EEA Financial Mechanism 2014-2021

PROGRAMME AGREEMENT

between

The Financial Mechanism Committee
established by Iceland, Liechtenstein and Norway

and

The National Management Unit,
hereinafter referred to as the "National Focal Point",
representing Portugal,
hereinafter referred to as the "Beneficiary State"

together hereinafter referred to as the "Parties"

for the financing of the Programme "Environment, Climate Change and Low Carbon Economy"

hereinafter referred to as the "Programme"

Chapter 1
Scope, Legal Framework, and Definitions

Article 1.1
Scope

This programme agreement between the Financial Mechanism Committee (hereinafter referred to as the FMC) 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 Financial Mechanism 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 Financial Mechanism 2014-2021:

(a) Protocol 38c to the EEA Agreement on the EEA Financial Mechanism 2014-2021;

(b) the Regulation on the implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the "Regulation") issued by the Donor States in accordance with Article 10(5) of Protocol 38c;

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

(d) any guidelines adopted by the FMC in accordance with the Regulation.

2. In case of an inconsistency between this programme agreement and the Regulation, the Regulation 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 Regulation, 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 Regulation.

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 Financial Mechanism 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 Regulation 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 Regulation, 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 FMC 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. In case the Programme is also supported by the Norwegian Financial Mechanism, this programme agreement shall be interpreted in conjunction with the agreement regulating that support.

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

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

(b) 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 FMC with reference to paragraph 2 of Article 6.3 of the Regulation. 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 Regulation 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 FMC 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 Regulation as well as statistical reporting in accordance with guidelines adopted by the FMC.

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 Regulation 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 FMC.

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 FMC, the National Focal Point shall consult the FMC before such modifications take effect.

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

Article 2.10
Communication

1. All communication to the FMC 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 FMC 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 FMC 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 FMC 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 Regulation and this programme agreement.

2. Eligibility of project promoters and project partners is stipulated in Article 7.2 of the Regulation 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 Regulation.

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 Regulation.

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 Regulation. 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 Regulation.

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 Regulation.

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 Regulation, 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 Regulation, 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 Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 8.3 of the Regulation, the conditions regarding the use of standard scales of unit costs set in Article 8.4 of the Regulation as well as indirect costs in accordance with Article 8.5 of the Regulation.

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 8.13 of the Regulation. 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 FMC of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 6.5 of the Regulation.

5. 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 Regulation.

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 Regulation 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 Regulation.

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 Regulation.

5. Chapter 9 of the Regulation 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 Financial

Mechanism 2014-2021 to the Programme in accordance with Article 9.8 of the Regulation.

Article 4.5
Irregularities, suspension and reimbursements

The FMC has the right to make use of the remedies provided in the Regulation, 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 Regulation 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 FMC 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 FMC 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 Regulation or a decision to suspend payments according to paragraph 1(h) of Article 13.1 of the Regulation has not been lifted within 6 months of such a decision;

(b) a suspension of payments according to Article 13.1 of the Regulation, 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 Regulation 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 FMC, 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 FMC to make use of the remedies provided in Chapter 13 of the Regulation.

Article 5.3
Waiver of responsibility

1. Any appraisal of the Programme undertaken before or after its approval by the FMC, 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 FMC or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The FMC does 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 FMC 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 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.

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.

Article 5.4
Entry into force and duration

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

For the Donors	For the National Focal Point
Signed in Oslo on 23/05/2019	Signed in Lisbon on 27/05/2019
.....	.....
Niels Engelschion	Susana Ramos
Chairman, FMC	Head, NFP, Unidade Nacional de Gestao (UNG)

Annex I to the Programme Agreement

Programme Operators and Partners	
Programme Operator:	General Secretariat of the Ministry for Environment and Energy Transition
Donor Programme Partner:	Innovation Norway (IN)
IPO:	-
Other Programme Partner(s):	-

Programme Objective	Improved environmental status in ecosystems and reduced adverse effects of pollution and other human activities

PA	Outcome/Output	Expected programme results	Indicator	Disaggregation	Unit of measurement	Source of verification	Frequency of reporting	Baseline values	Baseline year	Target value
PA11	Outcome 1	Increased application of circular economy principles in targeted sectors	Construction and demolition waste avoided by the supported sectors	N/A	Percentage	APA data	Annually (APR)	48.6 %	2017	70 %
			Use of secondary materials increased in the supported sectors	N/A	Percentage	Project promoters records	Annually (APR)	0 %	N/A	15 %
			Number of jobs created	Gender, Age	Cumulative number	Payroll records, employment agreements	Annually (APR)	0	N/A	25
			Tonnes of plastic recycled through all supported schemes/measures	N/A	Cumulative number	Project promoters records	Annually (APR)	0	N/A	20,000
	Output 1.1	Deposit-refund system for beverage plastic bottles	Number of retailers participating in the deposit-refund system[1]	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	25

[1] Individual shops where bottles/cans can be returned, and the deposit refunded.

