.

2. The applicant **is not entitled to perform activities qualifying as the commencement of the project even after submitting its application** if it has applied for grant for those activities, except for the case of donor partnership projects referred to in point 1 above.

3. **Once the grant decision has been made** the project and all of the activities for which the Project Promoter applied for a grant **may be commenced** and the relevant **costs will be eligible**. if the Project Promoter starts the activities in the above list **after the taking of the grant decision**, the starting date of such activities will be stated in the project contract as the date of the commencement of the project.

4. If the project is not started by the time of the conclusion of the project contract and the call for proposals stipulates the **maximum time frame for the implementation of the project** (e.g. 18 months), such period **starts running from the date of the entry into force of the project contract** and **within 3 months** of the date of the entry into force of the project contract **some action qualifying as the project start date must take place in a documented way**.

### **3.3.2. The completion and closure of a project**

A project can be regarded as one whose implementation had been completed when all of the tasks and activities undertaken in the project contract have been carried out and the goals and outputs expected as a result of the implementation of the project have been accomplished and delivered. The **date of the completion of a project** is the day on which the last activity carried out in the context of the project is physically completed. The call for proposals may prescribe the minimum and maximum duration of the implementation of a project. Unless otherwise stipulated in the call for proposals the **projects must be completed by 30 April 2016**. This date is at the same time the **closing date of the eligibility period**, i.e. - unless the call for proposals or the project contract stipulates an earlier date - costs incurred by this date at the latest may qualify as eligible.

The final project report and the final payment claim must be submitted not later than on the 90<sup>th</sup> day following the date of the completion of the project. Costs incurred after the

filing of the final project report and the final payment claim are not eligible, even if they were submitted before the closing date of the eligibility period.

If the closing date for the completion of the project is 30 April 2016, the costs relating to the preparation of the final project report and the final payment claim are incurred beyond the eligibility period, thus they do not qualify as eligible expenditures. The costs of such activities may only be eligible if in addition to the completion of the project the final project report and the final payment claim are also submitted by the closing date of the eligibility period. To this end, applicants are advised to schedule 31 January 2016 as the latest date for project completion in which case the activities relating to the closure can be completed by 30 April 2016 and those expenditures will also qualify as eligible.

The Programme Operator will declare on the acceptance of the final project report within a maximum of 6 months of receipt of the relevant documents, but not beyond 31 December 2016. The **date of project closure** is the day on which the Programme Operator accepts the final project report.

### **3.3.3. Maintenance period**

The **starting date of the maintenance period is the day following the filing of the final project report and the final payment claim.** In the case of projects comprising the procurement of assets, construction, refurbishment or real estate purchase the maintenance period lasts **for a minimum of 5 years** from the day on which the final project report is accepted by the Programme Operator, that is, **from the date of project closure.** Any longer period or the length of the maintenance period in the case of other project types, can be specified in the call for proposals and/or in the project contract. During the prescribed maintenance period the Project Promoter must maintain and keep up the outcomes resulting from the grant, including, in particular, real estates purchased, constructed or refurbished in the context of the project and must use the assets so procured in line with the objectives of the project. The forms of the obligations concerning maintenance are detailed in subsection 6.3. The fulfilment of the maintenance obligations are overseen by the Programme Operator during the period prescribed in the project contract.

## **3.4. Observing the cross-cutting principles**

The observation of three cross-cutting principles - good governance, sustainable development and gender equality - must be ensured in the application schemes of the EEA and Norway Grants. These cross-cutting issues must be observed in every single project but the degree of contribution may vary depending on the relevance of the given project for the various cross-cutting issues. The individual calls for proposals specify whether contribution to a given cross-cutting principle is a priority development objective or whether it has to be applied in an indirect manner, as a cross-cutting issue permeating the whole of the project in the way of a basic principle. Contribution to the cross-cutting principles must be elaborated in the application form and its application and observance must be covered in the technical/professional report. The call for proposals may set out evaluation criteria concerning the undertaking in relation to the observance and enforcement of the cross-cutting principles.

### **3.4.1. Good governance**

In the course of the application phase and the implementation of the funded project the applicant must provide for the enforcement and observance of the basic principles of good governance, as detailed below:

- Participation and involvement of the stakeholders, all relevant interested parties, including men and women, their participation directly or indirectly through institutions.
- Accountability – organisations and institutions must be accountable to those affected by their decisions or activities.
- Transparency – decisions are taken and executed in accordance with the rules, information is freely and directly accessible.
- Efficiency and effectiveness – by utilising the available resources as efficiently as possible, the institutions and procedures produce results in line with the needs of society.
- The rule of law – fair legal regulation applied and enforced without discrimination and corruption. Respect of human rights as well.

The enforcement and observance of the basic principles of good governance involves zero tolerance of corruption and the taking into account of the opinions of minorities and people disadvantaged situations in the course of decision making.

### **3.4.2. Sustainable development**

The goal of sustainable development is to improve the quality of life for both present and future generations. It involves respect of democracy, the rule of law and the fundamental rights, including equality of opportunities, cultural diversity and the ensuring of high level employment through education, innovation and social and territorial cohesion, along with the protection of health and the environment. Consequently, sustainable development should be approached from an environmental and social perspective, which the applicant must take into account, enforce and observe during the implementation of the funded project.

**Environmental sustainability** must be observed and enforced in every single project, particularly in those involving infrastructure elements. The Project Promoter must pay attention to the following considerations during the planning and the implementation:

- the mode of the use/utilisation of natural resources;
- generation of waste, generation of hazardous waste, waste treatment;
- consideration of the protection criteria at the site of the implementation of the project (e.g. nature conservation areas, archaeological and cultural sites, vulnerability of the ecosystem etc.);
- the possibility of soil, water and air pollution, direct and indirect impacts, even in relation to climate change as the case may be;
- any impact damaging the environment (e.g. oil leaks, chemical leaks) and the methods of their containment;
- assessment and managing any occupational health or safety risks,

**Economic sustainability** must be observed and enforced in every single project and attention must be paid to the following considerations during the planning and the implementation:

- impacts on economic development at national/regional/local levels;
- impacts on job creation;
- impacts on businesses and the willingness to launch business undertakings;
- creating favourable circumstances for the development and provision of key services;
- cost effectiveness considerations;
- financial sustainability of the project outcomes once the grant is no longer available.

**Social sustainability** must be observed and enforced in every single project and attention must be paid to the following considerations during the planning and the implementation:

- increasing the value of social capital;
- respect of the priorities and needs of different groups - based on gender, disabilities, ethnicity, age, sexual orientation and religious belief - and promotion of equality and non-discrimination;
- contribution to the fight against poverty and social exclusion (including the exclusion of children);
- mitigation of major risks threatening public health;
- enabling easier access to workplace, housing, mobility and health services;
- facilitating of access to education and vocational training.

### **3.4.3. Gender mainstreaming**

Men and women must have equal rights and opportunities in all facets of society and economy. The applicant must take account of the impacts of the prospective project in terms of gender mainstreaming as well. The applicant must observe and enforce the following considerations during the planning and the implementation:

- the ratios of women and men in the project target group, the characteristics of the target groups;
- in terms of the access to resources, the ratios of men and women in these target groups or among stakeholders;
- the exercising, observance and enforcement of rights, norms and values;
- taking gender-related requirements into account, management of different needs;
- connection of the project to national and other policies and priorities associated with gender mainstreaming,
- separation of activities promoting gender mainstreaming within the budget and work plan of the project,
- ensuring equality of opportunities within the management organisation.

## **4. FINANCIAL CONDITIONS**

### **4.1. The form, rate and amount of the grant**

The form of the grant provided in the framework of the Funds (Grants) is a permanent transfer without repayment obligation, i.e. a **non-repayable grant**.

The grant rate that may be applied for is determined in the call for proposals concerned and it is determined in accordance with the state aid rules.

The minimum and maximum amounts of grants may, in the case of the various types of applications, be as follows:

- in the case of a normal project: minimum EUR 170,000 or an equivalent amount in HUF
- in the case of a small grant scheme: minimum EUR 5,000, maximum EUR 250,000, or an equivalent amount in HUF
- there is no lower limit for grants provided in the following areas - it is specified in the call for proposals:
  - Grants for civil society organisations;
  - Grants for cultural and artistic diversity within the European cultural heritage;
  - Grants for bilateral relations at programme level;
  - Scholarships;
  - Grants for the integration of the Roma population.

