



REPUBLIC OF SLOVENIA
GOVERNMENT OFFICE FOR DEVELOPMENT
AND EUROPEAN COHESION POLICY



GUIDELINES FOR PROJECT IMPLEMENTATION AND REPORTING

Norwegian Financial Mechanism Programme 2009-2014
EEA Financial Mechanism Programme 2009-2014

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List of abbreviations

DBU	Direct national budget user
EEA	European Economic Area
EEA FM	European Economic Area Financial Mechanism
EEA Programme	EEA Financial Mechanism Programme 2009-2014 (SI 02)
EEA Regulation	Regulation on the implementation of the EEA Financial Mechanism 2009-2014
EU	European Union
FM	Financial Mechanism
FMO	Financial Mechanism Office
GODC	Government Office for Development and European Cohesion Policy
NGO	Non-governmental organisation
NOR FM	Norwegian Financial Mechanism
NOR Programme	Norwegian Financial Mechanism Programme 2009-2014 (SI 05)
NOR Regulation	Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014
PIP	Project Implementation Plan
RS	Republic of Slovenia
WP	Work package

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1. INTRODUCTION

1.1. Glossary

Controller: person responsible for verifying the legality and regularity of expenditure reported by Project Promoter.

Depreciation: replacement of the lost working asset value due to natural ageing, wear and technical ageing.

Donor State: for the Norwegian Financial Mechanism 2009-2014 the Donor State is the Kingdom of Norway, represented by the Norwegian Ministry of Foreign Affairs. For the EEA Financial Mechanism 2009-2014 the Donor States are the Kingdom of Norway, Iceland and the Principality of Liechtenstein, represented by Financial Mechanism Committee.

Earmarked Financial Mechanism funds: Norwegian Financial Mechanism funding and EEA Financial Mechanism funding making up 85% of the project co-financing grant.

Indicator: a tool for checking whether the project is achieving the planned outputs and outcomes. The indicators answer the following two questions: How do we know that what we have planned in the project is actually being implemented or has been implemented? How do we check project performance?

National Focal Point: national public entity designated by the Beneficiary State to have overall responsibility for reaching the objectives of the individual Financial Mechanism and implementing the Memorandum of Understanding.

National project co-financing: project co-financing under the Budget of the Republic of Slovenia. National project co-financing represents 15% of the project co-financing grant.

Non-governmental organisation: a non-profit voluntary organisation established as a legal entity, having a non-commercial purpose, independent of local, regional and central government, public entities, political parties and commercial organisations. Religious institutions and political parties are not considered non-governmental organisations. Non-governmental organisations are legal entities established by a private law person and acting as a society, association of societies, institute, association of institutes, institution, cooperative, local youth council, or the part of registered churches and religious communities having legal personality under the Freedom of Religion Act and performing publicly beneficial activities in the areas referred to in paragraph 1 of Article 30 of the Societies Act.

Own contribution: funding to be provided by Project Promoter as own project co-financing; own contribution and the co-financing grant make up total eligible project costs.

Partnership Agreement: agreement between Project Promoter and project partners governing the relations between them and establishing a framework for effective implementation of the project.

Programme Agreement: agreement between Donor State(s) and National Focal Point governing the implementation of the programme.

Programme area: thematic set or area of the programme having a common objective and specific measurable programme outcomes.

Programme Operator: legal entity having the responsibility for preparing and implementing a programme. GODC acts as Programme Operator for the Norwegian Financial Mechanism Programme 2009-2014 and the EEA Financial Mechanism Programme 2009-2014.

Project: an economically indivisible series of works with clearly identifiable aims related to the programme under which it falls and the resources of which provide co-financing for individual project activities.

Project co-financing grant (in short: grant): “donation” or funding allocated to the project made up of earmarked Financial Mechanism funds (85%) and national co-financing (15%).

Project contract: agreement between Programme Operator and Project Promoter regulating the implementation of a project.

Project objective: long-term project impact which is not necessarily achieved in the framework of the project; however project completion will bring the actual state closer to the desired goal.

Project outcome: the likely short-term and medium-term impact of the project describing a positive situation planned to be established after project completion. It is expected that when all project outputs are achieved also all project outcomes are achieved.

Project output: tangible deliverables (products, goods and services) which are produced/supplied/delivered in the framework of the project. The output is measurable, derives directly from the implemented project activities and contributes to achieving project outcomes.

Project partner (or partner): public entity actively involved in, and effectively contributing to, the implementation of a project. Project partner and Project Promoter have a common economic or social goal which is to be realised through the implementation of the relevant project.

Project Promoter: is the legal entity having the responsibility for implementing the project in compliance with project contract.

Revenue: expected investment income on the basis of service/product charges or the payment of fees.

State aid: any assistance from public funds (local, regional, national, EU) in any form which is granted to the recipient on a selective basis and which could distort competition within the common EU market by favouring the recipient.

Total eligible project costs: all the costs incurred as necessary for project implementation and consistent with the programme rules on the eligibility of expenditure. They are made up of project co-financing grant and own contribution.

1.2. Purpose and content of the Guidelines

The Guidelines for Project Implementation and Reporting (hereinafter Guidelines) have been developed for Project Promoters and partners participating in projects selected under the Call for proposals to co-finance projects under the Norwegian Financial Mechanism Programme 2009-2014 (NOR Programme) and the EEA Financial Mechanism Programme 2009-2014 (EEA Programme). The Guidelines were issued by the Government Office for Development and European Cohesion Policy (hereinafter GODC) acting as Programme Operator for both abovementioned programmes.

The Guidelines constitute the basic document for the implementation of projects and are binding for Project Promoters as well as for all their project partners (from Slovenia as well as from Donor States).

The Guidelines comprise 6 thematic sets:

- Set “**Eligibility of expenditure**” stipulates the basic principles and rules pertaining to eligibility of expenditure under the programmes as well as a detailed description of expenditure by category with a list of the required supporting documents to be provided by Project Promoters in their reports.
- Set “**Areas of particular relevance**” provides instructions and draws attention of Project Promoters and partners to the key areas which require special attention during project implementation.
- Set “**Reporting**” provides a description of the reporting system for the implemented project activities and expenditure incurred during the reporting period by giving specific emphasis on the reporting of

expenditure incurred by Project Promoters and Slovenian partners. The reporting system for Donor partners is described in more detail under a separate set.

- Set “**Project implementation control**” presents the basic features of first-level control, eligibility of expenditure and on-the-spot checks.
- Set “**Grant allocation and disbursement**” describes the contracting process and disbursement of grants.
- Set “**Donor partner reporting system**” provides a separate description of the specificities of the process of reporting by Donor partners, including the control of the expenditure incurred by Donor partners.

and annexes:

- Annex 1: template of the **Project Interim Report**
- Annex 2: template of the **Project associate timesheet**¹ (monthly – Annex 2A and daily – Annex 2B)
- Annex 3: template of the **Summary of pay for annual leave** (relevant only for Slovenian institutions)
- Annex 4: template of the **Request for project amendment**
- Annex 5: template of the **Report on eligibility of expenditure incurred by Donor partner**

IMPORTANT

Where relevant, the Guidelines shall be amended during programme implementation. Project Promoters shall use the latest applicable version of the Guidelines made available at the dedicated NOR Programme website (<http://norwaygrants.si/>) and EEA Programme website (<http://eeagrants.si/>).

In the event of discrepancies between the Guidelines and the Regulations (NOR Regulation and EEA Regulation) or incompliance of the Guidelines with the Programme Agreements (NOR Programme Agreement and EEA Programme Agreement), the provisions of the relevant Regulation or Agreement shall apply.

The terms used in masculine grammatical form shall be deemed to apply neutrally to men and women.

1.3. General information about the programmes

1.3.1. General information about the Norwegian Financial Mechanism Programme 2009-2014

With the aim of reducing economic and social disparities within the European Economic Area (EEA) and strengthening bilateral relations with the European countries, the Kingdom of Norway concluded an agreement with the EU on the **Norwegian Financial Mechanism** for the 2009-2014 period (hereinafter Norwegian FM). Norway has allocated EUR 800 million for the Norwegian FM implementation with 12 Central and South European countries being eligible to apply for the grants, including Slovenia which is eligible to a total of EUR 13,320,000 of the net earmarked Norwegian FM funds.

The funding available to Slovenia under the Norwegian FM is, *inter alia*, earmarked for the implementation of the **Norwegian Financial Mechanism Programme 2009-2014 (NOR Programme)** for which GODC acts as Programme Operator.

NOR Programme covers **two programme areas**:

¹ This template shall be used by project associates of the Slovenian partners and Project Promoters. Project associates from Donor States may use other templates which should be appropriately marked in compliance with programme-related rules.

- programme area “Public Health Initiatives” which aims to improve public health and reduce health inequalities
- programme area “Mainstreaming Gender Equality and Promoting Work-Life Balance” (in short “Gender Equality”) which aims to promote gender equality and work-life balance

NOR Programme is implemented as a Donor Partnership Programme with the Norwegian Institute of Public Health (*Folkehelseinstituttet*) acting as Donor Programme Partner providing advice with regard to the implementation of the programme area “Public Health Initiatives”.

Under the NOR Programme EUR 8,146,719 of the earmarked Norwegian FM funds will be allocated to projects selected in the framework of the Call for proposals which – together with the national co-financing – amounts to EUR 9,584,376 of grants.

1.3.2. **General information about the EEA Financial Mechanism Programme 2009-2014**

With the aim of reducing economic and social disparities within the European Economic Area (EEA) and strengthening bilateral relations with the European countries, the Kingdom of Norway, Iceland and the Principality of Liechtenstein concluded an agreement with the EU on the **EEA Financial Mechanism** for the 2009-2014 period (hereinafter EEA FM). They have allocated EUR 988.5 million for the EEA FM implementation with 15 Central and South European countries being eligible to apply for the grants, including Slovenia which is eligible to a total of EUR 11,562,500 of the net earmarked Norwegian FM funds.

The funding available to Slovenia under the EEA FM is, *inter alia*, earmarked for the implementation of the **EEA Financial Mechanism Programme 2009-2014 (EEA Programme)** for which GODC acts as Programme Operator.

EEA Programme covers **three programme areas**:

- programme area “Biodiversity and Ecosystem Services” with the objective Halt loss of biodiversity,
- programme area “Conservation and Revitalisation of Cultural and Natural Heritage” with the objective Cultural and natural heritage for future generations safe-guarded and conserved and made publically accessible
- programme area “Environmental Monitoring and Integrated Planning and Control” with the objective Improved compliance with environmental legislation

The projects selected under the Call for proposals fall within the first two programme areas, namely “Biodiversity and Ecosystem Services” and “Conservation and Revitalisation of Cultural and Natural Heritage”. Within the third programme area (“Environmental Monitoring and Integrated Planning and Control”) the pre-defined project “Environmental Monitoring and Integrated Planning and Control” is implemented for which the Surveying and Mapping Authority of the Republic of Slovenia acts as Project Promoter.

Under the EEA Programme EUR 6,206,492 of the earmarked EEA FM funds will be allocated to projects selected in the framework of the Call for proposals which – together with the national co-financing – amounts to EUR 7,301,756 of grants.

2. ELIGIBILITY OF EXPENDITURES

Project Promoter and project partners should be well-acquainted with the rules governing eligibility of expenditures, and should apply such rules during the project implementation phase. Uncertainty regarding the eligibility of a particular expenditure often causes delays with regard to the control and certification of expenditures. The Guidelines for Project Implementation and Reporting thus present the basic rules governing eligibility of expenditures.

2.1. Basic rules governing eligibility of expenditures

Expenditures are considered to have been incurred when the cost has been invoiced (invoice or accounting document of equivalent probative value has been issued), paid and the subject matter delivered (in case of goods) or performed (in case of services and works). Costs and expenditures are eligible if actually incurred by Project Promoter or project partner in the period and area of eligibility. Administrative costs and depreciation of equipment are considered to have been incurred when recorded in the accounting records of the Project Promoter or project partner.

In terms of eligibility of expenditures Project Promoter or project partner shall first comply with the national legislation, NOR/EEA Regulation and the rules listed under Programme Operator Guidelines and project contract, including Project Implementation Plan.

Eligible expenditures shall meet the following criteria:

- they are incurred between the first and final dates of the period of project implementation, i.e. during the eligibility period
- they are connected with the subject of the project and they are indicated in the Project Implementation Plan
- they are identifiable and verifiable, in particular through being recorded in Project Promoter or project partner accounting records (with the exception of flat rate costs and in-kind contribution) and determined according to the applicable national/international accounting standards
- they are necessary for the implementation of the project
- they must be used for the sole purpose of achieving the objective(s) of the project and its expected outcome(s)
- they comply with the principles of economy, efficiency and effectiveness
- they comply with the requirements of applicable national legislation

Double financing of invoices, the expenditures of which have already been reimbursed from any other sources of financing, is not permitted. In the case of double financing the sums already paid as co-financing by the grants shall be recovered. If double financing is intentional, it shall be considered fraud. In any case, the corresponding amount of co-financing shall be recovered. The amounts to be recovered will be lost for Project Promoter/project partner.

2.2. Period of eligibility of expenditures

Expenditures incurred in the framework of the project are eligible during the project implementation period with the first and the final dates of project duration being specified under project contract.

Exceptionally, also the expenditures for which an invoice has been issued in the period of eligibility are eligible if the costs are paid within thirty (30) days of the final date of the period of eligibility.

2.3. Programme eligible area

Project activities under NOR/EEA Programme shall primarily be implemented in the **territory of the Republic of Slovenia**. One of the goals of the financial mechanisms is to strengthen relations between the Donor States and the Beneficiary State. Accordingly, **project activities under the NOR Programme may be implemented in the territory of Norway** and **project activities under the EEA Programme may be implemented in the territory of Norway, Iceland and Liechtenstein**.

In general, the costs of project activity implemented outside the programme eligible area are considered ineligible. In specified justified cases, exemptions may be made. For such cases Promoter Promoter shall obtain prior approval of Programme Operator. Regardless of where project activities are implemented, their outcomes should always be resulted in the Republic of Slovenia.

IMPORTANT

If Project Promoter deems necessary for the project to be implemented outside the programme eligible area, namely to achieve the set objectives and outcomes of the project, Project Promoter shall obtain prior approval for such exemptions from Programme Operator.

