

## ***Bilateral activities in the Capacity Building and Institutional Cooperation Programme Area***

### ***HU11-B1-2017***

#### **1. BACKGROUND**

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

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

The MoU designates the National Focal Point as the Programme Operator. The role of the Programme Operator is fulfilled by the Prime Minister’s Office, Department for Implementation of International Cooperation Programmes. According to the Regulation, the Programme Operator is responsible for the preparation and implementation of the programme.

The Programme Operator announces from 27 March 2017 the submission of grant applications for activities financed from the fund for bilateral relations at programme level of the HU11 programme within the Norwegian Financial Mechanism 2009-2014.

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

The programme, and specifically **the present call is designed with special focus on the local level and encourages cooperation between municipalities and efficiency increasing joint measures taken by them in cooperation with donor partner and based on its experience and knowledge.** Enhanced cooperation among several actors at the municipality level (horizontal partnerships of local governments), as well as among central, regional and local level of public administration (so called multi-level governance) are also encouraged. The open call targeting the development of institutional and human capacity of municipalities and local authorities through cooperation shall contribute to the sustainable local economic and social development and thus to the elimination of the existing economic and social disparities within Europe.

**Results to be achieved through supported projects** are capacity-building of municipalities and increased cooperation between public authorities in Hungary and Norway; better quality services ensured via cooperation and better organisation of tasks among municipalities and other stakeholders; revealing possibilities of Inter-municipal cooperation (IMC) arrangement, to share resources, create larger economies of scale or attract higher levels of investment; pilot experiences put in place via cooperation for public services;

The present guideline serves to assist the Project Promoter with the terms and conditions of the application. Present document has to be read in conjunction with the General Application Guide, which can be found on the official Hungarian website of the Norway FM in Hungarian (<http://www.norvegalap.hu/altalanos-palyazati-utmutato>) and in English (<http://www.norvegalap.hu/altalanos-palyazati-utmutato>).

## **2. MAIN CONDITIONS FOR THE APPLICATION**

**The application has to be elaborated, taking into account the following conditions:**

- The application shall comply with the regulations of the **national General Application Guide** and its annex, **the national Eligibility Guideline**. The budget plan shall be elaborated in the format and level of details as required by **the NORA system**.
- The application shall contain proper written **justification for the budget**.
- The final date of the project activities shall be no later than **31 October 2017**.
- **Publicity Plan** shall be elaborated and submitted based on the specifications of the Regulation on the implementation of the Norway Financial Mechanism 2009-2014, Annex 4 *Information and Publicity Requirements*. The General Application Guide includes the Communication and Design Manual with the communication guidance and visual identity as an annex.

The application has to be submitted via the **online application form of the NORA system**.

The application form includes the following:

- basic data about the Project Promoter, the Project Partner and the activity;
- a brief description of the professional background of the Project Promoter and the Project Partner;
- indicators;
- a schedule of the planned activities;
- detailed budgets for the Project Promoter and for the Project Partner with written justification, as well as an aggregated budget for the whole activity;
- publicity plan.

### 3. TERMS AND CONDITIONS RELATED TO THE PROJECT

#### 3.1. Basic information:

Maximum amount of the grant (Ft)	7,800,000
Maximum amount of the grant (EUR)	25,000
Minimum amount of the grant (Ft)	6,240,000
Minimum amount of the grant (EUR)	20,000
Maximum grant rate	100% of the total eligible project costs.
Exchange rate (HUF/EUR)	312
Duration of the project implementation	minimum 1 months
	maximum 4 months
First date of eligibility	The date of the PO's decision
Final date of eligibility	31 October 2017

#### 3.2. Eligible applicants

Eligible applicants for the open call are **local governments of Hungary** (GFO code<sup>1</sup>: 321) with a population of less than 30 000 people.

The applicant shall be the entity, who fulfils the role of the project promoter if awarded, and takes responsibility for the implementation of the project.

#### 3.3. Eligible project partners

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

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

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

Eligible project partners from Hungary are any entities falling under the GFO code 321 that has a population of less than 30 000 people.

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<sup>1</sup> GFO stands for the standard nomenclature in Hungary for the classification of different types of entities. GFO codes with Hungarian and English name and description can be found at the following page of the Hungarian Central Statistical Office (KSH): [http://www.ksh.hu/docs/osztalyozasok/gfo/gfo2013\\_struktura\\_tartalom.pdf](http://www.ksh.hu/docs/osztalyozasok/gfo/gfo2013_struktura_tartalom.pdf)

### **3.4. Eligible activities**

All activities shall contribute to the objective of strengthening bilateral relations between the Donor States and the Beneficiary State.

