

## Annex 12

### **Rules for the establishment and implementation of donor partnership programmes falling under the Programme Areas “Research within Priority sectors” and “Bilateral Research Cooperation”**

Donor partnership programmes falling under the Programme Area “Research within Priority sectors” and “Bilateral Research Cooperation” shall be established and implemented in accordance with the Regulation and this Annex. The following articles of the Regulation will not apply to donor partnership programmes falling under the Programme Areas “Research within Priority sectors” and “Bilateral Research Cooperation”: article 3.3 Cooperation Committee, article 6.1 Modes of selection, article 6.3 Calls for proposals, article 6.4 Selection Committee, article 6.5 Selection procedures, article 7.4 Indirect costs in projects (overheads), article 7.13 Proof of expenditure, article 8.2 Advance payments and article 8.3 Interim payments.

#### **1. Objectives of the research partnership programme**

The objectives of the donor partnership programmes on research are enhanced research-based knowledge development in the Beneficiary States through enhanced research cooperation between the Beneficiary State and the Donor State(s). The cooperation is to be based on equal partnerships between research institutions in the Donor State(s) and Research institutions in the Beneficiary States, with the leading role of the latter.

Research programmes are set out to create benefits on several levels: Programme Operators, Project Promoters, project partners as well as researchers, including postdoctoral candidates and postgraduates (PhD candidates) and graduates (Master level).

The primary outputs of the research programme will be research results, including scientific publications, patent applications submitted, and numbers of PhD students supported by programme funding. The research programmes shall strengthen capacity and build competence of

Programme Operators, Project Promoters, project partners as well as researchers.

The research programmes shall prepare Project Promoters, project partners and researchers for further research cooperation within the European Framework Programmes for research and technological development and demonstration activities, and, where relevant, also for cooperation within other European programmes. The research programmes shall contribute to the development of the European Research Area.

The research programmes shall reflect and promote the general principles laid down in the European Charter for Researchers and Code of Conduct for the Recruitment of Researchers.

Participation in the research programme shall be open to participants established in third countries, if such participation is justified in terms of the enhanced contribution made to the objectives sought under the research programme.

#### **2. Research programme implementation**

##### **2.1 Programme Operator**

In addition to the provisions in art 4.7 of the Regulation, the responsibilities of the Programme Operator shall also include:

- a) preparation of annual work plans, budgets and reports, for approval by the Programme Committee;
- b) announcing calls for proposals, and dissemination of information of the programme before announcement;
- c) establishing a database of independent experts;
- d) appointing independent experts to assist with the evaluation of proposals;

- e) preparation of a ranking list based on the expert evaluations, which shall be submitted to the Programme Committee for recommendation on which proposals to select for funding and final awarding of grants;
  - f) signing of contracts between the Programme Operator and the Project Promoter;
  - g) providing secretarial/administrative functions for the Programme Committee; and
  - h) developing and publishing guidelines.
- d) monitoring of the implementation of the research programme by the Programme Operator;
  - e) reviewing annual programme reports;
  - f) proposing revisions of the research programme likely to facilitate the achievement of the programme’s objectives to the Donor State(s) and Beneficiary State; and
  - g) adopting a Guide for Applicants and guidelines for evaluators.

## **2.2 Programme Committee**

The Program Operator shall establish a Programme Committee of five members, consisting of representatives from the Donor State(s) and the Beneficiary State. The Programme Committee shall include members from the research community and from significant users of research in both the Donor State(s) and the Beneficiary State. The donor programme partner(s) will appoint the representatives from the donor side.

The Programme Committee shall be chaired by a representative from the Beneficiary State.

Representatives of the FMC / NMFA, the National Focal Point and relevant ministries of the Donor and Beneficiary States shall be invited to participate as observers.

All documents of the Programme Committee shall be in the English language and, if deemed necessary, also in the applicable national language. The Programme Committee meetings shall be conducted in English.

The tasks of the Programme Committee shall include:

- a) approving the selection criteria and the texts for the calls for proposal;
- b) recommending to the Programme Operator which proposals to select for funding and final awarding of grants;
- c) reviewing progress made towards achieving the objectives of the programme;

The Programme Committee shall meet at least once a year. The meetings shall be called by the Program Operator. Central elements of the discussion and the decisions from the meeting shall be recorded in agreed minutes. The agreed minutes shall be drafted by the Programme Operator and sent to members of the Programme Committee not later than 10 working days after the meeting.

## **2.3 Modalities of co-operation**

The primary modality of co-operation is through joint research projects. The modalities of individual research projects shall be identified in the programme documents, subsequent calls for proposal and associated Guides for Applicants.

The research programme may also support activities promoting measures for increased mobility for researchers and students, as well as the strengthening of institutional cooperation between the Donor State(s) and Beneficiary State, and may support reintegration of researchers after their stay abroad.

