EEA Financial Mechanism 2014-2021

Norwegian Financial Mechanism 2014-2021

PROGRAMME AGREEMENT

between

The Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs
Hereinafter referred to as the "Donors"

and

The Directorate General Growth, Ministry of Finance,
hereinafter referred to as the "National Focal Point",
representing Cyprus,
hereinafter referred to as the "Beneficiary State"

together hereinafter referred to as the "Parties"

for the financing of the Programme "Local Development and Poverty Reduction"

hereinafter referred to as the "Programme"

Chapter 1
Scope, Legal Framework, and Definitions

Article 1.1
Scope

This programme agreement between the Donors and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the EEA and the Norwegian Financial Mechanisms 2014-2021 to the Programme.

Article 1.2
Legal Framework

1. This programme agreement shall be read in conjunction with the following documents which, together with this programme agreement, constitute the legal framework of the EEA and Norwegian Financial Mechanisms 2014-2021:

(a) the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as the "Agreement") and Protocol 38c to the EEA Agreement on the EEA Financial Mechanism 2014-2021 (hereinafter referred to as "Protocol 38c";

(b) the Regulation on the implementation of the EEA Financial Mechanism 2014-2021 and the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as the "Regulations") issued by the Financial Mechanism Committee in accordance with Article 10(5) of Protocol 38c and by the Norwegian Ministry of Foreign Affairs in accordance with Article 10(5) of the Agreement;

(c) the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2014-2021 and the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as the "MoUs"), entered into between the Donors and the Beneficiary State; and

(d) any guidelines adopted by the Donors in accordance with the Regulations.

2. In case of an inconsistency between this programme agreement and the Regulations, the Regulations shall prevail.

3. The legal framework is binding for the Parties. An act or omission by a Party to this programme agreement that is incompatible with the legal framework constitutes a breach of this programme agreement by that Party.

Article 1.3
Definitions

Terms used and institutions and documents referred to in this programme agreement shall be understood in accordance with the Regulations, in particular Article 1.6 thereof, and the legal framework referred to in Article 1.2 of this programme agreement.

Article 1.4
Annexes and hierarchy of documents

1. Annexes attached hereto form an integral part of this programme agreement. Any reference to this programme agreement includes a reference to its annexes unless otherwise stated or clear from the context.

2. The provisions of the annexes shall be interpreted in a manner consistent with this programme agreement. Should the meaning of any provision of the said annexes, so interpreted, remain inconsistent with this programme agreement, the provisions of the annexes shall prevail, provided that these provisions are compatible with the Regulations.

3. Commitments, statements and guarantees, explicit as well as implicit, made in the preparation of the programme are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

Chapter 2
The Programme

Article 2.1
Co-operation

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this programme agreement.

2. The Parties agree to provide all information necessary for the good functioning of this programme agreement and to apply the principles of implementation as set out in the Regulation.

3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.

4. In executing this programme agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of

corruption or misuse of resources related to this programme agreement.

Article 2.2
Main responsibilities of the Parties

1. The National Focal Point is responsible and accountable for the overall management of the EEA and Norwegian Financial Mechanisms 2014-2021 in the Beneficiary State and for the full and correct implementation of this programme agreement. In particular, the National Focal Point undertakes to:

(a) comply with its obligations stipulated in the Regulations and this programme agreement;

(b) ensure that the Certifying Authority, the Audit Authority, the Irregularities Authority and the Programme Operator properly perform the tasks assigned to them in the Regulations, this programme agreement and the programme implementation agreement;

(c) take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;

(d) take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;

(e) make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

2. The Donors shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this programme agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as "the programme grant") to be used exclusively to finance the eligible cost of the Programme.

Article 2.3
Objective and outcomes of the Programme

1. This programme agreement sets out the objective, outcome(s), outputs, indicators and targets for the Programme.

2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective, outcome(s), outputs, indicators and targets set for the Programme.

Article 2.4
Programme grant

1. The maximum amount of the programme grant, the programme grant rate, and the estimated eligible cost of the Programme shall be as specified in this programme agreement.

2. The Programme is supported by grants from both the EEA and the Norwegian Financial Mechanism. Nevertheless, this programme agreement may contain provisions applicable only to the support from the EEA Financial Mechanism and/or provisions applicable only to the support from the Norwegian Financial Mechanism.

3. The financial plan annexed to this programme agreement shall:

(a) contain a breakdown between the Programme's budget headings;

(b) contain a breakdown between the support from the EEA Financial Mechanism and the Norwegian Financial Mechanism;

(c) indicate the agreed advance payment, if any.

4. The management cost of the Programme Operator shall not exceed the amount specified in this programme agreement.

Article 2.5
Special conditions and programme specific rules

1. This programme agreement shall list any conditions set by the Donors with reference to paragraph 2 of Article 6.3 of the Regulations. The National Focal Point shall ensure compliance with these conditions and take the necessary steps to ensure their fulfilment.

2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in this programme agreement.