<b>Eligible activity</b>	<b>Activity eligible for</b>		<b>Budgetary ceiling (%)</b>
	<b>Project Promoter</b>	<b>Project Partner</b>	
Participation in conferences, workshops and meetings in either Hungary or the donor countries or organization of such events	X	X	Not relevant
Participation in study tours in either Hungary or the donor countries	X	X	Not relevant
Production of studies, analyses and documentation, data collection, their sharing and exchange to strengthen the cooperation between the local authorities and their organisations;	X	X	Not relevant
Preparation of joint project idea synopsis	X	X	Not relevant
Publicity, promotional and info activities	X	X	10

### **3.5. General rules of the eligibility of expenditures**

Eligible expenditures of the project are those actually incurred by the Project Promoter or the Project Partner in accordance with the Eligibility Guideline (Annex 1 of the General Application Guide) and meet the following criteria:

- they are incurred between the first and final dates of eligibility of the project as specified in the project contract taking into account that they should also be in line with the Programme Agreement's Article 4.1;
- they are connected with the subject of the project and they are indicated in the estimated overall budget of the project;
- they are proportionate and necessary for the implementation of the project;
- they must be used for the sole purpose of achieving the objective(s) of the project and its expected outcome, in a manner consistent with the principles of economy, efficiency and effectiveness;
- they are identifiable and verifiable, in particular through being recorded in the accounting records of the Project Promoter or Project Partner and determined according to the applicable accounting standards of the country where the Project

Promoter or Project Partner is established and according to generally accepted accounting principles; and

- they comply with the requirements of applicable tax and social legislation.

The Project Promoter and/or Project Partner internal accounting and auditing procedures must permit direct reconciliation of the expenditures and revenue declared with respect to the project with the corresponding accounting statements and supporting documents.

### **3.6. Eligible direct expenditures**

Related to the eligible activities, different types of expenditures are eligible. In the application, the total eligible budget of the project shall be compiled so that the Project Promoter and Project Partner separately record the different types of eligible expenditures under the eligible activities that they plan to implement. The table below shows the correspondence between eligible activities and eligible expenditures, using cost categories in accordance with Hungarian accounting principles.

<b>Eligible activity / Eligible expenditure</b>	52. Costs of services used	53. Costs of other services	54. Staff costs	55. Other employee related payments	56. Duties on salaries
Participation in conferences, workshops and meetings in either Hungary or the donor countries or organization of such events	X	X	X	X	X
Participation in study tours in either Hungary or the donor countries	X	X	X	X	X
Production of studies, analyses and documentation, data collection, their sharing and exchange to strengthen the cooperation between the local authorities and their organisations;	X	X	X	X	X
Preparation of joint project idea synopsis	X	X	X	X	X
Publicity, promotional and info activities	X				

### **3.6.1. Costs of services used (52.)**

Costs of consulting and services necessary for the implementation of the project, used according to the market rules and conditions, acquired from an independent third party as well as travel and hotel expenses.

### **3.6.2. Costs of other services (53.)**

Authorities' fees necessary for the implementation of the project and prescribed by legislation shall be eligible under costs of other services. Moreover, costs of the financial guarantee provided by the financial institution and bank costs directly linked to the project shall also be eligible provided they are necessary to fulfil criteria set out in the grant scheme.

### **3.6.3. Staff expenses (54., 55., 56.)**

Wages and contributions defined in the contract of employment or contract of services, compulsory costs that constitute part of remuneration in proportion to the contribution in the project and daily allowances assigned for travel.

### **3.6.4. Indirect cost (52)**

A flat rate of up to 15% of the total direct eligible costs excluding the costs of subcontracting and the costs of resources made available by third parties, which are not used on the premises of the Project Promoter or the Project Partner, shall be considered indirect costs. (Projection base of indirect costs shall be calculated from the following cost categories: 54. wages, 55 other personnel costs, 56 contributions, if the costs fulfil the above criteria) General costs shall include public utilities and rental charges, phone, internet, postal fees, insurance, cleaning, maintenance, the separate bank account's administration fee and costs of stationery.

### **3.6.5. VAT**

If the Applicant does not have the right to deduct VAT in the financed project, the calculation of the total expenditure concerning the Applicant shall be based on the gross amount, including VAT. If the Applicant is entitled to deduction of the VAT, the calculation of the total expenditure shall be based on the net amount of costs excluding VAT.

### **3.6.6. Further conditions for eligibility of costs**

The Project Promoter and the Project Partners may not conclude private law contracts (beyond the partnership agreement) necessary for the implementation of the project between themselves (including agreements entailing issuance of invoices), (division of labour shall be laid down in the partnership agreement). The budgetary entity participating in the project as a partner and its institution may not provide any kind of compensation to the Project Promoter in exchange for benefits gained from the partnership.

More detailed instructions regarding eligible costs can be found in the General Application Guideline especially in its annex 1, the Eligibility Guideline.

### **3.7. Excluded costs**

The following costs shall not be considered eligible:

- interest on debt, debt service charges and late payment charges;
- charges for financial transactions and other purely financial costs except for the expenses of the bank account separated for the project;
- provisions for losses or potential future liabilities;
- recoverable VAT;
- costs that are covered by other sources;
- fines, penalties and costs of litigation; and
- excessive or reckless expenditure.