Projects shall be selected through calls for proposals adopted by the Programme Committee. Their content, form and publication shall be in accordance with the Programme agreement and this annex.

### **2.3.1. Eligibility of project partners**

Any public or private entities, commercial or non-commercial, as well as non-governmental organisations are eligible as project partners, which are actively involved in, and effectively contributing to, the implementation of the project.

Project partners established in countries outside of the respective Beneficiary and Donor State (s), shall participate under the same terms and conditions as project partners from the Beneficiary State and Donor State(s), and may, but shall not be entitled to receive funding from the research programme.

The Programme Operator, taking into account the overall objectives of the EEA and Norwegian Financial Mechanism 2009-2014 and of the programme, and with the aim of ensuring targeted implementation, may, with the consent of the Programme Committee, propose limitations to the eligibility of project partners. Such limitations, if approved by the FMC or the Norwegian Ministry of Foreign Affairs, shall be explicitly stipulated in the programme agreement.

### **2.3.2 Calls for proposals**

Calls for proposals shall be organised by the Programme Operator. The Programme Operator shall in its programme proposal explain the methods of promotion and publicity, the estimated timing and amounts of the calls.

Calls for proposals shall as a minimum comply with the following:

- (a) they shall reflect and promote the objectives of the research programme;
- (b) they shall give a clear definition of the title, scope and thematic focus of the call;
- (c) they shall identify target groups, and potential applicants and project partners;
- (d) they shall describe which type of research (basic, applied) and which type of projects will be supported;
- (e) they shall specify the eligibility criteria of the call, ensuring equal formal conditions for all competing applicants;
- (f) they shall specify the minimum size (i.e. minimum number of project partners) of partnerships;
- (g) they shall specify the eligible duration of projects;

- (h) they shall describe the rules and procedures for submission of proposals, including the availability of pre-proposal checks;
- (i) they shall describe the rules, procedures and principles for evaluation of the submitted proposals;
- (j) they shall provide a description of the selection process;
- (k) they shall provide a description of the negotiation and award process;
- (l) they shall specify the evaluation, selection and award criteria of the call, including scoring, weighting and thresholds;
- (m) they shall state which types of expenditure are eligible;
- (n) they shall clearly state the total amount available through the call, as well as the minimum and maximum amount of each project grant;
- (o) they shall contain provisions on the payment model;
- (p) they shall clearly state the co-financing requirements;
- (q) they shall include a clear call closure deadline, which shall be at least two months from the date of the publication of the call. The announcement of the call deadline shall specify the date and the time (hour) when the call expires;
- (r) they shall specify the mode of submission of applications, and whether one or more copies of the application are required;
- (s) they shall provide a clear reference or an electronic link to the application form and user guide (Guide for Applicants);
- (t) they shall provide clear references to further information on the call, including a reference to this annex and to guidelines adopted by the Programme Committee or prepared by the Programme Operator relevant to the call;
- (u) they shall provide contact information for queries and the timeframe for answering such queries; and

- (v) they shall be widely promoted with a view to reach all potential applicants and project partners.

The Programme Operator website, national research programme websites and national, regional and local media shall be used. Specialised publications and web based tools shall be used as relevant.

Any limitation on the publication shall be justified in the programme proposal.

The call shall be published on the website of the Programme Operator in the national language(s) and in English.

The FMC / NMFA shall be informed of all calls for proposals at least four weeks in advance of their announcement, and, at the same time, be provided with an English translation of the text of each call.

In cases where the FMC / NMFA considers that a call for proposals does not comply with the legal framework of the EEA or the Norwegian Financial Mechanism 2009-2014 as defined in Article 1.4 of this Regulation, the FMC / NMFA may, at the latest two week prior to the intended announcement date, make a reasoned request for modification of the call for proposals. In such cases, the call for proposals shall only be announced when the FMC / NMFA is satisfied that the call complies with the legal framework referred to above.

#### **2.4 Intellectual property rights**

The rules governing the dissemination of research results shall ensure that, where appropriate, the participants protect the intellectual property generated in the funded projects, and use and disseminate those results.

The research programmes shall reflect and promote the general principles of the Commission Recommendation on the management of intellectual property in knowledge transfer activities, and the Code of Practice for universities and other public research organisations of 10 April 2008, and the OECD Principles and Guidelines for Access to Knowledge in the Sciences and Humanities of 22 October 2003.

‘Foreground’ means the results, including information, whether or not they can be protected which are generated under the project. Such results include rights related to copyright; design rights; patent rights, plant variety rights; or similar sorts of protection.

Foreground arising from work carried out in projects under the research programme shall be the property of the participant carrying out the work generating that foreground.

Where several participants have jointly carried out work generating foreground and where their respective share of the work cannot be ascertained, they shall have joint ownership of such foreground.

An agreement shall be established regarding the allocation and terms of exercise of joint ownership in accordance with the terms of the grant agreement.

