

Rules and Procedures for the project applicants
ON THE IMPLEMENTATION OF
FUND FOR DECENT WORK AND TRIPARTITE DIALOGUE

Version 1.0.

18.10.2011

1 Introduction

Projects funded by the Fund for decent work and tripartite cooperation (hereinafter referred to as the Fund) shall aim to promote dialogue on decent work issues and improve tripartite cooperation between employer's organisations, trade unions and public authorities in supporting equitable and sustainable economic and social and economic development in the Beneficiary States. All projects must be in compliance with relevant EU/EEA and national legislation

The Rules and Procedures on the implementation of the Fund, which give guidance for Project Promoters related to the application process and implementation of projects, were adopted by Innovation Norway in consultation with the Norwegian Ministry of Foreign Affairs.

The Rules and Procedures may be amended by decision of Innovation Norway, in consultations with the Norwegian Ministry of Foreign Affairs. Innovation Norway will adopt additional guidelines as necessary.

The laws of the Kingdom of Norway shall govern the Project Contract between the Project Promoter and Innovation Norway. All disputes, which might arise, shall be brought before the Oslo Tingrett in Norway, if they cannot be amicably solved.

2 Projects and project funding

Specific priorities for the implementation of the Fund are set out in the Call for proposals.

2.1 Applicants

1. The following entities are eligible for support from the Fund:

- a) social partners (organisations representing employers and employees);
- b) public authorities that have statutory roles related to decent work or tripartite cooperation, and

- c) organisations of public authorities that have within their mandate the promotion of decent work or tripartite dialogue,

that are constituted as a legal entity in a Beneficiary State or in Norway.

2. Entities at national, regional and local level are eligible for assistance.
3. Legal entities in Norway are eligible as Project Promoters only in partnership with at least one legal entity in a Beneficiary State, and where all entities perform substantial tasks in the implementation of the project.

2.2 Focus areas

The Fund shall support projects that contribute to:

- 1) improved social dialogue and tripartite dialogue structures and practices, and
- 2) enhanced understanding of the benefits of decent work.

More details are set out in the Call for proposals.

2.3 Project funding

A project is an economically indivisible series of activities with clearly identifiable aims. An application for a project may include one or more sub-projects. Such sub-projects must be defined in the application to Innovation Norway.

The amount of grant assistance applied for shall be as follows:

- 1) Minimum EUR 50.000 and maximum EUR 400.000 in Poland, Romania, Hungary.
- 2) Minimum EUR 50.000 and maximum EUR 200.000 in the Czech Republic
- 3) Minimum EUR 20.000 and maximum EUR 200.000 in Bulgaria, Lithuania, Slovakia, Latvia and Estonia
- 4) Minimum EUR 20.000 in Slovenia

5) Minimum EUR 5.000 in Cyprus and Malta.

2.4 Rate of grant assistance and co-financing

The Project Promoters shall ensure the full financing of projects.

The contribution from the Fund shall be determined on a case-by-case basis, taking all relevant factors into account. The applicable rules on public procurement and on state aid, procedural and substantive, shall be complied with.

Co-financing ceilings

Notwithstanding the general principles above, the maximum grant rate is 90 per cent. The remaining share, at least 10 per cent, will be provided by the Project Promoter and/or by Project Partner(s) by cash. Man-hour contribution from the Project Promoter and Project Partner(s) will be accepted as cash contribution.

The calculation of the man-hour contribution shall be based on the real costs of the employer, but limited to the salaries and social contributions.

2.5 Applications and Language

All applications, and supporting documents, shall be submitted to Innovation Norway in English.

Applicants shall submit the application electronically, using the application form published at www.decentwork.no. Additional documentation may be sent by e-mail. All communications between Innovation Norway and the Project Applicant shall be in English. Original documents (in languages other than English) sent to Innovation Norway shall be accompanied by official or unofficial translations into English. The Project Applicant shall bear full responsibility for the authenticity of the translation.