A grant may be applied for **in HUF or EUR** as stipulated in the given call for proposals, accordingly the grant is awarded in HUF or in EUR.

If the grant is applied for and is awarded in HUF, any amount expressed in EUR in the Guide or in the call for proposals must be converted into HUF using the technical exchange rate specified in the given call for proposals.

#### **4.2. Composition and certification of co-financing**

The co-financing component is the part of the funds required for financing a project that is over the amount of the grant applied for and awarded for the eligible expenditures, a component which the applicant/recipient must make available. In the case of grants that are not subject to the state aid rules only the project's total eligible expenditure has to be taken into account in calculating the co-financing to be made available (but not the eligible expenditures falling on the individual partners). The **Project Promoter is responsible for making** the co-financing **available**. The co-financing may be provided from own or external sources made available by the Project Promoter or the Project Partners. The rate of co-financing provided by the Project Promoter and the various Project Partners may thus vary as ratio to the eligible expenditures falling on the Project Promoter / Partner.

Accordingly, for example, if the grant rate that may be provided for the whole of the project is 90 % according to the call for proposals and the Project Promoter and the Project Partner share the project budget in equal proportions, the parties may agree on providing the co-financing in an arrangement where the Project Promoter undertakes to put up the entire amount of co-financing (that is 10 % of the total eligible expenditure of the project, in other words, 20 % of the eligible expenditures of the Project Promoter), while the Project Partner provides no co-financing, instead, it is entitled for 100 % grant concerning its eligible expenditures.

If the state aid rules have to be applied to a grant provided for the Project Promoter or a Project Partner, the ratio of co-financing needs to equal the ratio specified in the call for proposals not only at the level of the project's total eligible expenditure but the rates of

the grant provided for the various Beneficiaries cannot exceed either the maximum grant rate that can be granted to it under the state aid rules. In this way not only the Project Promoter is responsible for putting up the required co-financing but the Beneficiary receiving state aid as well, in relation to the expenditures it intends to recognise as eligible.

Accordingly, for example, if a municipal government is the Project Promoter and its activity does not qualify as business activity, the state aid rules do not apply to it and - depending on the terms and conditions stipulated in the call for proposals - it may even be entitled to a grant rate up to 100 %. If however, the Project Promoter is a municipal government and it involves a business undertaking as Project Partner, which may receive a maximum of a 40 % grant rate under the heading of, say, regional investment aid, in this case this Project Partner must provide co-financing equalling 60 % of the project's eligible expenditures incurred on its part, and such co-financing cannot be contributed by the Project Promoter or another Project Partner.

The amount of co-financing may be comprised of the Beneficiary's own contribution and from external contribution.

Public funds of the central budget of Hungary cannot be taken into account as co-financing, except for an amount appropriated for such purpose in the budget of the budgetary institution applying for fund, or of its managing body, for supplementing a fund that does not qualify as state aid pursuant to Article 107 (1) of the Treaty on the Functioning of the European Union, TFEU.

The **availability of co-financing** must be proven by the applicant **at the time of the filing of the application in a declaration** while in the case of grant decision before the conclusion of the project contract it must be certified in the way and form specified below.

Unless otherwise stipulated in the call for proposals the availability of the amount required as **co-financing** can be **certified** as detailed below:

Type of Applicant / Beneficiary	Type of co-financing	Way of certification
municipal government	budget appropriation	Resolution adopted by the municipal council, or on the basis of the authorisation granted by the municipal council, set out in the budget decree - transferring the right to dispose over the reserve - a declaration by the Mayor on the provision of the amount of own contribution. (For the mandatory content elements of the resolution see under the table.)
local governmental association	budget appropriation	In the case of a local governmental association with a legal entity the resolution of the association council, in the case of a local governmental association without legal personality, a resolution on the part of each municipal government participating in the association, or on the basis of the authorisation granted by the municipal council, set out in the budget decree - transferring the right to dispose over the reserve - a declaration by the Mayor on the provision of the amount of co-financing.
budgetary institution	budget appropriation	Declaration by the head of the managing body on the provision of the own contribution.

Type of Applicant / Beneficiary	Type of co-financing	Way of certification
any applicant / Beneficiary	money on account	Only a bank account statement or bank certificate made out not more than 30 days ago to the name of the applicant / Beneficiary may exclusively be accepted as proof of the funds. It should be noted that if the availability of money on account is intended to be proven by multiple bank account statements or bank certificates, the enclosed documents must show a balance as at the same day!
any applicant / Beneficiary	bank deposit	a bank account statement or bank certificate made out not more than 30 days ago to the name of the applicant / Beneficiary. It should be noted that if the availability of money on account is intended to be proven by multiple bank account statements or bank certificates, the enclosed documents must show a balance as at the same day! In the case of a currency deposit (other than HUF) the amount must be converted into HUF at the central foreign exchange rate published by the NBH on the above day.
any applicant / Beneficiary	registered security	Securities account statement or bank certificate made out not more than 30 days ago to the name of the applicant / Beneficiary. It should be noted that if the availability of the securities is intended to be proven by multiple bank account statements or bank certificates, the enclosed documents must show a balance as at the same day!
any applicant / Beneficiary	bank credit	Binding financing proposal issued by the credit institution: credit approval, or signed credit/loan agreement (for its mandatory format elements see below the table)
any applicant / Beneficiary	membership loan, private loan	Loan agreement and certificate of bank transfer and voucher for receipt of payment
any applicant / Beneficiary	capital increase to implement the project	Certificate of the amount paid in the way of share capital increase issued not more than 30 days ago by a credit institution If money on account, bank deposit and securities are also included in the funds, this certificate must be issued on the same day as the certificates of the availability of such sources.
any applicant / Beneficiary	closed-ended financial leasing	Leasing contract, with the delivery and acceptance record and payment schedule attached to the contract. The conditions relating to leasing contracts are set out in the annex entitled 'Detailed rules on financial settlement'.
any applicant / Beneficiary	other funds from outside the central budget of Hungary (non-repayable grant repayable financial assistance)	Signed credit contract, project contract, resolution on the granting of the fund.
any applicant / Beneficiary	in kind contribution	In the case of non-governmental organisations, civil society organisations and social partners up to 50 % of the co-financing may be provided for by taking voluntary work into account as in kind contribution. In accordance with Article 4 (5) of Government Decree 350/2011. (XII. 30.) in the calculation of the per-hour value of voluntary work as specified in the act on voluntary activities in the interest of the public 1/160 <sup>th</sup> part of the mandatory minimum monthly wage at the time is to be taken into account. A declaration needs to be issued by the head of the applicant / Beneficiary organisation concerning the value of the in kind contribution calculated as described above.



**It should be noted that all bank account statements, bank certificates, securities account statements and certificates of amounts paid in the way of share capital increase must show a balance as of the same date!**

No document issued more than 30 days before its submission may be used as a certificate of the availability of the amount required as co-financing.

If the applicant is a municipal government or a municipal governmental association with a legal personality the **mandatory content elements** of the resolution of the municipal government council certifying the availability of the funds required in the way of co-financing or if the Organisational and Operational Rules of the municipal government provide for the delegation of this power, those of the resolution of the relevant organisational unit, **are as follows:**

- The title of the project, as specified in the application documentation;
- The precise address of the site of the implementation of the project;
- The number of the application facility;
- The project's eligible expenditure as specified in the application and the grant decision;
- The actual amount and sources (own contribution, loan, other) of the local government's funds available as co-financing for the project's eligible expenditure in accordance with or in excess of the amount specified in the application and the grant decision;
- The municipal government's commitment to separate the amount of the municipal government's co-financing within the municipal government's budget.

In the case of an 'any purpose' loan agreement or if the Beneficiary intends to make available the amount of co-financing by way of a bond or investment loan that is used as coverage for multiple development projects simultaneously, the **certificate issued by the credit institution** must be attached to the above not later than upon the filing of the first payment claim. The certificate must specify that the bank keeps the amount intended to be used as co-financing on a sub-account opened for the financing of the project and that it makes such amount available only in line with the project's objectives, for the financing of the technical and other contents specified in the application documentation.

