

EEA Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

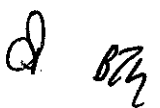
between

The Financial Mechanism Committee
established by Iceland, Liechtenstein and Norway

and

The Ministry for European Affairs and Implementation of the Electoral Manifesto,
hereinafter referred to as the "National Focal Point",
representing Malta ,
hereinafter referred to as the "Beneficiary State"
together hereinafter referred to as the "Parties"

for the financing of the Programme "EEA Financial Mechanism Programme"
hereinafter referred to as the "Programme"



Chapter 1
Scope, Legal Framework, and
Definitions

Article 1.1
Scope

This programme agreement between the Financial Mechanism Committee (hereinafter referred to as the FMC) and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the EEA Financial Mechanism 2009-2014 to the Programme.

Article 1.2
Legal Framework

1. This programme agreement shall be read in conjunction with the following documents which, together with this programme agreement, constitute the legal framework of the EEA Financial Mechanism 2009-2014:
 - a. Protocol 38b to the EEA Agreement on the EEA Financial Mechanism 2009-2014;
 - b. the Regulation on the implementation of the EEA Financial Mechanism 2009-2014 (hereinafter referred to as the "Regulation") issued by the Donor States in accordance with Article 8(8) of Protocol 38b;
 - c. the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2009-2014 (hereinafter referred to as the "MoU"), entered into between the Donor States and the Beneficiary State; and
 - d. any guidelines adopted by the FMC in accordance with the Regulation
2. In case of an inconsistency between this programme agreement and the Regulation, the Regulation shall prevail.
3. The legal framework is binding for the Parties. An act or omission by a Party to this programme agreement that is incompatible with the legal framework constitutes a breach of this programme agreement by that Party.

Article 1.3
Definitions

Terms used and institutions and documents referred to in this programme agreement shall be understood in accordance with the Regulation, in particular Article 1.5 thereof, and the legal framework referred to in Article 1.2 of this programme agreement.

Article 1.4
Annexes and hierarchy of documents

1. The programme decision, including the financial plan (Annex I), and the operational rules (Annex II) form an integral part of this programme agreement. Any reference to this programme agreement includes a reference to its annexes unless otherwise stated or clear from the context.
2. The provisions of the annexes shall be interpreted in a manner consistent with this programme agreement. Should the meaning of any provision of the said annexes, so interpreted, remain inconsistent with this programme agreement, the provisions of the former shall prevail, provided that these provisions are compatible with the Regulation.
3. Commitments, statements and guarantees, explicit as well as implicit, made in the programme proposal are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

Chapter 2
The Programme

Article 2.1
Co-operation

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this programme agreement.
2. The Parties agree to provide all information necessary for the good functioning of this programme agreement and to apply the highest degree of transparency, accountability and cost efficiency as well as the principles of good governance, sustainable development, gender equality and equal opportunities.
3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.
4. In executing this programme agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this programme agreement.

Article 2.2

Main responsibilities of the Parties

1. The National Focal Point is responsible and accountable for the overall management of the EEA Financial Mechanism 2009-2014 in the Beneficiary State and for the full and correct implementation of this programme agreement. In particular, the National Focal Point undertakes to:

- a. comply with its obligations stipulated in the Regulation and this programme agreement;
- b. ensure that the Certifying Authority, the Audit Authority, the Monitoring Committee and the Programme Operator properly perform the tasks assigned to them in the Regulation, this programme agreement and the programme implementation agreement;
- c. take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;
- d. take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;
- e. make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

2. The FMC shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this programme agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as "the programme grant") to be used exclusively to finance the eligible cost of the Programme.

Article 2.3

Objective and outcomes of the Programme

- 1. The programme decision sets out the objective, outcome(s), outputs, indicators and targets for the Programme.
- 2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective, outcome(s), outputs, indicators and targets set for the Programme.

Article 2.4

Programme grant

1. The maximum amount of the programme grant, the programme grant rate, and the estimated eligible cost of the Programme shall be as specified in the programme decision.

2. In case the Programme is also supported by the Norwegian Financial Mechanism, this programme agreement shall be interpreted in conjunction with the agreement regulating that support.

3. The financial plan shall:

- a. contain a breakdown between the Programme's budget headings using the description put forward in the template for the programme proposal;
- b. indicate the agreed advance payment, if any.