If the activity and the location of its implementation, which is outside the programme eligible area, have already been identified in the Project Implementation Plan (PIP), it shall be considered that the exemption regarding the implementation of the activity outside the programme eligible area has already been approved by Programme Operator. Otherwise, Project Promoter shall submit an exemption request, which provides a detailed description of the activity as well as interpretation and argumentation as to why the project activity should be implemented outside the programme eligible area, and how this will affect the achievement of project objectives and outcomes (see section 3.1). Project Promoter shall submit the request before implementing the project activity outside the eligible area. Should Project Promoter fail to do so, costs relating to such an activity shall be considered ineligible regardless of Programme Operator's decision. The approval certificate, issued by Programme Operator, shall be annexed to the printed version of the report.

2.4. Ineligible expenditures

The following expenditures are not considered eligible under the NOR Programme and EEA Programme:

- any expenditure paid before the start or after the end of project duration period (excluding the exemptions listed under section 2.2)
- expenditure for activities implemented outside the programme eligible area with the exception of those project activities which are necessary for project implementation and are also approved by Programme Operator
- expenditure not directly related to Project Promoter/partner
- expenditure for which the invoice or document of equal probative value is not made out to Project Promoter/partner
- expenditure not paid by Project Promoter/partner
- interest on debt, costs due to repayment of debt and late payments
- charges for financial transactions and other purely financial costs
- provisions for losses or potential future liabilities
- exchange losses

- recoverable VAT
- costs paid from other sources of financing
- fines, financial penalties and costs of judicial proceedings and litigations
- excessive or ill-considered costs
- payment of bonuses
- Christmas allowance and 13th month pay
- meeting attendance fees
- costs which are not considered as necessary in terms of project implementation

Any contractual cooperation between Project Promoter and project partner as an outsourcer shall be considered ineligible expenditure.

The above-given list is an indicative outline of ineligible expenditure and does not represent an exhaustive list – other expenditure should not automatically be considered as eligible.

2.5. Categories of costs

Expenditures shall be categorised according to the nature of the expenditure.

The following categories of costs shall be considered eligible:

- **cost of staff**
- **administrative costs**
- **costs of external contractors**
- **costs of equipment, construction and purchase of real estate and land**

IMPORTANT

The text below provides a detailed description of the categories of costs with concrete examples that apply to Project Promoters and partners based in Slovenia. Examples shall apply *mutatis mutandis* to Donor partners.

2.5.1. Cost of staff

Cost of salaries and other reimbursements of work-related costs for employees working on the project are considered eligible. Cost of staff includes:

- **labour costs (salaries) of staff** employed by Project Promoter/partner participating in project implementation
- **travel and subsistence allowances of staff** employed by Project Promoter/partner participating in project implementation

(relevant for Slovenian institutions) IMPORTANT

The category *cost of staff* pertains solely to the staff employed by Project Promoter/partner. Staff comprises members of the project team who are regularly employed by Project Promoter/partner. The costs for other staff involved in the implementation of the project whose participation is not governed by the Employment Relations Act but rather by the Code of Obligations shall not be considered eligible under this category. The work and participation of external contractors shall be categorised under the category *costs of external contractors*.

2.5.1.1. Labour costs (salaries) of staff

Under the category *cost of staff* the expenditures for the salaries of the staff employed by Project Promoter/partner implementing project activities with a signed employment contract are considered eligible².

Labour costs relating to everyday regular activities performed within the organisation of the Project Promoter/partner are not considered eligible. Absence from work due to health reasons or other absence from work of the staff employed by Project Promoter/partner is eligible if it is covered by the organisation of the Project Promoter/partner.

Salaries and the related taxes and contributions covered by Project Promoter/partner and in compliance with national legislation regulating the labour market are considered eligible labour expenditures. Thus, eligible labour expenditures covered by the Slovenian institutions also include statutory benefits, such as reimbursement of costs related to transport to and from work, reimbursement of costs related to meals during work, pay for annual leave and premiums in accordance with the Collective Supplementary Pension Insurance for Public Servants Act (ZKDPZJU).

Slovenian institutions may consider the following payslip items when identifying the basis for calculating the hourly rate:

- a) **gross salary** (Gross 1 – BTO1) which may include regular work, compensation for sickness (if it is not repaid to the employer), leave, public holidays, seniority bonus, including project-related job performance, increased workload and overtime work. Bonuses and Christmas allowances and/or 13th month pay are not eligible and should not be included in gross salary (BTO1). Other allowances may also be included in BTO1 if they are specifically listed under the legislative basis.
- b) **employer's contributions**
- c) **costs related to meals during work**
- d) **costs related to transport to and from work**
- e) **other**: pay for annual leave (the proportionate share for the individual month is taken into account) and the statutory premiums of the collective supplementary pension insurance for public servants (ZKDPZJU)

The amount paid as reimbursement of costs related to transport to and from work, reimbursement of costs related to meals during work and pay for annual leave may vary between individual Project Promoters/partners, however the maximum amounts should not exceed the amounts stipulated under the Decree on the levels of reimbursed work-related expenses and of certain income not to be included in the tax base.

Only the expenditure of staff, actually paid by Project Promoter/partner from the start date and the end date of the project eligibility period may be considered as eligible.

If the employee's total working hours are dedicated to project implementation (100% work on the project), the total salary of such an employee (including public holidays, leave and sick leave if they are not reimbursed to the employer), which is paid in compliance with national legislation and employment contract, is considered eligible.

If only a segment of the employee's working hours are dedicated to project implementation (partial work on the project), the monthly number of hours worked on the project (i.e. the hours worked on the project by the employee for the purpose of the project) and the hourly rate shall be considered when determining the eligible cost of staff. For the purpose of calculating the hourly rate, a timesheet is prepared on the basis of the monthly Gross 2 – BTO2 (gross salary and employer's contributions) for the reimbursement of costs

² For Slovenian institutions such employment contracts include fixed-term employment contracts and permanent employment contracts pursuant to the provisions of the Employment Relationship Act.

related to transport to and from work, reimbursement of costs related to meals during work and potential other work-related costs in compliance with national legislation and employment contract.

If the employee works **overtime**, the hourly rate for the relevant month shall be calculated by dividing the hourly rate with all the hours listed under the payslip (regular hours + overtime).

The **calculation of the hourly rate** is prepared by the beneficiary by dividing the basis for calculating the hourly rate with the number of regular hours.

For work performance under increased workload a valid decision regarding the increased workload shall be submitted, including the report on the performed work which demonstrates that increased workload results from project implementation. Labour costs for the work performed on the projects cannot be claimed solely as an amount under the increased workload item.

The controller can verify the adequacy of the claimed hourly rate on the basis of the complexity of work, level of education, work experience, collective agreement for the economic sector or the collective agreement for the public sector, and on the basis of the market-formed hourly rate for comparable work.

When claiming labour expenditures the report prepared for each employee, claiming labour expenditures and submitted by Project Promoter/partner, shall be annexed with the following:

1. **copy of the employment contract** (to be submitted only with the first claim for reimbursement of labour expenditure for the specific employee working on the project, and when the employment contract for the specific employee working on the project is amended) which shall clearly demonstrate that the employee has concluded the employment contract with Project Promoter/partner organisation.

For each employee, the labour costs for whom are claimed under the project, the legal basis demonstrating the below-given shall be submitted:

- role of the individual employee in the project
- indicative scope of work on the project (e.g. the employee's total working hours are dedicated to the project or a segment of the employee's working hours are dedicated to the project, with the actual work on the project being adequately recorded under the timesheets in compliance with project needs)
- work period
- the fact that the work performed is co-financed under the project
- we recommend that the concluded employment contract/annexes or other documents identify the source of financing and that they are accompanied by programme logo (NOR Programme or EEA Programme).

Expenditures for the work performed by public servants whose salary is financed by public resources are considered ineligible due to double financing, or may be considered eligible only if the employment contract or annex clearly demonstrates the role of the public servant and the indicative scope of work on the project, including the provision which stipulates that work performed on the project is not financed under the national budget. To avoid double financing new staff performing solely project-related work may be recruited (insofar as the nature of project activities permits it).

The employment contract and the relevant annexes shall be concluded prior to claiming labour expenditure. The legal basis shall be submitted to the control unit with the first interim report claiming labour costs, and also with each amendment of the legal basis.

2. **original form – Employee's daily or monthly timesheet** (for each employee in the framework of the project); marked by sequence number of the document within the list of supporting documents; e.g. No. 1

For each employee in the framework of the project Project Promoter/partner shall keep a record of the employee's work performed (hereinafter timesheet) under the specific month. The daily

timesheet shall demonstrate for each day (when the employee performs project-related activities) the performed activities and the number of hours of the performed work on the project. If the nature of the performed activities produces any physical proof (minutes, prepared materials, electronic communication, etc.), such supporting documents shall be attached to the individual employee timesheet as proof; this will facilitate verifying whether the activity has actually been implemented. The form Project associate work on other projects shall also be attached to the daily timesheet.

3. **copy of the payslip**; marked by sequence number, e.g. No. 1
4. **copy of the proof of payment of taxes and contributions** and the relevant REK form (for Slovenian institutions) which demonstrates the total amount of tax- and contribution-related liabilities); marked by sequence number 1/B
5. **copy of the bank's salary transfer certificate** (net salary, costs related to transport to and from work, costs related to meals during work and contributions); marked by sequence number 1/C
6. **copy of the supporting document proving that the activity has been implemented** (e.g. invitations, minutes, reports, list of presence, photos); marked by sequence number 1/D

The cost of pay for annual leave (relevant for Slovenian institutions)

Pay for annual leave depends on the calendar year and can be claimed under the interim report. Project Promoter/partner reports within the form Summary of pay for annual leave.

We recommend using the Summary of pay for annual leave when the pay for annual leave has not yet been paid under the preceding interim report and is claimed under the current report retrospectively.

When claiming labour expenditures the report prepared for each employee, claiming the expenditure related to pay for annual leave, and submitted by Project Promoter/partner, shall be annexed with the following:

1. **original form Summary of pay for annual leave**; marked by sequence number e.g. 1/A
2. **copy of the summary of pay for annual leave**; marked by sequence number, e.g. 1/B
3. **copy of the REK-1 form**; marked by sequence number, e.g. 1/C
4. **copy of the proof of payment of the annual leave to the employee and payment of tax**; marked by sequence number, e.g. 1/D (the amounts should be properly marked)

2.5.1.2. Travel and subsistence allowances

Under the category *cost of staff* the expenditures for business trips of the staff employed by Project Promoter/partner, namely when the business trips is directly related to project objective, are considered eligible. Such expenditures include participation in various meetings organised by Project Promoter/partner, study trips, conferences, etc.

IMPORTANT

When planning a business trip the fact that the programme eligible area is limited (confer section 2.3) shall be taken into account.

When planning a business trip Project Promoters/partners shall pursue the principle of efficiency and economy or, where relevant, choose the most cost-efficient and optimal mode of transportation. In case of doubt, the controller may require the submission of additional justification and supporting documents.

Eligible travel-related expenditures include:

- subsistence allowances
- transport-related expenditure

- accommodation-related expenditure
- expenditure for allowance per kilometre (when the employees use their own cars)
- expenditure for fuel when using a company vehicle (average fuel consumption)
- other transport-related and other costs (e.g. toll, parking)

In terms of transport-related expenditure reimbursement of allowance per kilometre is eligible only when the employees use their own vehicles; when the business trip is made by using a company vehicle, only expenditure for fuel is considered eligible (average fuel consumption).

When employees use a company vehicle the relevant supporting documents shall be submitted, namely the proof for fuel purchase as well as document demonstrating average fuel consumption (invoice and payment receipt). If employees use public means of transport (bus, train, taxi, etc.) the reimbursement of expenditure is eligible on the basis of the submitted supporting documents (tickets, invoices, etc.). When travelling by plane, only economy class travelling is considered eligible. Travelling by plane shall be supported by the invoice for plane ticket purchase or the plane ticket itself, as well as the boarding pass.

Eligible accommodation-related expenditures are the costs of overnight stay in a hotel. When choosing a hotel the principle of good management of public resources should be respected.

In calculating the amount to be paid with respect to the travel form (allowance per kilometre and subsistence allowance) Slovenian institutions shall respect the provisions of the following documents:

- Decree on reimbursement of costs for travelling abroad on official mission
- Act Fixing the Reimbursement Amounts for Work Related Expenses and Certain Other Receipts (ZUJF)

For each business trip the report submitted by Project Promoter/partner shall be annexed with a duly filled-in travel form, including all the supporting documents regarding the incurred expenditures, as well as other documents proving that the business trip was made in the framework of the project and that the person making the trip attended the relevant event. **Each business trip made by the employee in the framework of the project shall be recorded in the form Monthly/Daily timesheet.**

When claiming any travel- and accommodation-related expenditure Project Promoter/partner shall attach to the report the following:

- **copy of the complete and duly filled-in travel form** which demonstrates relation to the project (including the calculation of the incurred travel costs); marked by sequence number, e.g. 1/a
- **copy of the business trip report**; marked by sequence number, e.g. 1/B
- **copies of all other invoices and supporting documents proving that the costs actually incurred** (hotel, plane ticket, etc.); marked by sequence number, e.g. 1/C
- **copies of supporting document proving attendance** and the relation to the project (invitation, minutes, list of presence); marked by sequence number, e.g. 1/D
- **copies of the proofs of payment** (all the amounts shall be marked); marked by sequence number, e.g. 1/E

If the cost of hotel accommodation or the plane ticket is not indicated under the travel form, such cost in claimed under the next line of the list of supporting documents under the same category of costs.

2.5.2. Administrative costs

The term 'administrative costs' is often interchangeable with other terms (e.g. general costs, overheads) covering the following:

- office supplies
- photocopies

- postal costs
- telecommunication expenses (telephone, fax, Internet)
- heating and electricity
- rental of business premises (from third natural/legal persons)
- other administrative costs which are necessary and at least partly incurred as a result of project implementation

Administrative costs are eligible if they meet the following criteria (in the case of cost-sharing formula):

- costs are declared on the basis of actual expenditure, which can always be verified
- there is a direct relation to the implementation of project activities
- such costs did not receive prior EU co-financing
- such costs have not been declared already under other categories of costs

Administrative costs are direct project-related costs (direct administrative costs) or costs that cannot be fully attributed to the project (indirect administrative costs).

2.5.2.1. Direct administrative costs

Direct administrative costs are in their entirety related to the project and include the following costs: office rent (used exclusively for the project), cost of mobile phone used by the employee whose total working hours are dedicated to the project, office supplies, etc.

