



# Bilateral Guideline

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*EEA and Norwegian Financial Mechanisms 2014 – 2021*

*Adopted by the Financial Mechanism Committee on 9 February 2017*

09 February 2017

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# 1 Introduction

The EEA and Norwegian Financial Mechanisms have two overall objectives of equal importance;

- contributing to the reduction of economic and social disparities in the European Economic Area; and
- strengthening bilateral relations between Iceland, Liechtenstein and Norway (hereafter referred to as “the Donor States”), and each of the 15 Beneficiary States (hereinafter the “bilateral objective”).

All programmes, projects and bilateral fund activities shall contribute to these two overall objectives.

To facilitate bilateral relations, the EEA and Norwegian Financial Mechanisms are implemented in partnership with Donor State entities at programme level, project level and under the fund for bilateral relations.

With reference to the Regulations on the implementation of the EEA and Norwegian Financial Mechanisms 2014-2021 (hereafter referred to as “the Regulations”), the objective of the Guideline is to provide relevant stakeholders with an overview and clarification of requirements concerning the strengthening of bilateral relations, and to provide guidance and suggestions for how to best implement these requirements in practice. The Guideline addresses relevant processes within programmes, projects and the fund for bilateral relations and should be of relevance to the National Focal Points, Programme Operators and Donor Programme Partners.

## 1.1 Definition of strengthened bilateral relations

Bilateral relations between countries refer to political, economic, cultural and historical ties, as well as people to people contact. Strong bilateral relations are characterised by cooperation between institutions and persons at administrative and political level as well as in the private sector, academia and civil society. Other elements of bilateral relations include trade and investment, cultural cooperation, as well as general knowledge, understanding and public awareness about the other country and the ties existing between them.

The bonds between the countries involved in the EEA and Norwegian Financial Mechanisms are already strong due to a common history and culture, shared values and geographical closeness.

In the context of the EEA and Norwegian Financial Mechanisms, the operational definition of ‘strengthened bilateral relations’ is:

***Enhanced cooperation and improved mutual knowledge and understanding between Donor and Beneficiary States.***

## 1.2 EEA relations

The Agreement on the European Economic Area (EEA) is the cornerstone of relations between the three EEA EFTA states - Iceland, Liechtenstein and Norway - and the EU. It brings together the 28 EU member states and the three EEA EFTA states in the single market governed by common basic rules.

Bilateral relations between the EEA EFTA states and the EU member states are characterised by the fact that the EEA Agreement gives Iceland, Liechtenstein and Norway the same rights and obligations as EU member states and their citizens when it comes to trade, investments, banking and insurance, and buying and selling services. EEA citizens also have the same right to work, study and live in the 31 countries of the European Economic Area. A number of other fields outside the four freedoms are also covered.

Moreover, the EEA Agreement includes a common goal of reducing social and economic disparities in Europe. Through the EEA and Norwegian Financial Mechanisms, Iceland, Liechtenstein and Norway contribute to reducing social and economic disparities in Europe and to strengthening the bilateral relations between the three Donor States and the 15 Beneficiary States.

The EEA and Norwegian Financial Mechanisms seek to increase general awareness and knowledge of the EEA framework, and the rights and obligations that follow. Familiarity with the EEA Agreement is considered an important part of bilateral relations between the Donor States and the Beneficiary States.

## 2 A strategic approach to bilateral relations

The objective of strengthening bilateral relations is of equal importance as the objective of reducing social and economic disparities. To ensure both sustainability and flexibility, the bilateral tools includes:

- institutional cooperation at programme level;
- donor project partnerships; and
- bilateral funds with the flexibility needed to address current issues of bilateral interest.

A strategic approach brings together relevant stakeholders in both Donor and Beneficiary States. Through cooperation between institutions in the Donor and Beneficiary States, bilaterally relevant programmes are developed, enabling the exchange of knowledge and expertise through long-term institutional cooperation. Such cooperation also facilitates partnerships at project level.

While the National Focal Point (NFP) and Programme Operators (POs) are instrumental in achieving the bilateral objective, a Joint Committee for Bilateral Funds is introduced in each Beneficiary State to oversee the strategic approach to the bilateral objective

at national level by bringing together the most relevant actors for bilateral cooperation, including the respective ministries of foreign affairs and the NFP.

All activities funded by the EEA and Norwegian Financial Mechanisms shall follow a results based management approach. As strengthening bilateral relations between the EEA EFTA states Iceland, Liechtenstein and Norway and the 15 Beneficiary States is one of the two overall objectives under the EEA and Norwegian Financial Mechanisms 2014-2021, the Beneficiary States are expected to measure and report on the achievement of this objective. This includes activities at programme-, project- and bilateral fund-level. In practice, applying a results-based approach to bilateral cooperation entails setting an aim, deciding on the measure to achieve the aim, and measuring progress and adjusting as necessary to achieve the desired results<sup>1</sup>.

Bilateral cooperation is facilitated and supported by the EEA and Norwegian Financial Mechanisms through programmes, projects and bilateral funds (activities). The expected results from such cooperation are: tangible deliverables (outputs), and (short and medium term) effects of these outputs on the direct target groups (outcomes), which contribute to strengthened bilateral relations (impact).

**Illustration 1: Results-chain for bilateral cooperation**



### 3 Fund for bilateral relations

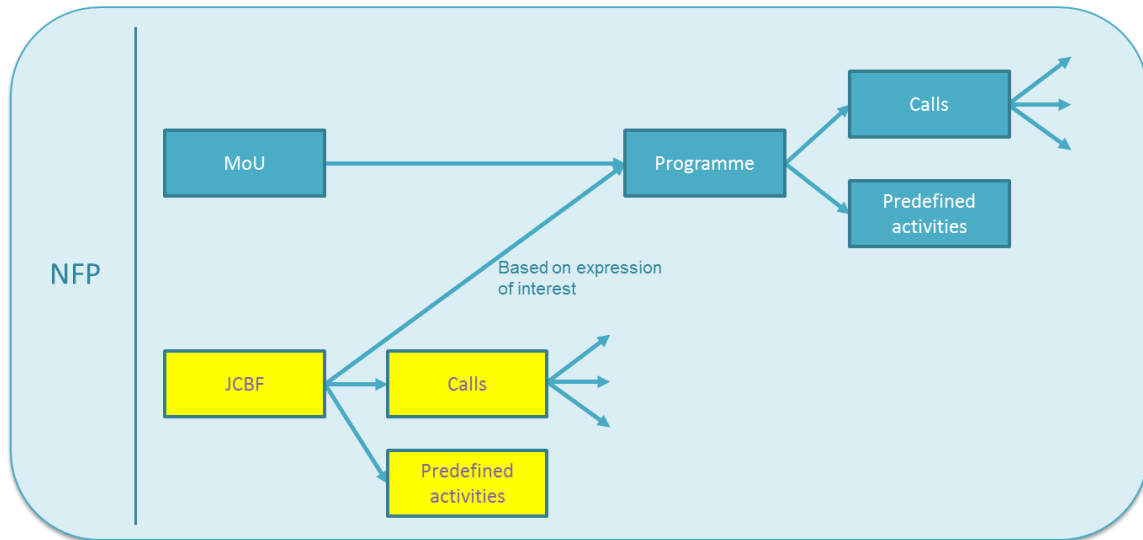
Each Beneficiary State shall set aside a minimum of 2% of its total allocation for a fund to contribute to the objective of strengthening bilateral relations between the Donor States and the Beneficiary State. The NFP shall be responsible for the use of the fund for bilateral relations. Parts of the fund shall be made available to the POs either through allocations set in the MoU or through allocations made by the Joint Committee for Bilateral Funds based on assessments of expressions of interest from the POs, to

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<sup>1</sup> For more information on results based management please refer to the "Results Guideline"

finance initiatives organised in the framework of the programmes. Other parts of the fund will be managed by the NFP to finance initiatives beyond the programmes.

**Illustration 2: Distribution of funds for bilateral relations**



\*The funds allocated to calls or predefined initiatives beyond the programmes (yellow boxes) are managed by the NFP, while the funds allocated to the programmes (blue boxes) are managed by the PO.

**3.1 The aim of the fund**

By providing a flexible source of funding for initiatives of mutual interest, the fund for bilateral relations is an instrument to strengthen the cooperation and increase mutual knowledge and understanding between the Donor and Beneficiary States. Both Donor State entities and entities in the Beneficiary State shall be eligible as potential promoters or partners under the fund.