The **certificate** issued by the credit institution **or the signed credit/loan agreement** must contain the following:

- Project title;
- Key project data;
- Amount of the co-financing financed by the credit institution;
- The loan's Beneficiaries;
- The financing conditions of the loan or the bond;
- Other commitments and conditions in addition to the collateral of the loan/bond, including, in particular, rights and obligations securing the fulfilment of the payment obligation;
- In the case of a loan for a specific purpose, a declaration stating that the financing credit institution has carried out the assessment of the financial viability of the project and its financial sustainability, and that the financial ratios and indicators

calculated in the project documentation are in line with the data calculated by the credit institution;

- A declaration stating that the credit institution is willing to finance the project for which it provides the Beneficiary with a binding and irrevocable financing proposal. The only condition for the entry into force of the financing contract is the project contra signed by the Beneficiary and the grant provider.
- In the case of a frame contract a certificate issued by the credit institution of the amount still available to be drawn down from the frame amount.

The credit/loan agreement must not contain any condition that is in conflict with the provisions stipulated in the project contract or the applicable statutory regulations.

The co-financing required for the implementation of development projects intended for business type operations:

State aid covered by Article 107 (1) of the TFEU must not - even together with aid from other sources to supplement the amount of co-financing - exceed the grant rate relating to the given aid category.

In the case of a regional investment grant at least 25 % of the project's eligible expenditures must be implemented from the Beneficiary's own contribution free of any state aid as specified in Article 107 (1) f the TFEU. **It should be noted that funds provided by a municipal government, the state, or a managing body (including for example capital increase and low interest rate membership loans as well) if such is not provided under arms' length conditions, qualify as state aid for the purposes of Article 107 (1) of the TFEU.**

#### **4.3. Obligations relating to the provision of collateral**

The grant provider must stipulate collateral security from the Beneficiary in order to make sure that any amount of grant used without entitlement can be refunded.

Collaterals may include the Beneficiary's declaration of authorisation concerning all of its payment accounts - that can be debited by payment orders pursuant to the applicable statutory regulations - whereby it authorises the grant provider to submit collection orders, including an instruction concerning the queuing up of the claimed amount for up to 35 days in the case of payment orders that cannot be effected owing to lack of coverage on the account (collection order). The Beneficiary must submit the declaration of authorisation by the time of the signing of the project contract at the latest.

Moreover, collaterals may include any other instrument ensuring that the grant provider can successfully, and as quickly as possible, enforce its claim to fully recover any grant used without proper entitlement. Such collaterals include, in particular:

- pledge,
- bank guarantee,
- security deposit,
- promissory note made out on the basis of a contract with an insurer, containing joint and several guarantee,
- surety provided by a guarantee organisation,

- promissory note made out on the basis of a guarantee insurance contract,
- declaration issued by the managing body of the Beneficiary,
- other.

If the call for proposals prescribes the provision of any of the collaterals listed above the disbursement of the grant - including advance amounts - may only be authorised if collateral of an amount equalling at least the grant specified in the given claim for advance or payment plus the sum of any grant amount already disbursed for the Beneficiary earlier on, is available as prescribed in the project contract.

The grant provider specifies any further or different obligations relating to the provision of collateral in the call for proposals. The grant provider may decide to refrain from stipulating collateral in the case of grants secured by

- reimbursement for a natural person Beneficiary or
- reimbursement of a grant (where no advance disbursement is permitted) in a lump sum after the completion of the project.

The collateral must be available as defined in the project contract until the obligations resulting from the contract remain in force.

#### **4.4. Rules on the disbursement of grants**

##### **4.4.1. Advance**

Beneficiaries may be required to provide advance disbursements up to a certain percentage of the grant they have been awarded as specified in the call for proposals relating to project elements for which they have opted for reimbursement. Pursuant to the national legislation (Ávr.) the maximum ratio of advance disbursement is 50 % of the grant that has been awarded, while in the case of the Funds for bilateral relations at programme level and the Small grant scheme it is up to 90 %. In the context of certain programmes however, the calls for proposals may specify lower ratios for advance disbursements than the above maximum percentages. Details of the settlement of advance disbursements are set out in the project contract.

Minimum prerequisites for the disbursement of an advance amount:

- entry into force of the project contract;
- filing of the claim for advance disbursement;
- availability of the prescribed collaterals;
- availability of certificate of co-financing.

##### **4.4.2. Claiming and disbursement of the grant**

The Project Promoter files a **payment claim** for its eligible expenditures incurred in the context of the project to the Implementing Agency who checks the documents. As a general rule, payment claims are filed on-line. If it is prescribed in the call for proposals or the project contract, the payment claim needs to be submitted - fully or in part - in a paper-based copy as well. The list of documents underlying the payment claim and the detailed conditions for eligibility are set out in Annex 1 - Eligibility Guideline - to this Guide.

The payment claim filed by the Project Promoter contains the costs intended to be recognised by the Project Partners - including Donor Project Partners - as eligible expenditures along with the underlying documents. Accordingly, the Project Promoter is responsible for the settlement of the costs of the partners and the Project Partners are not entitled to file payment claims on their own.

Grants may be disbursed by way of pre-financing, reimbursement, or by direct payment to the contractor.

In the case of **pre-financing** the disbursement of the grant and the settlement of it take place in accordance with the schedule specified in the call for proposals or in the project contract. In the case of this mode of financing it is possible to apply for grant to cover expected future costs even during the implementation of the project.

One minimum prerequisite for claiming payment in the way of **reimbursement** is that the amount of the requested grant should equal at least 10 % of the grant awarded for the items for which reimbursement is provided, or a different ratio as specified in the call for proposals.

**Direct payment to contractor** may be used for eligible activities and cost types specified in the call for proposals if the grant content of the invoice intended to be settled equals at least the ratio specified in the call for proposals. One prerequisite for the submission of a claim for direct payment to contractor is that the Beneficiary has certified the payment of the amount of co-financing relating to the amount intended to be settled.

The amount of the grant is disbursed by the National Development Agency on the basis of the payment claim verified by the Implementing Agency and approved by the Programme Operator to the bank account of the Project Promoter or the contractor specified in the payment claim or to the bank account of the Project Partner or any other assignee on the basis of an assignment contract.

#### **4.4.3. Withholding**

The project contract may provide that up to 10 % of the grant that has been awarded is to be disbursed after the Programme Operator's acceptance of the final project report.

### **4.5. Rules on procurements**

In the course of the procurements required for the implementation of the project the principles of economic efficiency, cost effectiveness and transparency must be observed.

In the case of the use of services or assets supplied by a third party the Project Promoter or the Project Partner - if it qualifies as contracting entity pursuant to Act CVIII of 2011 on

public procurements (Public Procurements Act) or if the grant rate it has been awarded equals at least 50 % of the eligible expenditures - must carry out its procurements relating to the implementation of the funded project in accordance with the provisions of the Public Procurements Act. The Beneficiary - as contracting entity - is solely responsible for conducting the public procurement procedures in accordance with the applicable rules and regulations. Accordingly, if any irregularity is identified in relation to any public procurement procedure, the obligation to refund part or the whole of the grant will also be borne solely by the Beneficiary.

The Beneficiary must proceed in an open and non-discriminatory manner even in the case of procurements not covered by the Public Procurements Act, in observance of the principles of economic efficiency and transparency.

For further requirements concerning procurements and public procurement procedures are set out in the Eligibility Guideline.

#### **4.6. State aid rules**

In the context of certain calls for proposals under the EEA and Norway Grants it is possible for **businesses or other Beneficiaries performing business-type operations in the context of the project or as a result of the project** to resort to aid qualifying as state aid pursuant to Article 107 of the Treaty on the Functioning of the European Union. The term 'business' includes not only economic associations with or without legal personality but all market participants performing actual economic activities in the internal market, regardless of their legal statuses. Any activity entailing the sale or provision of products or services in a given market, entailing risk assumption in exchange for consideration, qualifies as economic activity.

The call for proposals clearly specifies whether any title of the state aid is relevant in relation to the various eligible activities. **If activities implemented in the context of a project qualify as 'business type' activities, for which thus any state aid - as specified in Article 107 of the treaty on the Functioning of the European Union - is granted, the Beneficiary must comply with the regulations set out in this chapter and must fulfil the obligations specified in the referred legislation, some of which impose tighter, different obligations for the Beneficiaries than the general rules relating to the EEA and Norway Grants. In relation to the various titles of the state aids particular attention must be paid to the range of activities that can be funded and of the expenditures that are eligible within the state aids, as well as to the maximum rate and amount of the aid that may be applied for.**

Some of the most important regulations relating to the various, most frequently applied state aid categories - on the basis of which aids become accessible in the context of the Funds (Grants) - are described below. It should be noted however, that this is not an exhaustive list of the possibly relevant rules which are contained in detail in the legislation referred (Vhr. (Implementation Decree) and other pieces of legislation on state aids). (The applicable paragraphs of the Vhr. are identified after the headings.)