When claiming any direct administrative cost the beneficiary shall attach to the interim report the following:

- **copy of the invoice**; marked by sequence number, e.g. 1
- **copy of the contract or purchase order**; marked by sequence number, e.g. 1/A (in the case of annual contracts or purchase orders, the copies are submitted only with the first interim report or when first claiming the invoice)
- **proof of payment**; marked by sequence number, e.g. 1/B (the amount should be marked on the document)

2.5.2.2. Indirect administrative costs

If costs cannot be fully attributed to the project, indirect administrative costs may be identified by applying one of the following two methods:

- cost-sharing formula
- flat rate

The two methods cannot be combined when identifying indirect administrative costs in the framework of one project. The partnership decides on one method which is set out under the project contract. Both indirect and direct administrative costs may be claimed under the project.

Cost-sharing formula

In its report Project Promoter/partner explains the applied cost-sharing formula, namely by submitting the document Chosen formula.

Project Promoter/partner shall choose one of the following three formulas – formula examples:

- method 1: ratio between the number of employees in the Project Promoter/partner institution working on the project and the total number of employees in the institution
- method 2: ratio between the number of the total working hours (monthly sum of working hours) worked on the project and the number of total working hours worked in the Project Promoter/partner institution

- method 3: ratio between the area of business premises (m²) occupied by the employees working on the project and the total area of business premises (m²) of the Project Promoter/partner institution

Project Promoter/partner shall choose the method which best reflects the actual state of the project and cannot propose own method – formula. The chosen formula may change during project implementation.

When claiming any indirect administrative cost (pertaining solely to the application of the formula) the beneficiary shall submit the following:

- **copy of the invoice**; marked by sequence number, e.g. 1
- **copy of the contract or purchase order**; marked by sequence number, e.g. 1/A (in the case of annual contracts or purchase orders, the copies are submitted only with the first interim report or when first claiming the invoice)
- **copy of bank's proof of payment** (the amount should be marked on the document); marked by sequence number, e.g. 1/B

Flat rate

The maximum eligible amount of the flat rate at project level, and the maximum eligible amount as well as flat rate itself in terms of cost of staff at the level of the individual Project Promoter/partner is determined or approved by Programme Operator prior to the conclusion of the Partnership Agreement and project contract (confer Section 6.1.1). The maximum eligible amount of the flat rate and flat rate itself in terms of cost of staff individually for Project Partner and each partner are listed under the Partnership Agreement.

To claim indirect administrative costs in accordance with the flat rate method, Project Promoter/partner **does not need to submit any proof or supporting document** with the interim report. Under the List of supporting documents Project Promoter/partner shall state the amount of the flat rate deriving from the amount of the cost of staff claimed by Project Promoter/partner and from the flat rate listed under the relevant Partnership Agreement.

Flat rate costs do not need to be recorded under the project cost centre.

Administrative costs (e.g. cost of electricity, postal costs and cost of office supplies) which are included in the calculation of the flat rate cannot be claimed as indirect administrative costs during the implementation of the project.

2.5.3. Costs of external contractors

Work performed by third-party natural or legal persons working on the project on the basis of a contract concluded with Project Promoter/partner, namely work performed on the basis of a contract for a copyrighted work or work contract, supply of goods/services contract and work performed in the framework of student work service, is categorised as *cost of external contractors*. For volunteer work only the actual costs of the volunteer are taken into account.

Eligible expenditures under this category are all taxes and contributions incurred by Project Promoter/partner. The only exception is recoverable VAT which is eligible only in the amount which cannot be refunded by the state (confer Section 3.7).

The project external contractor selection procedure shall comply with public procurement rules (in Slovenia stipulated by the Public Procurement Act) as the majority of difficulties under this category arise from inadequately implemented procedure by Project Promoter/partner in selecting an external contractor. This results in the claimed amount being ineligible.

IMPORTANT

Project Promoter/partner staff shall not act as project external contractors. Payment for such works

shall be considered ineligible.

Difficulties also arise when staff employed by Project Promoter/partner or related companies are selected to act as external contractors; in such cases there is doubt regarding equal treatment of all tenderers (main public procurement principle) as well as whether the employee performed the outsourced work in the framework of regular working hours or regular employment.

In such cases there is serious suspicion that Project Promoter/partner selected the external contractor with the intention of agreeing on a price higher than the price which would arise if the work had been performed in the framework of the cost of staff.

When performing checks, the controller shall, *inter alia*, verify the adequacy of the requested price for the performed work which is usually already evident from the accompanying documents on the selection of the most economically advantageous tenderer.

2.5.3.1. Services and supply of goods

Such costs pertain to organisation of events, costs of studies, information and publicity costs, costs of transportation of goods or participants, costs of translations, etc.

The invoice for food and drinks shall be attached with the list of participants of a seminar, workshop or meeting, and the specification of food and drinks shall be evident from the invoice.

Expenditures for information and publicity are also eligible, namely expenditure related to press releases, newspaper articles, leaflets, flyers, TV shows, brochures, websites, reports, as well as other expenditure related to information and publicity. In addition to the standard attachments, the report shall be submitted together with a sample of publications (adds, photos, etc.) which demonstrate that the rules pertaining to information and publicity have been complied with.

2.5.3.2. Work performed based on contract for copyrighted work, work contract and work performed by students

Project Promoter/partner may conclude with the external contractor either a contract for copyrighted work or a work contract. No employment contract exists between Project Promoter/partner and external contractor.

Records (i.e. timesheet) of the performed work are prepared for the project work performed by external contractors and the amount of work is evaluated in terms of the time needed to perform a specific task (e.g. administrative work performed by students on the basis of a special agreement (translator's note: *students do not sign a regular contract, but a special agreement*), work performed on the basis of a works contract). Timesheets are attached to the invoice or other supporting documents of equal probative value issued on the basis of the work performed by external contractor.

For copyrighted work the provisions set out in the Copyright and Related Rights Act shall be complied with, in particular the section describing the work for which a contract for copyrighted work should be concluded.

2.5.3.3. Required documents

For ensuring audit trail the following documents shall be submitted by Project Promoter/partner:

For contracted supply of goods or services:

- **copy of the invoice;** marked by sequence number, e.g. 1
- **copy of the contract for the supply of goods or services, or copy of the purchase order** (only when first claiming contract-related expenditure); marked by sequence number, e.g. 1/A
- **copy of proof of payment;** marked by sequence number, e.g. 1/B

- **documents or information regarding public procurement implementation** (only when first claiming contract-related expenditure); marked by sequence number, e.g. 1/C
- **supporting document proving that the service or goods have been supplied** (depending on the service or goods: copy of the introductory website page, graphic material, brochure, product, study, etc.); marked by sequence number, e.g. 1/C

For work performed on the basis of a work contract:

- **original timesheet or record of the performed work or copy of the invoice**; marked by sequence number, e.g. 1
- **copy of proof of payment**; marked by sequence number, e.g. 1/A
- **copy of the work contract** (only when first claiming contract-related expenditure); marked by sequence number, e.g. 1/B

For work performed on the basis of a contract for copyrighted work:

- **copy of the charged copyrighted work**; marked by sequence number, e.g. 1
- **copy of proof of payment**; marked by sequence number, e.g. 1/A
- **copy of the contract for copyrighted work**; marked by sequence number, e.g. 1/B
- **documents or information regarding public procurement implementation** (only when first claiming contract-related expenditure); marked by sequence number, e.g. 1/C
- **product or copy of supporting document proving that the service has been supplied**; marked by sequence number, e.g. 1/D

For work performed by students:

- **copy of the agreement for performing student work and a copy of the student work service account sheet**; marked by sequence number, e.g. 1
- **copy of the invoice issued by the student work service**; marked by sequence number, e.g. 1/A
- **copy of proof of payment**; marked by sequence number, e.g. 1/B
- **original timesheet or record of the performed work** (potential supporting documents proving that the work has actually been performed); marked by sequence number, e.g. 1/C

2.5.4. Costs of equipment, construction and purchase of real estate and land

This category of costs is divided into two cost items:

Costs of equipment:

- purchase price of new equipment
- depreciation

Costs of construction and purchase of real estate and land:

- construction
- purchase of real estate and land

IMPORTANT

The item *Costs of equipment, construction and purchase of real estate and land* pertains solely to projects under the EEA Programme.

2.5.4.1. Costs of equipment

Investments in equipment fall under this category. Equipment is an eligible expenditure if it is an integral and necessary part of project implementation and achieving the set project objectives. Project Promoter/partner purchases the planned equipment during the duration of the project and records such equipment in the organisation’s book of fixed assets.

The following expenditures are considered eligible:

- purchase value of new equipment
- depreciation of new or used equipment

Other costs are also considered eligible equipment-related expenditure, namely the costs which are necessary for the equipment to be established for use, e.g. delivery and instalment of equipment and the costs of preparatory work.

New equipment

Total purchase value of new equipment is considered eligible expenditure if such equipment represents an integral and necessary part of project implementation and is crucial for achieving the set project objectives.

If the total purchase value of new equipment is eligible for co-financing, specific criteria should be met. Thus, Project Promoter/partner shall:

- ensure that equipment remains in his possession (in accordance with the identification of the owner of the equipment under PIP) during project implementation and at least five years after approval of the final project report
- ensure that the equipment is used for its purpose and project objectives during project implementation and at least 5 years after approval of the final project report
- provide adequate insurance of equipment during project implementation and at least five years after approval of the final project report, namely insurance in the event of fire, theft or other incidents, against which property is usually insured
- provide resources for proper maintenance for the equipment purchased in the framework of the project for at least five years after project completion

In principle, all support equipment should be purchased soon after the start of the project; otherwise it often proves difficult to prove eligibility of expenditure for purchasing the whole equipment.

IMPORTANT

Programme Operator approval for new equipment, the total purchase value of which is claimed for reimbursement, shall be obtained prior to purchasing.

If the purchase of new equipment, the total purchase value of which is claimed for reimbursement, is listed under PIP, it is considered that the purchase of such equipment has already been approved by Programme Operator. Otherwise, Project Promoter shall submit via e-mail a scanned request for approving the purchase of new equipment which is signed by the responsible or authorised person. Such request shall provide a detailed description of the equipment and justification of why such equipment represents an integral and necessary part of project implementation, and why it is relevant for achieving the set project objectives. The request shall be submitted by Project Promoter before the actual purchase of equipment, otherwise the cost for purchasing such equipment is considered ineligible expenditure regardless of Programme Operator decision.

IMPORTANT

For NOR Programme projects the cost of new equipment shall not exceed 30% of total eligible project

costs.

When claiming equipment-related expenditure Project Promoter/partner shall submit the following:

- **copy of the invoice**; marked by sequence number, e.g. 1
- **copy of the contract or purchase order**; marked by sequence number, e.g. 1/A
- **copy of proof of collection (delivery note) and/or installation of equipment**; marked by sequence number, e.g. 1/B
- **copy of proof of payment**; marked by sequence number, e.g. 1/C
- **copy of documents regarding public procurement implementation**; marked by sequence number, e.g. 1/D
- **copy of the extract from the book of fixed assets**; marked by sequence number, e.g. 1/E
- **copy of prior Programme Operator approval** (if the purchase of equipment is not listed under PIP)

Depreciation of equipment

Depreciation of equipment is considered eligible expenditure only if the purchase itself has not received co-financing from other sources of funding. Project Promoter/partner may depreciate new as well as used equipment. Equipment is depreciated when it is recorded in the beneficiary's accounting records.

A product is eligible to depreciation of equipment under the following conditions:

- depreciation amount does not exceed the equipment purchase price
- depreciation amount is calculated in compliance with the applicable national accounting standards
- total depreciation amount pertaining to the whole duration of the project cannot be claimed within a single reporting period
- depreciation amount is verifiable

IMPORTANT

Only the segment of depreciation falling within project duration period shall be considered eligible.

When claiming expenditure Project Promoter/partner shall submit the following:

- **copy of the invoice**; marked by sequence number, e.g. 1
- **copy of the charged depreciation**; marked by sequence number, e.g. 1/A
- **copy of the documents or information regarding public procurement implementation**; marked by sequence number, e.g. 1/B
- **copy of proof of payment**; marked by sequence number, e.g. 1/C (the amount should be marked on the document, the copy should be submitted only with the first interim report under which depreciation is claimed)

2.5.4.2. Costs of construction and purchase of real estate and land**IMPORTANT**

The item *Costs of construction and purchase of real estate and land* pertains solely to projects under the EEA Programme.

Costs of construction

Costs of construction are eligible only if they are directly related to project objectives. Such costs are payments of any activities related to the preparation and implementation of construction works, including

investment-technical documentation. Such costs and expenditures should incur during the period of eligibility under project duration, otherwise they are considered ineligible. If such costs and expenditure incur before the start date of project duration period, they are considered ineligible.

When claiming expenditure Project Promoter/partner shall submit the following:

- **copy of the invoice with specification**; marked by sequence number, e.g. 1
- **copy of the construction contract**; marked by sequence number, e.g. 1/A (only when first claiming expenditure)
- **copy of proof of payment**; marked by sequence number, e.g. 1/B (the amount should be marked on the document)
- **copy of the documents regarding public procurement implementation**; marked by sequence number, e.g. 1/B (all the annexes of the tender-related documents should also be submitted)

If construction cost is considered eligible, the following conditions should be met:

- the building/object which is being constructed or renovated is used for the purpose and the objectives of the project for the period specified under the project contract
- ownership of the building/object is transferred to Project Promoter or other recipient identified under the project contract, namely before the final project report is submitted or no later than with the submission of the final project report
- the building/object is not sold, leased or mortgaged for a period of five years following project completion or for a longer period specified under the project contract

Purchase of real estate and land

This category³ encompasses purchase of buildings/objects which have already been constructed or buildings/objects which are still being constructed. Land may be developed (built on) or not developed (not built on).

IMPORTANT

The costs of purchase of real estate and/or land are eligible only in case of projects under the EEA Programme and shall not exceed 10% of total eligible project costs.

The Regulation stipulates the conditions which should be met prior to executing purchase of land or real estate. Otherwise, costs of purchase are considered ineligible.

IMPORTANT

Prior to executing purchase of land or real estate, Project Promoter shall obtain:

- **Programme Operator’s approval**
- **certificate of an independent qualified property appraiser or the relevant empowered authority**

Programme Operator approves the purchase of real estate and/or land prior to executing the purchase, namely under the project contract or by issuing a decision later on.