4. The management cost of the Programme Operator shall not exceed the amount specified in the programme decision.

Article 2.5

Special conditions and programme specific rules

1. The programme decision shall list any conditions set by the FMC with reference to paragraph 3 of Article 5.3 of the Regulation. The National Focal Point shall ensure compliance with these conditions and, in a timely manner, take the necessary steps to ensure their fulfilment.

2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in the operational rules.

Article 2.6

Programme implementation agreement

1. With reference to Article 5.8 of the Regulation and without prejudice to paragraph 2 thereof, the National Focal Point shall, before any payment is made to the Programme, sign a programme implementation agreement with the Programme Operator. The National Focal Point shall notify the FMC of such signing.

2. The signed programme implementation agreement shall be identical to the draft programme implementation agreement confirmed by the FMC in accordance with paragraph 5 of Article 5.8 of the Regulation with regard to the content required according to paragraph 3 thereof. The National Focal Point shall inform the FMC of any deviation from that confirmed draft which may be subject to a new confirmation according to paragraph 5 of Article 5.8 of the Regulation prior to any payment to the Programme.

Article 2.7

Reporting

The National Focal Point shall ensure that the Programme Operator provides financial reports, annual programme reports and a final programme report in accordance with Chapter 8 and Articles 5.11 and 5.12 of the Regulation as well as statistical reporting in accordance with the Programme Operator's Manual (Annex 9 to the Regulation).

Article 2.8
External monitoring

The external monitoring and audit referred to in Articles 10.1, 10.2, 10.3 and 10.4 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of its obligations under the programme agreement regarding monitoring of the Programme and/or its projects, financial control and audit.

Article 2.9
Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the FMC.
2. Modifications that do not affect the objective, outcomes, outputs, indicators or targets of the Programme are permitted without FMC's prior approval provided that they are limited to the following:
 - a. cumulative transfers between budget headings related to outcomes of an amount less than 10 % of total eligible expenditure of the Programme or € 1,000,000, whichever is higher, and
 - b. changes of internal practices of the Programme Operator that are not stipulated in the programme agreement.
3. Programme specific exceptions from paragraphs 1 and 2, if any, are set in the operational rules.
4. Expenditures incurred in breach of this article are not eligible.
5. Should there be a doubt as to whether the proposed modifications require approval by the FMC, the National Focal Point shall consult the FMC before such modifications take effect.
6. Requests for modifications shall be submitted and assessed in accordance with Article 5.9 of the Regulation.

Article 2.10
Communication

1. All communication to the FMC regarding this programme agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the FMC towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English.
3. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.
4. The FMC shall ensure that the National Focal Point is informed about communication between the FMC and the Programme Operator that is relevant for the responsibilities of the National Focal Point under this programme agreement.

Article 2.11
Contact information

1. The contact information of the National Focal Point and the Programme Operator is as specified in the programme proposal.
2. The contact information for the FMC and the Financial Mechanism Office are:
Financial Mechanism Office
Att: Director
EFTA Secretariat
Rue Joseph II, 12-16
1000 Brussels
Telephone: +32 (0)2 286 1701
Telefax (general): +32 (0)2 211 1889
E-mail: fmo@efta.int
3. Changes of or corrections to the contact information referred to in this article shall be given in writing without undue delay by the Parties to this programme agreement.

Article 2.12
Representations and Warranties

1. This programme agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the FMC in the programme proposal or other communication prior to the signing of this programme agreement.
2. The National Focal Point represents and warrants that the information provided by, through, or on behalf of the National Focal Point in the programme proposal, in connection with the programme proposal, the implementation or conclusion of this programme agreement are authentic, accurate and complete.

Chapter 3 Projects

Article 3.1 Selection of projects

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 6 of the Regulation and the operational rules.
2. Eligibility of applicants is stipulated in Article 6. 2 of the Regulation and, in accordance with paragraph 3 thereof, subject only to the limitations stipulated in the operational rules.
3. Pre-defined projects shall be outlined in the operational rules.
4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 6.6 of the Regulation.

Article 3.2 Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.
2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.
3. The content and form of the project contract shall comply with Article 6.7 of the Regulation.
4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project contract are valid and enforceable under the applicable law of the Beneficiary State.

Article 3.3 Project partners and partnership agreements

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in paragraph 1(w) of Article 1.5 of the Regulation. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 6.8 of the Regulation.
2. The partnership agreement shall be in English if one of the parties to the agreement is an entity from the Donor States.
3. 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.