##### **4.6.1. General rules applying to all categories of state aids (Vhr., Articles 130-136)**

### **No aid may be provided**

- for activities referred to in Article 1 (2) and (3) of Commission Regulation (EC) No 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the Treaty;
- for purposes specified in Article 1 (4) of Regulation (EC) 800/2008/EC;
- for aid schemes specified in Article 1 (6) of Regulation (EC) 800/2008/EC.

### **Furthermore, no aid may be provided**

- for a business organisation that was ordered, during the period of two calendar years preceding the submission of the application, to pay a fine for to the employment of staff without notification or without a work permit, by a state administration body by its final and definitive resolution or in the case of its judicial review, by the court, by its final and definitive decision;
- for a business organisation facing difficulties as specified in Government Decree 37/2011. (III.22.);
- for a business organisation whose shareholders' equity calculated according to the relevant statutory regulations on accounting has diminished to below the minimum amount of the share capital (initial capital) as prescribed by law;
- for operations relating to exports, namely, to the exported quantities, for the establishment and operation of a sales network or for any other current expenditures incurred in relation to exporting activities;
- for activities depending on the use of domestic goods instead of imported goods;
- for activities relating to fisheries and aquaculture covered by Council Regulation (EC) 104/2000 with the exception of aid for training, aid in the form of risk capital or environmental aid;
- aid for the primary production of agricultural products, with the exception of aid for training, aid in the form of risk capital or environmental aid, if such aid schemes are not covered by Commission Regulation 1857/2006;
- for the processing and distribution of agricultural products, in the following cases:
  - if the amount of the aid is specified on the basis of the price or quantity of such products purchased from primary producers or distributed by the enterprises concerned, or
  - if the aid depends on the full or partial transmission to primary producers;
- for operations in the coal industry, except for aid for training, aid for research and development and innovation and environmental aid;
- regional investment aid for operations in the steel industry;
- regional investment aid for operations in the shipbuilding industry;
- regional investment aid for operations in the synthetic fibre industry;
- for regional investment aid schemes focusing on certain specific segments of manufacturing or services. Schemes relating to tourism activities do not qualify as schemes focusing on any specific sector.
- for aid schemes that do not specifically rule out the disbursement of individual aids to enterprises against which resolutions ordering the refunding of aids have been adopted on the basis of commission resolutions declaring that the given aid was unlawful and incompatible with the common market;
- ad hoc aid for an enterprise against which a resolution ordering the refunding of an aid has been adopted on the basis of a commission resolution declaring that the given aid was prohibited and incompatible with the common market.

**The incentive effect of an aid:** An aid may only be granted if the Beneficiary submitted its application for the aid even before the commencement of the investment project. In the case of large enterprises the Beneficiary must also prove that as a result of the aid the size of the project increases significantly, its scope of operations expands, the amount that can be spent by the Beneficiary on the project increases, the implementation of the project is accelerated materially or in the case of a regional investment aid, without the aid the project would not have been implemented in the region concerned, for which assistance is provided. The European Commission expects member state authorities to ascertain at least of the following in the course of the assessment of the incentive effects as described above:

- the Beneficiary has analysed, in an internal document, the viability of the funded project or activity with and without the aid, and
- the Beneficiary has submitted the internal document containing authentic analysis and supporting the incentive effects, as referred to above.

**The Beneficiary must preserve documents and instruments relating to the aid for a period of ten years of the date of the grant decision** (that is, in the case of a state aid the obligation of document storage covers a longer period than the general document storage obligation concerning projects funded under the EEA and Norway Grants).

In the case of different eligible expenditures an aid provided on the basis of titles of the aids covered by Commission Regulation (EC) 800/2008 can be combined with aids provided under other titles of the aids covered by Commission Regulation (EC) 800/2008. In the case of identical or partly identical eligible expenditures an aid provided on the basis of titles of the aids covered by Commission Regulation (EC) 800/2008 can be combined with aids provided under other titles of the aids covered by Commission Regulation (EC) 800/2008 or with de minimis aids if it does not result in exceeding the highest grant rate or grant amount specified in Commission Regulation (EC) 800/2008.

#### **4.6.2. Regional investment aid (Vhr., 137-140.§)**

Detailed rules governing regional investment aids are set out in Article 13 of Commission Regulation (EC) 800/2008.

In the case of a regional investment aid the aid can be used only for investments to be started. An investment being started is an investment in tangible assets or intangible assets relating to setting up a new facility, expanding an existing facility, diversifying the output of a facility with additional new product(s) or to fundamentally altering the entire production process of an existing facility, or the acquiring of tangible assets directly associated with a facility if the facility has been or - unless bought up - would have been closed down and the assets are purchased by an independent investor. **No upkeep or replacement investment project is eligible for aid.**

The procurement of intangible assets can be eligible only if:

- they are used exclusively in the facility that is the recipient of the regional aid,
- they can be regarded as assets that can be written off,
- they have to be purchased under arms' length conditions, from a third party,
- they have to be assigned to the assets of the Beneficiaries and they must remain in the facility that is the recipient of the regional aid at least during the mandatory maintenance period specified in this document.

The assets purchased in relation to the recipient project must be new, except for cases of acquisition or if the aid is provided for a small or medium-sized enterprise (hereinafter: SME). When an aid is provided for acquisition or to a used asset purchased by a SME the transaction or the purchase of the asset must be at market value.

Costs relating to the leasing of assets other than land or building may only be taken into account as eligible if the leasing is a financial leasing and the contract stipulates obligation to purchase the asset after the term of the transaction. In the case of the leasing of land and buildings the lease must continue after the expected date of the completion of the investment project for at least five more years or in the case of SMEs for at least three more years.

**The aid can be used if, upon the purchase of tangible assets or intangible assets, or in the case of acquisition, the Beneficiary provides at least 25 % of the eligible expenditures from its own contribution, without any sort of state aid.**

No regional investment aid may be provided for the prime cost of transport equipment (rolling stock) in the transport sector.

**4.6.3. Aid for small and medium-sized enterprises for obtaining and exercising of patents and industrial patent protection rights (Vhr., Article 163)**

The detailed rules on this category are set out in Article 33 of Commission Regulation (EC) 800/2008. The intensity of aid provided for SMEs to the costs incurred in relation to industrial patent rights must not exceed that intensity of the research and development aid that is related to the research activity first leading to the industrial patent protection rights concerned.

**4.6.4. Training aid (Vhr., Article 164)**

Training aid may be provided for the general training and vocational training of workers employed by the Beneficiary.

Training aid may be provided for the following costs (the list may be narrowed by the relevant Call for Proposals):

- trainers' personal type expenses;
- transport - including accommodation - costs of trainers and participants of the training courses;
- other current costs including materials and consumables relating directly to the project;
- depreciation of assets and equipment to the extent to which they are used exclusively for the purposes of the training project;
- costs of advisory services relating to the training project;
- personal expenses of the participants of training up to an amount equalling the sum of the other eligible expenditures listed in paragraphs a)-e). Only the time actually spent on participating in the training programme may be taken into account, after subtracting any time spent in the meantime in production or its equivalent.

**4.6.5. Aid for cultural purposes (Vhr., Articles 143-144)**



Aid for cultural purposes may be granted exclusively for activities proven to facilitate the preservation of culture and cultural heritage, activities that are of particular importance from the aspect of the preservation of cultural heritage, as well as activities aimed at rescuing or salvaging endangered elements of the natural cultural heritage, including, in particular, the following:

- Protection of rural and landscape heritage
- Protection of urban heritage
- Digitising cultural and national heritage and making it accessible
- Facilitating cultural dialogue and strengthening cultural diversity
- Elaboration of methodologies relating to the protection of cultural heritage
- Renovation of cultural heritage sites and buildings based on utilisation plans

The eligible expenditures include expenditures incurred directly in the course of the protection of culture, cultural heritage and cultural values, proven to have been spent towards such purposes.