Costs of purchase of real estate and/or land are considered eligible if they meet general eligibility criteria as well as the following **specific eligibility criteria**:

- real estate and/or land to be purchased is not directly or indirectly owned by Project Promoter, partner or public administration

³ The phrase “real estate and land” is used as a synonym for “real estate” as defined under the Law of Property Code (Official Gazette of the Republic of Slovenia, No. 87/02, 18/07, 91/13).

- real estate and/or land to be purchased has not received national or other grants over the past 10 years
- Project Promoter has received Programme Operator’s approval prior to the purchase of real estate and/or land
- Project Promoter has obtained a certificate of an independent qualified property appraiser or the relevant empowered authority prior to the purchase of real estate and/or land. Such certificate demonstrates that:
 - real estate or land purchase price does not exceed market value
 - real estate or land is free of any burdens (mortgage or any other commitments, in particular with regard to damage caused by pollution)
 - real estate complies with national regulations; if the real estate does not comply with national regulations prior to the purchase, Project Promoter shall eliminate any non-compliance
- there is a direct link between project objectives and the purchase of the real estate and/or land

Real estate or land purchased under the project shall also meet the following specific **usage and ownership criteria**:

- real estate or land is used for the purpose and the objectives of the project for the period specified under the project contract; if a building is purchased, the building may be used as premises for delivery of public administration services only if such use complies with project objectives
- ownership of real estate or land is transferred to Project Promoter or other recipient identified under the project contract, namely before the final project report is submitted
- real estate or land is not sold, leased or mortgaged for a period of five years following project completion (or for a longer period specified under the project contract)

When claiming expenditures relating to the purchase of real estate and/or land Project Promoter shall submit the following:

- **copy of the invoice**; marked by sequence number, e.g. 1
- **copy of the purchase contract**; marked by sequence number, e.g. 1/A
- **copy of proof of payment**; marked by sequence number, e.g. 1/B (the amount should be marked on the document and submitted only with the first interim report)
- **copy of the statement of an independent qualified property appraiser or the relevant empowered authority**; marked by sequence number, e.g. 1/C
- **copy of the land register extract**; marked by sequence number, e.g. 1/D
- **copy of the documents regarding public procurement implementation**; marked by sequence number, e.g. 1/E

2.6. In-kind contribution

In-kind contribution is considered eligible only with regard to **NOR Programme projects** for which **non-governmental organisations act as Project Promoter** and if such non-governmental organisations are registered under the register of **volunteer organisations** kept by Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES), namely before submitting the interim report under which in-kind contribution is claimed for the first time. In-kind contribution shall represent a share of own contribution under the condition that in-kind contribution **does not exceed 50% of total own contribution** at project level. The amount of in-kind contribution and the share of in-kind contribution with regard to the amount of own contribution at project level are defined under project contract, and – at the Project Promoter or partner level – under the Partnership Agreement.

Only the evaluated costs of **volunteer work** shall be considered eligible in-kind contribution.

Volunteer work shall be performed in compliance with the applicable national legislation. Slovenian institutions participating in the project as Project Promoters or partners and claiming in-kind contribution shall comply with the following rules:

Pursuant to Volunteering Act (Official Gazette of the Republic of Slovenia No 10/11 and 16/11) and the Rules implementing the Volunteering Act (Official Gazette of the Republic of Slovenia No 48/2011 and 60/11) and with regard to the type of the performed volunteer work, the evaluated value of the working hour for organisational tasks is EUR 13.00, for content-related tasks EUR 10.00 and EUR 6.00 for other types of volunteer work activities.

To this end the report submitted by Project Promoter shall be attached with:

- a copy of the register of volunteer organisations (extract from the register kept by AJPES)
- a copy of the written agreement on the performed volunteer work concluded between the volunteer organisation and the volunteer
- report on the performed work, including a description of the carried-out work and tasks (the report should be annexed with the record of the performed work by days, and explanation of the calculation of the claimed amount)

3. AREAS OF PARTICULAR RELEVANCE

This section presents the specific requirements and recommendations to be followed by Project Promoters and partners in project implementation.

3.1. Amendments of the project

Project implementation shall comply with Project Implementation Plan (PIP). Should this not be possible due to unforeseeable changes of the conditions, amendments of the project are allowed.

There are two types of amendments:

- **Minor changes** which do not impact the key project outputs, outcomes and objectives, namely:
 - small-scale project financial plan reallocations between individual items by categories of expenditure and work packages which cumulatively amount to less than 20% of total eligible project costs under the last version of the applicable PIP, or less than EUR 300,000 (the stricter limitation is taken into account, i.e. the lower of the two values)

A notice of such minor changes is submitted by Project Promoter to Programme Operator in compliance with the guidelines.

- **Major changes** which are admissible only in exception and well-justified cases, namely:
 - changes relating to the composition of the partnership: resignation or replacement of project partner, changes in terms of Project Promoter are not allowed
 - changes relating to project activities, outputs and/or result indicators, including approval of implementing activities outside the programme eligible area
 - reallocation of funding between categories of expenditures and/or work packages, which cumulatively equal or exceed 20% of project total eligible costs or EUR 300,000 (the stricter limitation is taken into account, i.e. the lower of the two values)
 - reallocation of funding between partners/Project Promoter
 - equipment-related changes: new equipment the total purchase value of which is considered project eligible cost, and equipment the cost of which is claimed in accordance with the depreciation method
 - approval for implementing project activity, which is not identified under the applicable PIP, outside the programme eligible area

The request for a minor/major change is approved by Programme Operator only once; in exceptional and well-justified cases the change may be approved twice during the entire project duration period. This exception is not applicable to equipment-related changes. Following the approval of a major change the Project Implementation Plan should be amended and annexed to the project contract and Partnership Agreements concluded (insofar as such a change actually occurs).

Inadmissible changes:

- changes relating to project objectives and outcomes
- changes relating to the project timeframe⁴

⁴ Nevertheless, time-related derogation of the implementation of activity from the project timeframe does not in itself lead to ineligibility of expenditure incurred in carrying out such activities, provided that the activity is carried out and the outputs are achieved during the project duration period. Such expenditures may be included in the report and will be approved as eligible for reimbursement if they also meet other criteria of eligibility of expenditure.

- extending project duration period after 30 April 2016, except when the Financial Mechanism decision-making body⁵ extends the period of eligibility of expenditure⁶ to 30 April 2017 pursuant to Article 7.14 of the NOR/EEA Regulation
- changes relating to the shares of source of finance at project level and partner level: share of grants, share of own contribution, including the financial contribution and the share of in-kind contribution
- changes relating to the approved maximum total amount and the rate of indirect administrative costs calculated in accordance with the flat rate method in compliance with point 1(b) of Article 7.4. of the Regulation, at partner and project level
- changes not complying with the restrictions of specific categories of expenditure deriving from programme documents, e.g. purchase of real estate and/or land should not exceed 10% of the total project eligible expenditure (applicable to EEA Programme), the cost of purchasing new equipment should not exceed 30% of total eligible project costs (applicable to NOR Programme), indirect administrative costs calculated by applying the flat rate method should not exceed 20% of the cost of staff at project level (applicable to both programmes)

Regardless of whether the change is major or minor Project Promoter shall fill in the form “**Request for project amendment**” (Annex 4 to the Guidelines) where Project Promoter unambiguously justifies the need for such a change. If the requested change results in also amending the PIP, the request shall be submitted together with a new version of PIP in “track changes”. We recommend that before filling in the relevant form Project Promoter consults Programme Operator contract manager.

In the event of **changes relating to the composition of the partnership**, the request shall be submitted together with:

- letter/statement on the withdrawal of the original partnership
- original statement on partnership with the new partner filled-in, stamped and signed by the responsible or authorised person
- founding document of the new partner

In the event of **changes relating to the financial plan**, the request shall be submitted together with:

- a new proposal of the Financial plan for each partner (form under Annex 2 to the Partnership Agreement)
- statement of each partner impacted by the reallocation of funding that they agree with the reallocation

In the event of **purchase of new equipment**, the total value of which is considered eligible project cost, the request shall be submitted together with a justification for purchasing such equipment which provides a description of the equipment, estimated costs of purchase, method of meeting the specific criteria pertaining to the purchase of new equipment following the approval of the project final report and the owner of the equipment after the purchase has been performed.

We recommend that Project Promoter submits the Request for project amendment as soon as the unforeseen change, which is the reason for amending the project, arises. In the event of a **major change**, Project Promoter may submit the request no later than within **6 months prior to project duration period ends**.

Project Promoter fills in the application and signs it (signed by the responsible or authorised person) and stamps it. **The scanned version of the signed and stamped application, including the main filled-in form of the application in Excel form (the unsigned version), as well as the potential Project Promoter’s annexes, is submitted via e-mail to Programme Operator contract manager.**

⁵ The decision-making body for the Norwegian Financial Mechanism is the Norwegian Ministry of Foreign Affairs and the decision-making body for the EEA Financial Mechanism is the Financial Mechanism Committee.

⁶ For the EEA Programme and NOR Programme the period of eligibility of expenditure is the same as project duration period.

Programme Operator reviews the received application, and decides whether the application pertains to a major or a minor change:

- In the event of a minor change, Programme Operator checks whether the changes comply with programme rules. Should Programme Operator deem necessary, Programme Operator notifies Project Promoter that Programme Operator has taken note of the minor change and – in the event that the changes had not been implemented in compliance with programme rules – does not approve the request.
- In the event of a major change, Programme Operator decides on the request and sends a written notice of the decision to Project Promoter via e-mail.

In order to decide on the scope of the proposed amendment and with the aim of reaching a decision regarding the request, Programme Operator may ask Project Promoter to submit additional supporting documents or explanations.

The **approved change shall apply from the date of application submission** by Project Promoter.

Minor changes not having a direct and noticeable impact on project implementation (e.g. changes relating to the contact person or Project Promoter address) are treated as **administrative adjustments**. When such changes arise, Project Promoter immediately notifies Programme Operator contract manager via e-mail.

3.2. Information and publicity

With the aim of ensuring transparency and enhancing visibility of the NOR and EEA Financial Mechanism, Project Promoters and partners shall actively promote project activities and outputs to the wider public. Promotion of projects is the basis for ensuring project “sustainability”.

To this aim Project Promoters and partners outlined the **Publicity Plan** already in the project proposal preparation phase. Pursuant to the Regulation (Annex 4 – Information and Publicity Requirements) the Publicity Plan shall specify the following:

- objectives and target groups
- information and publicity measures including activities, communication tools and timeframe
- at least three information activities on the progress, achievements and outputs of the project (e.g. seminar, press conference, introductory or closure event); only two information activities are obligatory for projects receiving a grant of under EUR 500,000.00
- website information and publicity measures and contents
- administrative departments or bodies responsible for implementation of the information and publicity measures, including a contact person
- indication of how the information and publicity measures are to be evaluated in terms of visibility and awareness of the project, Financial Mechanisms, their objectives and outcomes, and the role of the Donor States

When the project is approved, the Publicity Plan becomes part of the Project Implementation Plan (PIP) which is annexed to the project contract and becomes its integral part.

IMPORTANT

Project Promoter and partner shall perform information and publicity measures in compliance with:

- **Publicity Plan** (part of the PIP which is annexed to project contract)
- **Annex 4 to the Regulation: Information and Publicity Requirements**⁷

⁷ Website link to the Regulations and annexes: <http://eeagrants.org/Results-data/Results-overview/Documents/Legal-documents/Regulations-with-annexes>

- **Communication and Design Manual**⁸ specifying the technical requirements regarding the use of logos, websites, billboards, etc.

When submitting interim reports Project Promoters shall also submit two pieces/copies of each information and publicity material produced in the framework of the project (under the condition that this can be realised from a technical standpoint).

Some general information and publicity requirements, based on the above-given documents, are presented below.

3.2.1. General mandatory elements

Information and publicity about the project shall provide explicit and unambiguous information on the financial support of the relevant Financial Mechanism. To this end all the produced material shall be equipped with **logos** (see below). We also recommend indicating the **website** dedicated to Financial Mechanisms and Programme Operator **website**⁹.

3.2.1.1. Mandatory logos

Any printed material (e.g. brochures, invitations, studies, manuals, press releases) or electronic material produced in the framework of the project shall be equipped with the following logos:

- **NOR FM logo** for projects co-financed under the NOR Programme or **EEA FM logo** for projects co-financed under the EEA Programme. Logo width shall not be smaller than 15 mm. Logos are available on Financial Mechanism dedicated website¹⁰.

NOR FM logo:



EEA FM logo:



- **Programme Operator logo** (GODC) in the relevant language. Both versions of the logo are available on GODC dedicated website¹¹. Programme Operator logo is not mandatory if a direct budget user, who provides national co-financing on its own, acts as Project Promoter.

Slovene:



REPUBLIKA SLOVENIJA
**SLUŽBA VLADE REPUBLIKE SLOVENIJE ZA RAZVOJ
 IN EVROPSKO KOHEZIJSKO POLITIKO**

⁸ Website link to the Communication and Design Manual: <http://eeagrants.org/Media/Files/Toolbox/Communication-manual>

⁹ Link to the official Financial Mechanism website: www.eeagrants.org/www.norwaygrants.org, link to the national Financial Mechanism website: www.eeagrants.si/www.norwaygrants.si and link to the Programme Operator website: www.svrk.gov.si.

¹⁰ <http://eeagrants.org/Results-data/Results-overview/Documents/Logos>

¹¹ http://www.svrk.gov.si/si/o_sluzbi/

English:



REPUBLIC OF SLOVENIA
**GOVERNMENT OFFICE FOR DEVELOPMENT
 AND EUROPEAN COHESION POLICY**

The material may also be equipped with other logos (e.g. Project Promoter logo, project partner logo, project logo).

Logos shall be incorporate into the first page of the material or into an area of equal visibility.

Only the relevant Financial Mechanism logo is mandatory for **smaller promotional items** (e.g. pens and pencils, erasers, memory sticks).

3.2.1.2. Disclaimer

If there is enough space we recommend that the documents include a disclaimer that the content of the document/website does not necessarily reflect Programme Operator's position:

“This [document/website/etc.] has been produced with financial support of [the Norwegian Financial Mechanism/EEA Financial Mechanism]. The content of this [document/website/etc.] is the sole responsibility of [name of the beneficiary] and can under no circumstances be regarded as the position of the Programme Operator [for the Norwegian Financial Mechanism Programme/EEA Financial Mechanism Programme].”

3.2.2. Website

Project Promoter shall ensure that the information about the project is available on the World Wide Web on a specific **website** or **webpage of an existing website**. Project Promoter shall inform Programme Operator about the relevant website.