Where no joint ownership agreement has yet been concluded, each of the joint owners shall be entitled to grant non-exclusive licenses to third parties, without any right to sub licence, subject to the following conditions:

- (a) prior notice must be given to the other joint owners; and
- (b) fair and reasonable compensation must be provided to the other joint owners.

‘Background’ means information which is held by beneficiaries prior to their accession to the project contract, as well as copyrights and other intellectual property rights pertaining to such information, the application of which has been filed before their accession to the project, and which is needed for carrying out the project or for using results generated under the project.

Participants may define the background needed for the purposes of the project in a written agreement and, where appropriate, may exclude specific background.

The Project contract shall establish further rights and obligations of participants concerning dissemination, use and access rights.

### **3. Specific rules on submission and evaluation of proposals**

Applications shall be submitted to the Programme Operator in accordance with this annex, the call for proposal and guidelines (Guide for Applicants) developed by the Programme Operator and adopted by the Programme Committee.

The Programme Operator shall determine whether proposals meet the selection criteria of the programme (eligibility check).

The Programme Operator shall submit eligible proposals to independent international external peer evaluation. All proposals shall be evaluated by at least three independent experts, selected from a list of suitable candidates.

Proposals shall be selected and grants awarded on the basis of the following selection and award criteria, and any additional criteria specified in a call for proposal:

- scientific and/or technical excellence;
- relevance in relation to the objectives and prioritised areas of the research programme;
- quality and efficiency of the implementation and management, including quality and implementation capacity of the applicants and contribution to capacity and competence building; and
- the potential impact through the development, dissemination and use of project results.

The Programme Operator shall prepare a ranking list based on the independent experts' evaluation of the proposals. The ranking list shall be submitted to the Programme Committee, which shall make the decision on the award of grants.

Information of the result of the selection and award procedure shall be communicated to the applicants within two weeks of the final decision of the Programme Committee.

A Project Contract shall be concluded between the Project Promoter and the Programme Operator. The contract shall be in line with Article 6.7 of the

Regulation. Partners in a project shall conclude a partnership agreement in accordance with Article 6.8 of the Regulation.

#### **3.1 Pre-proposal checks**

When warranted by the nature of a particular call, an informal advisory pre-proposal check service may be offered by the Programme Operator. The purpose is to advise potential applicants on whether proposals appear to be eligible and within the scope of the call. If applicable, details of the procedure for pre-proposal checks will be set out in the relevant Guide for Applicants.

#### **3.2 Submission of proposals**

Applications from Project Promoters for financial support under the research programmes are made in the form of proposals submitted to the Programme Operator. Proposals shall set out details of planned work, which institution will carry them out and the costs. The Programme Operator evaluates proposals in order to identify those whose quality is sufficiently high for possible funding. All eligible proposals submitted in response to a call for proposals shall be evaluated by at least three independent experts.

Proposals shall be submitted electronically and through a specific Electronic Proposal Submission Service (EPSS). It is the responsibility of the Programme Operator to ensure the establishment and well-functioning of such a system. A link to this service shall be provided in the call texts.

Among the applicants in a proposed partnership, only the Project Promoter (identified by user id and password) is authorised to submit a proposal.

The proposals submitted via the EPSS are entered into databases after the call closure. The Programme Operator has no access to the proposal until the call deadline has passed.

Versions of proposals sent on paper, removable electronic storage medium (e.g. CD-ROM, diskette), by email or by fax will not be regarded as having been received by the Programme Operator.

A procedure for the withdrawal of a proposal by its Project Promoter is given in the Guide for Applicants. A withdrawn proposal will not

subsequently be considered by the Programme Operator.

If more than one copy of the same proposal is received, only the most recent eligible version is evaluated.

Proposals are archived under secure conditions at all times. After completion of the evaluation and any subsequent negotiation, all copies are destroyed other than those required for archiving and/or auditing purposes.

### 3.3 Reception by the Programme Operator

The date and time of receipt of the last version of submitted proposals are recorded. After the closing of the call, an acknowledgement of receipt is sent to the proposal Project Promoter by e-mail containing:

- proposal title, acronym and unique proposal identifier (proposal number);
- name of the programme and/or activity / research area and call identifier to which the proposal was addressed; and
- date and time of receipt (which is set to the time of the call deadline for proposals submitted electronically).

There is normally no further contact between the Programme Operator and applicants on their proposal until after completion of the evaluation. The Programme Operator may, however, contact the Project Promoter in order to clarify matters such as eligibility.

### 3.4 Eligibility check

Proposals must fulfil all of the eligibility criteria if they are to be retained for evaluation.

The following eligibility criteria apply to all proposals submitted under a call:

- receipt of proposal by the Programme Operator before the deadline date and time established in the call;
- minimum conditions (such as number of participants), as referred to in the call for proposals;
- completeness of the proposal, i.e. the presence of all requested administrative forms and the proposal description (N.B. the completeness of the information

contained in the proposal will be for the experts to evaluate; the eligibility checks only apply to the presence of the appropriate parts of the proposal); and

- scope of the call: the content of the proposal must relate to the topic(s) and funding scheme(s) set out in the call. A proposal will only be deemed ineligible on grounds of ‘scope’ in clear-cut cases.