The deadline for submission of complete grant applications is set out in the Call for proposals. A second call will only be prepared if the number of qualified proposals received does not utilize the total fund available in each of the Beneficiary States.

3. Assessment of applications

Innovation Norway will perform an initial review of applications received and if any shortcomings are found concerning the formal- and administrative criteria, these can be corrected by the applicant upon request from Innovation Norway. The applicant may re-submit the application once. Applicants whose applications are rejected at this stage shall be informed and will have two weeks to appeal that decision to Innovation Norway.

Applications meeting the formal and administrative criteria, as well as the eligibility criteria, will then be subject to a full assessment organised by Innovation Norway. Innovation Norway may use external experts in the assessment process.

3.1 Selection criteria

Project applications must comply with a specified set of selection criteria. The said criteria are based on the objectives that the Fund seeks to achieve. Objectives and principles of good governance, sustainable development and gender equality are cross-cutting issues that shall be considered as part of the assessment process.

The application assessment criteria & methodology are divided into the following sections:

1. Formal criteria

The application has been filled in according to the instructions given in the electronic application form and all mandatory documentation is attached to the application.

2. Eligibility criteria

a) Applicant

- If the applicant has one or more partners, a partnership agreement defining the partners different roles and responsibilities has to be signed by all partners and attached to the application;

- The applicant (and any partner(s)) has been in operation for at least one full fiscal year, and their main activities are closely related to the programme area for which the application is made;
- The applicant (and any partner(s)) and the legal representative signing the application have clean criminal and tax records.

b) Project

- The proposed project is within the focus areas and expected outcomes stipulated in the Call for proposals and its implementation period is no longer than the deadline for cost eligibility.
- Grant maximum and minimum amounts and co-financing rates are complied with
- No overlapping/double funding arises from the applications for a similar project from EU/EEA/International Financial Institution/bilateral or other sources;
- The project is in compliance with both EU and national legislation in the Beneficiary State.

3. Selection/Award criteria

- The entity/entities have the necessary human resources and the technical and financial capacity to implement the project and support its costs
- The project is technically viable and feasible in terms of time schedule, budget and value for money
- If applicable, the division of tasks and responsibilities among partners is established and described and each partner has a significant contribution to the project activities.
- The project is adequately supported by a risk management plan.
- The quality of the planned arrangements to publicise the project and disseminate the results
- The project promoter and the partners adhere to Corporate Social Responsibility.
- The project meets the expected outcomes and expected outputs stipulated in the Call for proposals.
- The project is in compliance with relevant cross-cutting issues in the application form
- The grant awarded has a releasing effect on the project

- The project is in compliance with national, regional and local programmes or strategies within the decent work and tripartite dialogue.
- The project has added value, i.e. the socio-economic profitability
- The project incorporates clear sustainability measures
- The project contributes to the overall objectives of Norway Grants 2009-2014 (reduction of economic and social disparities in the EEA Area and to strengthen the bilateral relations between Norway and the beneficiary state);

More details are provided in Attachment I – Project assessment criteria and methodology

After the assessment of the project proposal has been performed, Innovation Norway will make the final grant decision. Applicants shall be notified of the decision of Innovation Norway to support or reject their application.

Innovation Norway shall send a Grant Offer Letter/Reasoned Refusal to the Project Promoter. The Grant Offer Letter shall specify a deadline for acceptance of the offer. The letter will state the conditions regulating the purpose of the grant and further details when implementing the approved project.

3.2 Project Contract

On the basis of a positive decision from Innovation Norway, and an acceptance from the Project Promoter, a Project Contract will be concluded. The National Focal Point in the relevant Beneficiary State shall be notified about grant decisions and refusals.