As is clear from Article 8.8 of the *Regulations*, the range of activities eligible for support under the fund for bilateral relations is broad. However, the NFP and POs must in their planning and allocation of the funds strive to finance activities that have a clear bilateral profile and serve the purpose of strengthening bilateral relations between the Donor and Beneficiary States. As an example, in an event supported under the fund for bilateral relations, having attendants from Donor State entities at the actual event is not considered sufficient to define it as 'bilateral'. The event must reflect the bilateral ambition throughout the event programme, e.g. through a focus on exchanging relevant experiences between the Donor and Beneficiary State. Both promoters and partners shall be actively involved in planning and organising the activity.

The flexibility of funds for bilateral relations is ensured through a longer eligibility period than for programmes and projects<sup>2</sup>, as well as by opening up for activities of smaller scale that are subject to a simplified approval process.

The success of the funds for bilateral relations is dependent on relevant entities being aware of the availability of funding opportunities. Information on the existence and the procedures of the fund shall therefore be accessible to all relevant stakeholders, including to Donor State entities. For further details, please consult the Information and Communication Requirements (Annex 3 to the *Regulations*).

## **3.2 Organisational management of funds for bilateral relations**

In order to manage the funds in line with the strategic approach described under Chapter 2 of this Guideline, the Regulation establishes a set of organisational instruments to enhance the implementation of the funds: The Joint Committee for Bilateral Funds (JCBF), the Bilateral Fund Agreement, and the Work Plan.

The NFP is responsible for the fund for bilateral relations, although the adoption of the Work Plan and the review of progress shall be a joint responsibility of the Donor and Beneficiary States. The organisation and procedures for the fund for bilateral relations shall be included in the detailed description of the management and control systems which the NFP shall submit to the Donors within six months of the date of the last signature of the MoU.

### **3.2.1 Joint Committee for Bilateral Funds**

The NFP shall establish the JCBF as soon as possible after the signature of the MoU. The JCBF has a general responsibility for overseeing the progress towards reaching the objective of strengthened bilateral relations through the Grants. At the same time, the JCBF has a direct role in allocating funds for bilateral relations to programmes of bilateral interest, as well as identifying initiatives beyond the programmes. Through the JCBF, the Donor and Beneficiary States will jointly establish bilateral ambitions, identify priority areas for bilateral cooperation, and discuss how these best can be addressed through concrete measures and activities financed through the fund for bilateral relations. The ambitions, priority areas, measures and activities agreed in the JCBF should be included in the Work Plan to be adopted by the Committee.

The tasks of the JCBF shall, inter alia, include:

- a) discussing matters of bilateral interests, identifying initiatives and reviewing the overall progress towards reaching the objective of strengthened bilateral relations;

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<sup>2</sup> The final date of eligibility for support under the fund for bilateral relations is set to 30 April 2025. The final date of eligibility of programme management cost is set to 31 December 2024, while the final date of eligibility of project cost is set to 30 April 2024.



- b) adopting the Work Plan for the fund for bilateral relations to be discussed at the annual meeting; and
- c) identifying and allocating bilateral funds to programmes of bilateral interest.

The JCBF shall be chaired by the NFP and composed of representatives from the Donor States and from the Beneficiary States, including the Ministries of Foreign Affairs both from the three Donor States and the Beneficiary State. Additional participation from other Donor or Beneficiary State entities may be foreseen, either as permanent members or on a temporary basis. The composition, role and functioning of the JCBF shall be further defined in the Bilateral Fund Agreement between the Donors and the NFP.

The NFP shall, within two months of the last signature of whichever of the two MoUs is signed last, submit to the Donors a proposal on the composition, role and functioning of the JCBF, to be agreed in the Bilateral Fund Agreement.

The JCBF shall meet at least once a year, prior to the annual meeting, but may meet more frequently. The NFP is responsible for preparing the draft agenda which shall be sent to the members of the JCBF and the FMO for comments at least two weeks before the meeting. Other relevant meeting documents should also be provided to the members of the JCBF in due time prior to the meetings of the JCBF.

Draft minutes from the meetings shall be distributed to the members of the JCBF and the FMO no later than two weeks after the meeting. The agreed minutes shall be distributed to the members of the JCBF and the FMO no later than four weeks after the meeting.

The Donor States may be represented through their Embassies or any other representative appointed by the respective Ministry of Foreign Affairs. If requested by the Donors, possibilities for participation through video link or phone conferencing should be accommodated. The NFP shall be provided with the contact details of the donor representatives for the JCBF by the FMO. The rules of procedure for the JCBF shall ensure that decisions can be made even if not all Donor States participate in a meeting. Decisions from the JCBF shall be taken by consensus. In case no consensus can be reached, the decision shall be taken by the Financial Mechanism Committee.

As part of its responsibility in reviewing the overall progress towards reaching the objective of strengthened bilateral relations, the JCBF should be invited to comment on the bilateral relations section of the Strategic Report before the NFP submits the report to the Donors.

### **3.2.2 Bilateral Fund Agreement**

The fund for bilateral relations is regulated by a separate Agreement between the Donors and the National Focal Point; the Bilateral Fund Agreement. For those Beneficiary States benefitting from both the EEA and the Norwegian Financial Mechanisms, there is one Agreement covering both mechanisms. The Bilateral Fund Agreement sets out the size and objective of the fund. The Agreement also describes

the role, functioning and composition of the JCBF and the procedures and requirements for the Work Plan and allocation of the funds.

The Bilateral Fund Agreement template is provided in Annex 4 to the Regulations. The procedures for amending the Agreement are the same as for Programme Agreements (Article 6.9 of the *Regulations*).

### **3.2.3 Work Plan**

The NFP shall, in consultation with the Donors, prepare a draft Work Plan describing the proposed implementation and activities for the duration of the fund. The Work Plan shall as a minimum include a brief description of the implementation of the fund for bilateral relations, major activities to be organised under the fund, and programmes of bilateral interest. The Work Plan shall include information on any amounts allocated to programmes, including any amounts allocated in the MoU.

Whereas the Bilateral Fund Agreement is a fixed document regulating the rights and obligations of the parties, the Work Plan should be a more operational document subject to update.

The short description of the implementation shall outline how the allocation of the funds will be made, including how selection of activities for funding will be made. The JCBF may decide to allocate a set amount to be re-granted by the NFP, e.g. for travel support or small scale activities. The implementation of the fund shall be based on the principles of transparency, accountability and sound financial management, and should correspond to the intention of the fund as a simple and flexible source of financing. The principle of proportionality applies, meaning that the management and control should be proportional to the size of the fund for bilateral relation.

Relevant questions for the preparation of the Work Plan will be:

- Are there on-going initiatives or upcoming events of importance for bilateral relations to build on?
- Are there areas of common bilateral interest highlighted in the MoU or identified by the JCBF that should be prioritised?
- Are there areas of common interest at political level and European level which are relevant for strengthening bilateral relations?
- Could initiatives be tied to major events in the Donor or Beneficiary State (state visits, international chairmanships, EU Presidencies, European Capitals of Culture, etc.)?
- How can the funds best be used to promote and facilitate partnership projects under the programmes?

The ambitions and priorities might vary from country to country, depending on:

- the size of the fund;
- the history of cooperation;
- areas of common interest with the Donor States;

Whereas for some Beneficiary States, the most effective and strategic use of the funds may be identifying a few targeted activities, in larger Beneficiary States calls for proposals/interest could be envisaged.

The Work Plan should be a broad outline of key issues and priorities, possible sectors or areas of intervention. In line with the results-based management framework, the emphasis should be on the results to be achieved. The Work Plan is not intended to outline in detail all activities that might be carried out over the whole period of the Financial Mechanisms. It is therefore advisable to retain budget for measures and activities to be identified at a later stage. The approach will depend on the size of the fund and other factors, but it is generally suggested that the first Work Plan sets out the plans for the first half of the implementation of the Financial Mechanisms, reserving parts of the fund for activities and measures in the second half to be agreed on in due time. There is no need for extensive information about each activity planned, but the Work Plan should include a list of major activities to be organised. A template for the Work Plan is attached as Annex 3 to this Guideline.