		(and cans) piloted	Number of beverage industry organisations participating in the deposit-refund system	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	2
	Output 1.2	Strengthened framework for the management of plastic packing including a deposit-refund system for plastic bottles	Regulation governing the deposit-refund system developed	N/A	Binary	Project promoters records	Semi-annually (APR and September IFR)	No	N/A	Yes
	Output 1.3	Reduced contribution from land-based sources of marine plastic littering	Number of voluntary schemes supported	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	3
			Number of CSOs supported	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	3
			Number of awareness-raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	3
	Output 1.4	Increased resource efficiency in the construction sector	Number of innovative solutions for increased resource efficiency piloted	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	5
			Number of SMEs supported	N/A	Cumulative number	Copies of contracts signed	Semi-annually	0	N/A	5

						with Project Promoters, Project Promoters' records, Partnership agreements	(APR and September IFR)			
			Number of demonstration buildings constructed[2]	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	3
	Output 1.5	Standards, guidance and declarations developed	Number of businesses developing product declarations	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	10
			Number of standards/best practices developed	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	5
PA11	Outcome 2	Enhanced sustainable development in Biosphere Reserves	Number of people benefitting from enhanced sustainable development in Biosphere Reserves	N/A	Cumulative number	Project promoters records	Annually (APR)	0	N/A	320,125
	Output 2.1	Increased capacity to manage biosphere reserves	Number of sustainable development plans for Biosphere Reserves developed	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	12
			Number of Biosphere Reserves where measures have been implemented	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	6

[2] Fulfilling a minimum of 50% circular materials and/or components constructed.

			Number of professional staff trained	Gender	Cumulative number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	24
PA13	Outcome 3	Increased climate change resilience and responsiveness in targeted areas	Number of people benefitting from the development of adaptation strategies	N/A	Cumulative number	Project promoters records	Annually (APR)	0	N/A	2,600,000
			Number of people benefitting from the implementation of mitigation/low-carbon measures	N/A	Cumulative number	Project promoters records	Annually (APR)	0	N/A	13,000
			Estimated annual CO2 emissions reductions (in tons)	N/A	Annual number	Energy audit reports, Energy certificates	Annually (APR)	0	N/A	43,000
			Number of jobs created	Gender, Age	Cumulative number	Payroll records, employment agreements	Annually (APR)	0	N/A	10
			Percentage of habitat areas, that were damaged by forest fires, recovered in the Rio Ceira River Basin	N/A	Percentage	Project promoters records	Annually (APR)	0 %	N/A	30 %
			Number of acres with reduced susceptibility to desertification	N/A	Cumulative number	Project promoters records	Annually (APR)	0	2022	250
	Output 3.1	Strengthened climate change adaptation at local level	Number of targeted municipalities that have developed adaptation plans	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	8
			Number of targeted municipalities that have implemented concrete measures in their adaption plans	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	9

	Output 3.2	Vulnerability Assessment to Climate Change updated for territorial focus	Number of Portuguese territories/regions included in the updated assessment	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	5
	Output 3.3	Low-carbon economy, climate change mitigation and adaptation measures implemented (in targeted urban areas)	Number of targeted municipalities with mitigation measures implemented	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	3
			Number of innovative mitigation/low-carbon measures supported	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	4
	Output 3.4	Management of the Rio Ceira River Basin adapted to a changing climate	Flow monitoring programme in place	N/A	Binary	Project promoters records	Semi-annually (APR and September IFR)	No	N/A	Yes
			Number of Invasive Alien Species reduced	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	5
			Number of professional staff trained	Gender	Cumulative number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	160
	Output 3.5	Pilot projects to combat desertification completed	Number of projects combating desertification piloted	N/A	Cumulative number	Project promoters records	Semi-annually (APR and September IFR)	0	N/A	3