Information about the project available at the website shall be in the **Slovene language**. If the project is eligible to a grant of or over EUR 150,000 and/or includes a Donor partner, the information shall be given in **English** as well.

Pursuant to the Regulation the website shall provide information about the project, project progress, achievements and outputs, as well as information about the cooperation with Donor State institutions, photos, contact information as well as a clear reference to the relevant programme and Financial Mechanism. The website shall also provide a link to the official Financial Mechanism website (www.eegrants.org/www.norwaygrants.org), national website dedicated to the Financial Mechanism (www.eegrants.si/ www.norwaygrants.si) as well as Programme Operator website (www.svrk.gov.si) – we recommend doing this by creating a link to the relevant logo.

3.2.3. Information board and commemorative plaque

Information board (or construction site board) shall be set up for the period of implementation of any project activity and shall be placed in a visible site of the area where the project activity is being implemented if:

- the activity involves financing of a physical object, infrastructure or construction works and
- the grant for financing the activity exceeds EUR 50,000

Within six month following the completion of the project Project Promoter shall replace the board with a permanent commemorative plaque which is visible, of adequate size and in compliance with the Communication and Design Manual. Additional content-related, technical and design-related requirements are set out under relevant national acts and implementing regulations.

3.3. Cross-cutting issues

Pursuant to EEA/NOR Regulation the principles of good governance, sustainable development, gender equality and equal opportunities shall be applied in all project implementation phases. Donor States and Programme Operators shall systematically monitor the respect of the abovementioned principles¹².

Good governance

Good governance is based on the following principles:

- participation and inclusiveness of all relevant stakeholders, men and women, including the most vulnerable groups
- accountability of organisations and institutions participating in the project to those who will be affected by their decisions or actions
- transparency of actions and availability of information
- effectiveness and efficiency – the project and project outputs meet the needs of society while making the best use of the available resources
- rule of law, including respect of human rights and a strict zero-tolerance towards corruption, adopted by Donor States

Sustainable development

Sustainable development is a comprehensive concept and a joint framework for a long-term vision of sustainability in which economic growth, social cohesion and environmental protection go hand in hand and are mutually supporting. Each project shall contribute to realising this concept.

Gender equality and equal opportunities

The principles of equal rights, opportunities and power for men and women in various social areas shall be applied at project level.

3.4. Conflict of interest

Any conflict of interest during project implementation phase shall be prevented.

A conflict of interest situation is deemed to be present when Project Promoter or project partner has private interests that are or appear to be incompatible with the impartial and/or objective exercise of his functions related to project implementation. Private interests may be related to material or non-moral benefit for the staff employed with Project Promoter or project partner, for his family members and to other natural persons or legal entities with which the Project Promoter or project partner has or has had business or political relations.

If conflict of interest nevertheless arises, Project Promoter shall immediately notify Programme Operator of the conflict of interest.

3.5. Anti-corruption clause

Pursuant to NOR/EEA Regulation Donor States exercise zero-tolerance towards corruption.

¹² A more detailed description of the three horizontal policies is given under Annex 9 to the NOR/EEA Regulation: Programme Operators' Manual, section 2.7 (<http://eeagrants.org/Media/Files/Programme-operators-manual-POM>).

To prevent corruption and reduce risk of corruption Slovenian public bodies and organisations shall comply with the national Integrity and Prevention of Corruption Act (Official Gazette of the Republic of Slovenia, No 69/11) and include the anti-corruption clause into the contracts concluded with tenderers, goods, service or works contractors which are worth EUR 10,000 or more not including VAT. The anti-corruption clause is specified under Article 14 of the Integrity and Prevention of Corruption Act. The inclusion of the anti-corruption clause pertains also to the contracts on awarding a grant to projects under the NOR/EEA Financial Mechanism. The clause is the main guiding principle for all the contracting parties setting out the activities they should refrain from. In the event of prohibited actions for the purpose of obtaining business, concluding business, omitting due supervision over the implementation of contractual obligations or any other act or omission which causes damage or undue advantage, **such contract shall be null**.

3.6. Implementation of public procurement

National and European Union law on public procurement, as well as the principles set out under Article 7.16 of NOR/EEA Regulation, shall be complied with at any level of project implementation.

Project Promoters and Slovenian project partners shall implement public procurement procedures in compliance with applicable Public Procurement Act. Due to the fact that public resources are awarded the applicable public procurement rules shall be respected also by the institutions established by private law participating in the projects as Project Promoters or project partners.

Donor project partners shall comply with their national public procurement rules, European Union law on public procurement as well as the principles pertaining to public procurement set out under NOR/EEA Regulation.

In cases where contracts concluded as part of project implementation fall below the national or European Union thresholds set for public procurement or outside the scope of the applicable public procurement laws, award of such contracts (including the procedures prior to the award) and the terms and conditions of such contracts shall comply with the best economic practices, including accountability, allow a full and fair competition between potential providers, for example by way of effective price comparison, and ensure optimal use of resources.

The highest ethical standards shall be observed during the procurement and execution of contracts. No offer, gift, payment or benefit of any kind, which would or could, either directly or indirectly, be construed as an illegal or corrupt practice, e.g. as an inducement or reward for the award or execution of procurement contracts, shall be accepted¹³.

IMPORTANT

Project Promoter and project partners shall not act as external contractors or sub-contractors in the framework of the project.

3.7. Value added tax

VAT-related cost is considered eligible project expenditure only when it cannot be reimbursed by the state. Project Promoter or individual partner VAT may be considered as:

- **fully eligible project expenditure:** when Project Promoter or partner is not identified for VAT purposes or acts as a taxable person but is implementing the project as a non-taxable activity

¹³ Also confer section 3.4 “Conflict of interest” and 3.5 “Anti-corruption clause”.

- **partially eligible project expenditure:** when Project Promoter or partner VAT is partially reimbursed by the state; Project Promoter or partner is eligible to non-deductible VAT
- **ineligible project expenditure:** when Project Promoter or partner acting as a taxable person is reimbursed by the state for the total VAT

(applicable only to Slovene institutions) **IMPORTANT**

In order to claim (partial or total amount of) VAT as eligible project expenditure Project Promoter shall submit with the first interim report or at the latest with the interim report, under which such cost is claimed for the first time, the relevant certificate issued by the Financial Administration of Republic of Slovenia¹⁴ on the status or level of the non-recoverable VAT of the Project Promoter and/or Slovenian project partner to which such cost pertains. If the level of the non-recoverable VAT changes, Project Promoter shall submit a new certificate.

3.8. Double financing

Double financing of invoices or the performed work is not allowed. If expenditures have already been reimbursed from any public sources of financing, such expenditures are no longer eligible to reimbursement from other public sources of financing, including the funding under the Financial Mechanisms.

In order to prevent double financing we recommend that Project Promoter or partner asks the entity issuing the supporting document (invoice or other accounting document) to also provide information on the project/programme for which the goods/service is intended or specify the separate cost centre (e.g. *The goods is intended for the implementation of the project "acronym of the project" co-financed under the "programme title".*)

In the event of suspected double financing first-level control and/or potential subsequent audit may request Project Promoter to provide additional information and documentation (also in relation to other projects implemented by the institution or in relation to the employees' regular work).

If double financing is detected, the ineligible co-financing will be recovered. If double financing was intentional, it shall be considered fraud. In such cases Programme Operator may decide to withdraw from the project contract.

3.9. Irregularities and recoveries

Pursuant to Article 11.2 of NOR/EEA Regulation **irregularity** shall mean an infringement of:

- NOR/EEA Regulation
- Memorandum of Understanding on the implementation of NOR/EEA Financial Mechanism
- Protocol 38b to the EEA Agreement on the EEA FM 2009-2014 or to the Agreement between Norway and EU on the NOR FM 2009-2014
- Agreement on the NOR/EEA Programme, including the amendments
- Guidelines adopted by Donor States
- any provision of European Union law
- any provision of the national law

¹⁴ On 1 August 2014 the Financial Administration of the Republic of Slovenia took over the tasks of the Tax Administration of the Republic of Slovenia.

which affects or prejudices any stage of the implementation of the EEA/NOR FM 2009-2014 in Slovenia, in particular, but not limited to, the implementation and/or the budget of any programme, project or other activities financed by the EEA/NOR FM 2009-2014, for instance by unjustified or disproportionate expenditure, or by reducing or losing revenue under the programme and/or project.

During project implementation or after project completion Project Promoter and the control unit or the independent external auditor or competent Donor State public servant, who checks eligibility of Donor partner expenditure, may detect irregularities in the framework of regular monitoring of project implementation and checks of interim reports. Irregularities may also be detected in the framework of an ex-post audit which means that the expenditures, which had already been approved by first-level control as eligible, become ineligible.

Detected irregularities are the financial responsibility of Project Promoter. If an irregularity was detected with project partner, Project Promoter shall use all available legal means to recover the amounts unduly paid to the partner in accordance with the applicable national law and Partnership Agreement.

If irregularities are detected, Programme Operator may perform the following measures:

- **suspension of payments** to Project Promoter
- **settlement** or **recovery** of amounts unduly paid
- **financial corrections** or lowering of the grant awarded to the project

In the event of unduly paid amount Programme Operator has one of the following options:

- **settlement:** the amount claimed under the next claim(s) for reimbursement is lowered with the amount unduly paid; this can be done if the irregularity is detected during the implementation of the project or before the final reimbursement
- **recovery** based on the claim for repayment: if the amount of recovery is not paid within the deadline, Project Promoter shall pay default interests. If Project Promoter fails to repay the amounts unduly paid, Programme Operator shall use all available legal actions to recover the relevant amount pursuant to national laws and project contract

3.9.1. DBU-related specifics

In case of irregularities related to projects whose promoter is a direct budget user (DBU), Certifying Authority¹⁵ has the right to demand that the recovery is paid to the sub-account of the earmarked FM funds. If the Certifying Authority demands recovery of earmarked FM funds, Project Promoter shall ensure that the recovery is implemented under the commitments in the framework of its own financial plan, and repay the relevant amount from the account for the implementation of the budget to the sub-account of the earmarked FM funds in compliance with the claim for repayment issued by the Certifying Authority.

Rebooking of ineligible spending from earmarked FM funds items shall comply with the provisions of each applicable Implementation of the Republic of Slovenia Act. When Project Promoter, who is also a DBU, performs payments charged to the earmarked FM funds items but does not ensure absorption of earmarked funds due to ineligible spending, Project Promoter shall notify the Ministry of Finance and suggest rebooking spending in the amount which had no coverage under eligible amounts. Rebooking shall be completed within the budget of the current year and charged to the free commitments on those items which are not related to earmarked FM funds. In the event of a mismatch the Ministry of Finance may limit the implementation of the Project Promoter budget.

¹⁵ Based on the provision of both Memorandums of Understanding, Ministry of Finance, Department for Management of EU Funds acts as Certifying Authority for both programmes (NOR and EEA).

When repaying the ineligible amounts Project Promoter, who is also a DBU, shall also comply with Certifying Authority guidelines and requirements.

3.10. State aid

State aid is expenditure and reduced income of the state or municipalities, which represent a benefit for the recipient, and thus provides an advantage over their competitors, and are intended for the financing and co-financing of programmes in institutional units engaged in market production of goods and services in order to provide certain competitive benefits, as defined under Article 87 of the Treaty establishing the European Community.

State aid recipient is any entity, regardless of its legal status, organisation or ownership whose co-financed activity is a profit/economic activity. Profit/economic activity is any activity consisting in offering goods and/or services on the market, which is carried out for profit, or if the performance of that activity enables the registered person to compete in the market with other individuals.

Support is considered State aid if the following four criteria are fulfilled:

- expense or reduced income of the state (public funds)
- selective advantage
- economic advantage and the impact on competition
- impact on trade between Member States

For projects, whose elements of State aid have been identified during the evaluation phase, grant is allocated in compliance with the applicable State aid rules. The application of State aid rules shall be considered on a case-by-case basis.

On the basis of the above-mentioned, Programme Operator, acting as the contracting authority for the call for proposal, acts as aid grantor on a “de minimis” principle (scheme No M001-2067064-2014). Aid is granted in compliance with Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ EU L 352, 24, 12. 2013).

If the State aid assessment procedure established that Project Promoter or partner should be considered under de minimis rules, the aid recipient fills in and signs the Statement of the potential recipient of de minimis aid on:

- all other de minimis aid received by the company on the basis of the abovementioned regulation or other de minimis regulations during the past two years and the current fiscal year
- all other received (or applied for) aid for the same eligible costs; it shall ensure that the awarded de minimis aid will not result in exceeding the de minimis ceiling and aid intensity in accordance with other regulations

In the Statement the potential aid recipients also confirm that they are acquainted with:

- the definition of a single undertaking
- de minimis ceiling

On the basis of the received Statement, Programme Operator shall check with the Ministry of Finance, State Aid Monitoring Department the amounts of the already-granted de minimis aid for the potential recipients and the ownership-related undertakings. If the amount of State aid (which should not exceed EUR 200,000) for the “single” undertaking exceeds the ceiling in any period of three fiscal years, State aid shall not be awarded even for those amounts which do not exceed the ceiling.

Aid recipient shall be notified in written form by Programme Operator, acting as aid grantor, on being awarded de minimis aid in compliance with Commission Regulation 1407/2013.

Programme Operator shall report to the Ministry of Finance within 15 days following the award of de minimis aid.

The records on the awarded state aid are kept for 10 fiscal years from the aid award date.

3.11. Revenue

Revenue-generating project is any project investing in infrastructure the use of which requires payment of fees covered directly by users, or any project relating to selling or leasing land or buildings or any other services against payment.

IMPORTANT

Marketing of project activities, project outputs and equipment co-financed by Programme grants, as well as revenue-generating shall not be allowed during the duration period of projects implemented under the NOR Programme. Project activities, co-financed by NOR Programme grants, shall be available free of charge for all project target groups. It is prohibited to generate net revenue (profit) on the basis of project outputs (including the equipment purchased in the framework of the project) five years following project completion which means that project outputs can be marketed only in the amount and only with the aim of covering the basic expenses related to the operation or maintenance of the service.

Outputs of projects in the field of Biodiversity and Ecosystem Services under the EEA Programme shall be used solely for public interest and shall be accessible to the public under the same conditions. The activities and outputs of such projects shall not be used for marketing and revenue-generating. It is not allowed to use project outputs for marketing or revenue-generating even after project completion. It is allowed to generate revenue with the equipment, purchased in the framework of the project, but only after project completion and only in the amount and with the aim of covering the basic expenses related to the operation or maintenance of equipment. This means that it is prohibited to generate net revenue (profit).