Article 2.6
Programme implementation agreement

With reference to Article 6.8 of the Regulations and without prejudice to paragraph 2 thereof, the National Focal Point shall, before any payment is made to the Programme, sign a programme implementation agreement with the Programme Operator. The National Focal Point shall notify the Donors of such signing.

Article 2.7
Reporting

The National Focal Point shall ensure that the Programme Operator provides financial reports, annual programme reports and a final programme

report in accordance with Chapter 9 and Articles 6.11 and 6.12 of the Regulations as well as statistical reporting in accordance with guidelines adopted by the Donors.

Article 2.8
External monitoring

The external monitoring and audit referred to in Articles 11.1, 11.2, 11.3 and 11.4 of the Regulations shall not in any way relieve the National Focal Point or the Programme Operator of their obligations under the legal framework regarding monitoring of the Programme and/or its projects, financial control and audit.

Article 2.9
Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the Donors.

2. Programme specific exceptions from paragraph 1, if any, are set in the annexes to this programme agreement.

3. Expenditures incurred in breach of this article are not eligible.

4. Should there be a doubt as to whether the proposed modifications require approval by the Donors, the National Focal Point shall consult the Donors before such modifications take effect.

5. Requests for modifications shall be submitted and assessed in accordance with Article 6.9 of the Regulations.

Article 2.10
Communication

1. All communication to the Donors regarding this programme agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the Donors towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

Article 2.11
Contact information

1. The contact information of the Programme Operator is as specified in this programme agreement.

2. The contact information for the Donors and the Financial Mechanism Office are:

Financial Mechanism Office
Att: Director
EFTA Secretariat
Rue Joseph II, 12-16
1000 Brussels
Telephone: +32 (0)2 286 1701
Telefax (general): +32 (0)2 211 1889
E-mail: fmo@efta.int

3. Changes of or corrections to the contact information referred to in this article shall be given in writing without undue delay by the Parties to this programme agreement.

Article 2.12
Representations and Warranties

1. This programme agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the Donors prior to the signing of this programme agreement.

2. The National Focal Point represents and warrants that the information provided by, through, or on behalf of the National Focal Point, in connection with the implementation or conclusion of this programme agreement are authentic, accurate and complete.

Chapter 3
Projects

Article 3.1
Selection of projects and award of grants

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 7 of the Regulations and this programme agreement.

2. Eligibility of project promoters and project partners is stipulated in Article 7.2 of the Regulations and, in accordance with paragraph 4 thereof, subject only to the limitations stipulated in this programme agreement.

3. Pre-defined projects shall be outlined in this programme agreement.

4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 7.5 of the Regulations.

Article 3.2
Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.

2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.

3. The content and form or the project contract shall comply with Article 7.6 of the Regulations.

4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project contract are valid and enforceable under the applicable law of the Beneficiary State.

Article 3.3
Project partners and partnership agreements

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in paragraph 1(w) of Article 1.6 of the Regulations. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 7.7 of the Regulations.

2. The partnership agreement shall be in English if one of the parties to the agreement is an entity from the Donor States.

3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

4. The creation and implementation of the relationship between the Project Promoter and the project partner shall comply with the applicable national and European Union law on public procurement as well as Article 8.15 of the Regulations.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article. A draft partnership agreement or letter of intent shall be submitted to the Programme Operator before the signing of the project contract.

Chapter 4
Finance

Article 4.1
Eligible expenditures

1. Subject to Article 8.7 of the Regulations, eligible expenditures of this Programme are:

(a) management costs of the Programme Operator in accordance with the detailed budget in the financial plan;

(b) payments to projects within this Programme in accordance with the Regulations, this programme agreement and the project contract.

2. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 8.2 of the Regulations and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 8.3 of the Regulations, the conditions regarding the use of standard scales of unit costs set in Article 8.4 of the Regulations as well as indirect costs in accordance with Article 8.5 of the Regulations.

3. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 8.13 of the Regulations. The first date of eligibility of any pre-defined projects shall be no earlier than the date on which the National Focal Point notifies the Donors of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 6.5 of the Regulations.

4. The maximum eligible costs of the categories referred to in paragraph 1 are set in this programme agreement. Programme specific rules on the eligibility of expenditure set in this programme agreement shall be complied with.

Article 4.2
Proof of expenditure

Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by documentary evidence as required in Article 8.12 of the Regulations.

Article 4.3
Payments

1. Payments to the Programme shall be made when all relevant conditions for payments stipulated in this programme agreement and the Regulations have been fulfilled.

2. Payments to the Programme shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 9.2, 9.3 and 9.4 of the Regulations.

3. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism is set in this programme agreement.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 9.1 of the Regulations.

5. Chapter 9 of the Regulations shall apply to all aspects related to payments, including currency exchange rules and handling of interests on bank accounts.

Article 4.4
Transparency and availability of documents

The National Focal Point shall ensure an audit trail for financial contributions from the EEA and Norwegian Financial Mechanisms 2014-2021 to the Programme in accordance with Article 9.8 of the Regulations.