#### **3.2.4 How does it work: From MoU to JCBF and Work Plan**

Following the signature of the MoU the Beneficiary State and the Donor States should meet to discuss the next steps regarding the fund for bilateral relations. It is recommended that a first meeting is organised as soon as possible after the signature of the MoU, including the Donors, the FMO, the NFP and the Ministry of Foreign Affairs of the Beneficiary State. The first meeting is an occasion to discuss the composition role and functioning of the JCBF, on which the NFP within two months of the last signature of the MoU shall submit a proposal. Moreover, the first meeting serves to give input to the NFP which shall prepare the draft Work Plan in consultation with the Donors.

Based on the input provided in the first meeting, the NFP may start drafting the Work Plan, in parallel with submitting the proposal on the composition, role and functioning of the JCBF to the Donors.

Following the submission of the proposal regarding the JCBF, the FMO will prepare the Bilateral Fund Agreement to be signed by the Donors and the NFP.

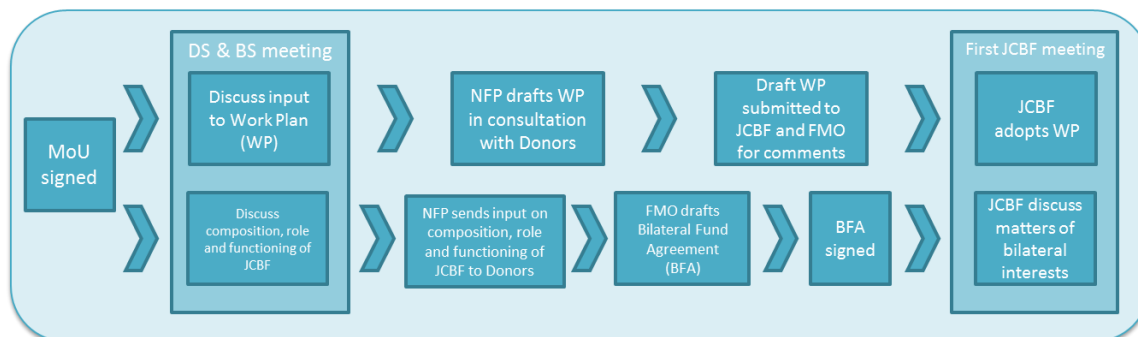
Once the NFP has prepared the draft Work Plan, it shall be submitted to the members of the JCBF and the FMO for comments at least four weeks prior to the adoption of the Work Plan by the JCBF. Implementation of the Work Plan may start once it has been adopted by the JCBF.

The adopted Work Plan will be discussed at the Annual Meeting, and any comments to the Work Plan made at the Annual Meeting shall be taken into account by the JCBF.

It is suggested that the Work Plan is updated as needed allowing for some long-term planning, while securing flexibility to adjust the plan based on experiences and changes in priorities. The need to update the Work Plan may vary from one Beneficiary State to another, depending among other things on the size of the allocation.

Modifications to the Work Plan shall be prepared by the NFP, submitted to the members of the JCBF and the FMO for comments at least four weeks prior adoption by the JCBF, and reported on at the Annual Meeting.

**Illustration 3: From MoU to JCBF and Work Plan:**



**3.2.5 Eligibility of expenditures and disbursement of funds**

The eligibility of expenditures to be covered by the funds for bilateral relations is set out in Article 8.8 of the *Regulations*. The rules governing this fund can be found in Articles 4.6 and 4.7 of the *Regulations* and in the *Bilateral Fund Agreement*.

The general principles on the eligibility of expenditures outlined in Article 8.2 of the *Regulations* also apply to the fund for bilateral relations. The first date of eligibility for the fund for bilateral relations is the date of the last signature of the MoU with the respective Beneficiary State. If support is received under both the EEA and Norwegian Financial Mechanisms, the first date of eligibility shall be the date of the last signature of whichever MoU is signed first. The final date of eligibility for the fund for bilateral relations shall be 30 April 2025.

The disbursement of funds for bilateral relations to the NFP will only take place after the Bilateral Fund Agreement has been signed, unless otherwise agreed on a case-by-case basis. Payment will not be made until the Donors receive the detailed description of the management and control systems referred to in Article 5.7 of the *Regulations*, and determine that it meets the minimum requirements.

Costs incurred by the NFP related to the preparation, evaluation, financial flow and monitoring of the fund for bilateral relations may be eligible costs for Technical Assistance provided that the expenditure is proportionate and necessary (*Regulations* Art. 8.11.2 (a)). For the PO, expenditure related to the strengthening of bilateral relations are eligible as programme management costs provided that the expenditure is proportionate and necessary (*Regulations* Art. 8.10.4. (m)).

As activities to strengthen bilateral relations can be supported under both programme management costs and the fund for bilateral relations, the most appropriate funding source needs to be assessed on a case-by-case basis, depending on the national

context and the size of the grants and various funds. The flexibility built into the *Regulations* is meant to make sure that good activities to strengthen bilateral relations are not hampered by lack of funding possibilities and that funding is available at an early stage.

### 3.3 Funds managed by the National Focal Point

While each Beneficiary State has one fund for bilateral relations, initiatives financed by the fund can be managed by the NFP or the PO. In most Beneficiary States, the majority of the fund for bilateral relations is expected to be allocated to programmes and to be managed by the PO. However, an important feature of the fund for bilateral relations is to make available funding for initiatives beyond the scope of the programmes agreed in the MoU. Such initiatives may be related to bilateral cooperation at national, local or regional level. As illustrated in yellow in illustration 2 on page 7, funding for these initiatives are allocated by the JCBF, and managed by the NFP either through calls or by pre-defining initiatives to be carried out by the NFP or other entities. Pre-defined initiatives are often related to current issues of bilateral interest. As the need for such activities may arise on short notice, it is important that the management of the funds has the flexibility required to address pressing issues of bilateral priority.

Initiatives beyond the scope of the programmes could provide a platform

#### **Best practice:**

##### **Norwegian-Estonian e-Governance Initiative**

Norway and Estonia are working together to support countries in the Eastern Partnership group's (Ukraine, Moldova, Belarus, Georgia, Azerbaijan, Armenia) development towards democratic, transparent, efficient and innovative governance and economy. Estonia is focusing on e-governance support, while Norway has put a lot of efforts in supporting innovative new economic models that support start-ups and SMEs.

Following a workshop organised by the Norwegian Embassy in Tallinn, Estonian and Norwegian partners received support from the Bilateral Fund to carry out a feasibility study on e-Governance.

The objectives of the study were:

- to develop future collaboration between partners in Norway and Estonia within e-Government, including cyber security
- to conclude on a common platform for a Norwegian-Estonian e-Government lab incubator
- to conclude on further replicable collaboration models in development cooperation regions

The feasibility study is a good example of how the funds for bilateral relations can serve to consolidate networks or partnerships in an early phase to elaborate on the respective partners' expertise and prepare the ground for further collaboration beyond the funds for bilateral relations.

for increased political, cultural, economic, and academic relations in a broad sense.

Examples of activities that could be carried out under funds for bilateral relations managed by the NFP include:

- matchmaking events not tied to one particular programme
- technical cooperation and exchange of experts
- secondments and internships
- capacity building and short term training
- workshops and seminars on topics of common interest
- study tours and visits
- data collection, reports, studies and publications
- campaigns, exhibitions and promotional material

This list is non-exhaustive and is meant as an example of possible activities.

### **3.4 Funds managed by the Programme Operators**

Besides the funds managed by the National Focal Point, the NFP shall in accordance with Article 4.7 of the *Regulations* ensure the availability and timely disbursement of funds for bilateral relations upon request from the POs.

The allocation of funds for bilateral relations to POs shall be based on

- any allocation set in the MoU; as well as
- any allocation made by the JCBF.

Any allocation to programmes will usually not be earmarked to specific activities, but rather be granted as block amounts for the PO to manage.

Decisions on the management and use of funds for bilateral relations allocated to programmes implemented in cooperation with DPPs shall be made by consensus between the PO and the DPP in the Cooperation Committee.

In donor partnership programmes, the PO should take full advantage of the DPPs and involve them in planning the use of the funds for bilateral relations, including providing input to the call for expression of interest. If the programme has no DPP, the PO might consult and seek advice from Donor State embassies, other relevant Donor State entities and the FMO. The optimal use of the funds for bilateral relations will vary from one programme to another based on the specificities of each programme.