The Project Contract will consist of the Grant Offer Letter, the Standard Terms and Conditions, the Project Implementation Plan, the agreed budget and the agreed Disbursement Plan. These documents shall set out the terms and conditions of the grant assistance, as well as the roles and responsibilities of the Parties. The terms and conditions of the Project Contract may diverse, derogate and/or supplement the Rules and Procedures. Such special conditions set out in the Project Contract take precedence over the Rules and Procedures in case of conflict between them.

The Project Contract shall as a minimum contain provisions on the following:

- a. obligations regarding reporting that enable Innovation Norway to comply with its reporting obligations
- b. the maximum amount of the project grant in Euro and the maximum project grant rate;
- c. the eligibility of expenditures;
- d. the method of calculating indirect costs and its maximum amount;
- e. the first and final dates of eligibility of expenditures;
- f. modifications of the project;
- g. ensuring that the access requested in relation to monitoring, audits and evaluations is provided without delay;
- h. ensuring that obligations regarding publicity are complied with;
- i. the right of the Programme Operator to suspend payments and request reimbursement from the Project Promoter
- j. resolution of disputes and jurisdiction;
- k. a detailed budget, with itemised costs and unit prices, and which may allow for up to 5% contingency;
- l. partnership agreements or letters of intent, if relevant,
- m. the Project Implementation Plan and Disbursement Plan;

The Grant will be subject to the acceptance of the Standard Terms and Conditions and the Specific provisions of the Grant Offer Letter.

3.3 Project Partners and Partnership Agreements

If the project is implemented in partnership with Project Partners, the Project Promoter shall conclude a Partnership Agreement with the Project Partners. The Partnership Agreement shall be in English and contain as a minimum the following:

- a. provisions on the roles, division of tasks 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;
- d. currency exchange rules for such expenditure and its reimbursement;
- e. provisions on audits on the Project Partners;
- f. detailed budget, with itemised costs and unit prices;
- g. Provisions on the obligations set out in the relevant parts of the programme documents such as Standard Terms & Conditions, Rules and Procedures shall also be applicable for the programme partners, and
- h. provisions on dispute resolution.

The eligibility of expenditures incurred by a Project Partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

The Partnership Agreement shall be submitted to Innovation Norway before the conclusion of the Project Contract.

4 Expenditure and financing

4.1 Eligibility of expenditure

4.1.1 General Principles on the eligibility

Eligible expenditures of projects are those actually incurred by the Project Promoter or the Project Partner(s), and meet the following criteria:

- a. they are incurred between the first and final dates of eligibility of a project as specified in the Project Contract;
- b. they are connected with the subject of the Project Contract and they are indicated in the estimated overall budget of the project;
- c. they are proportionate and necessary for the implementation of the project;
- d. they must be used for the sole purpose of achieving the objective(s) of the project and its expected outcome(s), in a manner consistent with the principles of economy, efficiency and effectiveness;
- e. they are identifiable and verifiable, in particular through being recorded in the accounting records of the Project Promoter and determined according to the applicable accounting standards and generally accepted accounting principles; and
- f. they comply with the requirements of applicable tax and social legislation.

Expenditures are considered to have been incurred when the cost has been invoiced, paid and the subject matter delivered (in case of goods) or performed (in case of services and works). Exceptionally, costs in respect of which an invoice has been issued in the final three month of eligibility are also deemed to be incurred within the dates of eligibility if the costs are paid within 30 days of the final date of eligibility. Overheads and depreciation of equipment are considered to have been incurred when they are recorded on the accounts of the Project Promoter.

The Project Promoter's internal accounting and auditing procedures must permit direct reconciliation of the expenditures and revenue declared in respect of the project with the corresponding accounting statements and supporting documents.

4.1.2 First and final dates for eligibility of expenditure

1. Costs within projects may be eligible from the date on which the grant is awarded or at a later date set in the Project Contract. The Project Contract shall set the final date of eligibility of costs, which shall be no later than 30 June, 2015. Costs incurred after that final date are not

eligible. The final date for eligibility refers to the dates of actual payments of invoices prior to or on the fixed date.