Article 4.5
Irregularities, suspension and reimbursements

The Donors have the right to make use of the remedies provided in the Regulations, in particular Chapter 13 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 12 and 13 of the Regulations regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

Chapter 5
Final provisions

Article 5.1
Dispute settlement

1. The Parties waive their rights to bring any dispute related to the programme agreement before any national or international court, and agree to settle such a dispute in an amicable manner.

2. If a demand for reimbursement to the Donors is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

Article 5.2
Termination

1. The Donors may, after consultation with the National Focal Point, terminate this programme agreement if:

(a) a general suspension decision according to Article 13.6 of the Regulations or a decision to suspend payments according to paragraph 1(h) of Article 13.1 of the Regulations has not been lifted within 6 months of such a decision;

(b) a suspension of payments according to Article 13.1 of the Regulations, other than under paragraph 1(h), has not been lifted within one year of such a decision;

(c) a request for reimbursement according to Article 13.2 of the Regulations has not been complied with within one year from such a decision;

(d) the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or

(e) the Programme Operator has, in the opinion of the Donors, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

2. This programme agreement can be terminated by mutual agreement between the Parties.

3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 5.1 or the right of the Donors to make use of the remedies provided in Chapter 13 of the Regulations.

Article 5.3
Waiver of responsibility

1. Any appraisal of the Programme undertaken before or after its approval by the Donors, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the programme agreement.

2. Nothing contained in the programme agreement shall be construed as imposing upon the Donors or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The Donors do not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the National Focal Point and the Programme Operator to satisfactorily address such issues.

4. Neither the National Focal Point, the Programme Operator, entities involved in the implementation of projects, nor any other party shall have recourse to the Donors for further financial support or assistance to the Programme in whatsoever form over and above what has been provided for in the programme agreement.

5. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the Donors, the NMFA, the FMC, its members or alternate members, nor the EFTA States, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point or the Beneficiary State, the Programme Operator, Project Promoters or any other third person, in connection, be it direct or indirect, with this programme agreement.

6. Nothing in this programme agreement shall be construed as a waiver of diplomatic immunities and privileges awarded to the European Free Trade Association, its assets, officials or employees.

Article 5.4
Entry into force and duration

1. This programme agreement shall enter into force on the date of the last signature of the Parties.

2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.

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This programme agreement is drawn up in two originals in the English language.

For the Donors

Signed in Oslo on 28/05/2020

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Niels Engelschiøn
Chairman of the Financial Mechanism Committee
Director General, Norwegian Ministry of Foreign Affairs

For the National Focal Point

Signed in Nicosia on 29/06/2020

.....
Theodosis A. Tsiolas
Permanent Secretary, Directorate General for European Programmes, Coordination and Development

Annex I to the Programme Agreement

Programme Operators and Partners	
Programme Operator:	Directorate General Growth, Ministry of Finance
Donor Programme Partner:	-
IPO:	-
Other Programme Partner(s):	-

Programme Objective	Strengthened social and economic cohesion

PA	Outcome/Output	Expected programme results	Indicator	Disaggregation	Unit of measurement	Source of verification	Frequency of reporting	Baseline values	Baseline year	Target value
PA10	Outcome 1	Enhanced capacity to preserve the environment and improve air quality	Number of beneficiaries of services provided[1]	Gender	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	10,000
			Number of new products/technologies developed	Sector	Cumulative number	Project Promoter's records	Annually (APR)	0	N/A	2
	Output 1.1	Increased awareness of the general public on hazardous waste management	Number of awareness raising campaigns carried out (on hazardous waste management)	N/A	Cumulative number	Project Promoter's records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	1
	Output 1.2	Increased awareness of the general public on	Number of awareness raising campaigns carried out (on forest wildfires' prevention)	N/A	Cumulative number	Project Promoter's records, Audio/video/print material produced	Semi-annually (APR and September IFR)	0	N/A	1

[1] People that will leave their hazardous wastes in the mobile Units and will attend informative seminars.

		wildfires' prevention				as part of the campaign				
			Number of participants to information campaigns about forest fires at mountainous villages	N/A	Cumulative number	Project Promoter's records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	1,000
	Output 1.3	Scientific knowledge on air pollution in Cyprus reinforced	Number of researchers supported	Gender	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	4
			Number of professional staff trained	Age, Gender	Cumulative number	Project Promoter's records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	10
PA10	Outcome 2	Improved access to health care	Number of beneficiaries of services provided	Gender	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	400
			Number of jobs created	Gender, Age	Cumulative number	Payroll records, employment agreements	Annually (APR)	0	N/A	3
			Number of new products/technologies developed	Sector	Cumulative number	Project Promoter's records	Annually (APR)	0	N/A	9
	Output 2.1	Paediatric cancer diagnostic laboratory upgraded	Number of diagnostic algorithms developed	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	5
	Output 2.2	Bone marrow donor registry expanded	Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoter's records, Audio/video/print material produced	Semi-annually (APR and September IFR)	0	N/A	1