#### **4.6.6. R&D project aid (Vhr., Articles 156-157)**

In the framework of this category the grant rate of the aid that can be provided for the various projects having identical eligible expenditures is, in terms of the eligible expenditures, up to 100 % in the case of basic (fundamental) research, 50 % in the case of industrial research and maximum 25 % in the case of research and development. Even in relation to the various activities within a given project the grant rate must be also established as specified above.

In the area of industrial research and research and development the grant rate also depends on whether the projects are implemented through cooperation and on whether the various members so cooperating qualify as research organisations, small businesses or medium-sized enterprises, along with the way in which the results achieved are spread as well as how widely they are spread. Regulations on R&D project aids, including eligible expenditures, are set out in Articles 156-157 of the Vhr.

#### **4.6.7. De minimis aid (Vhr., Article 165)**

The detailed rules on de minimis aids 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 grant equivalent of an aid granted to an enterprise from any source under the title of the de minimis aid - taking into account the total sum of the de minimis aids granted to the entity in the given financial year and during the preceding two financial years - must not exceed a HUF amount the equivalent of EUR 200,000, or in the case of the road transport sector, EUR 100,000. An aid to be disbursed in instalments must be discounted to the value as at the date of its granting. In converting the grant amount denominated in HUF into EUR based on the exchange rate - rounded to two decimal places - published by the National Bank of Hungary, in effect on the last day of the month preceding the day on which the grant decision was made.

Prior to granting an aid the enterprise concerned must make out a written declaration - attached to the application - concerning all de minimis aids granted to it during the preceding two financial years and during the current financial year, including those on

which no decision has been made as yet. A de minimis aid cannot be combined with state aids in relation to the same eligible expenditures if the resulting aggregate amount would exceed the grant rate specified in the block exemption regulation or in the resolution whereby the European Commission gave its approval.

In the case of a de minimis aid, aid may be provided for businesses in all business sectors, with the following exemptions:

- aid for enterprises engaged in operations relating to fisheries or aquaculture, covered by Council Regulation (EC) 104/2000;
- aid provided for enterprises engaged in the primary production of the agricultural products listed in Annex 1 to the Treaty on the Functioning of the European Union;
- aid provided for enterprises engaged in the processing and distribution of agricultural products listed in Annex 1 to the Treaty on the Functioning of the European Union, in the following cases
  - if the amount of the aid is specified on the basis of the price or quantity of such products purchased from primary producers or distributed by the enterprises concerned, or
  - if the aid depends on the full or partial transmission to primary producers;
- provision of aid for activities relating to exports to third countries or to member states, namely aids linked directly to the exported quantities, aid relating to current expenditures relating to the establishment and operation of the sales network or for other current expenditures incurred in relation to export activities;
- aid depending on the use of domestic goods instead of imported goods;
- aid for enterprises engaged in the coal industry;
- aid for the purchase of freight transport vehicles, for enterprises engaged in commercial transportation;
- aid for enterprises facing difficulties.

#### **4.6.8. Rules on the financing of public services (Vhr., Article 166)**

Under this category aids may only be provided for Beneficiaries entrusted with the supply of public service.

The grant rate must not exceed the difference between the justified costs incurred in relation to the operation and development of the public service concerned and the revenues originating from the same.

According to Article 106 (2) of the TFEU aid provided in the form of compensation for services of general economic interests (hereinafter: public service) may exclusively be provided pursuant to Commission Decision of 20 December 2011 on the application of Article 106 (2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain enterprises entrusted with the operation of services of general economic interest (O.J. L 7., 11.01.2012, pp. 3-10).

Pursuant to Article 2 (1) a) of Commission Decision 2012/21/EU the amount of the compensation must - apart from as provided in Article 2 (1) b)-e) - not exceed EUR 15 million a year.

The entrustment act (aid contract) must contain the elements specified in Article 4 of Commission Decision 2012/21/EU on a mandatory basis, with reference to Commission

Decision 2012/21/EU (precise address, disclosure in the Official Journal of the European Union).

The Beneficiary may settle costs only after entrustment.

The entrustment to provide public service must not exceed 10 years.

The grant rate must be specified as detailed in Article of Commission Decision 212/21/EU. The amount of the aid must not exceed the net cost of the performance of the public service, i.e. the difference between the costs incurred in relation to and the revenues originating from the operation of the public service, including a reasonable profit that can be expected on the basis of the operator's own equity relating to the provision of the public service.

Where an enterprise carries out activities falling both inside and outside the scope of the service of general economic interest, then pursuant to Article 5 (9) of Commission Decision 2012/21/EU the internal accounts must show separately the costs and receipts associated with the service of general economic interest and those of other services, as well as the parameters for allocating costs and revenues. The costs linked to any activities outside the scope of the service of general economic interest must cover all the direct costs, an appropriate contribution to the common costs and an adequate return on capital. No compensation may be granted in respect of those costs.

If the Beneficiary receives aid (compensation) exceeding the amount calculated as prescribed in Article 5 (9) of Commission Decision 2012/21/EU, the amount of overcompensation must be refunded by the Beneficiary. If the amount of overcompensation does not exceed 10 % of the amount of the average annual compensation, such overcompensation may be carried forward to the next period and deducted from the amount of compensation payable in respect of that period. The Beneficiary must keep separated settlements of the aid (compensation) from which the meeting of the requirements set out in Article 5 (2)-(4) of Commission Decision 2012/21/EU can be verified."

#### **4.6.9. Further titles of the aids**

According to the Vhr. (Implementation Decree) relating to the Grants **aid may be granted under further titles as well**. If a given aid scheme makes any of the such further categories possible, the detailed rules concerning them are set out in the applicable call for proposals. Further state aid categories:

- Rules on the aid for newly created small enterprises (Vhr., Article 141);
- Investment aid enabling enterprises to go beyond Community standards for environmental protection or increase the level of environmental protection in the absence of Community standards (Vhr., Article 145);
- Aid for the acquisition of new transport vehicles which go beyond Community standards or which increase the level of environmental protection in the absence of Community standards (Vhr., Article 146);
- Rules on aid for early adaptation to future Community standards for small and medium-sized enterprises (Vhr., Article 147);
- Environmental investment aid for energy saving measures (Vhr., Article 148)
- Environmental investment aid for high-efficiency cogeneration (Vhr.149.§)

- Rules on granting environmental investment aid for the promotion of energy from renewable energy sources (Vhr., Article 150)
- Aid for environmental studies (Vhr., Article 151);
- Rules on aid granted for the recruitment of disadvantaged workers in the form of wage subsidies (Vhr., Article 152);
- Aid for the employment of disabled workers in the form of wage subsidies and for compensating the additional costs of employing them (Vhr., Articles 153-154);
- Aid for research and development and innovation (Vhr., Article 155);
- Aid for technical feasibility studies (Vhr., Article 158);
- Aid for research and development aid in the agricultural and fisheries sectors (Vhr., Article 159);
- Aid to young innovative enterprises (Vhr., Article 160);
- Aid for innovation advisory services and for innovation support services (Vhr., Article 161)
- Aid for the loan of highly qualified personnel (Vhr., Article 162).

## 5. SELECTION AND DECISION MAKING

### 5.1. General conditions of the submission of applications

#### 5.1.1. The mode of the submission of applications

An **on-line application system (NORA)** operates in the EEA and Norway Grants programmes. Applicants need to get registered on the official homepages of the Grants ([www.norvegalap.hu](http://www.norvegalap.hu), and [www.egtalap.hu](http://www.egtalap.hu)), in order to have authorisation to use the application system. Thereafter the applicant has to fill out the application form required for its application, together with the Declaration, it has to upload the required annexes to be attached electronically, in the form and by the deadline specified in the call for proposals. Filling out the application form is assisted by the 'form fill-out guideline' on the NORA user interface. The call for proposals may prescribe that the applicant has to submit some attachments to the application in a paper-based form as well.

After uploading the application form and the necessary annexes - also as specified in the call for proposals - a declaration certifying the undertaking to meet the conditions set out in the call for proposals has to be printed out, signed by the person authorised to represent the applicant and then posted to the address specified in the call for proposals. The call for proposals may also specify a list of additional documents to be submitted by conventional mail, along with format requirements to be met by those documents.

In the case of any difference between documents submitted in both a paper-based and an electronic version the paper-based and signed document must be considered as authentic, providing, that consistency between the paper-based version and the electronic document must be provided for by the person applying for a grant.