The amount of generated revenue influences the amount of co-financing with grants. Thus the rate of the financing gap is calculated already at the project proposal submission stage. When calculating the rate of the financing gap the guidelines, specified under the working document 4: Guidelines for methodology to be applied when developing the cost and benefit analysis,¹⁶ should be taken into account. In the event of changes during project implementation which could have an impact on the amount of project revenue, the financing gap should be recalculated. The calculation of the financing gap should be checked and, where appropriate, recalculated right before project completion.

Project Promoter shall monitor project revenue for a period of at least 5 years following the approval of the final project report.

The project under which revenue-generating is planned but which does not demonstrate positive net revenue shall be treated as a non-revenue-generating project with the rate of the financing gap set at 100%. For such projects revenue does not need to be monitored during their implementation unless certain project-related changes occur which might impact the rate of the financing gap.

If State aid rules are applied, the revenue-related rules shall not be applied.

¹⁶ <http://www.eu-skladi.si/predpisi/navodila/navodila-za-izvajanje-kohezijske-politike-2007-2013/>

3.12. Separate accounting records

Pursuant to NOR/EEA Regulation Project Promoters and partners shall maintain separate accounting records to ensure transparency of the use of funds. Separate accounting records are thus of key relevance in establishing eligibility of project expenditure.

Separate accounting records shall ensure **traceability** of project expenditure. Thus, Project Promoter or partner accounting system shall clearly identify project-related costs and revenues as well as their amounts.

Traceability is ensured by keeping financial data by **separate cost centres** which:

- can be of various forms depending on the institution and the accounting system used by the institution
- include cost accounts (all costs incurred in relation to project implementation) and revenue accounts (received grants)

IMPORTANT

With each interim report Project Promoter shall submit an extract from project cost centre, namely an extract provided by Project Promoter institutions as well as an extract provided by each Slovenian partner.

3.13. Archiving

With proper keeping of project documentation Project Promoter and partners retain the content of the **documents which should be accessible, clear and preserved for the long-term in an unchanged and authentic form**. This provides an **audit trail** which ensures traceability and overview for the purposes of control and monitoring of projects throughout the duration of the project as well as after completion of the project until the deadline by which relevant documents should be kept.

Project Promoter and partners shall ensure that the records are correct and complete from the very beginning of project implementation until the **deadline by which relevant documents are kept, namely 3 years after the approval of the final NOR/EEA Programme report** (as planned by the end of June 2020). In the event that project activities fall under State aid, all documentation related thereto shall be kept for **at least 10 years from the date of awarding State aid**.

Project Promoters and partners shall keep:

- all legal bases and the related documentation (project contract and Project Implementation Plan, Partnership Agreement, etc.)
- financial documents and supporting documents (invoices and other documents of equal probative value), proof of payments, accounting records
- all project reports and claims for reimbursement, including proof of receipt of the funds and for Project Promoters proof of transfer of funds to partners
- proof of public procurement procedures implementation
- project products or proof thereof
- proof of project audits
- other relevant project-related correspondence

We recommend that Project Promoter or partner keeps all project-related documents in a single place (in one office, in a cabinet, etc.).

If the control or audit establishes that Project Promoter or project did not keep project-related documents properly and the audit trail is not suitable, the already-certified expenditure shall become ineligible.

4. REPORTING

4.1. Description of the reporting system

During project implementation regular reporting on the progress made in terms of project activities, project outputs and use of funds shall be ensured. The aim of reporting is to monitor project implementation by Programme Operator and – in the event of difficulties or threats – to ensure that actions for their eliminations are taken in due time, as well as to certify eligibility of costs which incur during project implementation to ensure reimbursement.

IMPORTANT

Reporting on *expenditure* incurred by Donor partners shall be performed separately from the reporting system described under this section. The system of reporting on expenditure incurred by Donor partners and certification and payments thereof is described under section 7. Nonetheless, reporting on activities performed by Donor partners shall take place in the same manner as reporting by other partners under regular interim project reports.

Figure 1 outlines the interim reporting procedure, including the control and certification of eligible expenditure incurred by Project Promoter and Slovenian partners, and reimbursement.

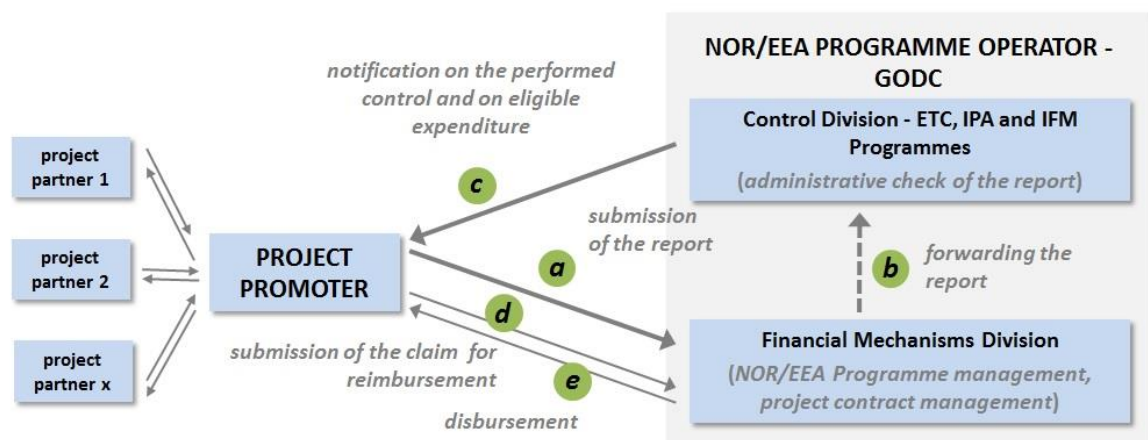


Figure 1: Reporting, control and reimbursement procedure

Reporting¹⁷ takes place in the following steps:

- a. Preparation and submission of the interim project report (section 4.1.1)
- b. Monitoring, potential consideration of the Request for project amendment and submission of the report (section 4.1.2)
- c. Administrative check and certification of eligibility of expenditure (section 5.1)
- d. Preparation and submission of the claim for reimbursement (section 4.1.3)
- e. Grant disbursement (section 6.2)

¹⁷ The procedure is described in more detail under the section dedicated to each step.

Specifics related to the reporting by direct budget users

Only Step a, b and c shall apply to Project Promoters which are direct users as no disbursement is performed by Programme Operator (confer section 6.2.1).

IMPORTANT
<p>Notification</p> <p>In addition to mandatory reporting under interim project reports and the final project report we recommend that Project Promoter notifies on a regular basis and in due time Programme Operator project contract manager on upcoming major events in the framework of project implementation (e.g. kick-off meeting, conference, laying the foundation stone for construction). For major events we recommend that Project Promoter submits the notice on the event to Programme Operator together with a proposal for a short announcement or press release to be published on the dedicated Programme website. Programme Operator shall decide whether to publish the relevant information on the website.</p>

4.1.1. Preparation and submission of the report

Who

Reports are prepared and submitted by **Project Promoter** on behalf of the entire project partnership. Project Promoter is therefore responsible for gathering all relevant information and supporting documents from all project partners in due time, namely in compliance with these Guidelines and provisions of the Partnership Agreement. Based on the gathered information and documents Project Promoter shall prepare a joint project report.

What

Project Promoter shall prepare joint *interim reports* on the progress made in terms of project implementation. At project completion Project Promoter shall prepare the *final project report* in compliance with the guidelines and the templates developed by Programme Operator.

Elements of the **interim report**:

- financial report: identification of all expenditure (which have already been paid) incurred by Project Promoter and the **Slovenian** partners under the relevant reporting period
- activity report: description of all project activities implemented by Project Promoter and **all** the partners (including *Donor partners*) under the relevant reporting period

IMPORTANT
<p>The timeframe of activity implementation shall be as consistent as possible with the project timeframe defined under PIP. Also the costs incurred during activity implementation shall be as consistent as possible with the planned timeframe of spending defined under PIP.</p>

Guidelines for the preparation of interim reports are given under section 4.2.

IMPORTANT
<p>If the reported use of funds under an individual financial plan item (by category of costs and work package) exceeds the maximum amount specified in the project financial plan given in PIP, Project Promoter shall submit – either prior to or with the submission of the report – the REQUEST FOR PROJECT AMENDMENT (section 3.1), regardless of whether the change is a major or a minor change.</p>

Otherwise the amount exceeding the maximum amount of eligible cost under the relevant category of costs and work package shall not be considered eligible.

The abovementioned shall not apply to costs falling under the category indirect administrative costs calculated on the basis of a flat rate methodology where only the total costs are considered when certifying expenditure eligibility and not the amount of costs by individual work package.

When

Project Promoter shall submit project **interim report** for each reporting period separately within one month following the reporting period end date unless stipulated otherwise by project contract.

Reporting periods are as follows:

- **1 January – 30 April:** report shall be submitted no later than **31 May** of the current year
- **1 May – 31 August:** report shall be submitted no later than **30 September** of the current year
- **1 September – 31 December:** report shall be submitted no later than **31 January** of the current year

After project completion Project Promoter shall submit the **final project report** within the deadline set by Programme Operator.

Address

Project Promoter shall submit the interim report to the following address:

*Government Office for Development and European Cohesion Policy
Financial Mechanisms Division*

Kotnikova 5

1000 Ljubljana

by adding *“NOR/EEA FM, project acronym, SPIS¹⁸ number – INTERIM REPORT NUMBER”*

4.1.1.1. Zero report

Project Promoter shall submit interim report within the deadline even if no expenditure incurred during the relevant reporting period.

If no expenditure incurred during the relevant reporting period, Project Promoter shall nonetheless fill out and submit an interim report describing the activities implemented in the relevant reporting period, and provide a justification for the delays as well as describes the reasons and the actions to be taken to eliminate the potential risks (Interim report – section 3.5 Derogations). The financial segment of such reports shall report zero EUR (0) costs.

4.1.2. Monitoring

Interim report represents the main document serving as a basis for project monitoring and verification of whether the project is being implemented in compliance with the work, time and financial plan set out under PIP. Specific attention shall be given to attaining the planned project outputs which is monitored on the basis of project result indicators; these indicators are reported by Project Promoter under the relevant reports. Regular monitoring of project implementation is the basis for assessing – realistically and in due time – project-related risks and adopting relevant measures.

¹⁸ SPIS number is given in project contract.

4.1.3. Submitting the claim for reimbursement

Following the receipt of the Notice on the performed Programme Operator first-level control of the interim report, or following the receipt of the original Report on eligibility of expenditure incurred by Donor partner, Project Promoter shall prepare, sign (by the responsible or authorised person) and stamp the **claim for reimbursement**¹⁹, and submit it – together with the worksheet “Financing” of the approved project interim report – to the following address:

*Government Office for Development and European Cohesion Policy
Kotnikova 5
1000 Ljubljana
by adding “NOR/EEA FM, project acronym, SPIS number – CLAIM”*

The amount claimed under the claim for reimbursement shall reflect the amount of the *grant* (earmarked FM funds and national co-financing) to which Project Promoter is eligible in compliance with project co-financing rate as stipulated under project contract, reduced by the withheld amount. The amount claimed under the claim for reimbursement is lower than the amount of the *certified eligible project expenditure* specified under the Notice on the performed control or Report on eligibility of expenditure incurred by Donor partner. Calculation of the amount claimed under the claim for reimbursement shall take into account the following:

- **grant co-financing share** as stipulated under project contract
- **withheld amount:** with each interim disbursement of the grant Programme Operator shall withhold 5% of the grant disbursed in the framework of the final disbursement of grants (confer section 6.2)

$$Z = P * S * 95\%$$

Z ... amount claimed under the claim for reimbursement (in EUR)

P ... amount of certified project expenditure (in EUR)

S ... grant co-financing share or rate for the project as stipulated under project contract (%)

When calculating the amount to be disbursed under the claim, the cost of in-kind contribution shall be eligible *up to the amount of own contribution* for certified project expenditure by *taking into account own-contribution rate stipulated under project contract*.

4.2. Guidance for preparing the report

4.2.1. Elements of a complete interim report

A complete interim report shall be submitted in printed and electronic form.

The **printed version** of the interim report consists of:

- original interim project report which is filled in, signed and stamped by the responsible or authorised person
- copy of the extract of separate Project Promoter accounting records and the extract of separate Slovenian partner accounting records (if partner expenditure is included in the report)
- copy of the certificate of Project Promoter status regarding VAT and copy of the certificate of Slovenian partner status regarding VAT (if partner expenditure is included in the report) – the copy is submitted with the first interim report or at the latest with the interim report under which such cost is claimed for the first time as well as with any subsequent change of the non-recoverable VAT rate

¹⁹ The form Claim for reimbursement is part of the form Project Interim report.

- original Project Promoter statement and Slovenian partner statement on project team membership (name and surname of the employees for who reimbursement of costs is claimed)
- original Project Promoter supporting documents (copies of the invoices and supporting documents in compliance with the list of supporting documents)
- original Slovenian partner supporting documents (copies of the invoices and supporting documents in compliance with the list of supporting documents)
- supporting documents should be compiled by individual partner and separated to ensure interim report transparency
- two pieces/copies of each information and publicity material produced in the framework of the project in printed or physical form

The **electronic version** of the interim report which is submitted on a CD or memory stick together with the printed version of the report consists of:

- filled-in interim project report in Excel form
- relevant outputs of project activities in the form of studies, reports, articles, etc.
- relevant project information and publicity materials
- project-related photo material
- relevant Request for project amendment (section 3.1)

4.2.2. Report layout

When submitting the interim report the printed version of the report shall be included by sequence number into an envelope (if the scope of interim reports is not too vast) or into a binder (for extensive interim report).

IMPORTANT

To facilitate the review of the report there is no need to insert individual forms in transparent folders. Individual forms (interim report on project progress, pay for annual leave, monthly or daily timesheet) shall be submitted in their original form, signed by Project Promoter/partner responsible or authorised person. **All information in all forms, invoices, contracts, supporting documents shall be clearly legible.**

IMPORTANT

The report shall be arranged in compliance with the guidelines otherwise it may be rejected by the controller.

Language

All elements of the interim report shall be submitted in Slovene. If a certain element or a document of the report is not available in Slovene, it shall be translated into Slovene and the translation shall be submitted within the interim report. The translation shall comply fully with the original and the compliance of the translation with the original shall be confirmed by signature and stamp (if it exists) by Project Promoter/partner responsible or authorised person.