If it becomes clear before, during or after the evaluation phase that one or more of the eligibility criteria have not been fulfilled, the proposal is declared ineligible by the Programme Operator, and is withdrawn from any further examination.

### 3.5 Evaluation of proposals

The evaluation rest on a number of well-established principles:

**i) Excellence.** Projects selected for funding must demonstrate a high quality in the context of the topics and criteria set out in the calls.

**ii) Transparency.** Funding decisions must be based on clearly described rules and procedures, and applicants should receive adequate feedback on the outcome of the evaluation of their proposals.

**iii) Fairness and impartiality.** All proposals submitted to a call are treated equally. They are evaluated impartially on their merits, irrespective of their origin or the identity of the applicants.

**iv) Confidentiality.** All proposals and related data, knowledge and documents communicated to the Programme Operator are treated in confidence.

**v) Efficiency and speed.** Evaluation, award and contract preparation should be as rapid as possible, commensurate with maintaining the quality of the evaluation, and respecting the legal framework.

**vi) Ethical and security considerations.** Any proposal which contravenes fundamental ethical principles may be excluded at any time from the process of evaluation, selection and award.

The call and the Guide for Applicants shall spell out the way in which these rules and procedures will be implemented.

### **3.5.1 Role and appointment of experts**

The Programme Operator evaluates proposals with the assistance of independent experts to ensure that only those of the highest quality are selected for funding. An independent expert is an expert who is working in a personal capacity and in performing the work, does not represent any organisation. These experts are external to the Programme Operator. Eligible proposals shall be evaluated by at least three independent experts.

Experts are required to have skills and knowledge appropriate to the areas of activity in which they are asked to assist. They must also have a high level of professional experience in the public or private sector in one or more of the following areas or activities: research in the relevant scientific and technological fields; administration, management or evaluation of projects; use of the results of research and technological development projects; technology transfer and innovation; international cooperation in science and technology; development of human resources. Experts may be citizens of the European Economic Area.

The Programme Operator shall establish a database of experts containing the details of suitable candidates on the basis of calls for applications in cooperation with the Donor programme partner. One call will be addressed to individuals and another to relevant organisations such as national research agencies, research institutions and enterprises.

The Programme Operator may at any time include in the database, if appropriate, any individual with the appropriate skills from outside the lists obtained through the above-mentioned calls.

As a complement to the dedicated database established by the Programme Operator, or as an alternative to establishing a dedicated database, the Programme Operator shall ensure that it may use the database of experts set up for the Commission’s use in evaluation of projects in European Union Framework Programmes for Research. The Programme Operator shall request access to the European Commission database of experts.

To evaluate the proposals submitted in response to a call, the Programme Operator draws up a list of appropriate experts (including, if necessary, a reserve list). The lists are drawn up primarily using as selection criteria:

- a high level of expertise; and
- an appropriate range of competencies.

Providing the above conditions can be satisfied, other criteria for the selection of experts are also taken into consideration:

- an appropriate balance between academic and industrial expertise and users;
- a reasonable gender balance;
- a reasonable distribution of geographical origins; and
- regular rotation of experts.

In constituting the lists of experts, the Programme Operator also takes account, as necessary, of their abilities to appreciate the industrial and/or societal dimension, and policy relevance, of the topics covered by the call. Experts must also have the appropriate language skills required for the proposals to be evaluated.

The list of experts to be used for evaluation sessions is decided by the Programme Operator. The names of the experts assigned to individual proposals are not made public.

However, once a year, the Programme Operator shall publish on the internet the list of experts used for the evaluation of Projects in the research programme.

### **3.5.2 Terms of appointment, code of conduct and conflict of interest**

The Programme Operator shall conclude an 'appointment letter' with each expert. The appointment letter binds the expert to a code of conduct, establishes the essential provisions regarding confidentiality, and, specifies in particular, the description of work, the conditions of payment, and reimbursement of expenses

When appointing experts, the Programme Operator shall take all necessary steps to ensure that they are not faced with a conflict of interest in relation to the proposals on which they are required to give an opinion. To this end, experts

are required to sign a declaration that no such conflict of interest exists at the time of their appointment and that they undertake to inform the Programme Operator if one should arise in the course of their duties. When so informed, the Programme Operator takes all necessary actions to remove the conflict of interest.

In addition, all experts are required to confirm that they have no conflict of interest for each proposal that they are asked to examine at the moment of the evaluation.

The declaration makes a distinction between 'disqualifying' and 'potential' conflicts of interest. When a disqualifying conflict of interest is reported by the expert or established by the Programme Operator on the basis of any available source of information, the expert shall not evaluate the proposal concerned.