4. The creation and implementation of the relationship between the Project Promoter and the project partner shall comply with the applicable national and European Union law on public procurement as well as Article 7.16 of the Regulation.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article before the signing of the project contract.

Article 3.4 Reallocation of funds

1. Reallocation of unused or cancelled financial contributions to projects shall be made in compliance with Article 6.9 of the Regulation.
2. Project grants not reallocated shall be reimbursed to the FMC in accordance with Article 6.9 of the Regulation.

Chapter 4 Finance

Article 4.1 Eligible expenditures

1. Subject to Article 7.6 of the Regulation, eligible expenditures of this Programme are:
 - a. management costs of the Programme Operator in accordance with the detailed budget in the financial plan;
 - b. payments to projects within this Programme in accordance with the Regulation, this programme agreement and the project contract;
 - c. expenditure of funds for bilateral relations in accordance with Article 7.7 of the Regulation;
2. Expenditure related to the categories referred to in subparagraphs (d), (e) and (f) of Article 7.1 of the Regulation are eligible in accordance with Chapter 7 thereof if such expenditures are explicitly approved by the FMC in the programme decision. The implementation of the activities under these categories shall be in compliance with the operational rules.
3. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 7.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 7.3 of the Regulation as well as indirect costs in accordance with Article 7.4 of the Regulation.

Article 4.5

Irregularities, suspension and reimbursements

The FMC has the right to make use of the remedies provided in the Regulation, in particular Chapter 12 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 11 and 12 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

Chapter 5

Final provisions

Article 5.1

Dispute settlement

1. The Parties waive their rights to bring any dispute related to the programme agreement before any national or international court, and agree to settle such a dispute in an amicable manner.

2. If a demand for reimbursement to the FMC is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

Article 5.2

Termination

1. The FMC may, after consultation with the National Focal Point, terminate this programme agreement if:

- a. a general suspension decision according to Article 12.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 12.1 of the Regulation has not been lifted within 6 months of such a decision;
- b. a suspension of payments according to Article 12.1 of the Regulation, other than under paragraph 1(h), has not been lifted within one year of such a decision;
- c. a request for reimbursement according to Article 12.2 of the Regulation has not been complied with within one year from such a decision;
- d. the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or
- e. the Programme Operator has, in the opinion of the FMC, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 7.14 of the Regulation. The first date of eligibility of any pre-defined projects shall be no earlier than the date on which the National Focal Point notifies the FMC of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 5.5 of the Regulation.

5. The maximum eligible costs of the categories referred to in paragraphs 1 and 2 are set in the programme decision. Programme specific rules on the eligibility of expenditure set in the programme decision or in the operational rules shall be complied with.

Article 4.2

Proof of expenditure

Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by documentary evidence as required in Article 7.13 of the Regulation.

Article 4.3

Payments

1. Payments to the Programme shall be made when all relevant conditions for payments stipulated in this programme agreement and the Regulation have been fulfilled.

2. Payments to the Programme shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 8.2, 8.3 and 8.4 of the Regulation.

3. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism is set in the operational rules.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 8.1 of the Regulation.

5. Chapter 8 of the Regulation shall apply to all aspects related to payments, including currency exchange rules and handling of interests on bank accounts.

Article 4.4

Transparency and availability of documents

The National Focal Point shall ensure an audit trail for financial contributions from the EEA Financial Mechanism 2009-2014 to the Programme in accordance with Article 8.8 of the Regulation.

2. This programme agreement can be terminated by mutual agreement between the Parties.

3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 5.1 or the right of the FMC to make use of the remedies provided in Chapter 12 of the Regulation.

Article 5.3
Waiver of responsibility

1. Any appraisal of the Programme undertaken before or after its approval by the FMC, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the programme agreement.

2. Nothing contained in the programme agreement shall be construed as imposing upon the FMC or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The FMC does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the National Focal Point and the Programme Operator to satisfactorily address such issues.

4. Neither the National Focal Point, the Programme Operator, entities involved in the implementation of projects, nor any other party shall have recourse to the FMC for further financial support or assistance to the Programme in whatsoever form over and above what has been provided for in the programme agreement.

5. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the FMC, its members or alternate members, nor the EFTA States, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point or the Beneficiary State, the Programme Operator, Project Promoters or any other third person, in connection, be it direct or indirect, with this programme agreement.