2. Documented costs incurred by successful applicants directly related to the preparation of their projects are eligible, up to the amount of EUR 2,000, provided that the costs are incurred between the date of the launch of the call for proposals and the date on which the application is submitted. Costs should be included in the first payment claim.

4.1.3 Detailed eligibility provisions

- 1) The eligible direct expenditures

Expenditures which are identified by the Project Promoter or the Project Partner, in accordance with their accounting principles and usual internal rules, as specific expenditures directly linked to the implementation of the project and which can therefore be booked to it directly. In particular, the following direct expenditures may be eligible provided that they satisfy the criteria set out in Article 4.1.1:

- a) the cost of staff assigned to the project, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this corresponds to the Project Promoter's and Project Partner's usual policy on remuneration.
- b) travel and subsistence allowances for staff taking part in the project, provided that they are in line with the Project Promoter's and Project Partner's usual practices on travel costs, taking in to account relevant national scales.
- d) costs of new or second hand equipment, provided that it is depreciated in accordance with generally accepted accounting principles applicable to the Project Promoter and generally accepted for items of the same kind. Only the portion of the depreciation corresponding to the duration of the project and the rate of actual use for the purposes of the project may be taken into account by the Programme Operator.
- e) costs of consumables and supplies, provided that they are identifiable and assigned to the project;
- f) costs entailed by other contracts awarded by a Project Promoter for the purposes of carrying out the project, provided that the awarding complies with the applicable rules on public procurement and the Project Contract; and

- g) costs arising directly from requirements imposed by the Project Contract for each project (e.g. dissemination of information, specific evaluation of the project, audits, translations, reproduction), including the costs of any financial services (especially the cost of financial guarantees).

2) Indirect costs

Indirect costs are all eligible costs that cannot be identified by the Project Promoter or the Project Partner as being directly attributed to the project but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. They may not include any eligible direct costs. Indirect costs of the project shall represent a fair apportionment of the overall overheads of the Project Promoter or the Project Partner. They may be identified according to either of the following methods:

- a) based on actual indirect costs for those Project Promoters and Project Partners that have an analytical accounting system to identify their indirect costs as indicated above, or
- b) Project Promoter and Project Partners may opt for a flat rate of up to 20 percent on the eligible costs mentioned in Article 4.1.4.a).

3) Excluded costs

The following costs shall not be considered eligible:

- a) interest on debt, debt service charges and late payment charges;
- b) charges for financial transactions and other purely financial costs, except costs related to accounts required by Innovation Norway;
- c) costs related to purchase, reconstruction, renovation, or refurbishment of land or real estate;
- d) provisions for losses or potential future liabilities;
- e) currency exchange losses;
- f) recoverable VAT;
- g) costs that are covered by other sources;
- h) fines, penalties and costs of litigation; and
- i) excessive or reckless expenditure.

4.1.4 Cost overruns and savings on project budgets

The Project Promoter shall assume full responsibility for project execution. In case the actual project costs exceed the budgeted cost in the Project Contract, the Project Promoter shall ensure that additional funding is made available, unless other arrangements are agreed upon between the Project Promoter and Innovation Norway.

If the final cost of the project is below the total cost stipulated in the Project Contract, the overall sum of grant paid will be reduced accordingly and any unduly paid amounts reimbursed by the Project Promoter. The grant rate will, however, remain the same. In the case of the final cost of the project being below the total stipulated costing the Project Contract, the Project Promoter can provide Innovation Norway with a modification request to include more activities in the project to utilise the full grant.

5 Implementation

The Project Promoter shall bear responsibility for the implementation and follow-up of the project as well as reporting on the results in accordance with the Project Contract. The Project promoter shall submit an interim project report to Innovation Norway every six months.