The general rules and information on communication (keeping contact) are set out in subsection 1.6 of this Guide.

#### 5.1.2. Deadline for the submission of the application

The precise deadline for the submission of applications is specified in the call for proposals. For electronic submission the deadline is specified in terms of hours and minutes. The deadline for the submission of applications - in the case of open application schemes with fixed deadlines - must not be earlier than 60 days following the publication of the call for proposals.

It qualifies as submission before the deadline when the application is submitted electronically before the expiry of the deadline specified in the call for proposals, while in the case of documents to be submitted by conventional mail if the date of the postal stamp falls on the deadline specified for this purpose.

### **5.1.3. Mandatory content elements of the applications**

The **application form** must be filled out for applying for the grant. The contents of the application form are specified in the 'form fill-out guideline'. The contents of the application form include the following, unless otherwise specified in the call for proposals:

- basic data of the applicant, the partners and the project;
- a brief description of the professional expertise of the applicant and the partners;
- a summary of the contents of the project, its detailed technical/professional plan;
- the indicators;
- a schedule of the activities;
- detailed budget by applicant and Project Partner, along with verbal justification of the budget and an aggregated budget for the project;
- procurement plan;
- a declaration stating the undertaking to meet the conditions of the call for proposals.

The application form must be filled out in Hungarian or in English, as prescribed in the call for proposals, while the summary of the project must in all cases be presented in both languages.

The **supporting documents** to be attached (electronically uploaded) to the application form as prescribed in the call for proposals:

<b>Type of attachment</b>	<b>Obligation to submit the attachment</b>
Project Promoter's specimen signature or sample signature	Always mandatory
Project Promoter's certificate of incorporation	Its submission may be prescribed by the call for proposals
Reports on last two closed business years of the Project Promoter	Its submission may be prescribed by the call for proposals
Price quotations, public price lists in proof of the arms' length nature of the cost items contained in the budget	Its submission may be prescribed by the call for proposals, along with the criterion for the obligation to submit it (e.g. value limit)
Designer's cost estimate	Mandatory in the case of projects comprising construction or building renovation elements
Certificate of ownership and other documents confirming the orderliness of the ownership of the real estate (e.g. owner's	Its submission may be prescribed by the call for proposals in the case of projects comprising construction or building

<b>Type of attachment</b>	<b>Obligation to submit the attachment</b>
consent, rental/lessee contract, preliminary contract for the sale and purchase of the real estate , etc.)	renovation elements (if it is not prescribed by the call for proposals, it is to be submitted not later than by the time of the conclusion of the project contract on a mandatory basis)
Final and definitive permit from the authority	Its submission may be prescribed by the call for proposals in the case of activities - required for the commencement of the project - for which permit is required (if it is not prescribed by the call for proposals, it is to be submitted not later than by the time of the conclusion of the project contract on a mandatory basis)
De minimis declaration	Mandatory in the case of applying for aid under the title of the de minimis aid
Letter of intent concerning partnership cooperation, from the Project Partners identified in the application	Mandatory in the case of a partnership project (in the case of Donor Project Partner - in English!)
Business plan	Its submission may be prescribed by the call for proposals
CVs of the professionals participating in the implementation of the project	Its submission may be prescribed by the call for proposals
Institutions participating in the implementation of the project and organisation structure of the project management	Its submission may be prescribed by the call for proposals
Declaration stating the undertaking of meeting the conditions set out in the call for proposals (automatically generated upon the submission of the application form)	Always mandatory, <b>in a paper-based form by conventional mail as well!</b>
Other underling and supporting documents, declarations	Its submission may be prescribed by the call for proposals

With regard to annexes to be filed electronically the electronic application form sets their maximum combined size (e.g. 500 MB).

#### **5.1.4. Request for supplementary information**

With regard to answering questions relating to the call for proposals it should be noted that only questions submitted at least 10 days before the expiry of the deadline for the submission of the proposals can be guaranteed to be answered. Questions will be answered - and the answers will be uploaded to the on-line application system - within 8 days of receipt of the questions.

## 5.2. Selection process

The tasks of preparation for decision making concerning the applications that have been submitted are carried out by the Implementing Agency and the Programme Operator. The preparation for decision making is comprised of the following steps:

- checking conformity to the acceptance criteria;
- format check;
- technical/professional evaluation;
- decision making.

The selection process is closed within 120 days of the deadline for the submission of the proposals, not including the time taken by the applicant for eliminating shortcomings, supplying missing elements or clarifying questions, if any.

In the case of the **applications** in the contest of the **Funds for bilateral relations at programme level** the selection process may **differ** from the above - the required information on this will be contained in the relevant call for proposals.

### 5.2.1. Checking conformity to the acceptance criteria

After receipt of an application the Implementing Agency checks the application's conformity to the acceptance criteria. The checking of conformity to the acceptance criteria may be started right after receipt of the application, even before the expiry of the deadline for the submission of the proposals.

The Implementing Agency notifies the applicant of the results of the checking of conformity to the acceptance criteria within 7 days following the expiry of the deadline for the submission of the proposals or if the declaration submitted by conventional mail is not received by that date, then 7 days after receipt of the declaration. If a large number of applications have been received, the deadline for such notification may be extended up to 14 days. The notice will be transmitted by the Implementing Agency to the e-mail address specified by the Project Promoter in the application form. If the application is turned down, the notice will contain the reasons for rejection and the possibility and mode of filing an appeal.

In the case of every single call for proposals the following acceptance criteria apply on a mandatory basis:

<b>Acceptance criterion</b>	<b>Yes</b>	<b>No</b>
The Project Promoter is one of the entities eligible to the grant		
The Project Partner is one of the entities eligible to the grant		
The application and the declaration that can be printed out after the submission of the electronic application form was filed by conventional mail in the way and by the deadline specified in the call for proposals		
The declaration submitted by conventional mail was signed by the person authorised to represent the applicant		
The amount of the grant applied for is in line with the minimum - maximum grant amount that can be awarded according to the call for proposals		
The duration of the time for the implementation of the project and the closing date of implementation are consistent with the deadline specified in the call for proposals		

<b>Acceptance criterion</b>	<b>Yes</b>	<b>No</b>
The application form was filled out in the language (English and/or Hungarian) specified in the call for proposals		

If the answer to any of the above acceptance criteria is NO, the application will be rejected. No possibility is available for eliminating missing elements or for correction where any of the acceptance criteria is not met.

The call for proposals may stipulate further acceptance criteria.

### **5.2.2. Evaluation of format**

After the checking of conformity to the acceptance criteria in the course of the format check the Implementing Agency verifies the application's conformity to the format requirements. The format requirements are specified in the call for proposals. The format requirements to be applied on a mandatory basis in the case of every single call for proposals are as follows:

<b>Format criteria</b>	<b>Yes</b>	<b>No</b>
The application form that has been submitted is completely filled out in a way that is correct in terms of format		
All of the attachments that have to be filed on-line have been enclosed and they are filled out correctly in terms of format		

In the case of any shortcoming the Implementing Agency calls on the applicant within 7 days of receipt of the application to eliminate shortcomings within a deadline of 10 days, by a notice sent to its e-mail address specified in the application form. The shortcomings specified in the call for the elimination of shortcomings can be eliminated once. Failure to eliminate the identified shortcomings at all, failing to properly eliminate all shortcomings or submitting the required elements beyond the deadline results in the rejection of the application for reasons of format. Notification of rejection or of having met the format requirements will also be sent to the Project Promoter at the e-mail address specified in the application form. If the application is turned down, the notice will contain the reasons for rejection and the possibility and mode of filing an appeal.

### **5.2.3. Technical/professional evaluation**

Applications meeting the acceptance and format requirements are evaluated by experts designated by the Programme Operator, independent from the decision making Programme Operator and the decision preparing selection committee. Every application is evaluated by two experts from the aspect of the evaluation criteria specified in the call for proposals. If the complexity of the applications requires different special competences, the applications are evaluated - according to the Programme Operator's decision - by a team of experts comprising two evaluating experts with competences in different specific fields of expertise.

The invitation for proposals may prescribe technical/professional suitability criteria to be met and they are not met, the application may be rejected without further evaluation.

The call for proposals specifies the minimum and maximum number of points that may be received for the various evaluation criteria, the possible maximum score and may specify a minimum score as a prerequisite for the grant to be awarded. Applications failing to



receive such minimum number of points cannot be provided with a grant even if the budget allocated to the application scheme would make it possible.