6. Nothing in this programme agreement shall be construed as a waiver of diplomatic immunities and privileges awarded to the European Free Trade Association, its assets, officials or employees.

Article 5.4
Entry into force and duration

1. This programme agreement shall enter into force on the date of the last signature of the Parties.

2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.

This programme agreement is drawn up in two originals in the English language.

For the FMC

Signed in Mabitz on 9/4-13

Anders Erdal
Anders Erdal
FMC Chairman

For the National Focal Point

Signed in Malva on 9/4/2013

Raphael Scerri
Raphael Scerri
Director General Funds and Programmes

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Increased renewable energy production

Output

An algae-derived bio-fuel production plant

Output indicator(s)	Baseline	Target	Source of Verification
Number of production plants	0	1	Production plant installed. Official inauguration of the plant and ancillary facilities, relevant press coverage as well as open days to demonstrate the functioning of the plant.

Output

Laboratory facilities supporting the production plant

Output indicator(s)	Baseline	Target	Source of Verification
Number of laboratories	0	1	Laboratory set up. Official inauguration of the plant and ancillary facilities, relevant press coverage as well as open days to demonstrate the functioning of the plant.

Expected Outcome(s): Developed strategies and measures for adapting to a changing climate

Output

The current and future national risks from offshore drilling determined

Output indicator(s)	Baseline	Target	Source of Verification
Number of studies on pollution risks associated with offshore oil drilling	0	1	A report that is based on studies and / or risk assessments that will address the threats from offshore drilling to Malta as well as proposed preparedness / response strategies to be included or reflected in an updated version of the National Marine Pollution Contingency Plan.

Output

A document to address the current gap in Oil/HNS pollution response training prepared

Output indicator(s)	Baseline	Target	Source of Verification
Number of documents that address the current gap in Oil/HNS pollution response training prepared	0	1	A report containing an assessment on the current level of training and a gap-analysis of training needs.

Output

Technical capacity to respond to oil and HNS pollution risks at a national level strengthened

Output indicator(s)	Baseline	Target	Source of Verification
Number of trained personnel available to respond to oil/HNS pollution incidents with most of the personnel trained to a higher level	0	22	Certificates of persons trained as well as the training package provided, including dates when training was delivered. This will potentially be part of interim reporting or a dedicated report on the training carried out.

Expected Outcome(s): Cultural heritage restored, renovated and protected

Output

Organic and harmful materials removed, improving the insulating performance of the building envelope

Output indicator(s)	Baseline	Target	Source of Verification
Number of buildings restored and rehabilitated	0	1	A technical report issued by the project engineer and architect

Output

A new advanced micro-climate management system installed, ensuring the stability of the environment within the site

Output indicator(s)	Baseline	Target	Source of Verification
Number of passive and active measures for environmental control implemented	0	1	A technical report issued by the project engineer and architect

Output

A review of the lightning system within the site

Output indicator(s)	Baseline	Target	Source of Verification
Number of reports on the effect of light frequencies on biological activity with proposals for implementation	0	1	A report on the effect of light wavelengths on biological activity within the site

Output

Studies carried out, allowing for a better understanding of the processes currently active within the site, and leading to a better interpretation and presentation of the site

Output indicator(s)	Baseline	Target	Source of Verification
Number of reports for the condition assessment, biological survey, rate of deterioration and geological survey	0	4	Reports on the condition of the site, biological activity within the site, the rate of deterioration within the site and a geological survey

2. Conditions

2.1 General

- 1) Bilateral, output and outcome indicators shall be reported on in the annual programme report.
- 2) The National Focal Point shall ensure that the Programme Operator ensures that any residual or extracted material from project activities is reused, recycled, treated and/or deposited in an environmentally sound manner.
- 3) The National Focal Point shall ensure that the Programme Operator ensures that Project Promoters who have, in line with this Agreement, received an exception from the general rule in Article 7.3.1(c) of the Regulation with respect to any equipment (the excepted equipment):
 - Keep the excepted equipment in their ownership for a period of at least five years following the completion of the project and continue to use that equipment for the benefit of the overall objectives of the project for the same period;

- Keep the excepted equipment properly insured against losses such as fire, theft and other normally insurable incidents both during project implementation and for at least 5 years following the completion of the project; and

- Set aside appropriate resources for the maintenance of the excepted equipment for at least 5 years following the completion of the project. The specific means for implementation of this obligation shall be specified in the project contract; provided however that the Programme Operator may release any Project Promoter from the above obligations with respect to any specifically identified excepted equipment where the Programme Operator is satisfied that, having regard to all relevant circumstances, continued use of that equipment for the overall objectives of the project would serve no useful economic purpose. The National Focal Point shall furthermore ensure that the programme Operator keeps a list of the excepted equipment for each project.