Experts who are employed by one of the applicant organisations in a proposal are normally considered as facing a 'disqualifying' conflict of interest.

When a potential conflict of interest is reported by the expert or brought to the attention of the Programme Operator by any means, the Programme Operator will consider the circumstances of the case and will decide, on the basis of the objective elements of information at its disposal, on the existence of an effective conflict of interest. If such an effective conflict is established, the expert will be excluded in the same manner as for a disqualifying conflict.

### **3.5.3 Proposal scoring**

Experts examine the issues to be considered comprising each evaluation criterion, and score these on a scale from 0 to 5. Half point scores may be given. For each criterion under examination, score values indicate the following assessments:

0 - The proposal fails to address the criterion under examination or cannot be judged due to missing or incomplete information.

1 - Poor. The criterion is addressed in an inadequate manner, or there are serious inherent weaknesses.

2 - Fair. While the proposal broadly addresses the criterion, there are significant weaknesses.

3 - Good. The proposal addresses the criterion well, although improvements would be necessary.

4 - Very Good. The proposal addresses the criterion very well, although certain improvements are still possible.

5 - Excellent. The proposal successfully addresses all relevant aspects of the criterion in question. Any shortcomings are minor.

### **3.5.4 Thresholds**

Thresholds for some or all of the criteria should be set, such that any proposal failing to achieve the threshold scores will be rejected. In addition, an overall threshold may also be set. The thresholds to be applied to each criterion as well as any overall threshold are set out in the work programme and call.

### **3.5.5 Weighting**

According to the specific nature of the funding schemes and the call, it may be decided to weight the criteria. The weightings to be applied to each criterion are set out in the Guide to Applicants and subsequent call for proposals.

### **3.5.6 Detailed description of proposal evaluation**

#### *(a) Briefing of the experts*

The Programme Operator is responsible for the briefing of experts before evaluation sessions. The briefing of the experts covers the evaluation processes and procedures as well as the evaluation criteria to be applied, and the content and expected impacts of the research topics under consideration.

#### *(b) Individual evaluation of proposals*

In the initial phase of the evaluation each expert works individually, and gives scores and comments for each criterion.

They also indicate if the proposal:

- falls entirely out of the scope of the call for proposals; and
- deals with sensitive ethical issues.

After the individual evaluation of a proposal, the expert completes an individual evaluation report confirming his/her individual reading and assessment.

If a proposal is considered to be out of scope by all individual experts, it may be considered to be ineligible and may not be passed on to the consensus stage.

*(c) Consensus assessment*

Once all the experts to whom a proposal has been assigned have completed their individual assessments, the evaluation progresses to a consensus assessment, representing their common views. Comments should be suitable for feedback to the proposal Project Promoter. Scores and comments are set out in the consensus report. If applicable, they also come to a common view on the questions of scope and on ethics, as mentioned under step (b) above.

If during the consensus discussion it is found to be impossible to bring all the experts to a common point of view on any particular aspect of the proposal, the Programme Operator official in charge of the evaluation may ask additional experts to examine the proposal.

The outcome of the consensus step is the consensus report, approved by all the experts. In the case that it is impossible to reach a consensus, the report sets out the majority view of the experts but also records any dissenting views from any particular expert(s).

The Programme Operator will take the necessary steps to assure the quality of the consensus reports, with particular attention given to clarity, consistency, and an appropriate level of detail. If important changes are necessary, the reports will be referred back to the experts concerned. The signing of the consensus report completes the consensus step.

*d) Recommendations to the Programme Operator*

This is the final step involving the experts. It allows them to formulate their recommendations to the Programme Operator having had an overview of the results of the consensus step.

The practical arrangements shall be determined by the Programme Operator, in consultation with the Programme Committee, in the light of the nature of the call and number of proposals submitted to it.

*e) Outcome of recommendations*

The outcome of the recommendation from the independent experts is a report recording, principally:

- an evaluation summary report (ESR) for each proposal, including comments and scores. Where relevant, any ethical issues and any security considerations are reported;
- a list of proposals passing all thresholds, along with a final score for each proposal passing the thresholds and the panel recommendations for priority order;
- a list of evaluated proposals having failed one or more thresholds;
- a list of any proposals having been found ineligible during the evaluation; and
- a summary of any other recommendations of the independent experts.

**3.5.7 Feedback to applicants**

The Programme Operator sends electronically a letter (“initial information letter”), together with the ESR, to the Project Promoter of each evaluated proposal. The letter and ESR may also be sent by paper. The Guide for Applicants will indicate the expected date for the dispatch of these letters.

The Programme Operator will not change the ESRs that form part of the panel report, except if necessary to improve readability or, exceptionally, to remove any factual errors or inappropriate comments that may have escaped earlier proof-reading. The scores will never be changed.

For those proposals rejected after failing an evaluation threshold, the comments contained in the ESR may only be complete for those criteria examined up to the point when the threshold was failed.