PA11	Bilateral Outcome	Enhanced collaboration between beneficiary and donor state entities involved in the programme	Level of trust between cooperating entities in Beneficiary States and Donor States	N/A	Scale 1-7	Survey results	Annually (APR)	6.86[3]	N/A	4.5[4]
			Level of satisfaction with the partnership	N/A	Scale 1-7	Survey results	Annually (APR)	6.7[5]	N/A	4.5[6]
			Share of cooperating organisations that apply the knowledge acquired from bilateral partnership	N/A	Percentage	Survey results	Annually (APR)	N/A	N/A	50 %[7]
	Bilateral Output 1	Cooperation between donor states and beneficiary states entities facilitated	Number of training courses co-organised by donor state and beneficiary state entities	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	4
			Number of projects involving cooperation with a donor project partner	N/A	Cumulative number	Copies of contracts concluded with Project Promoters, Partnership agreements between Project Promoters and project partners	Semi-annually (APR and September IFR)	0	N/A	4

[3] Survey administered by the FMO
[4] Target is ≥4.5, and an increase on the baseline value
[5] Survey administered by the FMO
[6] Target is ≥4.5, and an increase on the baseline value
[7] Target is minimum 50 %

Conditions

General

1. During the implementation of the programme, the Programme Operator shall seek to ensure synergies with the programme "Blue Growth Innovation and SMEs" implemented in Portugal under the EEA Financial Mechanism 2014-2021.

2. The National Focal Point shall ensure that the Programme Operator ensures that project promoter's:

• 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.

Pre-eligibility

No costs shall be eligible under pre-defined project no. 3 (number under Section 5.1 of Annex II to the Programme Agreement) before a detailed description and budget for the respective pre-defined project, including the role and contribution of any project partner(s), has been submitted by the Programme Operator and the FMC has confirmed the grant to the project as described in Annex II to this programme agreement.

Pre-payment

Not applicable

Pre-completion

Not applicable

Post-completion

Not applicable

Eligibility of costs - period	**First date**	**Final date**
Eligibility of costs	23/05/2017	30/04/2025
Grant rate and co-financing		
Programme eligible expenditure (€)		€ 28,882,353
Programme grant rate (%)		85.00 %
Maximum amount of Programme grant - EEA Financial Mechanism (€)		€ 24,550,000
Maximum amount of Programme grant - Norwegian Financial Mechanism (€)		-
Maximum amount of Programme grant - Total (€)		€ 24,550,000

PA	Budget Heading	EEA Grants	Total grant	Programme grant rate	Programme co-financing	Programme eligible expenditure	Advance payment
PA11	Programme management	€ 1,536,000	€ 1,536,000	85.00 %	€ 271,059	€ 1,807,059	€ 240,000
PA13	Outcome 3 (EEA Grants)	€ 10,952,481	€ 10,952,481	85.00 %	€ 1,932,791	€ 12,885,272	€ 1,000,000
PA11	Outcome 2 (EEA Grants)	€ 1,953,159	€ 1,953,159	85.00 %	€ 344,675	€ 2,297,835	€ 17,032
PA11	Outcome 1 (EEA Grants)	€ 10,108,359	€ 10,108,359	85.00 %	€ 1,783,828	€ 11,892,187	€ 831,000
Total		**€ 24,550,000**	**€ 24,550,000**	**85.00 %**	**€ 4,332,353**	**€ 28,882,353**	**€ 2,088,032**

Retention of management costs	
Retention of management costs - Percentage of the management costs	10.00 %
Retention of management costs - Planned Euro value	€ 180,706

Environment, Climate Change and Low Carbon Economy

Operational rules (Annex II)

1. **Programme summary**

This Annex sets out the operational rules for the programme. The Programme Agreement is based on 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 to this Programme Agreement.

The Programme Operator is the General Secretariat of the Ministry for Environment and Energy Transition. Innovation Norway is the Donor Programme Partner (DPP).

The programme objective is "Improved environmental status in ecosystems and reduced adverse effects of pollution and other human activities". The programme shall support projects within the following Programme Areas (PAs):

* PA 11 " Environment and Ecosystems"

Within this PA, the programme shall support the outcome "Increased application of circular economy principles in targeted sectors" (Outcome 1) by way of two calls for proposals (calls no. 1 and 2), two small grant schemes (SGS no. 1 and 2) and one pre-defined project (PDP): "Strengthened framework for the management of plastic packing including a deposit-refund system for plastic bottles" (PDP no. 1). Call no. 1 will support projects on deposit-return solutions. Call no. 2 will support projects on circular economy in construction. SGS no. 1 will support projects on plastics in oceans. SGS no. 2 will support projects on circular economy standards.