4.2.2.1. Layout of the printer version of the report

Section 1:

- original project interim report

Section 2:

- copy of the extract of separate Project Promoter accounting records and the extract of separate Slovenian partner accounting records
- copy of the certificate of Project Promoter status regarding VAT and copy of the certificate of Slovenian partner status regarding VAT
- original Project Promoter statement and Slovenian partner statement on project team membership

Section 3:

- original Project Promoter supporting documents (copies of the invoices and supporting documents in compliance with the list of supporting documents)
- original Slovenian partner supporting documents (copies of the invoices and supporting documents in compliance with the list of supporting documents)

Section 4:

- promotional material

5. PROJECT IMPLEMENTATION CONTROL

Each project receiving NOR/EEA Financial Mechanism grant shall be subject to regular control and monitoring performed by Programme Operator, Programme Operator first-level control as well as audits performed by various programme-related bodies.

IMPORTANT

Checks of Donor partner expenditure shall not be performed by Programme Operator first-level control but by an independent certified auditor or competent project partner public servant. Control performed by Programme Operator control unit is described below while specifics pertaining to checking Donor partner expenditure are described separately in section 7.2.

Control main objectives:

- ensure that the project is implemented in compliance with the legal framework governing project implementation, in particular compliance with NOR/EEA Regulation, NOR Programme Agreement and EEA Programme Agreement, Guidelines for Project Implementation and Reporting, public procurement rules and State aid rules
- ensure that the project is implemented in compliance with project contract
- ensure that grants are used effectively, efficiently and in a purpose-oriented manner
- ensure accuracy, reliability and reality of the expenditure
- prevent double financing

There are two kinds of checks:

- **administrative check:** verifying eligibility of incurred expenditure
- **on-the-spot check:** checking project implementation on project location

5.1. Administrative check

Following the submission of Project Operator interim report, Programme Operator shall perform a first-level control and carry out an administrative check of legality and regularity of expenditure reported by Project Promoters and Slovenian partners, and review all implemented project activities and achieved project outputs.

First-level control of expenditure is the first and essential control over the use of funds in the framework of the relevant project. It is implemented by a controller within 3 months following the submission of a complete report. The control is a **100% verification** of expenditure reported by Project Promoter on behalf of the partnership and for which reimbursement of funds is claimed.

When performing the administrative check the controller verifies:

- compliance of expenditure with project contract which also includes the Project Implementation Plan
- direct link of expenditure with the project
- relevance of expenditure in terms of project implementation and compliance with project objectives and outcomes
- whether costs and expenditure incurred within the eligibility period and in the eligible area, whether expenditure incurred by Project Promoter/Slovenian partner and whether expenditure was actually paid and the payment was recorded

- compliance of expenditure with the Guidelines for Project Implementation and Reporting
- authenticity and accuracy of all invoices or supporting documents of equal probative value
- existence of adequate audit trail and separate accounting records
- compliance with relevant national laws
- compliance of project implementation with rules pertaining to information and publicity
- potential double financing of the project

In the process of reviewing the report the controller may request additional explanation or documents to be submitted. If the controller establishes that the report has certain shortcomings or that a specific expenditure is not supported by adequate documents or that the documents do not clearly demonstrate a connection between the expenditure and the project, Project Promoter shall be requested in writing, namely via the Request to supplement the documents, to submit additional explanation by e-mail. Project Promoter shall submit the missing documents within the deadline and to the address specified in the Request to supplement the documents.

We recommend that Project Promoter appoints one person who shall be responsible for the preparation of the report throughout project duration period and who shall thus be well-acquainted with reporting-related guidelines and rules. Project Promoter shall submit the requested documents in paper form via regular mail. The documents shall be marked in compliance with the Request to supplement the documents. If the supporting documents prove inadequate, the controller may deduct the relevant expenditure from the eligible expenditure amount.

After control is completed, the controller prepares a Notice on the performed control (on control completion) and submits it to Project Promoter (via e-mail and regular mail). The withheld amount shall also be taken into account when certifying eligible expenditure.

5.2. On-the-spot check

Within its first-level control Programme Operator checks how the project is being implemented also by performing on-the-spot checks at Project Promoter or partner head office as well as at other locations where project activities are being implemented. On-the-spot check is performed each year on a **sample of projects** in compliance with the annual monitoring plan of the relevant programme.

For **NOR Programme (SI05)** the selection of the sample of projects to be subject to on-the-spot check is based on the risk analysis regarding the implementation of individual projects as well as on the following criteria:

- on-the-spot check is performed at least once during the duration period of the project which received a grant in the amount of EUR 750,000
- on-the-spot check is performed at least once during the duration period of the project which has a major impact on the achievement of programme objectives
- also a sample of 10% of the programme-related projects will be checked annually

For **EEA Programme (SI02)** the selection of the sample of projects to be subject to on-the-spot check is based on the risk analysis regarding the implementation of individual projects as well as on the following criteria:

- projects which received a grant in the amount exceeding EUR 600,000 will be included in the sample of projects for which on-the-spot check is performed
- projects which have a major impact on the achievement of programme objectives will be included in the sample of projects for which on-the-spot check is performed

- also a sample of 10% of all programme-related projects will be checked annually (40% over the entire programme implementation period)

Programme Operator shall notify Project Promoter on the planned on-the-spot check at least 1 week prior to the planned on-the-spot check.

Programme Operator may also perform an **extraordinary** or **ad hoc on-the-spot check**, in particular when it is suspected that the information, submitted by Project Promoter, is false or misleading, or on the basis of other reasons. Project Promoters shall not be notified on the planned ad hoc on-the-spot check.

In the framework of the on-the-spot check Programme Operator and its control unit check the progress made in terms of project implementation and compliance with project contract and other documents governing the relevant programme and project implementation. The check shall also review public procurement procedures, cost-effectiveness of the incurred expenditure, potential double financing (more than one claim for the same service or goods), (in)eligible use of equipment and other project-related investments, potential revenue, observance of the rules pertaining to information and publicity, ensuring audit trail, financial flows between Project Promoter and partners, separation of accounting records, adequacy of archiving project-related documents and observance of other contractual provisions and legislation.

Project Promoter or partner, where the on-the-spot check is performed, is to ensure:

- adequate premises for performing the on-the-spot check
- access to project-related documents which are systematically and chronologically arranged
- access to all equipment and investments co-financed under the project
- presence of Project Promoter or partner project manager and presence of other members of the project team who present how the documents are archived as well as how separate accounting records are kept
- access to documents related to other projects co-financed by public sources (EU and national) which is being implemented or had been implemented by Project Promoter or partner institution (checking double financing)

If Programme Operator detects any **irregularities** in the framework of the on-the-spot check, such irregularities shall be treated in compliance with section 3.9 of these Guidelines and project contract.

6. GRANT ALLOCATION AND DISBURSEMENT

6.1. Conclusion of contracts

If a project is selected to receive a grant and if it meets all the criteria set by the Selection Committee, the selected Project Promoter and Programme Operator conclude a project contract which is the basis for allocating a grant to Project Promoter for the relevant project.

Before concluding the project contract, Programme Operator shall:

- check whether all the criteria set by the Selection Committee are met
- certify the amount of indirect administrative costs by flat rate method (in the event that the project includes flat rate)
- approve the Partnership Agreement (in the event that the project is implemented by a partnership)

IMPORTANT

Fulfilling the abovementioned steps is the condition for concluding the project contract.

6.1.1. Approval of the flat rate

If indirect administrative costs by flat rate method (hereinafter flat rate) are planned under the project, Programme Operator shall check, namely before signing the contract, the adequacy of the applied method for calculating the flat rate, regularity of the calculation of the flat rate, adequacy of supporting documents, and approve the amount of flat rate and the flat rate itself for each Project Promoter and/or individual partners claiming flat rate as well as the amount of the flat rate at project level. The approved amount of the flat rate at project level shall not exceed the planned flat rate specified in the approved application.

As soon as the project is approved Project Promoter and partners claiming flat rate shall prepare the application for flat rate approval, which shall include the following documents:

- Application to approve the amount of the flat rate at project level and amount of the flat rate for each partner and/or Project Promoter. The application shall be stamped and signed by the responsible or authorised person representing Project Promoter
- Statement of Project Promoter and/or partners claiming flat rate that they have not and will not, namely during project duration period, define their indirect administrative costs by applying the method set out under Article 7.4 (1.a) of NOR/EEA Regulation for projects under set 6 and 7 of the European Commission Framework Programme²⁰. Each partner or Project Promoter claiming the flat rate shall submit a separate statement stamped and signed by the responsible or authorised person of the relevant institution
- Detailed presentation of the method, including the calculation of the amount of flat rate and the flat rate itself for each partner (claiming flat rate) as well as for the entire project, namely in compliance with the methodology set out by Programme Operator
- Supporting documents (e.g. invoices, extract from general ledger by subsidiary accounts class 4, gross balance)

IMPORTANT

The amount of flat rate at project level shall represent a maximum of 20% of the cost of staff.

²⁰ This is a calculation of indirect costs in compliance with the formula method.

Project Promoter shall submit the scanned application with all the attachments to Programme Operator via e-mail.

Description of the method for calculating the amount and rate of indirect administrative costs by applying the flat rate method

The calculation shall cover only the costs which are eligible in compliance with NOR/EEA Programme rules. In calculating the flat rate, which represents an assessment of the planned administrative project costs, Project Promoter and partners derive from the amount of the individual costs in the previous year of operation of their institution or if this is not possible from market prices.

When calculating the amount of the individual administrative cost, the method which best reflects the selected cost type shall be applied, e.g.:

- ratio between the number of employees in the Project Promoter/partner institution working on the project and the total number of employees in the institution
- ratio between the number of the total working hours (monthly sum of working hours) worked on the project and the number of total working hours worked in the Project Promoter/partner institution
- ratio between the area of business premises (m²) occupied by the employees working on the project and the total area of business premises (m²) of the Project Promoter/partner institution

The rate or percentage of the flat rate shall be rounded to 2 decimals.

EXAMPLE – CALCULATION OF THE AMOUNT OF THE FLAT RATE AND THE FLAT RATE ITSELF

Example – calculation of the share based on the area of business premises

Of the total of 5,000 m² of organisation premises Project Promoter or partner require 1,000 m² for project implementation. The percentage of the available area needed for project implementation is calculated on the basis of the following formula:

$$\frac{\text{area needed for project implementation}}{\text{total area of organisation premises}} * 100 = \frac{1000}{5000} * 100 = 20\%$$

Example – calculation of the share based on the area of business premises for a specific period

If Project Promoter or partner do not use the rented business premises throughout the year but for example 40 weeks of the total of 50 weeks, the share of the available time needed for project implementation is calculated on the basis of the following formula:

$$\frac{\text{area of business premises used during project implementation period}}{\text{available time}} * 100 = 80\%$$

In compliance with the above calculation Project Promoter shall use 20% of the area of business premises for 80% of the available time. The following calculation is made:

$$\% \text{ of the area used for project implementation} * \% \text{ of the available time} = 20\% * 80\% = 16\%$$

Thus, 16% of all administrative costs shall be eligible under the project.

If annual cost of renting business premises amount to EUR 20,000 and the annual costs of electricity amount to EUR 1,000, the following calculation is made:

Costs of renting business premises 16% of EUR 20,000 EUR = EUR 3,200
 Costs of electricity 16% of EUR 1,000 = EUR 160

Example – calculation of the share of cost of staff not directly involved in project implementation

If 20% of the total working hours worked in Project Promoter/partner institution and if the total of the cost of staff employed in the support services amounts to EUR 50,000, the following calculation is made:

Cost of staff not directly involved in project implementation 20 % of EUR 50,000 = EUR 10,000

Calculation of the amount of flat rate and flat rate itself for each partner or Project Promoter

Calculation of total indirect administrative costs incurred by Project Promoter or partner which can be attributed to the project:

Cost of renting business premises	16% of EUR 20,000	EUR 3,200
Cost of electricity	16% of EUR 1,000	EUR 160
Cost of staff (support services) not directly involved in project implementation	20% of EUR 50,000	EUR 10,000
Total flat rate amount of the Project Promoter or partner		EUR 13,360

If the cost of staff of the relevant Project Promoter or partner amounts to EUR 200,000, the flat rate amounts to 6.68% (calculation: EUR 13,360 of EUR 200,000 equals 6.68%).

Thus, the flat rate of the relevant Project Promoter or partner amounts to 6.68% of cost of staff.

Calculation of flat rate amount at project level

The flat rate amount at project level is calculated as a sum of the flat rates of the relevant Project Promoter and/or all partners claiming flat rate under the relevant project.

6.1.2. Approval of the Partnership Agreement and conclusion of project contract

Project Promoter of the selected project, which is being implemented in partnership, shall comply with Article 6.8 of NOR/EEA Regulation and conclude a **Partnership Agreement** (hereinafter Agreement) with all project partners participating in the partnership. This shall apply to all projects and all project partners regardless of whether the partner plans to use financial resources for the implementation of project activities or not.

We recommend that the template of the agreement, which was developed by Programme Operator and published at the dedicated programme website, is used by being adequately adjusted to the specific features of the relevant project. The partnership may also design a new template or use some other agreement template which should meet the following minimum conditions set out under NOR/EEA Regulation:

- the Agreement **shall contain the following** (point 2 of Article 6.8 of the Regulation):
 - a. provisions on the roles and responsibilities of the parties
 - b. provisions on the financial arrangements between the parties, including, but not limited to, which expenditure the project partners can get reimbursed from the project budget
 - c. provisions on the method of calculating indirect costs and their maximum amount (separately for Project Promoter and the individual partners claiming indirect administrative costs)
 - d. currency exchange rules for such expenditure and its reimbursement
 - e. provisions on audits on the project partners
 - f. a detailed budget, with itemised costs of the individual partner in compliance with the structure of the project financial plan specified under PIP
 - g. provisions on dispute resolution

- If one or several partners/Project Promoters has a grant co-financing rate which differs from the one approved under the project (specified in the grant award decision and later on also in the project contract), the Partnership Agreement shall include a provision identifying the entity responsible for the potential financial burden and the share, borne by that entity, of the financial burden arising from the difference between the amount of the certified grant (in compliance with the partner co-financing rate) and the grant actually disbursed (in compliance with the project co-financing rate).
- The agreement shall be concluded in **Slovene**. If one of the parties of the agreement is a Donor State institution, the agreement shall also be concluded in **English** (point 3 of Article 6.8 of the Regulation) with the Slovenian version being legally binding.
- **Eligibility of expenditures incurred by project partner** is subject to the same limitations as those which apply if expenditures incur by Project Promoter (point 5 of Article 6.8 of the Regulation).
- The establishment and implementation of the relationship between Project Promoter and project partner shall comply with the applicable national and European Union law on public procurement as well as Article 7.16 of the Regulation (point 6 of Article 6.8 of the Regulation).