Project Promoters of proposals found to be ineligible will be informed of the grounds for such a decision.

### **3.6 Finalisation of evaluation results**

At this stage, the Programme Operator staff review the results of the evaluation by experts, and make their own assessment of the proposals, in particular a review of the Programme Operator financial contribution, based on the advice from these experts.

#### **3.6.1 Programme Operator ranked list**

Proposals shall be ranked according to the evaluation results. Funding decisions shall be made on the basis of this ranking.

The Programme Operator draws up the final list of proposals for possible funding from those that passed the evaluation thresholds, on the basis of the results of the evaluation by experts. Due account is taken of the scores received and of any advice from the experts. It will also take account of the available budget, the strategic objectives of the programme, as well as the overall balance of proposals to be funded. A suggested grant amount is determined for each of these proposals.

The Programme Committee is presented with a list of proposals the Programme Operator intends to select for funding, including the suggested Programme Operator financial contribution for each proposal. A reserve list may be indicated.

The Programme Operator should address any aspects that would need to be modified during negotiation, based on the advice of the experts. This might include special conditions regarding the merging of proposals, or conditional funding suggested by the experts.

#### **3.6.2 Programme Operator reserve list**

A number of proposals may be kept in reserve to allow for eventualities such as the failure of negotiations on projects, the withdrawal of proposals, budget savings agreed during negotiation, or the availability of additional budget from other sources.

#### **3.6.3 Programme Operator rejection decisions**

The Programme Operator formally decides to reject those proposals found to be ineligible, failing any of the thresholds for evaluation criteria, and those which, because they fall below a certain ranking, cannot be funded because the available budget is insufficient.

After a rejection decision, Project Promoters of rejected proposals are informed in writing of the Programme Operator’s decision. The letter informing them also includes an explanation of the reasons for rejection.

## **4. Negotiation and award**

### **4.1 Negotiation of proposals**

The Project Promoters of proposals that have not been rejected, and for which funding is available, are invited to begin negotiations.

In addition to any points raised in the ESR, the applicants may receive requests for further administrative, legal, technical and financial information necessary for the preparation of a project contract. The Programme Operator may request changes, possibly including modifications to the budget, in line with the negotiation mandate mentioned above. The Programme Operator will justify all requested changes.

The financial aspects would cover the establishment of the financial contribution, up to a set maximum, the amount of the advance payment, the estimated breakdown of budget and financial contribution per activity and per participant, and the assessment of the financial capacity of the Project Promoter and any other participants, if needed.

Grants may not be awarded to potential participants who are, at the time of a grant award procedure, in one of the following situations (relating, for example, to bankruptcy, convictions, grave professional misconduct, social security obligations, other illegal activities, previous break of contract, conflicts of interest, misrepresentation).

Grants may not be awarded to potential participants who have committed an irregularity in

the implementation of any other action under financing provided by the European Union or under financial contributions provided by the EFTA States in relation to the EEA Agreement.

Any proposal that contravenes fundamental ethical principles or which does not fulfil the conditions set out in the work programme or in the call for proposals shall not be selected. Any arrangements for merging projects are also dealt with in this phase, and ethical issues are clarified and addressed, if necessary.

If it proves impossible to reach agreement with a Project Promoter within a reasonable deadline that the Programme Operator may impose, negotiations may be terminated and the proposal rejected by Programme Operator decision.

The Programme Operator may terminate negotiations if the Project Promoter proposes to modify the project in terms of its objectives, science and technology content, partnership composition or other aspects, to the extent that it becomes significantly different from the proposal that was evaluated, or in a manner that is not in line with the negotiation mandate.

Negotiation of proposals from the reserve list may begin once it is clear that sufficient budget has become available to fund one or more of these projects.

#### **4.2 Award of the grant**

If negotiations are successful (that is, once the details of the grant agreement have been finalised with the applicants and all the necessary checks carried out), the Programme Operator completes its internal financial and legal procedures, the procedure for consulting the programme committee and adopts the respective selection decision. Once the selection decision has been adopted, a grant for funding is awarded, by means of a formal Project contract between the Programme Operator and the Project Promoter.

#### **4.3 Assistance and enquiries**

The Guide for Applicants and the specific calls will explain how applicants can seek assistance or information on any matter related to a call for proposals and subsequent procedures. Contact details will be provided.

## **5. Reporting requirements and payments**

### **5.1 Reporting from Project Promoters to the Programme Operator**

Project Promoters shall submit periodic and final reports to the Programme Operator enabling the Programme Operator to fulfil its reporting obligations.

Project Promoters shall submit the following reports to the Programme Operator:

- an annual scientific and financial periodic progress report on the research co-operation of the preceding year; and
- a joint project final report upon the completion of the project.

The Programme Operator evaluates the reports and deliverables in accordance with the Project contract. It may be assisted in this task by independent experts through technical project reviews.