2.2 Pre-eligibility

Not Applicable.

2.3 Pre-payment

Not Applicable.

2.4 Pre-completion

Not Applicable.

2.5 Post-completion

Not Applicable.

2.6 Other

Not Applicable.

3. Eligibility of costs

3.1 Eligibility of costs - period

Eligibility of costs (excluding prog prep costs): 05/12/2012-30/04/2017

Eligibility of programme proposal preparation costs: 10/10/2011-04/12/2012

3.2 Grant rate and co-financing

Programme estimated total cost (€)	€3,135,210
Programme estimated eligible cost (€)	€2,516,471
Programme grant rate (%)	85.0000%
Maximum amount of Programme grant (€)	€2,139,000

3.3 Maximum eligible costs (€) and Advance payment amount (€)

Budget heading	Eligible expenditure	Advance payment*
Programme management	€114,412	€0
Increased renewable energy production	€948,574	€0
Developed strategies and measures for adapting to a changing climate	€520,238	€0
Cultural heritage restored, renovated and protected	€880,500	€0
Fund for bilateral relations	€37,747	€0
Complementary action	€0	€0
Preparation of programme proposal	€15,000	€0
Reserve for exchange rate losses	€0	€0
Total	€2,516,471	€0

* The advance payment is composed of €0 in grant amount and €0 in co-financing.

3.4 Retention of management costs

Retention of management costs - percentage of the management costs	10.00%
Retention of management costs - planned Euro value	€9,725

3.5 Small Grant Scheme

Not applicable

Annex II - Operational Rules

1. Eligibility

1.1 Eligible measures (sub-measures if any):

The Programme Operator is the Funds and Programme Division (FPD) in the Office of the Parliamentary Secretary for the EU Presidency in 2017 and EU Funds within the Ministry for European Affairs and Implementation of the Electoral Manifesto.

The Programme targets three programme areas (PA), No. 6 "Renewable Energy", No. 7 "Adaptation to Climate Change" and No. 16 "Conservation and Revitalisation of Cultural and Natural Heritage". The Programme is implemented through three pre-defined projects, one in each programme area.

Under PA 6 "Renewable Energy" the programme seeks to reduce CO₂ emissions in the atmosphere that contribute to global warming. The pre-defined project "Development of Algae Derived Bio-Fuel Plant for CO₂ Sequestration from Waste Management Activities in Malta" aims to produce bio-fuel generated by microalgae that are fed carbon sequestered from flue gas from a local landfill gas treatment plant.

Under PA 7 "Adaptation to Climate Change" the programme aims to increase protection of the marine environment. This is achieved by implementing the pre-defined project "Oil/HNS spill response capacity building for the protection of Malta's seas". The aim of the project is to empower personnel that would be mobilised in case of an oil spill at sea.

Under PA 16 "Conservation and revitalisation of Cultural and Natural Heritage" the aim of the Programme is to safeguard one of Malta's unique archaeological sites through the implementation of the pre-defined project "A New Environmental Management System for the Hal Saflieni Hypogeum, World Heritage Site".

See further Section 6 in this annex.

1.2 Eligible applicants:

Not applicable.

1.3 Special rules on eligibility of costs:

In general, costs are eligible in accordance with Chapter 7 of the Regulation with the following exception:

- by way of exception from Article 7.3.1(c) of the Regulation, the entire purchase price of equipment may be eligible if the equipment is an integral and necessary component for the implementation of measures that are essential for achieving the outcome of the project.

There will be no flat rate for indirect costs.

2. Financial parameters

For grant amount and grant rate for each pre-defined project see Section 6.

3. Selection of projects

The pre-defined projects have already been selected in the MoU. These pre-defined projects shall be appraised by the Programme Operator in line with Article 5.5.3 of the Regulation and approved jointly by the FMC and the National Focal Point prior to the signing of the project contract.

Paragraphs 1, 2 and 4 of Article 3.1 of the programme agreement are not applicable under this Programme.