In the course of the evaluation the members of the selection committee can ask clarifying questions which the Implementing Agency transmits to the Project Promoter's e-mail address specified in the application form. The Project Promoter must answer the clarifying questions by the deadline specified in the notification of the questions. In the case of failing to answer the questions or failing to give complete questions the evaluation will be completed on the basis of the available information.

The application's average score is determined on the basis of the number of points given by each of the two evaluating experts. If the difference between the number of points assigned by the two independent experts (or expert groups) exceeds 30 % of the higher score, the application is evaluated by a third expert (or expert group). Thereafter the score of the evaluation will equal the average of the two scores that are closer to each other. The applications are then set in an order by average scores.

#### **5.2.4. Decision making**

The Programme Operator sets up a selection committee which will make proposals for the projects to be awarded grants in the context of the programme. The selection committee reviews the ranking order set up on the basis of the evaluating experts' average scores. The selection committee may make a proposal for altering the ranking order of the applications, in which case its proposal must be justified in writing, in the minutes of the meeting. Based on the order of the applications the selection committee may make the following proposals for decision making:

- provision of grant with unchanged budget,
- provision of grant with reduced eligible total cost, reduced grant amount or subject to conditions,
- rejection (for lack of funds or for technical/professional considerations).

The grant decision is taken by the head of the Programme Operator based on the selection committee's proposal. The Programme Operator checks whether the evaluation process had been in line with the applicable regulations and whether the proposal is consistent with the rules and objectives of the programme. If the Programme Operator has credibly ascertained the conformity of the evaluation process and the proposal, it makes decision on the projects. Such decision may be as follows:

- approval of the proposal of the selection committee for the decision to be made,
- altering the proposal of the selection committee for the decision to be made on the basis of detailed written justification;
- based on detailed written justification - in the case of violation of the rules of the programme - repeating the selection process.

If the Programme Operator makes a decision involving reduced eligible total cost or a reduced grant amount, a conditional or negative decision, the reasons for such decision must be explained in detail.

The Implementing Agency notifies the Project Promoter of the decision within 5 days of decision making. In the case of rejection the notice contains the reasons for rejection. In

the case of rejection on account of technical/professional considerations, no appeal may be filed.

The Programme Operator may decide on setting up a reserve list of the applications rejected on account of shortage of grants. If the project contract is, for any reason, not concluded with any of the applicants whose application has been awarded the grant, on the basis of the Programme Operator's decision application(s) on the reserve list may be offered proposals for grant(s) up to the amount that has thus become available.

In the case of a positive decision by the grant provider the Implementing Agency provides for the preparation of the conclusion of the project contract.

**In the case of applications for which the grant has been awarded**, the name of the Project Promoter, the object of the project, the site of the implementation of the project, the amount and rate of the grant, the date and month of the decision, the total score of the project proposal and a brief summary of the project as presented in the project form, are published in Hungarian and English on the **official homepages of the EEA and Norway Grants**.

### **5.3. Appeal procedure**

An applicant may file an appeal against the rejection of its application on account of eligibility or format related reasons, in the case of an infringement or the breaching of the contents of information according to the call for proposals within 5 working days of receipt of the decision, simultaneously specifying the reasons for doing so.

The appeal may be submitted in writing, addressed to the Implementing Agency, to the following address:

NFFKÜ - Nemzetközi Fejlesztési és Forráskoordinációs Ügynökség Zrt. (International Development and Fund Coordination Agency Private Company Limited by Share)  
1037 Budapest Montevideo u. 16/A

In case of the appeal, if the negative decision had been made by the Implementing Agency, decision will be made by the Programme Operator, in all other cases decision will be made by the National Focal Point.

## **6. CONCLUSION AND PERFORMANCE OF THE CONTRACT**

### **6.1. The prerequisites for the conclusion of the project contract**

In the case of a winning application the Project Promoter is given a proposal for the conclusion of a contract together with the notification of the grant decision. The documents required for the conclusion of the project contract must be submitted by the Project Promoter within 30 days of receipt of the notification of the grant decision. The project contract must be concluded within a maximum of 60 days of the date of the grant decision, a maximum 30 day prolongation of which deadline may be permitted by the Programme Operator, not more than once. If the contract is not concluded within such deadline for any reason for which the Beneficiary may be held responsible, the grant

decision automatically lapses. In this case or if the Beneficiary determines not to conclude the contract, the applicant(s) is(are) next in the evaluation ranking order, rejected for lack of funds, included in the reserve list, given a proposal for concluding a contract.

For the conclusion of the project contract or - if that is permitted by the call for proposals - for the first payment claim at the latest, the Project Promoter must submit the following documents if it had not enclosed them to the application or if their contents have changed:

- the sample signature of the person or persons signing for and on behalf of the Project Promoter - with the exception of budgetary institutions, municipal governments minority self-governments, churches, higher education institutions, public foundations and economic associations solely owned by the Hungarian state - certified by a bank or countersigned by an attorney-at-law or legal counsel, or verified by a notary public;
- the deed of foundation of the Project Promoter - with the exception of budgetary institutions, municipal governments minority self-governments, churches, higher education institutions, public foundations and economic associations solely owned by the Hungarian state - or certificate of registration as prescribed by law;
- documents and declarations in proof of the availability of the own contribution;
- if collateral must be provided, documents relating to the collaterals provided;
- documents of public procurement procedures conducted before the grant decision;
- the final and definitive permits/authorisations required for the commencement of the project;
- detailed semi-annual cost schedule and financing plan;
- in the case of a partnership project the partnership agreement between the partners - drafted in English in the case of a partner from a Donor State - containing at least the following details:
  - name of the Project Promoter organisation,
  - roles, responsibilities and shares in the grant of the Project Promoter and the Project Partners,
  - the amount of own contribution to be made available,
  - the eligible expenditures,
  - the project budget,
  - the partners' obligation in supplying data and cooperation in the audits and inspections,
  - the chosen way for dispute settlement,
  - provisions concerning intellectual property rights,
  - other relevant conditions.

The call for proposals may stipulate further conditions and criteria for the conclusion of the contract.

The applicants should note that no project contract can be concluded with the an entity that:

- does not have the final and definitive official permits/authorisations read for the granted activities;
- does not have the own contribution specified by the grant provider or by the applicable statutory regulations, or one that fails to certify the availability of the required co-financing or fails to declare on its availability;

- has submitted untrue, false or misleading data materially affecting the contents of the grant decision or has made such declaration;
- is the subject of liquidation, bankruptcy, winding up or other procedure - aimed at its termination, as specified in the applicable statutory regulations - ordered by a final and definitive ruling;
- cannot be provided with aid from the budget according to Article 6 of the Közpénztv. (Public Support Act);
- fails to make out the declarations or submit the documents prescribed by law or in this decree as a prerequisite for the issuance of the grant document or for the conclusion of the project contract, or withdraws the declaration that has been made;
- does not meet the requirements specified in Article 50 (1) of the Áht. (Public Finance Act).

The call for proposals may stipulate further conditions and requisites for the conclusion of the project contract.

The project contract is concluded between the Programme Operator, as grant provider and the Project Promoter as Beneficiary. The Programme Operator delegates the exercising of its rights and obligations stemming from the project contract partly to the Implementing Agency, thus communication (liaising) with the grant provider under the project contract is fulfilled primarily by the Implementing Agency.

The Project Promoter is responsible towards the grant provider for the implementation of the project set out in the project contract, even if the project is implemented in a partnership. The Project Promoter can enforce its rights and obligations stemming from the project contract towards the Project Partners in the partnership agreement.

## 6.2. Monitoring and controlling of the implementation of the project

In the course of the implementation of the project the Project Promoter is obliged to implement its project primarily as specified in the project contract and as set out in the call for proposals and this General Application Guide.

The Beneficiary bears an **obligation to report** on the proper utilisation of the grant. The detailed rules on the reporting obligation are set out in the project contract. The Project Promoter must submit interim and closing technical/professional progress reports on-line, and if so provided in the project contract, in paper-based versions as well, according to a pre-defined schedule. If the on-line and the paper-based version are not identical, the paper-based and signed version must be regarded as the authentic one.