						as part of the campaign				
			Number of additional bone marrow donors registered	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	2,000
	Output 2.3	Capacity of Cyprus Institute of Neurology and Genetics (CING) strengthened	Number of professional staff trained (in Genome Editing and Cytometry)	Gender	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	60
	Output 2.4	National Centre on Neuro-Developmental Disorders established	Number of professional staff trained (on NDDs diagnosis)	Gender	Cumulative number	Project Promoter's records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	10
PA10	Outcome 3	Improved access to social and economic services	Number of beneficiaries of services provided	Financial Mechanism, Gender	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	555
			Number of visitors to a park with indigenous plants	N/A	Number	Project Promoter's records	Annually (APR)	0	N/A	300
			Number of jobs created – hiring of researchers for the digitization	Financial Mechanism, Gender, Age	Cumulative number	Payroll records, employment agreements	Annually (APR)	0	N/A	8
			Number of new products/technologies developed	Financial Mechanism, Sector	Cumulative number	Project Promoter's records	Annually (APR)	0	N/A	1
	Output 3.1	Gastronomy School established	Construction of Gastronomy Training centre and a park with indigenous plants completed	N/A	Binary	Project Promoter's records	Semi-annually (APR and September IFR)	No	N/A	Yes

			Number of professional staff trained (at Gastronomy School)	Financial Mechanism, Gender	Cumulative number	Project Promoter's records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	100
	Output 3.2	Movable antiquities preserved	Number of antiquities digitised	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	96,000
	Output 3.3	Multifunctional Community Centre for people with special needs developed	Construction of Multifunctional Community Centre completed	N/A	Binary	Project Promoter's records	Semi-annually (APR and September IFR)	No	N/A	Yes
			Number of Civil Society organisations directly funded	Financial Mechanism	Cumulative number	Copies of contracts concluded with Project Promoters, Partnership agreements between Project Promoter and project partners	Semi-annually (APR and September IFR)	0	N/A	1
			Construction of a house in the Community Centre for people with disabilities completed	N/A	Cumulative number	Project Promoter's records	Annually (APR)	0	N/A	1
	Output 3.4	Integrated social service delivery model established	Number of awareness raising campaigns carried out	Financial Mechanism	Cumulative number	Project Promoter's records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	1
			Solidarity Network Hub established	N/A	Binary	Project Promoters records	Semi-annually (APR and	No	N/A	Yes

							September IFR)			
PA16	Outcome 4	Strengthened capacity of businesses on Corporate Social Responsibility	Number of CY businesses applying CSR concepts	N/A	Cumulative number	Project Promoter's records	Annually (APR)	TBD[2]	N/A	(+10%)
	Output 4.1	Corporate Sustainability Supporting Framework developed	Number of businesses that have received support to improve their performance on CSR issues	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	50
			Number of professional staff trained (on CSR principles)	Gender	Cumulative number	Project Promoter's records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	200

[2] After the initial survey

Conditions

General

1) The National Focal Point in its dual role as Programme Operator shall ensure that the project promoters:

- Keep any buildings purchased, constructed, renovated or reconstructed under the project in their ownership for a period of at least 5 years following the completion of the project and continue to use such buildings for the benefit of the overall objectives of the project for the same period;
- Keep any buildings purchased, constructed, renovated or reconstructed under the project properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and
- Set aside appropriate resources for the maintenance of any buildings purchased, constructed, renovated or reconstructed under the project for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract.

2) The National Focal Point in its dual role as Programme Operator shall ensure that the project promoters refrain from any acts or omissions that:

- Are incompatible with the property rights of natural or legal persons protected under the applicable laws of the Republic of Cyprus, the Convention for the Protection of Human Right and Fundamental Freedoms or the case law of the European Court of Human Rights;
- Imply acceptance of entry or exit points of the Republic of Cyprus beyond those that are compatible with international law.

3) Payments to project promoters and, if applicable, project partners shall only be made through legally operating banking institutions in the Republic of Cyprus.

4) Any supporting evidence for expenditures provided for payments shall not be considered eligible if these are derived from a so-called “public authority” or any other so-called “official institution” in the areas of the Republic of Cyprus where the Government of the Republic of Cyprus does not exercise effective control and authority.

5) The overall objective of bi-communal projects and their guiding principle is to contribute the reunification of Cyprus as set out in the relevant UN Security Council resolutions.

6) Bi-communal activities and bilateral partnerships shall be encouraged within all relevant projects.

7) No action or omission of the project promoters or any project partners is intended to imply recognition of any public authority in Cyprus, other than the Government of the Republic of Cyprus.