The relevant provisions for the implementation of the projects are set out in these Rules and Procedures, the Standard Terms and Conditions and the special conditions in the Grant Offer letter, if any. In case of conflict between them, the special conditions in the Grant Offer Letter take precedence over the Standard Terms and Conditions, and the Standard terms and Conditions take precedence over the Rules and Procedures.

5.1 Payment

Grant assistance shall be given as reimbursements of already incurred documented costs according to an agreed disbursement Plan. Advance payment of up to 90 per cent of the estimated budget for the first reporting period can be made, if requested by the Project Promoter and included in the agreed Disbursement Plan in the Project Contract. Innovation Norway shall pay interim payments in accordance with payment claims contained in the Interim Project Report.

Payment claims shall be addressed to Innovation Norway. They shall be accompanied by all the necessary documentary evidence demonstrating fulfilment of the conditions for each disbursement. Innovation Norway shall ensure that all disbursement conditions have been fulfilled (including the availability of co-financing) before making a payment.

Disbursements shall be made to the designated project bank account of the Project Promoter.

5.1.1 Verification of payment claims in interim projects report

The Chief Financial Officer of the Project Promoter shall certify that the costs claimed are incurred in accordance with the Project Contract and the principles of effectiveness, efficiency and economy.

The payment claims shall be verified by Innovation Norway and payments due shall be transferred to the Project Promoter within two months of the submission of the interim project report, provided that the report contains the necessary information.

5.2 Procurement

National and European Union legislation on public procurement shall be complied with at any level in the implementation of a project.

A Project Promoter that receives 50 percent or more of the eligible expenditures of the project shall conduct its procurement for that project in compliance with the national public procurement law as though the Project Promoter were a contracting authority under paragraph 9 of Article 1 of Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts. This paragraph applies mutatis mutandis to Project Partners.

5.3 Reporting

The Project Promoter shall, unless otherwise stated in the Project Contract, submit an Interim Project Report at least twice a year to Innovation Norway on:

- Technical/physical and financial progress in accordance with the Project Contract
- Any deviations from the Project Contract and possible repercussions for the project.
- Tendering and procurement; if relevant
- Special conditions in the Grant Offer Letter

Deviations shall be documented by an updated Project Implementation Plan, Budget and Disbursement Plan.

Reports shall also include a copy of the project bank account for the relevant period. Innovation Norway may at any time ask the Project Promoter for further information. The reporting shall be done in accordance with the relevant provisions of the Project Contract and within one month of the reporting period

The Completion Report shall be submitted to Innovation Norway no later than three months after the final date for eligibility of costs for the project. The report shall be according to the requirements of the Project Contract.

5.4 Monitoring by Innovation Norway

Innovation Norway shall monitor projects in order to ensure that the Project Contracts are fulfilled. For this purpose, it may also draw upon the services of external experts.

5.5 Publicity

Project Promoter shall ensure that information on approved projects is communicated in the most efficient way to users and the public at large and that the contribution of the Fund is given adequate publicity.

6 Audits and financial control

6.1 Transparency and documentary evidence

The Project Promoter shall provide records for projects co-financed by the Fund that permit:

- reconciliation of the summary amounts specified in the disbursement request with the individual expenditure records and supporting documents held at the various administrative levels and by final beneficiaries including, where the latter are not the final recipients of funding, the bodies or firms carrying out operations and
- verification of the allocation and transfer of the available grants under the Fund

The Project Promoter shall ensure that all original documents remain available for inspection for at least 5 years after the project has been completed, or longer if required in the Project Contract or under the national law of the Beneficiary State.

6.2 Financial control, audit and anti-fraud measures

Innovation Norway shall be responsible for the financial control and audit of approved projects. The Project Promoter shall be accountable to Innovation Norway, the Norwegian Ministry of Foreign Affairs and the Office of the Norwegian Auditor General for the management of funds and for all matters related to financial control, audit and fraud.

Projects under the Fund may at any time be audited by the Office of the Auditor General of Norway and/or an auditor appointed by Innovation Norway.