#### **3.4.1 Allocations to programmes**

##### **a) Allocations made in the MoU**

The Donors and Beneficiary State may agree on allocations from the fund for bilateral relations to programmes in the MoU. Such allocations will normally be minimum allocations, and the programmes would still have the option to request additional funds from the JCBF through an expression of interest (see section b) below).

Any allocation included in the MoU is not subject to any further approval by the JCBF or NFP. Article 4.7 of the *Regulations* states that the NFP shall as appropriate ensure the availability and timely disbursement of funds for bilateral relations upon request from the POs. It is not foreseen that the POs will require the full amounts allocated in the MoU during the programme development phase and it will be for the NFP and POs to agree on what is considered appropriate to cover the PO's needs in this period.

According to Article 4.6.3 of the *Regulations*, advance payments of the funds for bilateral relations from the donors to the NFP shall be made upon the signature of the Bilateral Fund Agreement. Likewise, Article 5.7.5 states that prior to disbursing the first payment to the fund for bilateral relations, the donors shall determine whether the detailed description of the management and control system submitted meets the minimum requirements.

The bilateral ambitions and the use of the funds for bilateral relations allocated through the MoU shall be described in the Concept Note, and agreed in the Cooperation Committee.

#### **b) Expression of interest**

Allocations from the fund for bilateral relations to POs beyond those made in the MoU shall be based on expressions of interest submitted by the PO. In the expression of interest form, annexed to this guideline, the PO shall outline how it intends to use and manage the funds requested. Following assessment, the JCBF allocates funds to programmes of bilateral interest, and the funds shall be managed in accordance with any recommendation from the JCBF.

#### **3.4.2 Programme development phase**

During the programme development phase funds for bilateral relations can be used by Programme Operators to strengthen the bilateral dimension of the programmes and prepare the ground for future cooperation.

- For programmes where an allocation from the fund for bilateral relations is specified in the MoU, the NFP shall, upon request from the PO, ensure disbursement of an amount not exceeding the specified allocation.
- For programmes where an allocation from the fund for bilateral relations is not specified in the MoU, the NFP shall, upon request from the PO, ensure disbursement of an amount not exceeding € 50,000<sup>3</sup>.

In case the NFP is prevented from making the above funding available, the PO may, in accordance with Article 4.6.4 of the *Regulations*, request an amount not exceeding

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<sup>3</sup> Any disbursement of up to €50,000 is not subject to any further approval by the JCBF.

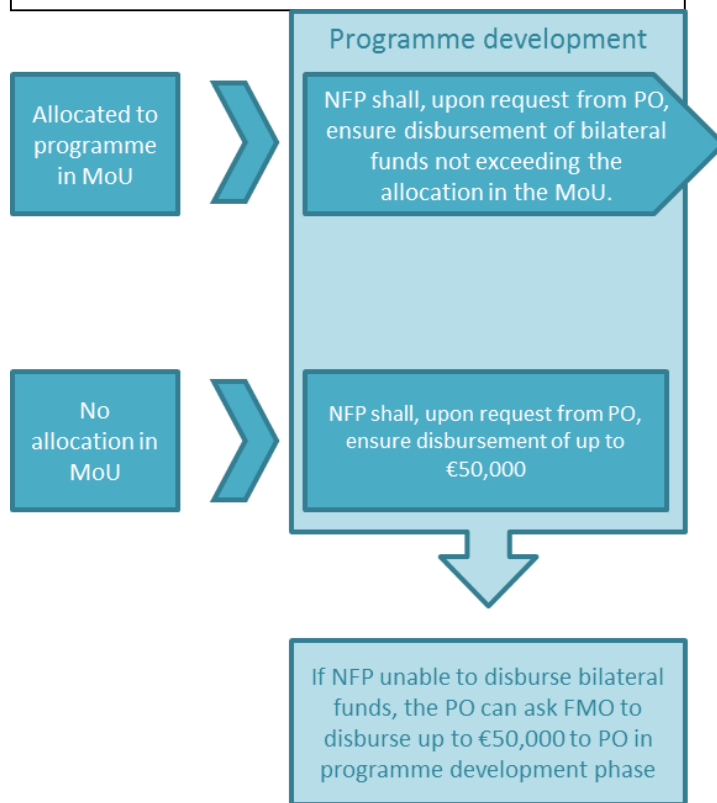
€ 50,000 as an advance payment directly from the Donors. Such payment shall be made in agreement with the NFP, following the designation of the PO<sup>4</sup>.

For programmes where an allocation from the fund for bilateral relations is specified in the MoU, any funds for bilateral relations disbursed during the programme development phase in accordance with Article 4.6.4 of the *Regulations*, shall be considered included in the MoU allocation.

Examples of activities that can be carried out at an early stage before the approval of the Work Plan and the programme are:

- study tours to the Donor States for POs, potential project promoters and partners to get input to the programme development;
- feasibility studies for bilateral cooperation and expert advice on how to design the programme to integrate bilateral aspects;
- meetings with Donor State entities defined as potential partners in pre-defined projects;
- bilateral stakeholder consultations;
- promotional activities to attract potential project promoters and partners for partnership projects.

#### **Illustration 4: Disbursement of bilateral funds in programme development phase**



The bilateral ambitions and the use of the bilateral funds should be agreed in the Cooperation Committee, where applicable.

### **3.4.3 Programme implementation phase**

Funds for bilateral relations allocated to programmes should strengthen the bilateral profile of the programme and facilitate partnerships at project level. These funds are particularly relevant for, but not limited to:

- search for partners for donor partnership projects prior to or during the preparation of a project application;

<sup>4</sup> A template for requesting these funds is attached as Annex 5 to this Guideline.



- development of such partnerships and the joint preparation of an application for a donor partnership project

Both potential project promoters and potential donor project partners should be able to apply for funds. Reimbursement of costs related to the preparatory activity shall not be conditional upon eventual submission or approval of a project application.

The PO can choose to establish a 'seed money facility' open for applications, either through open calls for proposals at specific points of time, e.g. some months prior to the main calls for proposals, or allow for applications on a continuous basis, depending on the specificities of each programme. The seed money can for example be used for travel and meeting costs for potential partners or any costs related to the development of the project application or development of the partnership.

Alternatively, the PO could initiate and organise events and meetings to promote donor partnership projects, for instance through outreach and match-making seminars for potential project promoters and potential donor project partners, to allow them to explore cooperation possibilities.

Throughout the programme implementation period, the PO may also use the funds for bilateral relations for other types of activities to strengthen bilateral relations between the Donor States and Beneficiary State. Such activities will either be implemented by the PO itself, by project promoters, donor project partners, or by other relevant stakeholders. In accordance with Article 8.8 of the Regulations, the following activities would be eligible for bilateral funds:

- networking, exchange, sharing and transfer of knowledge, technology, experience and best practice between entities in Beneficiary States and entities in Donor States and/or international organisations, and
- activities aiming at strengthening cooperation and exchanging experiences and best practices between the POs and similar entities within the Beneficiary States and Donor States, as well as international organisations, provided at least one entity within the Donor States is involved in the activity

The PO may decide to distribute such funds through calls for proposals, simple expression of interest or by 'pre-defining' activities.

## 4 Donor Programme partnerships

All programmes of specific bilateral interest will be implemented in cooperation between Donor and Beneficiary State entities. The programmes developed and implemented in cooperation with one or more Donor Programme Partners (DPPs) are referred to as *donor partnership programmes*. In such programmes, it is still the Programme Operator (PO) who is responsible for preparing and implementing the programme, including facilitating bilateral cooperation. Donor partnership programmes aim to facilitate networking, exchange, sharing and transfer of

knowledge, technology, experience and good practices between public entities in the Donor States (DPPs) and the Beneficiary States. The cooperation shall be mutually beneficial to the involved partners, and the partnership is expected to have a positive impact on the programme.

## **4.1 Donor Programme Partners (DPPs)**

A DPP is usually a public entity in one of the Donor States with national mandates within its respective fields and with extensive international experience advising on the preparation and implementation of a programme. The DPPs are considered instrumental for achieving the objective of strengthening bilateral relations. At the same time, DPPs constitute a valuable resource for the PO as strategic partners on programme level. The DPPs contribute directly to the objective of reducing economic and social disparities by bringing sector experience and competence to the table, alongside their understanding and knowledge of the Donor States' priorities. As concerns issues related to the interpretation of the *Regulations* and other parts of the legal framework of the Mechanisms, the PO and the DPP are invited to refer to the FMO.