Pre-eligibility

Not applicable

Pre-payment

Not applicable

Pre-completion

Not applicable

Post-completion

Not applicable

Eligibility of costs - period	**First date**	**Final date**
Eligibility of costs	06/03/2019	30/04/2025
Grant rate and co-financing		
Programme eligible expenditure (€)		€ 8,804,706
Programme grant rate (%)		85.00 %
Maximum amount of Programme grant - EEA Financial Mechanism (€)		€ 2,996,000
Maximum amount of Programme grant - Norwegian Financial Mechanism (€)		€ 4,488,000
Maximum amount of Programme grant - Total (€)		€ 7,484,000

PA	Budget Heading	EEA Grants	Norway Grants	Total grant	Programme grant rate	Programme co-financing	Programme eligible expenditure	Advance payment
PA10	Programme management	€ 250,000	€ 316,750	€ 566,750	85.00 %	€ 100,015	€ 666,765	n/a
PA10	Outcome 1 (EEA Grants)					n/a		n/a
PA10	Outcome 1 (Norway Grants)		€ 1,897,500	€ 1,897,500	85.00 %	€ 334,853	€ 2,232,353	n/a
PA10	Outcome 2 (EEA Grants)					n/a		n/a
PA10	Outcome 2 (Norway Grants)		€ 1,806,250	€ 1,806,250	85.00 %	€ 318,750	€ 2,125,000	n/a
PA10	Outcome 3 (EEA Grants)	€ 2,686,500		€ 2,686,500	85.00 %	€ 474,088	€ 3,160,588	n/a
PA10	Outcome 3 (Norway Grants)		€ 467,500	€ 467,500	85.00 %	€ 82,500	€ 550,000	n/a
PA16	Outcome 4 (EEA Grants)	€ 59,500		€ 59,500	85.00 %	€ 10,500	€ 70,000	n/a
PA16	Outcome 4 (Norway Grants)					n/a		n/a
Total		**€ 2,996,000**	**€ 4,488,000**	**€ 7,484,000**	**85.00 %**	**€ 1,320,706**	**€ 8,804,706**	**€ 0**

The Programme eligible expenditure rounded to 2 decimal places is € 8,804,705.89. The above discrepancy appears due to a rounding technicality.

Retention of management costs	
Retention of management costs - Percentage of the management costs	10.00 %
Retention of management costs - Planned Euro value	€ 66,676

Local Development and Poverty Reduction

Operational rules (Annex II)

1. **Programme summary**

This Annex sets out the operational rules for the programme. The programme agreement is based the MoU, the concept note and comments made by the FMC. Commitments, statements and guarantees, explicit as well as implicit, made in the concept note, are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes of this programme agreement.

The Programme Operator is the Directorate General Growth, Ministry of Finance. There is no Donor Programme Partner.

The programme shall cover the following programme areas: Local Development and Poverty Reduction (PA10) and Good Governance, Accountable Institutions, Transparency (PA16).

The programme objective **'Strengthened social and economic cohesion'** shall be attained through four outcomes:

- Outcome 1 **'Enhanced capacity to preserve the environment and improve air quality'**, implemented by three pre-defined projects: 'Separate collection and management of hazardous waste produced by households' (PDP6), 'Reduction of risk of damage caused by wildfires in Cyprus' forests' (PDP7) and 'Assessment of climate change effects on pollution in transport in Cyprus' (ACCEPT) (PDP8).
- Outcome 2 **'Improved access to health care'**, implemented by three pre-defined projects: 'Childhood cancer diagnostic laboratory' (PDP10), 'New infrastructure for diagnosis and treatment of patients' (PDP11) and 'Centre for children and adolescents with neuro-developmental disorders (NDD)' (PDP12).
- Outcome 3 **'Improved access to social and economic services'**, implemented by four pre-defined projects: 'Gastronomy from A to Z – Gastronomy School at Troodos Area' (PDP2), 'Digitizing the Museum of Cyprus' (PDP3), 'Multifunctional Community Centre for people with special needs' (PDP4), and 'Solidarity Network Nicosia in Action «NicInAct»' (PDP9).
- Outcome 4 **'Strengthened capacity of businesses on Corporate Social Responsibility'**, implemented by one pre-defined project 'Corporate Sustainability Supportive Framework' (PDP1).

2. Eligibility

2.1 Eligible applicants:

N/A

2.2 Special rules on eligibility of costs:

Costs are eligible in accordance with chapter 8 of the Regulation.

3. Bilateral relations

3.1 Bilateral relations

The programme shall contribute to strengthening bilateral relations between the Republic of Cyprus and the Donor States.

The programme shall contribute to the development of bilateral relations between the Republic of Cyprus and the Donor States under pre-defined projects. Additional funding requests may be addressed to the Joint Committee for Bilateral Funds.

4. Selection of projects and financial parameters

4.1 Open calls and availability of funds (including number of calls, duration of calls, and estimated size):

N/A

4.2 Selection procedures:
N/A

4.3 Project grant rate:
Grants to projects from the Programme may be up to 100% of the total eligible expenditure of the project. In the case of projects where the project promoter is an NGO or a social partner, as defined in Article 1.6 of the Regulation, the project grant rate may be up to 90% of the total eligible expenditure. This limitation shall not apply to the predefined project no. 9 under Section 5.1 for which the grant rate may be up to 100% of the total eligible expenditure. The project grant rate shall in all cases be set at a level that complies with the State Aid rules in force and takes into account any and all other forms of public support granted to projects. Any remaining costs of the projects shall be provided or obtained by the project promoter.