The Programme Operator shall ensure timely transfer to the Project Promoter of an advance payment, interim payments on an annual basis, and a payment of the final balance.

The purpose of the advance payment and the annual interim payments is to ensure that the project partners have a positive cash-flow during the project. The rate of the advance payment shall be set out in the Programme agreement and the Project contract.

Payments shall be made by the Programme Operator to the Project Promoter within 15 days after the Programme Operator’s approval of reports and deliverables. The Project Promoter shall ensure that all appropriate payments to the other project partners are made without unjustified delay, and not later than 15 days after the Project Promoter has received payment from the Programme Operator.

#### **5.1.1 Periodic reporting**

During the course of the project, the Project Promoter shall submit an annual periodic report within 60 days of the end of each reporting period set out in the project contract.

The periodic report shall comprise:

- a) An overview, including a publishable summary of the progress of work towards the objectives of the project, including achievements and attainment of any milestones and deliverables identified in the project contract. This report should include the differences between work expected to be carried out in accordance with the project contract and that actually carried out;
- b) an explanation of the use of the resources; and
- c) a financial statement from each Project Promoter, together with a summary financial report consolidating the claimed contribution by the Project Promoter and all the project partners in an aggregate form. Financial statements should be accompanied by proof of expenditure as applicable (cf. Article 5.3).

#### **5.1.2 Final reporting**

At the end of the project, the Project Promoter shall submit a final report, within 60 days after the end of the project. This final report shall comprise:

- a) a final publishable summary report covering results, conclusions and socio-economic impact of the project;
- b) a report covering the wider societal implications of the project, in the form of a questionnaire, including gender equality actions, ethical issues, efforts to involve other actors and to spread awareness, as well as the plan for the use and dissemination of foreground; and
- c) distribution of the financial contribution between the Project Promoter and project partners.

#### **5.1.3 Reporting on scientific publications**

During and after the project, the Project Promoter shall provide references and an abstract of all scientific publications relating to foreground at the latest 60 days following publication.

As part of the final project report, the Project Promoter will be required to submit a full list of

publications relating to foreground (the results) of the project.

All publications shall include the following statement to indicate that said foreground was generated with the assistance of financial support from the EEA/Norwegian Financial Mechanism:

*“The research leading to these results has received funding from the [EEA]/ [Norwegian] Financial Mechanism 2009-2014 under Project Contract n° [xxxxxx].*

#### **5.1.4 Format of the reports and transmission modalities**

The Project Promoter shall transmit the reports and other deliverables to the Programme Operator by electronic means. The reports submitted to the Programme Operator, in particular their publishable parts, shall be of a suitable quality to enable direct publication without any additional editing.

#### **5.2 Reporting from the Programme Operator to the FMC / NMFA**

Payments to programmes shall take the form of advance payments, interim payments and payments of the final balance.

Advance payments are part of the programme grant necessary to cover its share of justified estimated programme expenditure for the period starting as defined in the Programme Agreement and up to the beginning of the first reporting period covered by the an interim payment. No separate reporting is associated with the advance payment, which will be approved as part of the Programme Agreement.

#### **5.2.1 Interim payments and declaration on actual expenditure**

For Donor partnership programmes entered into in accordance with Article 3.2 of the Regulation and falling under the Programme Area “Research within priority sectors” and “Bilateral Research Cooperation” the reporting period shall be 1 January to 31 December in each calendar year. The first reporting period shall start at the programme start date instead of 1 January, and the last reporting period shall end on the date of programme completion instead of 31 December.

Interim payments shall be paid based on an interim financial report submitted by the Programme Operator in a format provided by the FMC / NMFA (see Attachment 1 to this annex).

Interim financial reports shall include:

- (a) a declaration on actual expenditure incurred during the reporting period preceding 31 October; and
- (b) a statement of proposed expenditure for the reporting period immediately following the payment date.

Interim payments shall in principle consist of the proposed expenditure for the following reporting period less the difference between the proposed expenditure for the current reporting period and actual expenditure in that reporting period up to and including 31 October, taking into account any justified unplanned expenditure in the reporting period within which the interim financial report is submitted and taking into account the planned expenditure for the remaining part of the reporting period at the time of reporting. The FMC / NMFA may modify the amount of the interim payment if the proposed expenditures are considered to be unjustified. The FMC / NMFA shall provide the National Focal Point/Certifying Authority and the Programme Operator with a justification of the modification without delay.

When the interim financial report has been provided, the FMC / NMFA shall verify that it is in the correct form and that the conditions for payment have been met. Should the verification be negative, the FMC / NMFA, the National Focal Point and the Programme Operator shall closely cooperate to remedy the deficiencies. The FMC / NMFA may provisionally hold interim payments until such deficiencies have been remedied. When the FMC / NMFA, after receiving all necessary information, has positively verified interim financial report, it shall at the first possible payment date or when it deems it necessary following that verification release the payment due, unless the FMC / NMFA decides to make use of remedies provided in Chapter 12 of the Regulation.