Within the same PA, the programme shall support the outcome "Enhanced sustainable development in Biosphere Reserves" (Outcome 2) by way of one call for proposals (Call no. 3) supporting capacity building, sustainable developments plans as well as measures in the Biosphere Reserves.

PA13 "Climate Change Mitigation and Adaptation"

Within this PA, the programme shall support the outcome "Increased climate change resilience and responsiveness in targeted areas" (Outcome 3) by way of two calls for proposals (call no. 4 and call no. 5), one small grant scheme (SGS no. 3) and two pre-defined projects: "Territorial climate change vulnerability assessment" (PDP no. 2) and "Management of the Rio Ceira River Basin adapted to a changing climate" (PDP no. 3). Call no. 4 will support projects on low-carbon economy measures. SGS no. 3 will support projects on local adaptation measures. Call no. 5 will support projects for Climate change-related extreme weather preparedness and risk management.

2. Eligibility

2.1 Eligible applicants:

The rules on eligibility of project promoters and project partners are set in Article 7.2 of the Regulation. In accordance with Article 7.2.4 of the Regulation, the following entities shall be eligible:

	Eligible applicants (Project Promoters)	**Eligible partners**
Call no. 4 on low-carbon economy measures	Any private entity established as a legal person in Portugal	Mandatory partners: Local authorities responsible for climate change adaptation and

Outcome 3 "Increased climate change resilience and responsiveness in targeted areas"		mitigation plans and measures, established as legal persons in Portugal in cities with more than 200.000 inhabitants. Other partners: In accordance with Article 7.2.2 of the Regulation
SGS no 3. on local adaptation measures **Outcome 3** "Increased climate change resilience and responsiveness in targeted areas"	Local authorities responsible for climate change adaptation and mitigation plans and measures, established as legal persons in Portugal	In accordance with Article 7.2.2 of the Regulation

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
3.1 Bilateral relations

The programme shall contribute to strengthening bilateral relations between Portugal and the Donor States.

The programme shall facilitate donor partnership projects by carrying out, inter alia, match-making events and activities in conjunction with launching calls for proposals, as well as by encouraging donor partnership projects in call texts.

The further use of the funds for bilateral relations allocated to the programme shall be agreed in the Cooperation Committee.

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

	Indicative timing	**Total available amount**	**Maximum/Minimum grant applied for**

Call no. 1 on deposit-return solutions **Outcome 1** "Increased application of circular economy principles in targeted sectors"	4th quarter 2019	€ 6,400,000	€ 1,000,000/ € 200 000
Call no. 2 on circular economy in construction **Outcome 1** "Increased application of circular economy principles in targeted sectors"	3rd quarter 2019	€ 4,301,301	€ 500,000/ € 200,000
Call no. 3 on biosphere reserves **Outcome 2** "Enhanced sustainable development in Biosphere Reserves"	4th quarter 2019	€ 2,198,666	€ 2,200,000/ € 500,000
Call no. 4 on low-carbon economy measures **Outcome 3** "Increased climate change resilience and responsiveness in targeted areas"	1st quarter 2019	€ 6,058,801	€ 1,000,000/ € 200,000
Call no. 5 on climate change-related extreme weather preparedness and risk management **Outcome 3** "Increased climate change resilience and responsiveness in targeted areas"	4th quarter 2021	€ 1,229,858	€ 400,000/ € 200,000
SGS no. 1 on plastics in oceans **Outcome 1** "Increased application of circular economy principles in targeted sectors"	2nd quarter 2019	€ 944,469	€ 200,000/ € 100,000
SGS no. 2 on circular economy standards **Outcome 1** "Increased application of circular economy principles in targeted sectors"	2nd quarter 2019	€ 193,879	€ 50,000/ € 20,000
SGS no. 3 on local adaptation measures **Outcome 3** "Increased climate change resilience and responsiveness in targeted areas"	3rd quarter 2019	€ 2,650,000	€ 200,000/ € 5,000

4.2 Selection procedures:

The project evaluation and award of grants shall be in accordance with Article 7.4 of the Regulation.

The Programme Operator shall be responsible for the project evaluation and for the award of grants.

The Programme Operator shall establish a Selection Committee that shall recommend the projects to be funded within the programme. The Selection Committee shall consist of at least three environment experts, two from Programme Operator and one from DPP. The FMC and the National Focal Point shall be invited to participate in the meetings of the Selection Committee as observers.