4. Payment flows, verification of payment claims, monitoring and reporting

4.1 Payment flows

The Programme Operator shall ensure that funds are available for payments to the project in a timely manner.

The Programme Operator (Maltese state) pre-finances costs incurred by Project Promoters. Once an invoice is received, the Project Promoter will upload the invoice in the Computerised Accounting Records System (CARS) for the Financial Mechanism, and send necessary documentation to the relevant line ministry to initiate payment of the invoice to the contractor. The line ministry will then access CARS to confirm the information entered by the Project Promoter. If everything is deemed to be in order, the line ministry authorises the payment. Next, a request for payment will be sent from the line ministry to the Treasury at the Ministry of Finance. After checking all documentation, the Treasury will pay the invoice in question on behalf of the Project Promoter. Payments will be made via bank transfer through the Central Bank of Malta.

In the case of invoices paid directly by a Project Promoter or a line ministry, a request for reimbursement has to be submitted by the entity that made the payment. The request for reimbursement will be treated as an invoice, and therefore the same procedures of processing invoices through the CARS would then apply.

4.2 Verification of payment claims

The Programme Operator will be conducting 100% documentary check for all payment claims (invoices) presented by Project Promoters. As a general rule, costs incurred by the Project Promoters shall be supported by receipted invoices. Where this cannot be done, costs shall be supported by accounting documents of equivalent probative value.

The financial interim reports of the Programme Operator are verified and approved by the Certifying Authority.

In case of verification of expenditures incurred by a donor project partner, a report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with the Regulation, the national law and accounting practices of the donor project partner's country, shall be seen as sufficient proof of costs incurred.

The procedure for verification of payment claims and deadlines for reporting as outlined in the programme proposal will further be detailed in the description of the Programme Operator's management and control systems according to Article 4.8.2 of the Regulation.

4.3 Monitoring and reporting

Project Promoters of the pre-defined projects, through the appointed project leaders, have the responsibility of ensuring effective monitoring of the projects. The Project Promoters will report on the physical and financial progress of the projects through the project progress reports. This reporting will be the basis of the reporting of the Programme Operator to the National Focal Point and subsequently to the Donors.

A detailed description of the reporting and monitoring procedures along with reporting templates is in the Monitoring Plan, submitted by the Programme Operator on 30 April 2012.

5. Additional mechanisms within the programme

5.1 Funds for bilateral relations

Resources allocated to the fund for bilateral relations at the programme level will not be lower than 1.5 % of total eligible costs for the Programme.

The bilateral fund at programme level will be used to facilitate networking, exchange, sharing and transfer of knowledge, technology, experience and best practices between the three promoters of the pre-defined projects and entities in the Donor States (Measure B). The project promoters are to apply in writing using a specific form for such funding, providing the PO with a reasoned justification for undertaking the planned activity and its estimated cost. If the application is deemed justified and relevant and the budget requested is reasonable and proportionate, the PO approves the application (as long as funds are still available). Institutions from the Donor States will be able to apply for such funds through their counterpart project promoter from Malta. The maximum grant rate will be 85% and the maximum grant amount will be €11,000 per activity.

5.2 Complementary action

Not applicable.

5.3 Reserve for exchange rate losses

Not applicable.

5.4 Small Grant Schemes

Not applicable.

6. Pre-defined projects

The Programme is implemented through the three pre-defined projects below, all stated in the MoU.

1. CO2 Energy – Development of Algae-Derived Bio-Fuel Production Plant for CO2 Sequestration from Waste Management Activities in Malta

Project Promoter: WasteServ Malta Ltd.

Project partner: Not applicable

EEA FM grant amount: €806,288 (72.03% of the total project budget)

Estimated total project cost: €1,119,317

Description: The project involves the setting up of a pilot algae-derived bio-fuel production plant, which uses the carbon dioxide (CO₂) from the flue gas emissions of a landfill gas treatment plant as feedstock for growing microalgae from which bio-fuel can be produced. The project foresees to produce 75 MWh per year. These targets will be achieved by setting up a pilot algae-derived bio-fuel production plant and a laboratory that will support the production plant. A project manager and a technical expert will oversee their completion.