5. Additional mechanisms within the Programme
5.1 Pre-defined projects
There will be 12 pre-defined projects implemented under the programme:

1) "Corporate Sustainability Supporting Framework"

Project Promoter:	Cyprus Authority for Cooperative Societies
Total maximum eligible costs:	€ 70,000
Project grant rate:	100.00 %
Maximum project grant amount:	€ 70,000
Estimated duration:	30 months

The project aims to motivate and encourage businesses to behave responsibly towards the environment, move away from a growth alone perspective and to make sustainable development part of businesses' core policy. This implies focusing both on economic and financial factors, as well as on environmental and social dimensions, thus contributing also to achieving the Global Sustainability Goals. The project will seek to enhance knowledge about and capabilities of businesses to adopt Corporate Social Responsibility (CSR) principles and encourage them to adopt, in a structured manner, a CSR Strategy including measures reducing their negative impact on environment and society. In addition, it will also aim at increasing awareness of CSR among various stakeholders (consumers, investors, potential clients and the general public).

Main activities shall include:

- development of the Subsidising Scheme for the enterprises /organisations interested to adopt the Specification Tool (Corporate Sustainability Label);
- informative/training sessions on the benefits of CSR and the availability and the use of the Subsidising Scheme and Tool;
- awareness-raising campaign on CSR;
- issuance of CSR certificates to the businesses and organisations that have successfully met the Specification's criteria and development of the registry of certified enterprises.

2) "Gastronomy from a to z - Gastronomy School at Troodos area"

Project Promoter:	Community Council of Moniatis
Other project partner(s):	Limassol District Office, Ministry of Interior

Total maximum eligible costs:	€ 550,000
Project grant rate:	100.00 %
Maximum project grant amount:	€ 550,000
Estimated duration:	36 months

The project aims to create a gastronomy school in Saittas to train chefs of local restaurants, especially in the use of local products and recipes. More specifically, it aims to fund (i) the construction of a 'Gastronomy Training Centre' and (ii) landscape the surrounding area with indigenous crops, aromatic plants and plants of the local flora. In addition, implementation of the project will promote the agricultural and gastronomic culture of Troodos region and of Cyprus in general.

Main activities shall include:

- building the 'Gastronomy Training Centre';
- landscaping design and development of a park with indigenous plants;
- training of professional staff/chefs of local restaurants.

3) "Digitizing the Museum of Cyprus"

Project Promoter:	Department of Antiquities, Ministry of Transport, Communications and Works
Total maximum eligible costs:	€ 522,000
Project grant rate:	100.00 %
Maximum project grant amount:	€ 522,000
Estimated duration:	42 months

The purpose of the projects is the digitisation of movable antiquities stored and exhibited in the museums in Cyprus to enable easier data access and improve the overview and protection of antiquities. More specifically, the project aims to digitise over 81 000 movable antiquities stored in the Cyprus Museum storerooms and about 14 000 movable antiquities exhibited in other governmental museums in Cyprus. This project is a continuation of the 'Cyprus Archaeological Digitisation Programme – CADiP' project co-funded by the Norwegian Financial Mechanism 2004-2009.

Main activities shall include:

- upgrading CADiP database infrastructure, which includes the replacement of the existing server and its software and the expansion of the memory storage;
- digitisation of movable antiques stored in the Cyprus Museum and exhibited in the other governmental museums in Cyprus.

4) "Multifunctional Community Centre for people with special needs"

Project Promoter:	St Loucas Community
Total maximum eligible costs:	€ 2,153,987
Project grant rate:	90.00 %
Maximum project grant amount:	€ 1,938,588
Estimated duration:	43 months

The purpose of the project is to build and run a new, bespoke multifunctional community centre providing services and support to people with special needs, as well as provide support to their families. The Centre will provide a full range of tailor-made services and therapies, such as physiotherapy, speech therapy, music therapy, occupational therapy and hydrotherapy, daycare, overnight and permanent stay and recreational and developmental activities. Also, it will undertake learning and developmental activities in collaboration with other organisations, municipalities and/or communities in the surrounding area to empower persons with disabilities to reach their full potential and become equal members in society. The financial support provided by the Donors will be spent on the construction of the centre and various awareness-raising actions on the development of the centre and its purpose. The services and running of the centre will be funded by several sources (i.e. existing own funds, income from yearly fundraising activities and donations, fees charged for services rendered, government grant).

Main activities shall include:

- construction of community centre in Filani;
- public awareness-raising on the development of the Community Centre and its purpose.