Donor partnership programmes are identified as such in the Memoranda of Understanding (MoU) or later through an exchange of letters between the Donor State(s) and the NFP.

### **4.1.1 Several Donor Programme Partners in one programme**

Some programmes are implemented in cooperation with more than one DPP. In such programmes, the MoU may provide some clarification on the distribution of responsibilities between the DPPs. Beyond this, the PO and DPPs may in dialogue agree on the role of each of the DPPs in the programme. In some programmes, the DPPs may wish to be equally involved in all levels of the cooperation. In others, it could be more efficient that one institution takes on the role as "Lead DPP", while the other DPP(s) advise specifically in the subject areas in which they have particular expertise. In such cases the Lead DPP may take a coordinating role, overseeing the cooperation and ensuring that that the other DPPs are sufficiently included in their relevant subject fields.

It should be noted that the arrangement between the DPPs is not regulated formally in the *Regulations* or *Guidelines*, and may be adapted depending on the specificities of the programmes and interest of the parties involved.

## **4.2 Role of the DPP in the programme preparation phase**

As soon as possible after the signature of the MoU in which the PO and DPP are designated, the PO shall invite the DPP to advise and assist the PO in the preparation of the programme. While the overall role of the DPP is derived from the tasks entrusted to the Cooperation Committee in accordance with Art. 4.4 of the *Regulations*, the PO and DPP are expected to take up contact without delay after the MoU is signed, and where necessary, before the Cooperation Committee is formally established. While the

PO has the overall responsibility for preparing the programme, the DPP is expected to be proactive and engaged in the development of the programme strategy and design. The FMO shall be kept informed of programme preparation meetings between the PO and the DPP.

The exact role of the DPP may vary from programme to programme. During the programme preparation phase, it is recommended that the DPP and the PO discuss the expected role of the DPP and modalities for the programme partnership.

Among the earliest tasks of the DPPs is their contribution to the planning and implementation of preparatory stakeholder consultations. In addition to assisting the PO in consulting relevant stakeholders in the Beneficiary State, the DPP may propose dedicated bilateral stakeholder consultations, involving relevant donor state entities, to provide input to bilateral aspects of the programme<sup>5</sup>. Identifying potential areas for bilateral cooperation, and specific partners in pre-defined projects, is an important task for the DPP in this period.

Central to this first stage of cooperation is the common development of a *concept note*, as defined in Art. 6.2 of the *Regulations*. The concept note shall define the scope and planned results of the programme, and be prepared in cooperation with the FMO, and in consultation with relevant stakeholders. In donor partnership programmes, the DPP shall play a key role in the drafting of this document.

While the DPP is expected to provide input to all relevant aspects of the concept note, the DPP's contribution to the section on bilateral ambitions, including the use of funds for bilateral relations, is of particular importance. The DPPs' expected involvement, role and scope of the cooperation shall be described in this part of the concept note. Moreover, key information about the DPP and its relevance to the programme, as well as about previous cooperation between the PO and the DPP, shall be listed. If the programme has more than one DPP, the division of responsibilities between the DPPs should also be spelled out, including identifying any Lead DPP.

The PO and FMO shall actively include the DPP in their correspondence during the programme preparation phase. DPP input to the concept note is a key factor to be considered in the appraisal of the concept note. In case the DPP has not been sufficiently involved and/or consulted, the concept note may be rejected by the Donors.

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<sup>5</sup> Please see section 3.4.2 of this Guideline for further information on Bilateral Fund activities in the programme preparation phase.

### 4.3 Role of the DPP in the programme implementation phase

During the implementation phase, the DPP will *inter alia* assist in reviewing the progress of the programme and discuss any needs for amendments. The DPP shall throughout the implementation period:

- advise on bilateral activities and possible project partners in the Donor States;
- advise on selection criteria and the texts for call(s) for proposals;
- observe or participate in selection processes as relevant;
- review progress made towards achieving the outputs, outcome(s) and objective of the programme;
- review progress made towards strengthening bilateral relations;
- examine the results of the implementation of the programme;
- review the draft annual programme reports;
- advise the PO of any revision of the programme likely to facilitate the achievement of the programme's expected outcome(s) and objective; and
- advise on the use of funds for bilateral relations.

The DPP shall be invited to take an active part in selection processes under the programme. As a minimum, the DPP shall be consulted on call texts and selection criteria, and be invited as an observer in the project selection. If desired by both parties, the DPP may participate as a voting member in the selection process. Such an arrangement may be proposed in the concept note and included in the Programme Agreement. In addition to general support and advice in the selection process, the DPP is expected to contribute specifically in facilitating bilateral partnerships on project level.

The DPP is moreover expected to continuously advise on the use of the funds for bilateral relations, to propose relevant activities, to assist the PO in obtaining such funds and to participate in activities supported by the fund if feasible.

In the relevant Donor State, the DPP shall actively inform relevant entities about bilateral partnership opportunities in the programme(s) and facilitate project level cooperation, as well as cooperation in activities supported by the fund for bilateral relations, where relevant. The DPP is expected to encourage bilateral match making activities in the Beneficiary and/or Donor State.

The donor programme partnership should contribute to exchange of experience and mutual capacity building. Where possible, the cooperation should provide a platform for increased political and technical cooperation between the Donor and the Beneficiary States within the relevant sector(s), going beyond the programme cooperation. The PO and DPP are encouraged to discuss potential for wider cooperation, and to explore this through activities supported by the bilateral funds. Ideally, the cooperation has the potential to increase awareness and understanding by relevant policy makers in the respective sectors of the other country's sector policies and political initiatives, thus facilitating further cooperation and mutual support in the international arena.

Specific arrangements are in place for research programmes implemented as donor partnership programmes – please refer to the Guideline for Research Programmes.

#### **4.4 DPP communication responsibilities**

Throughout the programme preparation and implementation, the DPP is expected to play an active part in communicating cooperation possibilities, especially with regard to the target groups in the Donor State. This includes creating awareness of the existence, the objectives, the possibilities for and actual cooperation between Donor State entities and entities in the Beneficiary States. The DPPs shall also provide information on their involvement and on the results achieved in the programme(s) to the general public in the Donor State(s).

The DPP shall ensure that a person is responsible for communication work, and it is suggested that the DPP cooperates with ministries in the relevant donor country in implementing their communication efforts.

The DPPs shall report on communication activities in their annual progress report to the FMO. Detailed information on the DPP's communication responsibilities can be found in Annex 3 to the *Regulations*.

#### **4.5 DPP framework agreement**

Each DPP will enter into a Framework Agreement with the FMO, which covers the DPPs' participation in the preparation and implementation of programmes under the EEA and Norwegian Financial Mechanisms 2014-21. The reimbursement of costs related to its DPP activity will be based on annual work plans and budgets and certified invoices for eligible costs, to be approved by the FMO. The DPP shall consult the respective PO(s) before submitting annual work plans and budgets, which shall be based on the activities and the expected results of the cooperation agreed with the PO for the coming year.

The DPPs will have costs related to the programme cooperation reimbursed from the funds set aside for the Costs of the Donor States (Article 1.9 of the *Regulations*) and shall not charge any costs to the programme budget.

Eligible costs are defined in the Framework Agreement and comprise staff costs, travel, consultancies and miscellaneous costs. The DPPs shall submit to the FMO a brief annual progress report describing the activities carried out and a short assessment of the outcome of the cooperation, together with the financial reporting.

There is no need for the PO to enter into a cooperation agreement with the DPP, as the basis for the cooperation is defined in the Programme Agreement, MoU and in the *Regulations*. There is however a need to agree on the ambitions, roles and working methods. Some DPPs may decide to conclude agreements with the PO to ensure mutual understanding of the cooperation. If such a document is developed, it shall be shared with the FMO.

#### 4.5.1 DPPs advising in other programmes

Upon agreement with the FMO, and in addition to its involvement in a *donor partnership programme*, a DPP may take on additional tasks related to *advising on the preparation and implementation of relevant programmes* in which it is not formally engaged as DPP. This is intended to offer POs and DPPs the possibility to collaborate in programmes in limited areas or phases. This could be relevant either for programmes which do not have a formal DPP designated, or for other programmes in which a DPP may be able to offer specific input to the programme development and/or implementation. This is a flexible role which can be defined in more details as needs arise; the DPP may provide input on its particular area of expertise and/or advice on strengthening the bilateral aspect of the programme. The level of such involvement, in addition to being agreed with the FMO, must also be decided in collaboration with the relevant PO/Cooperation Committee. Any costs related to such involvement (as agreed with the FMO/Donors) shall be reimbursed through the DPP Framework Agreement with the FMO.