The project contributes to the programme outcome: Increased renewable energy production

2. National Oil Spill Contingency System

Project Promoter: Authority for Transport in Malta

Project partner: The Norwegian Coastal Administration (Kystverket)

EEA FM grant amount: €442,202 (72.03% of the total project budget)

Estimated total project cost: €613,881

Description: The project will complement the project MT0010 carried out under the EEA Financial Mechanism 2004-09 entitled "Setting up of an Oil Spill Response Capability for the Protection of Malta's Seas." The current project can be considered to be a continuation of what has been achieved so far with respect to oil/Hazardous and Noxious Substance pollution preparedness and response at state level.

The project contributes to the programme outcome: Developed strategies and measures for adapting to a changing climate

The project aims to:

- Address training requirements at national level in case of Tier 2 or Tier 3 spills. A training gap analysis will be undertaken. The training requirements for the twenty-five roles identified in the National Maritime Pollution Contingency Plan 2009 as requiring specialised or refresher training will be targeted as well as the deployment of additional personnel, including volunteers and their coordinators.
- Establish a training programme once the training needs have been identified. A call for proposals for the provision of training courses to the relevant personnel will be launched. The project will also establish which equipment would be required for immediate and sustainable long-term training and will include study visits.
- Address pollution from oil offshore drilling operations within and outside of Malta's territorial waters following recent concerns in this sector. Studies will be conducted and the results of these studies will be incorporated as an appendix to the approved National Maritime Pollution Contingency Plan 2009, thereby addressing this risk in line with national requirements and International Conventions.

The Norwegian Coastal Administration will guide the Authority for Transport Malta in the implementation of the project. An estimated budget of €11,600 is allocated to this from the project budget.

3. A new environmental management system for the Hal-Saflieni Hypogeum World Heritage Site

Project promoter: Heritage Malta

Project partner: Not applicable

EEA FM grant amount: €748,425 (61.31% of the total project budget)

Estimated total project cost: €1,220,700

Description: The project complements the project MT0014 financed under the Norwegian Financial Mechanism 2004-2009 "Conservation of Hal Saflieni Hypogeum World Heritage Site". The site is a popular visitor destination, making a significant contribution to Malta's tourism industry. The project financed in the previous programming period involved a compilation of studies and procurement of necessary analytical equipment. Data evaluated by means of this equipment will be used as a basis for the studies in the current project which seeks to ensure the comprehensive stabilization of the Hal Saflieni Hypogeum World Heritage Site through the application of current technologies.

The project contributes to the programme outcome: "Cultural heritage restored, renovated and protected"

Main activities:

- Drafting five baseline studies to assess the current condition of the site in terms of conservation, geology and organic residues. These studies will serve as a baseline for future monitoring of the condition of the site;
- Elimination of harmful materials and residues from the site;
- Installation of an advanced micro-climate management system, with both passive and active control measures;
- Investigation and replacement, as necessary, of overlying house connections to water mains and sewers;
- Publicity.

7. Modification of the programme

The rules on modifications of Programmes are in Article 5.9 of the Regulation and Article 2.9 of the programme agreement.

8. Programme proposal version

Any reference to the programme proposal in this programme agreement shall be interpreted as a reference to the version signed by the Programme Operator on 22 May 2012 and shall include all subsequent correspondence and communication between the

Donors, the Financial Mechanism Office, the National Focal Point and the Programme Operator.

9. Miscellaneous

Due to the management set-up in Malta where the National Focal Point also carries out the duties of the Programme Operator, a Declaration of responsibilities and obligations of the FPD in the Office of the Parliamentary Secretary for the EU Presidency 2017 and EU Funds within the Ministry for European Affairs and Implementation of the Electoral Manifesto (National Focal Point) in its role as a Programme Operator for the Programme replaces a programme implementation agreement. The reference to a programme implementation agreement in Article 2.6 of this programme agreement shall be regarded as a reference to the above Declaration.

Due to general elections in Malta which took place after programme approval by the Donors and before signature of this programme agreement, and resulted in the Funds and Programmes Division within the Office of the Prime Minister being assigned to the Office of the Parliamentary Secretary for the EU Presidency 2017 and EU Funds within the Ministry of European Affairs and Implementation of the Electoral Manifesto, there is a discrepancy between the MoU and the programme agreement, where the MoU states that the National Focal Point and the Programme Operator is the Funds and Programmes Division within the Office of the Prime Minister. The National Focal Point formally announced this change to the FMO on 25 March 2013. An MoU amendment in this direction is up for approval at the annual meeting in Valletta, Malta on 10 April 2013.

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