### **3.8. Advance payment**

The Project Promoter may request an advance payment in their application. Total advance payment cannot exceed 50 percent of the amount granted. The Programme Operator may request a repayment of any advance payment in the case of non-compliance with the conditions for the grant.

### **3.9. Further conditions related to the project**

#### **3.9.1. Mandatory indicators**

As a minimum, the project must deliver the minimum target values of **at least three of the below listed indicators**. Apart from these compulsory chosen indicators, it is obligatory that the project deliver the minimum target value of the indicator 'Number of promotional / info activity'.

The Project Promoter has to ensure that the set indicator is achieved and can be measured by the completion of the project.

	<b>Indicator</b>	<b>Baseline</b>	<b>Target</b>	<b>Unit of measure</b>
1.	Number of events organized with participation of Hungarian and Norwegian stakeholders	0	1	piece
2.	Number of professional networks between institutions in beneficiary and donor states established and operational	0	1	piece

3.	Number of people involved	0	25	person
4.	Number of studies	0	1	piece
5.	Joint project idea synopsis	0	1	piece
6.	Number of promotional / info activity	0	2	piece

#### **4. ADMINISTRATIVE INFORMATION**

##### **4.1. Submission of the application**

To submit the application, the Project Promoter has to be registered at the official Hungarian website of the Grants: [www.norvegalap.hu](http://www.norvegalap.hu). The application form and the annexes to be attached shall be completed and submitted via the electronic platform (NORA) available on the above website. **The application form must be filled out in English. All mandatory annexes must be submitted in English.**

Applications can be submitted at any moment from the date of the announcement for submitting proposals until 30 June 2017 **or** until the total allocation is used.

##### **4.2. Supporting documents to be uploaded as an attachment to the application:**

Specimen signature of the duly authorised representative of the Project Promoter	Mandatory
Declaration of intent for cooperation from the Project Partner included planned joint activities	Mandatory
Partnership agreement	Optional for the proposal but mandatory for the project contract
Declaration stating the undertaking to meet the conditions of the Call for Proposals	Mandatory

The maximum size of uploaded attachments altogether must not exceed 50 MB.

##### **4.3. Further details and contact information**

Further information regarding the Financial Mechanism is available on the official Hungarian website: [www.norvegalap.hu](http://www.norvegalap.hu)

Technical information related to the preparation and submission of the online application form may be requested from the customer service operated by the Implementing Agency:



NFFKÜ- Nemzetközi Fejlesztési és Forráskoordinációs Ügynökség Zrt.

e-mail: [info@norvegalap.hu](mailto:info@norvegalap.hu)

Information related to the terms and conditions of the present guideline may be requested from the Programme Operator at the e-mail address [info@norvegalap.hu](mailto:info@norvegalap.hu).

In case the Programme Operator receives questions and comments that require the reconsideration of the terms and conditions or any external circumstances to that effect occur then **the Programme Operator reserves the right to issue amendments to the current call prior to the deadline of submission** by notifying the Project Promoter in a written form.

## 5. REVIEW OF ELIGIBILITY AND ADMINISTRATIVE CRITERIA

The Implementing Agency shall verify the compliance of the application with the below eligibility and administrative criteria:

- the electronic application form is filled out in English;
- the declaration – printable after the submission of the electronic application form – was submitted by post and on time;
- the requested grant amount reaches the minimum amount and does not exceed the maximum amount that can be awarded;
- the project start date and end date are within the eligible time range;
- all the necessary annexes are attached electronically and are duly completed;
- the submitted application form is fully and duly completed;
- there are no quantitative or other contradictions between the individual documents of the documentation package;
- the indicator target value reaches the minimum target value;
- the budget planned for the different eligible activities is in line with the maximum ceilings;

## 6. EVALUATION PROCESS OF THE SUBMITTED APPLICATION

The application **will be subject to evaluation**. During the evaluation the PO will assess the quality and preparedness of the application, with special regard to the budget, especially with a view to achieving value for money. Clarification questions during the project appraisal may be addressed to the Project Promoter, which shall be answered within 3 working days.

Based on the findings of the appraisal, the Programme Operator can make the following decisions:

- to grant funding without modification,
- to grant funding with a reduced total amount of eligible costs, with reduced grant amount or with conditions,
- to reject funding (for serious professional deficiencies).

The Project Promoter has the right to appeal the decision according to the regulations of the General Application Guide.

Please note that the **submission is continuous**, the review of eligibility and administrative criteria, as well as the evaluation will be carried out in order of reception of

applications. **The evaluation will be closed when all available funds are granted to eligible, as well as administratively and technically compliant applications.**

## **7. CONDITIONS OF CONCLUDING THE PROJECT CONTRACT**

After a positive decision, the Project Promoter will be offered to conclude a project contract. The project contract shall be concluded between the Programme Operator and Project Promoter. The documents listed below are necessary for the conclusion of the project contract and shall be submitted by the Project Promoter before the contract is signed (if a document has already been submitted, it needs to be re-submitted only if a change has occurred in terms of their content):

- detailed budget plan and financing plan,
- a copy of the partnership agreement.

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

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