IMPORTANT

Grant disbursement from Programme Operator to Project Promoters shall be implemented in compliance with project contract and the project co-financing rate set therein. If the percentage of co-financing for a certain partner/Project Promoter differs from the project co-financing rate, there may be differences between the amount of certified eligible grant (calculated in accordance with the partner co-financing rate) and the amount of the actually disbursed grant (calculated in accordance with the project co-financing rate). In such cases the Partnership Agreement shall include the abovementioned provision.

We recommend that Project Promoter and partners clearly determine within the Partnership Agreement the amendment-related system at the level of each partner. The system shall comply with the procedure related to the approval of project amendments (section 3.1).

IMPORTANT

In compliance with Article 6.8 of NOR/EEA Regulation the Partnership Agreement, approved by Programme Operator, is the precondition for concluding the project contract.

The procedure of approving the Partnership Agreement:

- a. Project Promoter coordinates the draft Partnership Agreement with project partners.
- b. The coordinated draft Partnership Agreement in the Slovenian language is submitted by Project Promoter to Programme Operator via e-mail.
- c. Programme Operator checks whether the draft complies with the relevant legal basis of the programme and the approved project. Programme Operator communicates via e-mail its comments and recommendations for supplementations/changes of the draft Partnership Agreement. Project Promoter then submits the amended/further developed Partnership Agreement draft. Programme Operator approves Partnership Agreement draft via e-mail.
- d. Project Promoter and project partners conclude the Partnership Agreement. No later than 5 days following the conclusion of the Partnership Agreement Project Promoter shall send to Programme Operator via e-mail the scanned version of the Partnership Agreement which is signed and which specifies the date of agreement conclusion.

Conclusion of project contract

Following the approval of the Partnership Agreement Programme Operator invites Project Promoter to sign the project contract (applicable to all projects which are being implemented in partnership with several institutions).

IMPORTANT

If Project Promoter fails to respond to the invitation to sign the relevant project contract within eight (8) days, it shall be deemed that Project Promoter has withdrawn the relevant application to be awarded a grant.

Project Implementation Plan (PIP) is an annex to the project contract and represents an integral part of the project contract. PIP sets out the work, time and financial plan of the project. PIP serves as Programme Operator's main basis for monitoring project implementation.

6.1.3. Partnership Agreement Amendment procedure

Each amendment of the Partnership Agreement shall be subject to Programme Operator's approval with the procedure being very similar to the approval procedure of the original Partnership Agreement:

- a. Project Promoter coordinates the draft Addendum to Partnership Agreement with project partners.
- b. The draft Addendum to Partnership Agreement in the Slovenian language is submitted by Project Promoter to Programme Operator via e-mail, including with the explanation and justification of the amendment.
- c. Programme Operator checks whether the draft Addendum to Partnership Agreement complies with the relevant legal basis of the programme and the project contract with PIP constituting an integral part of the project contract. Programme Operator communicates via e-mail its comments and recommendations for supplementations/changes of the draft Addendum to Partnership Agreement. Project Promoter then submits the amended/further developed draft Addendum to Partnership Agreement. Programme Operator approves the draft Addendum to Partnership Agreement via e-mail.
- d. Project Promoter and project partners conclude the Addendum to Partnership Agreement. No later than 5 days following the conclusion of the Addendum to Partnership Agreement Project Promoter shall send to Programme Operator via e-mail the scanned version of the Addendum to Partnership Agreement which is signed and which specifies the date of Addendum conclusion.

6.2. Grant disbursements

Disbursement of the grant is performed by Programme Operator. The grant is disbursed to Project Promoter identified by project contract as the entity eligible to receive the disbursed grant on behalf of the entire project partnership. The disbursement of the grant is based on the reimbursement method, namely the disbursement is performed as reimbursement of expenditure which incurred by Project Promoter and/or project partner during project activity implementation period and which have already been certified as eligible by Programme Operator first-level control or – in the case of Donor partner – by an independent auditor or competent public servant. Disbursement is performed in the form of **interim payments** during project implementation period and **final payment** at project implementation closure.

Interim payments are made on the basis of **certified eligibility of expenditure** and **the claim for reimbursement** submitted by Project Promoter. In the case of interim payments Project Promoter is eligible only to a segment of the certified eligible project expenditure with the amount depending on the project

co-financing rate with additional 5% of each interim payment being withheld by Programme Operator (confer section 4.1.3).

The total withheld amount shall be paid to Project Promoter after the approval of the final project report, namely in the framework of the **final payment**.

Payments are made within 30 (thirty) calendar days from the approval of the claim for reimbursement by Programme Operator who checks, namely before payments are made, whether the expenditures of the claim have been certified as eligible and whether the claim complies with project contract, Programme Operator also checks budgetary availability.

If the amount of the eligible project expenditure actually incurred is lower than the planned amount under the project contract, the co-financing amount is duly lowered.

6.2.1. DBU financial specifics

Project Promoter, who is also a DBU, shall be the one to plan funds needed for project implementation, under the Budget of the Republic of Slovenia. Thus, Project Promoter opens the Plan of Development Programmes indicating separately the data regarding the co-financing under NOR FM earmarked funds and the EEA FM earmarked funds as well as data regarding national co-financing:

- commitments of NOR or EEA FM earmarked funds are identified in the budget under type 92 budget heading “NR FM 09-14” for NOR FM funds and “EEA FM 09-14” for EEA FM funds
- commitments under national co-financing (relevant for both FM) are identified in the budget under type 93 budget heading “NOR and EEA FM 09-14 – national contribution”

Thus, the funds for Project Promoter, who is also a DBU, are already provided in the budget which means that no transfer of funds between Programme Operator and DBU acting as Project Promoter shall occur after the certification of expenditure eligibility in the framework of regular reporting.

6.2.2. Transfer of disbursed funds to project partners

Project Promoter shall be responsible for transferring a segment of the grant to project partners without any delay and in compliance with the agreement concluded in the framework of the Partnership Agreement.

In the Partnership Agreement, Project Promoter and project partners shall agree on the following:

- deadlines for transferring the funds to project partners (e.g. transfer within the agreed number of days following the certification of eligibility of expenditure or within the agreed number of days following the receipt of the grant from Programme Operator)
- amount to be transferred (e.g. amount of all the certified eligible expenditure incurred by project partner, amount of the certified eligible expenditure incurred by project partner not including the withheld amount, pre-defined amount of advance payment)

The system relating to transfer of funds between Project Promoter and project partners shall meet the following two conditions:

- Each transfer of funds is implemented in the amount of the total certified expenditure incurred by project partner by taking into account the co-financing rate of the relevant partner and no later than within 5 calendar days following the receipt of the final disbursement of the grant by Programme Operator. Project Promoter also submits the relevant extract as proof of the transfer of funds to project partners.

- Programme Operator transfers funds to project partners no later than within 5 calendar days following the receipt of the final disbursement of the grant relating to the certified expenditure of the relevant project partner.

7. DONOR PARTNER REPORTING SYSTEM

The system of reporting, control and certification of eligibility of expenditure incurred by Donor partner differs from the system of reporting and certification of eligibility of expenditure incurred by Slovenian project partners and Project Promoter²¹.

7.1. Reporting

Reporting on the activities implemented by Donor partner shall be performed separately from the reporting on the expenditure incurred by Donor partner.

7.1.1. Reporting on implemented activities

Donor partners (and Slovenian partners) shall **on a regular basis** and in compliance with these Guidelines and the Partnership Agreement **report to Project Promoter** on the implemented activities, achieved project outputs, bilateral cooperation and potential discrepancies with the plan of implementing the project.

Each report on the implemented activities submitted by Project Promoter in the framework of the **interim project report** shall provide a description of all the implemented activities and achieved outputs in the relevant **reporting period**²². Thus, the report shall also provide a description of the activities implemented by Donor partner with the achieved outputs, bilateral cooperation and the potential discrepancies relating to project partner's implementation of project activities.

7.1.2. Financial reporting

Donor partner prepares and submits its financial report to an independent certified auditor or competent public servant from project partner country who checks and certifies eligibility of expenditure incurred by Donor partner, namely in compliance with Article 7.13 of NOR/EEA Regulation (confer section 7.2). Control and certification of expenditure incurred by Donor partner can be performed separately from the control and certification of expenditure incurred by Slovenian partners and Project Promoter²³.

Donor partner shall prepare the report on expenditure incurred during the implementation of project activities in the **English language** and within the **deadlines agreed with Project Promoter**. The reporting period specified under section 4.1.1 shall not apply to Donor partner. Pursuant to Article 7.13 of NOR/EEA Regulation partner expenditure shall 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 by partners shall be supported by receipted invoices based on the signed contracts. In all other cases, payments by partners shall be justified by expenditure actually paid by the entities concerned in implementing the project.

Financial report shall clearly demonstrate under which category and work package the reported expenditure falls, as well as the total amount of the reported expenditure by individual category and work package.

²¹ The system of reporting and control of expenditure incurred by Slovenian project partners and Project Promoters is described under section 4.1 and 5.

²² Reporting periods are identified under section 4.1.1.

²³ Control and certification of expenditure incurred by Slovenian partners and Project Promoter is performed by Programme Operator control unit.

7.2. Expenditure control

Pursuant to Article 7.13 of NOR/EEA Regulation an **independent and certified auditor** or **competent public servant** shall check eligibility of expenditure incurred by Donor partners. The independent and certified auditor or competent public servant is given legal capacity by national bodies to audit the relevant entity, and whose independence is guaranteed, in particular in terms of preparing accounting documents, i.e. the preparation of the financial report.

IMPORTANT

Regardless of whether the control of expenditure incurred by Donor partner is performed by an independent and certified auditor or competent public servant, his independence shall be guaranteed, in particular in terms of preparing accounting documents (financial report) for Donor partner.

If the control is performed by an independent and certified auditor, the auditor shall not check regularity of procedures and eligibility of the expenditure which relate to the selection of the auditor and the auditor's work performed with regard to the project (checking eligibility of expenditure incurred by Donor partner).

Control over the eligibility of expenditure incurred by Donor partner shall be implemented as a 100% check of all the reported expenditure.

The auditor or public servant checks eligibility of expenditure and pursuant to NOR/EEA Regulation prepares a **report certifying that the claimed expenditure incurred in accordance with:**

- **NOR/EEA Regulation**
- **internal or national legislation**
- **accounting principles in force in the country of the project partner**
- **Guidelines for Project Implementation and Reporting**
- **Partnership Agreement**

The abovementioned report is prepared on the basis of the template ***Report on eligibility of expenditure of Donor partner*** which is found under Annex 5 to these Guidelines.

The report shall be prepared in the **English language** and shall state that it complies with the above-listed documents. The report provides information on the **total amount of the certified eligible expenditure** incurred by Donor partner as well as the total **amount of the certified eligible expenditure by category and work packages**. The report also provides information on the potential detected irregularities (description of the irregularity and the amount pertaining to the ineligible reported expenditure). All the amounts shall be given in **euro**.

By signing the report the certified auditor or a competent public servant confirms his independence.

The report shall clearly state the **date** of certification of the eligibility of expenditure and shall be **signed** by the auditor or public servant and stamped (if a stamp exists).

7.3. Disbursements

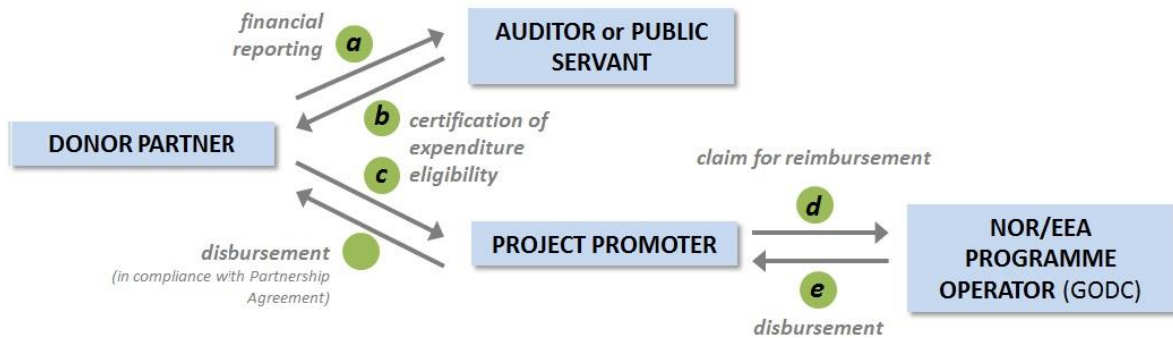


Image 2: Procedure of financial reporting and reimbursement to Donor partners

When Donor partner receives the **original and signed report** from the auditor or public servant certifying eligibility of expenditure incurred by Donor partner, it submits the relevant report to Project Promoter.

Project Promoter submits the **claim for reimbursement** to Programme Operator, including the Report on eligibility of expenditure incurred by Donor partner. The claimed amount is calculated in compliance with the guidelines provided under section 4.1.3 (based on the co-financing rate and the share of the withheld amount).

After submission of the claim for reimbursement, Programme Operator disburses the grant to Project Promoter.

Project Promoter disburses the grant to Donor partner within the deadline agreed under the Partnership Agreement (confer section 6.2.2).

7.4. Exchange rate

Pursuant to NOR/EEA Regulation Project Promoter and partners shall stipulate in the Partnership Agreement the rules pertaining to exchange rate for expenditure incurred in a currency other than euro. The options are as follows:

- The amount shall be converted into euro using the monthly accounting exchange rate of the European Commission in the month during which the expenditure incurred.
- The amount shall be converted into euro using the monthly accounting exchange rate of the European Commission in the month during which the invoice was paid.
- The amount shall be converted into euro using the monthly accounting exchange rate of the European Commission in the last month of the reporting period²⁴.

The monthly accounting exchange rate of the European Commission is published on the following website page:

http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm

Programme Operator shall not be responsible for any losses resulting from exchange rate fluctuations.

²⁴ In the case of Donor partner this is the month in which Donor partner submitted the financial report to the certified auditor or competent public servant.