The Programme Operator shall review the applications for compliance with administrative and eligibility criteria. Applicants whose applications are rejected at this stage shall be informed and given a reasonable time to appeal that decision.

Each application that meets the administrative and eligibility criteria shall be reviewed by two experts appointed by the Programme Operator, who shall be impartial and independent of the Programme Operator and the Selection Committee.

The experts shall separately score the project according to the selection criteria published with the call for proposals. For the purposes of ranking the projects, the average of the scores awarded by the experts shall be used.

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

The Programme Operator shall provide the Selection Committee with a list of the ranked projects. The Selection Committee shall review the ranked list of projects. It may modify the ranking of projects in justified cases. The justification for the modifications shall be detailed in the minutes of the meeting of the Selection Committee. If such a modification results in a project's rejection, the affected applicant shall be informed in writing about the justification for the modification. The Selection Committee shall submit the list of recommended projects to the Programme Operator.

The Programme Operator shall verify that the selection process has been conducted in accordance with the Regulation and that the recommendations from the Selection Committee comply with the rules and objectives of the programme, following such verification, the Programme Operator shall, based on the decision of the selection Committee, make a decision on which projects shall be supported. If the Programme Operator modifies the decision of the Selection Committee, it shall inform the applicants affected and provide them with a justification.

The Programme Operator shall notify the applicants about the results of the selection process within a reasonable time and publicise the results.

The process set out in this point shall apply to all calls for proposals, including the SGS, under this programme.

4.3 Project grant rate:

Grants to projects from the programme may be up to 100% of 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 total eligible expenditure of the project. 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 project shall be provided or obtained by the project promoter.

5. Additional mechanisms within the Programme

5.1 Pre-defined projects

1) "1) “Strengthened framework for the management of plastic packing including a deposit-refund system for plastic bottles”"

Project Promoter:	Portuguese Environment Agency (APA)
Other project partner(s):	The Directorate General for Economic Activities
Total maximum eligible costs:	€ 112,802
Project grant rate:	100.00 %
Maximum project grant amount:	€ 112,802

Programme outcome the project contributes to: "Increased application of circular economy principles in targeted sectors"

The project aims to provide the basis for the policy and regulatory framework for management of plastic packaging including a deposit-refund system in Portugal. The project is in line with the more wide-reaching recycling goals put in place by the updated Waste Framework Directive and also the proposal of the EU Single Use Plastics Directive, preventing plastics to end up as marine plastic litter. Furthermore, the project will contribute towards the overall objectives of the EEA Grants on reducing economic and social disparities in Europe and strengthening bilateral relations and cooperation with donor states, since it may enhance the creation of sustainable businesses and jobs based on circular economy principles and the results can potentially feed into further processes in the EU or act as pilots for further initiatives.

The project will be implemented in three phases:

1. Deepening of knowledge through experience-sharing, including study visits between Portugal and Norway with the latter providing advice on setting-up a deposit-return system;

2. Evaluation of the current management models of packaging waste and consider new instruments, involving an assessment study/cost-benefit analysis; and

3. Definition of the legal framework aiming at the target of developing Applicants Guide governing the deposit-refund system for plastic bottles in Portugal

2) "“Territorial climate change vulnerability assessment’"

Project Promoter:	Portuguese Environment Agency (APA)
Donor project partner(s):	Norwegian Directorate for Civil Protection (DSB)
Other project partner(s):	Faculty of Sciences, University of Lisbon Portuguese Institute of the Sea and Atmosphere (IPMA) General Directorate of Territory Banco de Portugal Faculty of Sciences, University of Lisbon General Directorate of Territory
Total maximum eligible costs:	€ 1,300,000
Project grant rate:	30.77 %
Maximum project grant amount:	€ 400,000

Programme outcome the project contributes to: "Increased climate change resilience and responsiveness in targeted areas"

The project's main objective is to support and respond to public policy exercises to adapt to climate change at various levels of territorial intervention, specifically:

1. Support the activities of the National Strategy for Adaptation to Climate Change (ENAAC 2020), the implementation and monitoring of the Climate Change Adaptation Program of Action (P3AC), as well as other strategic tools and adaptation planning to climate change of sub-national and / or sectorial scope;

2. Contribute to the implementation of National Program for Spatial Planning Policies (PNPOT), in particular to increase socio-economic resilience in the context of the Territorial Challenge "D1- Manage natural resources in a sustainable manner" and the Operational Measure of the territorial model 1.7: "Preventing risks and adapting the territory to climate change "under the" Natural Domain D1 ";

3. Support the progressive integration of adaptation to climate change in the design of direct and indirect intervention projects in the territory.