The technical/professional report must include at least:

- a verbal description of the activities and outcomes implemented in the context of the project,
- the remaining schedule and any expected deviation with justification,
- the risks and the way they are to be managed,
- aggregated data showing the project's financial progress,
- the report on the expected and actual delivery of the indicators,
- the report on the activities undertaken by the Project Partners,

- the report on publicity and information, as well as the observance of the cross-cutting issues,
- any other report prescribed by the grant provider, such as a report on the implementation of the prescribed action plan.

The report is checked by the Implementing Agency for format and it calls on the Project Promoter to eliminate shortcomings, if necessary. The technical/professional progress report is checked by the Programme Operator from the aspect of its contents. As a result of the review the Programme Operator either approves the report or it may take one or more other actions, e.g. it asks for supplementary information, orders on-the-spot visit or a monitoring visit, starts irregularity procedure, suspends the disbursement of the grant or withdraws from the project contract.

The technical/professional implementation of the project is checked - in addition to the technical/professional progress reports to be submitted by the Project Promoter on a regular basis - on the basis of **monitoring visits** by the Programme Operator. The Programme Operator carries out the monitoring visits in accordance with the monitoring plan worked out on the basis of risk analysis.

The **verification activity** checking the proper utilisation of the grant is carried out by the Implementing Agency based on documents and in the framework of its on-the-spot visits.

In order to ensure effective utilisation of the results of the monitoring and verification activities the Programme Operator and the Implementing Agency may coordinate their respective controlling activities and may carry out combined monitoring activities and on-the-spot visits.

The Beneficiary must cooperate with the organisations participating in the implementation of the grants and with the organisations controlling their utilisation, and it must help the activities of the representatives of the body carrying out the controlling activities by making available the necessary documents, invoices, other documents and certificates in proof of implementation. It must also help the on-the-spot check of physical completion.

Any suspicion of irregularity will be investigated. The legal consequences of a proven irregularity may include a reduction of the costs that can be settled as eligible expenditures to the debit of the grant provided for the project, obligation to repay any grant amount utilised without entitlement or cancellation of the project contract.

### **6.3. Project maintenance**

During the maintenance period - specified in the call for proposals - referred to in subsection 3.3.3 the Project Promoter is obliged to maintain the project outcomes, otherwise it may be ordered to repay the grant. During the prescribed maintenance period the Project Promoter must keep up the outcomes of the project that have been created with the project grant and must use, particularly the real estate purchased, created or renovated and the assets acquired in the context of the project, in concert with the objectives of the project.

The maintenance obligation must be fulfilled in the following forms:

- **Maintenance report**

During the maintenance period the Project Promoter must submit annual **maintenance reports** the contents of which will be checked by the Programme Operator. The first maintenance report must be submitted on the 30<sup>th</sup> day following the calendar year after the submission of the final project report and the closing payment claim. At such date the report must cover the fulfilment of the obligations relating to maintenance during the preceding year, and then in the subsequent years the maintenance reports must be submitted for the same calendar year period on the same due dates as specified above.

- **Keeping records of documents separately**

After the closure of the project the Project Promoter must keep records of and preserve the documents of the project until the end of the maintenance period, but at least for five years following the closure of the project. If the project is covered by the state aid rules, pursuant to subsection 4.6.1 of this Guide the project documents need to be preserved for a period of 10 years of the date of the grant decision.

- **Obligation for providing access to audits**

The Beneficiary must cooperate with the organisations participating in the implementation of the grants and with the organisations controlling their utilisation, and it must help the activities of the representatives of the body carrying out the controlling activities by making available the necessary documents, invoices, other documents and certificates in proof of implementation. It must also help the on-the-spot check of physical completion. If by its actionable conduct the Beneficiary renders the work of the controlling body impossible, the grant provider may withdraw the project contract or terminate the project contract. In the case of the cancellation of the project contract the Beneficiary must repay any grant amount spent by the time of the cancellation.

A Beneficiary receiving funds from the EEA and Norway Grants must, in relation to the grant, cooperate in the course of audits and inspections carried out by the following institutions and organisations:

- Directorate General for Audit of European Funds (EUTAF);
- Government Audit Office (KEHI);
- Programme Operator;
- Implementing Agency;
- National Focal Point (NDA, Managing Authority for International Co-operation Programmes);
- Financial Mechanisms Office;
- EFTA Board of Auditors;
- Office of the Auditor General of Norway;
- organisations commissioned by the Donor States, authorised to carry out audits and monitoring.

- **Authorisation to issue collection orders**

The authorisation concerning the issuance of collection orders (collection orders) concerning the Project Promoter's main account, as prescribed in the project contract, must be maintained throughout the maintenance period.

- **Collateral**

In the case of projects comprising construction investment elements, if the Project Promoter had to provide collateral (e.g. bank guarantee, surety, mortgage etc.) according to the project contract, the collateral so provided must be maintained during the maintenance period as well, at least to an extent of 50 % of the amount of the grant disbursed.

- **Reporting obligation**

In the following cases during the maintenance period the Project Promoter must immediately report the following:

- changes in the legal form of the Project Promoter organisation;
- changes required for administrative purposes;
- personal changes (person authorised to sign, contact person);
- changes in bank accounts, particularly changes in bank accounts to which the collection orders may apply;
- the Project Promoter has come under liquidation, bankruptcy, winding up, debt settlement or other procedure aimed at its termination as specified in the relevant statutory regulations.

- **Obligation to notify loss occurrences**

If any of the assets purchased or real estates purchased or renovated in the course of the project are affected by a loss occurrence, the case must be notified immediately. In relation to the loss occurrence a copy of the records produced by the insurer, the police or any other relevant body must also be submitted.

- **Prohibition of disposal, leasing and encumbrance**

The prohibition of disposal, leasing and encumbrance prescribed in the project contract continues to remain in place under unchanged conditions even during the maintenance period.

- **Insurance**

The insurance on tangible assets and intangible assets purchased and the real estates purchased/renovated in the context of the project must be kept in place during the maintenance period as well.

- **Maintenance fund**

With regard to the tangible assets and intangible assets purchased and the real estates purchased/renovated in the context of the project (accounting categories 11-14) the project contract may prescribe the creation of a so-called maintenance fund for the maintenance period, by opening a separated bank account. The Project Promoter must pay to such separated bank account 0.5-2 % - the actual percentage rate being prescribed in the call for proposals - of the total eligible expenditure of the project once every year. Payments to the maintenance fund and the balance on the maintenance fund account must be covered in the annual maintenance reports. The maintenance fund may be used during the maintenance period for activities aimed at the physical upkeep of the assets and real estates, at their proper operation and at the maintenance of the project outcomes, not including regular general type expenditures required for continuous operation.

The call for proposals and the project contract may prescribe additional maintenance obligations. The fulfilment of the maintenance obligations is checked by the Programme Operator, until the end of the maintenance period prescribed in the project contract. Insufficient delivery of the maintenance criteria may entail an obligation to repay the grant.

#### **6.4. Claim management**

If the Beneficiary availed itself of the grant without proper entitlement or used the grant in any way breaching the law or in any way other than as had been prescribed, as well as in the case of backing out of the project contract, cancellation of the project contract or withdrawal of the grant provider document the grant must be repaid. Liability for any grant amount used by the Project Partner in relation to the implementation of the project in any way qualifying as irregular, shall also be borne by the Project Promoter because the Project Promoter is the Beneficiary of the project contract. The claim stemming from the responsibility/liability of the Project Partner may be transferred between the partners under the partnership agreement.

The grant must be repaid in an amount increased by an interest pursuant to the relevant provisions of the Civil Code, while in the case of late repayment, a late performance interest must also be paid. If the Beneficiary is a budgetary institution belonging to the central subsystems of the public finance of Hungary, it needs not pay interest when it has to repay a grant.

If the Project Promoter does not fulfil its repayment obligation or if it repays only part of the amount concerned, the grant provider will enforce the collateral(s) to ensure as quick recovery of its claims as possible. If the claim could not be settled, the repayable amount and the interests thereon will be collected in the same way as taxes are collected.

### **7. ANNEXES**

Annex 1:	Eligibility Guideline for the EEA and Norwegian Financial Mechanisms 2009-2014
Annex 2:	Glossary
Annex 3:	The Hungarian translation of the document entitled Guideline for strengthened bilateral relations
Annex 4:	The Hungarian translation of the Communication and design manual
Annex 5:	The list of basic rules and regulations relating to the EEA and Norway Grants