5) "Cancelled"

Total maximum eligible costs:	€ 0
Project grant rate:	100.00 %
Maximum project grant amount:	€ 0

NA

6) "Separate collection and management of hazardous waste produced by households"

Project Promoter:	Department of Environment, Ministry of Agriculture, Rural Development and Environment
Total maximum eligible costs:	€ 500,000
Project grant rate:	100.00 %
Maximum project grant amount:	€ 500,000
Estimated duration:	44 months

The objective of the project is to promote the diversion of the stream of hazardous waste generated by households from municipal waste to permitted hazardous waste management facilities for appropriate treatment. This will be achieved through awareness-raising on prevention, re-use and recycling of hazardous waste and increased availability of proper waste collection and handling. The project will provide the necessary equipment for establishing four mobile green units that will collect and manage hazardous waste from municipalities and communities (such as electrical and electronic equipment, batteries, ink cartridges, paints, solvents, lamps, pharmaceuticals etc.).

Main activities shall include:

- purchase of equipment (e.g. mobile units);
- various awareness-raising actions at a national and local level on waste managment;
- collection and channelling hazardous waste to permitted facilities.

7) "Reduction of risk of damage caused by wildfires in Cyprus' forests"

Project Promoter:	Department of Forests, Ministry of Agriculture, Rural Development and Environment
Total maximum eligible costs:	€ 882,353
Project grant rate:	100.00 %
Maximum project grant amount:	€ 882,353
Estimated duration:	40 months

The purpose of the project is to reduce fire incidents and forest area burnt to protect valuable landscapes, natural ecosystems and biodiversity across the Troodos range, as well as lives and properties in rural areas. This will be achieved through enhancing the capabilities of the Department of Forests and raising of the public awareness on forest fires danger. Furthermore, the Department of Forest will also upgrade the firefighting equipment, including vehicles, machinery and tools, as well as maintain strategic stocks of necessary firefighting materials, necessary to cope with large fire incidents that may be more frequent in the future as a result of climate change.

Main activities shall include:

- information and awareness-raising campaigns on forest fires danger mainly focused on the residents of mountainous communities;
- purchase of firefighting equipment (i.e. rapid intervention vehicles equipped with firefighting equipment, long-bed vehicles, firefighting safety equipment and day/night cameras);
- training of the staff of the Department of Forests and volunteers on monitoring and reporting fires and how to use the new firefighting equipment obtained.

8) "Assessment of climate change effects on pollution in transport in Cyprus (ACCEPT)"

Project Promoter:	Department of Environment, Ministry of Agriculture, Rural Development and Environment
Other project partner(s):	Cyprus Institute Cyprus University of Technology European University of Cyprus Department of Meteorology, Ministry of Agriculture, Rural Development and Environment Department of Labour Inspection, Ministry of Labour and Social Insurance
Total maximum eligible costs:	€ 850,000
Project grant rate:	100.00 %
Maximum project grant amount:	€ 850,000
Estimated duration:	42 months

The project aims at providing new scientific knowledge on air pollution that is not currently available in Cyprus, with the expected positive impact of implementing efficient abatement strategies, improving air quality, and reducing human exposure. This will be done through the studies that will contribute to a better understanding of the local versus transported (e.g. transboundary) air pollution and provide air quality forecasts as well as testing of new technologies. The main activities of the project are related to research and innovation.

Main activities shall include:

- development of atmospheric monitoring programme;

- testing of unmanned aerial vehicles (UAVs)-based technology for air pollution;
- air pollution modelling over Cyprus;
- performing climate change projections and risks assessment analyses.

9) "Solidarity Network Nicosia in Action «NicInAct»"

Project Promoter:	Nicosia Municipality Multifunctional Foundation, Municipality of Nicosia
Total maximum eligible costs:	€ 700,000
Project grant rate:	100.00 %
Maximum project grant amount:	€ 700,000
Estimated duration:	37 months

The overall objective of the project is to enable vulnerable and marginalised people in Nicosia to become active and integrated into society. More specifically, the project aims to establish a Solidarity Network Hub that will provide innovative social services to the vulnerable people as well as integrate various social services of the Nicosia Municipality Multifunctional Foundation and other non-governmental organisations (NGOs) acting within the area of Nicosia Municipality and to create a network of social services. The proposed model relies on networking with other stakeholders, mostly civil society, to maximize the impact of the efforts across the community in a range of fields varying from reducing social disparities to providing free legal, counselling, accounting, services, child care and child protection etc.

Main activities shall include:

- renovation of the building for the operation of the Solidary Hub;
- establishing a network of social service providers.

10) "Childhood cancer diagnostic laboratory"

Project Promoter:	Karaiskakio Foundation
Total maximum eligible costs:	€ 944,444
Project grant rate:	90.00 %
Maximum project grant amount:	€ 850,000
Estimated duration:	44 months

The overall objective of the project is to improve public health and reduce health inequalities. More specifically, the project aims to enhance the infrastructure of Karaiskakio Foundation through the establishment of state-of-the-art, specialised pediatric cancer diagnostic laboratory that would provide diagnostic support to the pediatric and other cancer patients. It also aims to increase awareness on cancer through the enhancement of social engagement, education and bone marrow donors recruitment.