4. Develop tools to identify climate vulnerabilities, based on the best available knowledge, to support decision-making at the various territorial levels;

5. Identify needs for the implementation of adaptation at all sectorial and territorial levels;

6. Constitute a reference for actions of communication and awareness to the thematic;

7. Knowledge development and disseminate how adaptation is being integrated into the various territorial and sectorial planning instruments, as well as the actors involved;

8. Characterize socio-economic impacts of climate change on different territorial scales and assess financial needs

Project partners are: Faculty of Sciences of the University of Lisbon (research centre Instituto Dom Luiz and the research team Climate Change Impacts, Adaptation and Modelling); General Directorate of Territory; Banco de Portugal (Portuguese Central Bank), and **Portuguese Institute for Sea and Atmosphere.**

3) "“Management of the Rio Ceira River Basin adapted to a changing climate”"

Project Promoter:	Portuguese Environment Agency (APA)
Donor project partner(s):	Norwegian Directorate for Civil Protection (DSB)
Other project partner(s):	Municipality of Arganil Municipality of Gois Municipality of Pampilhosade Serra Municipality of Lousa FEUP - Faculdade de Engenheria da Universidade do Porto
Total maximum eligible costs:	€ 2,600,000
Project grant rate:	100.00 %
Maximum project grant amount:	€ 2,600,000

Programme outcome the project contributes to: "Increased climate change resilience and responsiveness in targeted areas."

The project is based on an innovative environmental approach that aims to draw the attention of local populations to climate change mitigation and adaptation challenges and to address these challenges in an integrated manner through measures along the Rio Ceira. The river basin covers about 300 km2, the river is 100 km long and 60% of this area was lost during the forest fires in June and October 2017. The region matches exactly the region most affected by forest fires in 2017, where more than 100 people died or were injured, lost their homes or their livelihoods or businesses. No national or EU funding is available for this type of project.

The Project has three main components, hydrological, ecosystem and cultural, as follows:

1. The hydrological component aims to characterise the behaviour of the river basin, including flow regime studies and the implementation of a monitoring system in order to prevent effects of extreme events (floods and droughts). To achieve this, it is proposed to create a flow monitoring program;

2. The ecosystem component intends to enhance the role of green infrastructures in adaptation to climate changes. It is designed to rehabilitate ecosystem services building resilience. The rehabilitation and defence of river basin is the principle of climate change adaptation in this Project;

3. The social-cultural component is a key driver to raise climate change awareness. The approach for the involvement of local population is built on the preservation of some historical elements. A focus on the recovery of traditional good practices, with relevance for the potential of River Guards (a previous practice now abandoned) is a visible aspect for a new governance model based in proximity.

5.2 Financial Instruments

Not applicable

6. Programme Management

6.1 Payment flows

The Programme Operator shall ensure that payments to projects are made in a timely manner. Interim and final payments to the projects shall be based on approved project reports.

Payments of the project grant shall take the form of advance payments, interim payments and a final payment. The level of advance payment to projects shall be set out in the project contract. The maximum level of advance payment shall be linked to the project implementation duration and the programme areas as follows:

Project Implementation Duration	**First Advance payment**	**Interim payments**	**Final Payment (reimbursement)**
12-18 Months	Up to 25%	65%	10%
≥18-Months	Up to 25%	65%	10%

The first advance instalment shall be paid following the signature of the project contract. Subsequent payments shall be paid after the approval of project interim reports. The final payment, if applicable, will be paid after approval of the final report.

An advance payment of a percentage of the total grant amount shall be paid within 20 working days from the submission of a request after signature of the project contract. The interim payments shall be paid within 1 month after the approval of project interim reports.

Upon approval of the final project report a final balance payment, if applicable, shall be made within 1 month.

The approval of project interim and final reports shall take place within 2 months from the submission of the required information.

The periodicity of reporting periods, and deadlines for reporting will be further detailed in the description of the Programme Operator's management and control systems.

6.2 Verification of payment claims

Project promoters shall submit interim and final project reports containing information on project progress and incurred expenditure.

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 Donors.

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

Not applicable

7. Communication

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

8. Miscellaneous

Not applicable.