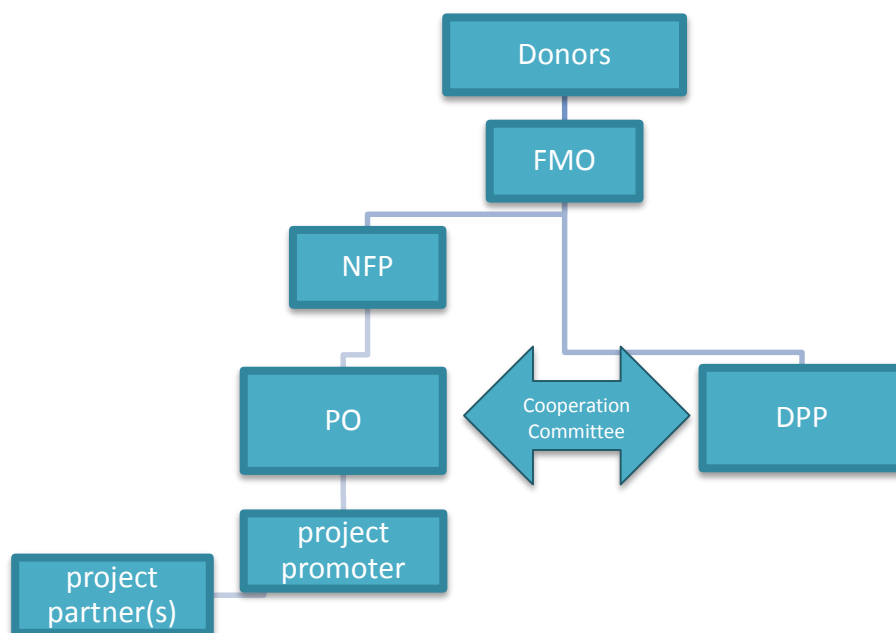
#### 4.6 DPPs as project partners

In some cases, the DPP institution might also be defined as a project partner in a pre-defined project under the programme. The tasks, responsibilities and costs related to its role as project partner are not covered by the DPP Framework Agreement, but shall be covered by the project budget.

In cases where a DPP acts as project partner, the institution has to make a clear distinction between its role as DPP, and its role as donor project partner to one of the project promoters. In its role as donor project partner, it has to enter into a partnership agreement in line with Article 7.7 of the *Regulations*. The costs related to the work as project partner shall be agreed in the partnership agreement.

Since one of the tasks of a DPP is to advise in the selection process, the DPP may not participate as donor project partner in projects selected as a result of an open call for proposals under a programme in which it acts as DPP. Pre-defined projects are considered differently, as these projects are not undergoing a selection process; they are agreed on by the Donor State and the Beneficiary State either in the MoU or in the Programme Agreement.

**Illustration 5: Contractual relationships between the actors in the EEA and Norwegian Financial Mechanisms**



## 4.7 The Cooperation Committee

The Cooperation Committee (Art 4.4 of the *Regulations*) shall provide advice on the preparation and implementation of the programme. The Cooperation Committee is the main forum for collaboration between the DPP and the PO, and is therefore considered instrumental to strengthening bilateral relations. In addition to the tasks listed in the *Regulations*, the parties are encouraged to broaden the agenda to any issue of common interest, to share experience and promote dialogue and cooperation, in order to provide a basis for longer-term professional cooperation and political dialogue.

### 4.7.1 Establishing the Cooperation Committee

Due to the Cooperation Committee's role in advising on programme preparation, it is necessary to formally establish the Committee as soon as possible after the PO and DPP have been designated. As a minimum requirement, the Cooperation Committee shall be established before stakeholder consultations are carried out, and before the concept note is submitted to the Donors, as the Cooperation Committee shall advise on these issues. The PO and the DPP may choose to have meetings prior to the Committee being formally established.

There is no specific requirement in the *Regulations* on how the Committee should be established, except that the PO is in charge of establishing it, bearing in mind the principles of implementation set out in Article 1.3 of the *Regulations*. The PO shall at an early stage discuss the establishment and organisation of the Cooperation

Committee with the DPP in order to reach a common understanding on its composition and working methods, e.g. how often, when and where to meet, how to set the agenda, etc.

It is up to the parties to agree upon the extent to which the working method of the Cooperation Committee should be codified in formal rules of procedures / mandates. Regardless of how much is formalised, the parties should discuss and reach a common agreement on the following issues:

- Membership: should there be permanent and substitute members, or could membership be flexible and decided on an *ad hoc* basis?
- How often should the Committee meet?
- Should the meeting location alternate between the Donor and Beneficiary State?
- How to agree on the agenda?
- How far in advance should meeting invitations, including agenda, and other documents be sent out?
- What are the deadlines for distributing draft minutes and comments to them?

As a minimum, the Cooperation Committee consists of representatives from the PO, the DPP(s) and/or International Partner Organisations (IPOs) as defined in Article 1.6(i) of the *Regulations*, as applicable. It is up to the parties to agree on the size of the Committee, depending on the specific needs of each programme. It is important that relevant programme partners are invited to the Committee. Both the PO and the DPP can suggest inviting experts and other relevant parties. These could include the public authority in charge of the policy area in question, or similar relevant stakeholders, as well as other external experts from the Donor and Beneficiary States. The DPP and the PO should agree on the attendees. In cases where the NFP acts as PO, the line ministry/entity responsible for the relevant policy area shall be included in the Committee.

The NFP, the FMO and the relevant embassies shall be kept informed about the planning and invited as observers to the Cooperation Committee meetings. The minutes of the meetings shall be kept and shared with the FMO.

Costs related to the running of the Cooperation Committee shall primarily be covered from programme management costs (ref. Article 8.10), which are eligible from the date when the NFP designates the PO. Costs incurred by the DPP in this respect will be covered from the budget set in the DPP Framework Agreement and reimbursed to the DPP directly by the FMO.

## **5 Project partnership**

In order to achieve the overall objective of strengthened bilateral relations, all programmes shall encourage and facilitate projects planned and implemented in partnership between Donor and Beneficiary State entities - *donor partnership projects*.



When a call for proposals is foreseen, donor partnership opportunities should be planned for and widely promoted by the POs in the Beneficiary States, as well as by the DPPs in the Donor States, allowing sufficient time for partnerships to materialise. POs are expected to organise specific measures with this aim (for further details see sections 3.4.2 and 3.4.3).

The project level cooperation shall be mutually beneficial to the involved partners, and the partnership is expected to have a positive impact on the project.

## 5.1 Donor project partners

A “donor project partner” is a *legal person* actively involved in, and effectively contributing to, the implementation of a project, and whose primary location is in one of the Donor States. Both public and private entities, commercial and non-commercial, as well as non-governmental organisations may participate as donor project partners in a project. Natural persons who are legal residents of the Donor States may also participate as donor project partners in some cases. (Art. 1.6(c) and 7.2 of the *Regulations*)

The primary location of entities refers to the location where the managerial and administrative centre of the entity is located (e.g. headquarters, head office, board of directors, etc.). Given the variety of potential entities under consideration, and the complexity of different international structures, a decision on primary location may have to be taken on a case-by-case basis. For international NGOs a national section will in most cases qualify.

The degree of involvement and the content of the partner’s contribution will vary but only projects implemented in close co-operation between Beneficiary and Donor State partners will be considered donor partnership projects. These should be joint initiatives where input from both partners is necessary to achieve the project objectives.

Donor project partners should be involved as early in the planning stages of the project cycle as possible. The donor project partner should be consulted on, and given the opportunity to contribute to the relevant aspects of the project application.

## 5.2 Facilitation of donor project partnerships

It is crucial that the PO actively encourages and facilitates the establishment of donor partnership projects throughout the programme cycle, by considering the potential for bilateral project-level cooperation during the programme development, carrying out relevant match making events and activities before, or at the latest, in conjunction with launching calls for proposals, as well as by encouraging donor partnership projects in call texts. The PO should apply clear and proportionate application procedures and reporting requirements, with a view to encourage cooperation between entities in the Donor and Beneficiary States.

The PO should ensure that potential project promoters are provided with sufficient guidance on how to best establish contact with potential donor project partners.