Interim financial reports shall be received on, or before 15 November each year. If all conditions for payment have been met, interim payments from the FMC / NMFA shall be made on 15 December. Should a payment date land on a weekend or an

EFTA public holiday, the payment shall be made on the next EFTA working day. Payment based on an interim financial report received after its due date shall not be due on the payment date originally foreseen.

### **5.2.2 Reporting on actual incurred expenditure**

The Programme Operator shall submit a report to the FMC / NMFA with a statement of actual expenditure incurred during the reporting period. The deadline for submission is 15 March of the year following the reporting period. The report shall be certified by the Certifying Authority in accordance with Article 4.5 of the Regulation, and approved by the FMC / NMFA.

Payments on actual incurred expenditure shall be paid based on a financial report submitted by the Programme Operator in a format provided by the FMC / NMFA (see Attachment 2 to this annex).

The actual incurred expenditure for the last reporting period shall be reported in the final programme report as described in Article 5.13 of the Regulation.

### **5.2.3 Payment of the final balance**

The final balance is:

- (a) the total reported eligible expenditure of the programme, taking into account any previous reimbursements,
- (b) less the following amounts:
  - (i) the total advance and interim payments to the programme from the FMC / NMFA;
  - (ii) any co-financing from sources other than the EEA or the Norwegian Financial Mechanism 2009-2014;
  - (iii) total interest earned until the date of the final programme report but not reimbursed to the FMC / NMFA; and
  - (iv) any funds reimbursed from Project Promoters to the Programme Operator, not paid to other projects or reimbursed to the FMC / NMFA.

The Financial Mechanism 2009-2014 share of the final balance is the final balance multiplied by the programme grant rate.

The final balance shall be calculated and reported in the financial annex to the final programme report in a format provided by the FMC / NMFA (attachment to Annex 10).

Any final balance payable to the Programme Operator shall be transferred by the FMC / NMFA no later than one month after FMC / NMFA’s approval of the final programme report.

5. Any final balance payable to the FMC / NMFA shall be reimbursed to the FMC / NMFA within the same deadline. Any interest earned on the bank account of the Programme Operator between the date of the final programme report and the reimbursement date shall be included in the reimbursement.

### **5.3 Proof of expenditure**

Costs incurred by Programme Operators, Project Promoters and project partners 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 Programme Operators, Project Promoters and project partners shall be supported by receipted invoices based on the signed contracts. In all other cases, payments by Programme Operators, Project Promoters and project partners shall be justified by expenditure actually paid by the entities concerned in implementing the project.

A certificate by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with this Regulation, the national law and accounting practices of the project partner’s country, shall be seen as sufficient proof of expenditure incurred by a Project Promoter or a project partner whose primary location is in a Donor State or a Beneficiary State. Project Promoters and project partners falling under the scope of this annex may opt for a competent public officer to provide their proof of expenditure (certificate on financial statements) provided that the relevant national authorities have established the legal capacity of that competent public officer to audit that entity and that the independence of that officer, in

particular regarding the preparation of the financial statements, can be ensured.

Proof of expenditure shall not be submitted by a project promoter or a project partner where the total grant from the programme to the respective project promoter or project partner is less than EUR 375,000.

### **5.4 Indirect costs in projects (overheads)**

1. Indirect costs are all eligible costs that cannot be identified by the Project Promoter and/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 one of the following methods:

(a) Project Promoters and/or project partners who have had their legal and financial data, including their Indirect Cost Model (ICM), validated in the Unique Registration Facility (URF) of the European Framework Programme for research, and have received a Participant Identification Code (PIC), shall apply the same indirect cost model in projects falling under the scope of this Annex.

(b) All other Project Promoters and/or project partners shall identify their indirect costs according to one of the following methods:

(i) 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;

(ii) a Project Promoter and project partners may opt for a flat rate of 20% of their total direct eligible costs, excluding its direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the Project Promoter;

or

(iii) Project Promoters and project partners that are nonprofit public bodies, secondary and higher education establishments, research organisations and SMEs, which, due to the lack of analytical

accounting, are unable to identify with certainty their real indirect costs for the project, may opt for a flat rate of 60% of their total direct eligible costs, excluding direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the Project Promoter.

2. The application of the flat rates described in paragraphs 1(b)(ii) or 1(b)(iii) shall not be subject to the approval of a methodology of calculation.

3. The method of identifying the indirect costs and its maximum amount shall be determined in the

project contract. The method of identifying the indirect costs of a project partner shall be stipulated in the partnership agreement between the Project Promoter and the project partner.

4. In exceptional and duly justified cases, the Programme Operator may in its programme proposal suggest restricting the eligibility of indirect costs. Such restrictions, if approved by the FMC / NMFA, shall be explicitly stipulated in the programme agreement.