



Annex 1. General rules of the eligibility of expenditures

Eligible expenditures of the action are those 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 action as specified in the action contract considering that they should also be in line with the Programme Agreement's Article 4.1;
- they relate to the subject of the action and they are indicated in the estimated overall budget of the action;
- they are proportionate and necessary for the implementation of the action;
- they must be used for the sole purpose of achieving the objective(s) of the action and its expected outcome that is stronger bilateral relations during and after the implementation period of the projects, 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 internal accounting and auditing procedures must permit direct reconciliation of the expenditures and revenue declared with respect to the action with the corresponding accounting statements and supporting documents.

1. Eligible direct expenditures

Related to the eligible activities, different types of expenditures are eligible. In the proposal, the total eligible budget of the action 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.

Eligible activity / Eligible expenditure	52. Costs of services used	53. Costs of other services	54. Staff costs	55. Other employee related payments	56. Duties on salaries
Publicity	X	X	X	X	X
Participation in conferences, workshops and meetings in either Hungary or the donor countries/organization of such events	X	X	X	X	X
Participation in study tours in either Hungary or the donor countries/organization of such events	X	X	X	X	X
Cooperation and exchange of practices in communication and dissemination	X	X	X	X	X
Cooperation and adaptation of methodology in sharing knowledge	X	X	X	X	X
Further education/training of experts, participation in courses and trainings in relevant fields	X	X	X	X	X
Adaptation of good practices already in use	X	X	X	X	X
Data collection, their sharing and exchange to strengthen the cooperation between the final beneficiaries and entities in Donor States;	X	X	X	X	X

1.1. Costs of services used (52.)

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

1.2. Costs of other services (53.)

Authorities' fees necessary for the implementation of the action 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 action shall also be eligible provided they are necessary to fulfil criteria set out in the grant scheme.

1.3. 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 action and daily allowances assigned for travel.

2. Indirect costs

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: 51 material expenditure, 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. VAT

If the Applicant does not have the right to deduct VAT in the financed action, 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.

4. 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 action between themselves (including agreements entailing issuance of invoices) (division of labour shall be laid down in the partnership agreement¹). The budgetary entity participating in the action 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.

5. 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;

¹ Partnership Agreement is required if the Project Partner has eligible costs regarding the planned activity. In all other cases the Letter of Intent ensuring the bilateral cooperation issued by the partner is sufficient.

- fines, penalties and costs of litigation; and
- excessive or reckless expenditure.

6. Advance payment

The Project Promoter may request an advance payment in their application. Total advance payment cannot exceed 50 % 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.

Annex 2. Indicators

As a minimum, the project must deliver the minimum target values of at least one 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 people involved'.

The Project Promoter must ensure that the set indicator is achieved and can be measured by the completion of the action.

	Indicator	Baseline	Target	Unit of measure
1.	Number of people involved	0	2	person
2.	Number of events organized by the Project Promoter and/or with participation of Hungarian and Donor States Stakeholders	0	1	piece
3.	Number of professional networks between entities in beneficiary and donor states established and operational	0	1	piece
4.	Access to expertise and technical knowledge/know-how	0	1	piece
5.	Number of international travels	0	1	piece

Annex 3. Evaluation of proposals and contracting

1. Review of eligibility and administrative criteria

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

- the electronic application form is filled out in English;
- the short summary is submitted in Hungarian as well;
- the declaration – printable after the submission of the electronic application form – together with the complete proposal package was submitted by post until 31 August 2017 the latest, or until the total allocation is used;
- the requested grant amount reaches the minimum amount and does not exceed the maximum amount that can be awarded;
- the action 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;

2. Evaluation process of the submitted proposal

The **proposal will be subject to evaluation**. During the evaluation, the PO will assess the quality and preparedness of the proposal, with special regard to the strong bilateral aspect of the proposal and to the budget, especially with a view to achieving value for money. Clarification questions during the appraisal process 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.

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

The evaluation is continuous and will be concluded at the latest one month after the submission date of the application. All Applicants will be informed individually by email and by registered letter of the result of the evaluation and of the grant amount.

Information regarding awarded activities and the amount of the remaining grant will be published and updated by **the 5th of each month** on the official web page of the EEA Financial Mechanism in Hungary at www.egtalap.hu. Separate information will be published when all available funds will have been committed.

3. Conditions of concluding the project contract

After a positive grant decision, the Project Promoter will be offered to conclude a new 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 or Letter of Intent ensuring the bilateral cooperation issued by the partner.

Before concluding the project contract the partners shall commit themselves to the implementation of the action in the form of a Letter of Intent or 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 method of calculating indirect costs and their maximum amount;
- currency exchange rules for expenditure and its reimbursement;
- reporting obligations;
- provisions on audits on the Project Partners;
- data and information disclosure requirements;
- a detailed budget, with itemised costs and unit prices; and
- provisions on dispute resolution.

4. BILATERAL FUND ACTIVITY EVALUATION TABLE

Formal eligibility criteria		Yes/No
1.	Applicant belongs to eligible applicants	Yes/No
2.	Documents submitted via post is signed according to the signature specimen	Yes/No
3.	The requested grant is in line with the minimum and maximum thresholds set by the call	Yes/No
4.	The project implementation period and the end date of the implementation are in line with the deadlines set in the call	Yes/No

If any of the above formal eligibility criteria receives 'NO' assessment, the request will be rejected. In this phase of the selection the applicant cannot be requested to provide clarifications.

Formal administrative criteria		Yes/No
1.	The submitted documents are complete and filled in according to formal requirements	Yes/No
2.	The scope of annexes submitted electronically is complete and they are filled in according to formal requirements	Yes/No
3.	There are no numerical or other contradictions among the different parts of the request and the attached documents	Yes/No
4.	Sum of costs and funding are equal in the request (and its annexes)	Yes/No

~~If any of the above formal eligibility criteria receives 'NO' assessment, the request will be rejected. In this phase of the selection the applicant cannot be requested to provide clarifications.~~

In case of deficiencies in the submitted documentation package, the Implementing Agency shall call upon the Project Promoter to remedy the deficiencies within 10 days. In case the Project Promoter fails to do so or submits erroneous or incomplete documentation, the proposal will be further evaluated based on the available information.

Content related/strategic eligibility criteria Evaluation criteria		Yes/No
1.	The additional activities contribute to the objectives of the already approved projects and through this the outcomes of the Cultural Heritage (HU07) programme.	Yes/No
2.	The additional activities submitted has the features of an international co-production project or international cultural cooperation project.	Yes/No
3.	The submitted schedule corresponds to the call and the additional activity can be implemented by the planned deadline.	Yes/No
4.	The budget of the planned additional activity is realistic and efficient	Yes/No
5.	All planned costs are necessary for the	Yes/No

	achievement of the activity's objectives	
7.	The choice of partner is well grounded and matches the objectives of the planned cooperation.	Yes/No

If any of the above formal eligibility criteria receives 'NO' assessment, the request will be rejected. In this phase of the selection the applicant cannot be requested to provide clarifications.