Partnership opportunities shall be widely communicated, including on the PO's dedicated programme websites.

The DPPs shall assist the PO in the facilitation of project partnerships through appropriate measures, from ensuring that programmes are designed to encourage and enable bilateral cooperation on project level, to identifying and bringing in potential donor project partners. In the Donor states, the DPPs shall communicate partnership opportunities to relevant entities, and should make such information available on their websites.

Donor State embassies may also offer advice and assistance for POs and potential project promoters in the Beneficiary States, by advertising partnership opportunities and referring potential project promoters to relevant Donor State entities.

### **5.3 Project partnership agreements**

In each donor partnership project, the project promoter shall enter into a partnership agreement with the donor project partner(s), in line with the requirements set out in Article 7.7 of the *Regulations*. Partnership agreements involving a donor project partner shall be in English.

A partnership agreement template is attached as Annex 6 to this Guideline and may be used in donor partnership projects.

The partnership agreement forms the basis for the cooperation between the parties, and it is therefore crucial that the project promoter and donor project partner work closely together in the preparation of the agreement.

The draft partnership agreement or alternatively a letter of intent shall be submitted to the PO in English at the latest prior to the signature of the project contract. This gives the project promoter and donor project partner sufficient time to develop their cooperation and agree on roles, responsibilities and financial arrangements without being rushed into signing a partnership agreement. The parties should however seek to sign the partnership agreement as soon as possible following the signature of the project contract.

In any project, including donor partnership projects, the project promoter is in general the grant recipient and the only one to enter into a contractual relation with the PO.

It is important to note that there are substantial variations in the level of costs between the Donor and Beneficiary States. Differences in price levels must be reflected in the planning and implementation of project partnerships. This is to ensure that sufficient funds are set aside to donor partners and that reimbursements cover their actual costs. The DPPs and the FMO can be of assistance when there are questions regarding the cost level in the Donor States.

In most donor partnership projects, the donor project partner will nevertheless implement parts of the project activities. The financial contribution to the project will consequently be distributed among the partners in accordance with the partnership agreement.

The expenditure of the donor project partners is reimbursed from the project budget, and accordingly, it is important that the partnership agreement includes amounts which reflect the actual cost level in the Donor State. The PO should pay attention to the amount set aside for the donor project partner in the partnership agreement, to enable the donor project partner to be reimbursed for its contribution. In donor partnership programmes, the DPP should support the PO in overseeing this.

## 6 Bilateral reporting<sup>6</sup>

Bilateral cooperation in the framework of the EEA and Norwegian Financial Mechanisms goes beyond projects and programmes, and includes funds for bilateral relations and DPP engagement. Reporting on progress towards the bilateral objective will therefore be based on a combination of narrative and statistical reports from NFPs, POs and DPPs through the reporting system. In addition external reviews will be carried out.

An information system (a grant management and reporting system) is currently under development. Once the system is operational, the reporting is expected to be integrated in the system

Progress towards the bilateral objective shall be reported on through the following reports:

### 6.1 Strategic Report from the NFP

The Strategic Report, to be submitted by the NFP to the Donors in accordance with Article 2.6 of the Regulations, shall cover all bilateral activities implemented in the Beneficiary State. This does not imply an obligation to report in detail on each activity, but rather a strategic reporting on the overall progress towards achieving the bilateral objective.

The bilateral section of the draft Strategic Report should be consulted with the JCBF and the report is subject to approval by the Donors. In this report the NFP provides:

- An assessment of the contribution of the EEA and Norwegian Financial Mechanisms 2014-2021 towards the achievement of the bilateral objective
- Reporting on the use of the fund for bilateral relations.

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<sup>6</sup> For more detailed guidance on reporting please refer to the "Results Guideline"

## 6.2 Reporting by the PO

In the Annual Programme Report, the PO shall, in accordance with Article 6.11 of the Regulations, assess and report on progress towards the bilateral objective, including, but not limited to, the bilateral outcome and output indicators.

The PO shall report to the NFP on the use of all funds for bilateral relations allocated to its programme. Specific provisions in this respect should be set in an appropriate legal instrument.

A legal instrument is a written document that formally states a contractual relationship, duty or right. Examples of legal instruments are agreements, decrees or legislative acts.

## 6.3 Annual progress reports from the DPPs

Through the annual progress report, the DPP will report to the FMO on the implementation of the DPP's Work Plan and the use of the funds allocated to them. In the progress report, the DPP will, as a minimum, report on the following:

- Progress towards each of the bilateral results, including those experienced by the DPP institutions themselves.
- Activities implemented in donor partnership programmes during the reporting period, separated per programme.
- Activities implemented in non-partnership programmes during the reporting period, separated per programme.
- Other bilateral activities during the reporting period.
- Major deviations from work plan.
- Challenges or risks.

## 6.4 Reporting on bilateral initiatives

Bilateral initiatives funded from the funds for bilateral relations, from the programme management costs or from the technical assistance shall be reported on through the Information System. The PO is responsible for registering initiatives covered from the programme management costs or from the funds for bilateral relations allocated to the programme, whereas the NFP is responsible for registering other initiatives. The registration in the system should be made within four weeks following the completion of the initiative.

The bilateral initiatives reporting enables overviews of the type of activities supported, the actors involved, and results achieved. A detailed guidance note on how to fill in the form will be available in the Information System.

## 6.5 External reviews

To complement the self-reporting from the PO and the DPP, as well as the analysis made by the NFP in the Strategic Report, the Donors through the FMO may commission external studies at regular intervals – at start, mid-term and at the end of period - to capture the complexity of the outcomes related to strengthened bilateral relations.

## 6.6 General rules on financial reporting and verification and certification of expenditure

Financial reporting and verification and certification of expenditures in programmes, projects, and under the fund for bilateral relations follow the rules laid down in the *Regulations*.<sup>7</sup>

### 6.6.1 Proof of expenditure

Costs incurred by all entities shall always be supported by receipted invoices, or alternatively by accounting documents of equivalent probative value. Where activities are implemented in the framework of competitive tendering procedures, payments to contractors shall be supported by receipted invoices based on the signed contracts.

In accordance with the provisions of Articles 8.3.1 (b) and 8.8.2 of the Regulations, travel costs, including subsistence allowance, may be calculated as a lump sum, on the basis of defined rules approved by the appropriate entity (the PO with regards to lump sums in projects and the NFP with regards to lump sums applied to activities under the fund for bilateral relations).<sup>8</sup>

Due to the large variations in rates applied by national administrations, it is recommended to apply the European Commission's flat rates for per diems as presented in Annex 1 to the Commission decision of 18.11.2008 on General implementing provisions adopting the Guide to missions for officials and other servants of the European Commission - C(2008)6215 final - and subsequent updates.

In line with the responsibility of the NFP and/or POs to verify expenditure declared, requirements for the submission of proof of expenditure shall be set in the relevant legal instrument.

The proof of expenditure to be submitted may take a form of:

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<sup>7</sup> For guidance on these issues, reference is made to the Financial Guidance Document issued by the FMO.

<sup>8</sup> For the use of lump sums for travel costs incurred in programmes under programme area "Education, Scholarships, Apprenticeships and Youth Entrepreneurship" or from the scholarship component under any programme, please refer to Article 8.9 of the Regulation and the "Guideline for Educational Programmes".

- 1) receipted invoices or accounting documents of equivalent probative value;
- 2) a report by an independent auditor, qualified to carry out statutory audits of accounting documents, or a report issued by a competent and independent public officer certifying that the claimed costs are incurred in accordance with the Regulation, the relevant law and national accounting practices.

In case of option 2):

- the report, if submitted by an international organisation or body or agency thereof or by a project partner whose primary location is outside the Beneficiary State, shall be accepted by the project promoter and PO as sufficient proof of incurred expenditure;
- the cost of the report is considered eligible, providing that it complies with the general principles of the eligibility of expenditures as defined in Art. 8.2 of the *Regulations*;
- sufficient funds shall be set aside in the budget to cover this cost;
- upon request by the Donors or the EFTA Board of Auditors or the Office of the Auditor General of Norway, promoters and partners shall grant access to the supporting documents on the basis of which the report was issued;

**Accounting documents of equivalent probative value:**

Accounting document of equivalent probative value' means any document submitted by the body responsible for implementation to prove that the book entry gives a true and fair view of the transactions actually made, in accordance with standard accounting practice.