Main activities shall include:

- establishment of a state-of-the-art diagnostic laboratory;
- purchase of laboratory equipment (i.e. pipets, centrifuges, medical refrigerators and medical freezers with temperature monitoring and alarm system, NGS related equipment, a cytospin thin-layer cell preparation system, etc.);
- awareness-raising campaign on cancer;
- introduction of new diagnostic methodology.

11) "New infrastructure for diagnosis and treatment of patients"

Project Promoter:	The Cyprus Institute of Neurology and Genetics (CING)
Total maximum eligible costs:	€ 661,111
Project grant rate:	90.00 %
Maximum project grant amount:	€ 595,000
Estimated duration:	37 months

The purpose of the project is to contribute to the improvement of public health, lowering inequality of health provision and increasing social cohesion and employability in Cyprus. More specifically, the project aims to strengthen research through the development of new infrastructure for conducting functional studies related to various diseases. This will be achieved by utilising the existing Norwegian-funded Translational Facility and analysing pathological samples for genetic research, biomarker discovery and other cutting-edge disciplines, towards early detection, reliable diagnosis and personalised disease management of affected patients with many diseases, such as neuropathologies, neuromuscular diseases and haemolytic anaemias.

Main activities shall include:

- purchase of equipment needed for diagnosis (i.e. flow-cytometric cell sorting equipment, cell electroporation equipment for virus-free cell manipulation, bioimaging equipment, etc.);
- development of new diagnostic services and therapeutic approaches;
- hands-on staff training in cutting-edge methodology.

12) "Centre for children and adolescents with neuro-developmental disorders (NDD)"

Project Promoter:	Mental Health Services, Ministry of Health
Total maximum eligible costs:	€ 680,000
Project grant rate:	100.00 %
Maximum project grant amount:	€ 680,000
Estimated duration:	36 months

The aim of the project is the creation of a centre for the detection and diagnosis of neurodevelopmental disorders (NDD) for children and adolescents that will serve as a ‘one-stop clinic’. This will lead to timely and comprehensive diagnostic evaluation of possible neuro-developmental disorders in children and adolescents of Cyprus. The Centre will offer a specialised inter-professional scientific team and it will increase the capacity of the Mental Health Services Directorate to offer high-quality health services in this area. Through the project’s implementation, the staff involved will receive training in the field of neurodevelopmental disorders, thus increasing the number of specialities with expertise on NDD, providing even higher quality services.

Main activities shall include:

- establishment of a neurodevelopmental disorders centre for children and adolescents;
- training of staff in the field of neurodevelopmental disorders;
- purchase of equipment (i.e. desks, office chairs, examination beds, computers, printers, software, photocopying machine, audiovisual system, etc.).

5.2 Financial Instruments

N/A

6. Programme Management

6.1 Payment flows

The Programme Operator shall ensure that funds are available for payments to projects in a timely manner. Payments of the project grant may take the form of advance payments, interim payments and final payments.

Pursuant to Article 9.1.7 of the FM Regulations and the Programme Agreements, payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance.

For Governmental Bodies, advance payments in a year will take place based on forecasts to be submitted by the Project promoters, at least twice per year. As the project implementation progresses, actual expenditure will be assessed and subsequent payments will be adjusted accordingly as and when required.

For project promoters who are not Government Bodies, an advance payment of up to 25% of the grant amount may be requested. According to the operational rules set out in the Programme Agreements, the advance payment ceiling and offset mechanism shall be adapted to the Project Promoters' liquidity needs and included as part of the project contract.

Interim payments will be paid against project progress reports.

The final balance is the total reported eligible expenditure of each project, taking into account any previous reimbursements, less the total advance and interim payments to the Project Promoter by the Programme Operator and any co-financing from sources other than the EEA Financial Mechanism 2014-2021 or the Norway Financial Mechanism 2014-2021, whichever is applicable.

6.2 Verification of payment claims

In line with point i) of Article 5.6.2 of the Regulation incurred expenditure reported shall be subject to administrative verifications, before the report is approved. Verifications to be carried out shall cover administrative, financial, technical and physical aspects of projects, as appropriate and be in accordance with the principle of proportionality.

Additionally, in line with point ii) of Article 5.6.2 of the Regulation on–the-spot verifications of projects, which may be carried out on a sample basis, shall be carried out.

The detailed procedure for verification will be further detailed in the description of the Programme Operator's management and control systems.

6.3 Monitoring and reporting

The Programme Operator shall monitor, record and report on progress towards the programme's outcomes in accordance with the provisions contained in the legal framework. The Programme Operator shall ensure that suitable and sufficient monitoring and reporting arrangements are made with the project promoters in order to enable the Programme Operator and the National Focal Point to meet its obligations to the Donor States.

When reporting on progress achieved in Annual and Final Programme Reports, the Programme Operator shall disaggregate results achieved as appropriate and in accordance with instructions received from the FMO.

6.4 Programme administrative structures

N/A

7. Communication

The Programme Operator shall comply with Article 3.3 of the Regulations, the Information and Communication Requirements in Annex 3 of the Regulations and the Communication plan for the programme.

8. Miscellaneous

N/A