**Competent and independent public officer:**

Public officer recognised by the relevant national authorities as having a budget and financial control capacity over the entity incurring the costs and who has not been involved in the preparation of the financial statement.

For the full requirements regarding proof of expenditures, please consult the *Regulations*, Art. 8.12.

**6.6.2 Verification and certification of expenditure**

For donor partnership programmes and projects, the verification of expenditure is embedded in the verification procedures applicable to programmes and projects in general. For the Fund for bilateral relations, the responsibility for verification of expenditure lies with the NFP, although the CA shall be responsible for verification of expenditure incurred directly by the NFP. The necessary provisions regarding verifications to be carried out by the PO shall be set in an appropriate legal instrument.

The CA is responsible for the certification of expenditure for all bilateral activities, including expenditure financed by the fund for bilateral relations. The certification process shall be in line with Article 5.4 of the *Regulations*. Guidance on the verification and certification procedures can be found in the Financial Guidance document produced by the FMO.

#### **Incurred expenditure under the fund for bilateral relations**

In the context of IFRs and the Final Balance reporting to the FMO, the following shall be reported as incurred expenditure:

Funds managed by the National Focal Point:

- When the NFP is the beneficiary of the funds: actual incurred expenditure by the NFP is reported.
- Other bilateral initiatives granted by the NFP, e.g. selected through calls for proposals or pre-defined bilateral initiatives; the payments by the NFP to the promoters shall be reported as incurred.

Funds managed by the Programme Operator:

- When the PO is the beneficiary of the funds: actual incurred expenditure by the PO.
- Other bilateral initiatives granted by the PO, e.g. selected through calls for proposals or pre-defined bilateral initiatives; the payments by the PO to the promoters shall be reported as incurred.

### **6.6.3 Financial reporting under the fund for bilateral relations**

For the fund for bilateral relations, the NFP is responsible for ensuring adherence to the reporting requirements related to advance and interim payments, payments of the Final Balance, forecast of likely payment applications, and reporting on any suspected or actual irregularities to the Irregularities Authority. The NFP shall compile aggregated IFRs and Final Balance based on input from relevant POs and promoters under the fund for bilateral relations, and the Certifying Authority (CA) shall submit to the Donors certified IFRs and the final balance in the last IFR.

## **6.7 Procurement rules**

The applicable rules on public procurement should always be complied with. The PO and the project promoter are responsible for evaluating whether a partnership raises any procurement or state aid issues. This will depend on the precise nature of the activities to be performed by the partner and the value of any services provided.

Actual or potential project partners should be aware that they may in certain cases be excluded from participation in public tenders when they were directly involved in the preparation of these tenders, for example, through advising the project promoter on technical specifications.

Costs incurred by donor project partners in the Donor State, are subject to the Donor State's national procurement rules.

## 7 Legal framework

This Guideline applies to the implementation of programmes, projects and initiatives aimed at strengthening bilateral relations between the Donor States and the Beneficiary States funded by the EEA and Norwegian Financial Mechanisms 2014-2021.

The following documents constitute the legally binding framework which applies to the present Guideline:

- Protocol 38c of the EEA Agreement establishing an EEA Financial Mechanism and/or the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the Period 2014-2021, as applicable;
- The Memorandum of Understanding signed between the Donor State(s) and Beneficiary State;
- The Regulation on the implementation of the European Economic Area Financial Mechanism 2014-2021 and Annexes and/or the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021 and Annexes, as applicable;
- Any guidelines adopted by the FMC/NMFA, as appropriate.

The Guideline contains references to relevant articles of the *Regulations*, but this does not dispense the user from referring to the *Regulations*. Special note should be taken of the Results Guideline to be read in parallel with this Guideline.

## 8 Annexes

- Annex 1 – Glossary
- Annex 2 – Timeline illustration
- Annex 3 – Work Plan template
- Annex 4 – Expression of interest template
- Annex 5 – Request for advance payment for POs
- Annex 6 – Partnership Agreement template
- Annex 7 – Template for certification of costs



## Annex 1 - Glossary of bilateral terminology

**BILATERAL FUND AGREEMENT:** Agreement between the Donors and Beneficiary State regulating the use of the Fund for bilateral relations.

**BILATERAL OBJECTIVE:** To strengthen bilateral relations is defined as enhanced cooperation and improved mutual knowledge and understanding between Donor and Beneficiary States. One of the two overall objectives of the EEA and Norwegian Financial Mechanisms 2014-2021.

**BILATERAL STAKEHOLDER CONSULTATION:** Meetings and/or exchanges with stakeholders in the process of preparing a programme under the EEA and/or Norwegian Financial Mechanisms 2014-2021 aiming at strengthening the bilateral profile of a programme. A bilateral stakeholder consultation is typically specifically targeted towards relevant stakeholders in the Donor States.

**COOPERATION COMMITTEE:** A committee that shall be established under a donor partnership programme consisting of representatives from the Programme Operator and representatives from the Donor Programme Partner(s) and/or the International Partner Organisation(s), as applicable. Further described in Article 4.4 of the Regulations.

**DONOR PARTNERSHIP PROGRAMME:** A programme of the EEA and/or Norwegian Financial Mechanisms 2014-2014 prepared and/or implemented in cooperation with one or more Donor Programme Partner(s). Described in Article 4.3 of the Regulations.

**DONOR PARTNERSHIP PROJECT:** A project implemented in close cooperation with a project partner whose primary location is in one of the Donor States. (As defined in Article 1.6 (c) of the Regulations)

**DONOR PROGRAMME PARTNER (DPP):** A public entity in a Donor State designated by the FMC/NMFA advising on the preparation and/or implementation, and/or participating in the implementation of a programme. (As defined in Article 1.6 (d) of the Regulations).

**DONOR PROJECT PARTNER:** A legal person actively involved in, and effectively contributing to, the implementation of a project, and whose primary location is in one of the Donor States.

**EXPRESSION OF INTEREST:** Form through which Programme Operators may request funding from the Fund for bilateral relations. A template is annexed to the Bilateral Guideline.

**FUND FOR BILATERAL RELATIONS:** A fund of a minimum of 2% of the Beneficiary State's total allocation to strengthen bilateral relations between the Donor States and the Beneficiary State. Further described in Article 4.6 of the Regulations.

**JOINT COMMITTEE FOR BILATERAL FUNDS (JCBF):** A committee established by the Beneficiary State to discuss matters of bilateral interest, decide on the use of the Fund for bilateral relations and review progress in the implementation of the EEA and Norwegian Financial Mechanisms 2014-2021 towards reaching the objective of strengthened bilateral relations. (As defined in Article 1.6 (k) of the Regulations). The composition, role and functioning of the JCBF shall be further defined in the Bilateral Fund Agreement and the JCBF is further described in Article 4.2 of the Regulations.

**LEGAL PERSON:** Individual or entity, other than a natural person, created by law and recognized as a legal entity having distinct identity, legal personality, rights, and being subject to obligations.

**NATURAL PERSON:** A human being, as opposed to a legal person like a company or organisation.

**PARTNERSHIP AGREEMENT:** Agreement between a project promoter and a project partner implementing a project in partnership regulating the inter alia roles and responsibilities of the parties. Partnership agreements are described in Article 7.7 of the Regulations and a partnership agreement template is annexed to the Bilateral Guideline.

**PROGRAMME:** A structure setting out a development strategy with a coherent set of measures to be carried out through projects with the support of the EEA or Norwegian Financial Mechanisms 2014-2021 and aimed at achieving agreed objectives and outcomes. (As defined in Article 1.6 (o) of the Regulations)

**PROJECT:** An economically indivisible series or works fulfilling a precise technical function and with clearly identifiable aims related to the programme under which it falls. A project may include one or more sub-projects. (As defined in Article 1.6 (t) of the Regulations). The fund for bilateral relations does not support projects.

**WORK PLAN:** A description of the implementation system for the Fund for bilateral relations, major activities to be organised under the Fund, and the programmes of bilateral interest. The Work Plan is adopted by the Joint Committee for Bilateral Funds.

Programme level
  Project level
  Fund for bilateral relations

<sup>1</sup> 30 April 2024: Final date of eligibility of expenditures in projects

<sup>2</sup> 31 December 2024: Final date of eligibility of management costs incurred by PO

<sup>3</sup> 30 April 2025: Final date of eligibility of Funds for bilateral relations

