

Norwegian Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Norwegian Ministry of Foreign Affairs

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 "Norwegian 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 Norwegian Ministry of Foreign Affairs (hereinafter referred to as the NMFA) 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 Norwegian 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 Norwegian Financial Mechanism 2009-2014:

- a. the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the Agreement);
- b. the Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the "Regulation") issued by Norway in accordance with Article 8(8) of the Agreement;
- c. the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the "MoU"), entered into between the Kingdom of Norway and the Beneficiary State; and
- d. any guidelines adopted by the NMFA 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 Norwegian 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 NMFA 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 EEA 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 NMFA 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 NMFA of such signing.
- 2. The signed programme implementation agreement shall be identical to the draft programme implementation agreement confirmed by the NMFA 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 NMFA 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 NMFA.
2. Modifications that do not affect the objective, outcomes, outputs, indicators or targets of the Programme are permitted without NMFA'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 NMFA, the National Focal Point shall consult the NMFA 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 NMFA 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 NMFA 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 NMFA shall ensure that the National Focal Point is informed about communication between the NMFA 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 NMFA 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 NMFA 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 Norway.
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 NMFA 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 NMFA 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

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 NMFA 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.

The NMFA 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 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 Norwegian Financial Mechanism 2009-2014 to the Programme in accordance with Article 8.8 of the Regulation.

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 NMFA 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 NMFA 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 NMFA, 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.

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 NMFA 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 NMFA, 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 NMFA or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The NMFA 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 NMFA 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 NMFA, its officials or employees, 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.

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

For the NMFA

Signed in Malta on 9/4-13

Anders Erdal  
Anders Erdal  
FMC Chairman

For the National Focal Point

Signed in Rosita on 9/4/2013

Raphael Scerri  
Raphael Scerri  
Director General Funds and Programmes

*Handwritten initials/signature*

## Annex I - Programme Decision

### 1. Expected Outcomes & Indicators for Outputs

#### Expected Outcome(s):

Increased and strengthened cooperation between public institutions, local and regional authorities in the Beneficiary States and similar institutions and authorities in Norway

#### Output

A Strategy for innovation and good governance at local level established

Output indicator(s)	Baseline	Target	Source of Verification
Number of national strategies for innovation and good governance at local level developed	0	1	The document setting out the strategy for innovation and good governance at local level.

#### Output

A Training Needs Assessment implemented

Output indicator(s)	Baseline	Target	Source of Verification
Number of studies on training needs and weaknesses of the current local government system conducted and finalised	0	1	The final report on the Training Needs Assessment carried out based on a qualitative investigation and a survey.

#### Output

A National Training Strategy established

Output indicator(s)	Baseline	Target	Source of Verification
Number of strategies and accompanying tools developed	0	1	The document setting out the National Training Strategy. Decision adopting the National Training Strategy.

#### Output

A Leadership Academy created

Output indicator(s)	Baseline	Target	Source of Verification
Training Academy for leadership at all levels of local government established	0	1	A report on the activities carried out by the Academy during the project and their sustainability thereafter.

#### Output

A European Label of Governance Excellence scheme implemented

Output indicator(s)	Baseline	Target	Source of Verification
Number of Local Councils participating in all project activities to be eligible for the ELoGE	0	12	Award of the Label of Good Democratic Governance symbolised by a crystal dodecahedron engraved with the twelve European principles of good democratic governance, the logo of the Council of Europe and award date, as a fulfilment of the objective of the scheme, given by the Council of Europe.



**Output**

A Performance Management Indicators manual document created

Output indicator(s)	Baseline	Target	Source of Verification
Number of manuals on performance indicators to provide a standard for the main functions of local government developed	0	1	Manual on performance indicators.

**Expected Outcome(s):** Increased focus on vulnerable groups in prison

**Output**

Services focusing on the therapeutic needs of young male offenders provided

Output indicator(s)	Baseline	Target	Source of Verification
Number of therapeutic services that focus on vulnerable groups in prison that will include one-to-one session, group therapy and family therapy introduced	1	3	Position description and employment contracts of newly engaged professionals and / or incorporation of existing professionals in the new structure.

**Output**

Services focusing on the therapeutic needs of young female offenders provided

Output indicator(s)	Baseline	Target	Source of Verification
Number of therapeutic services that focus on vulnerable groups in prison that will include one-to-one session, group therapy and family therapy introduced	0	3	Position description and employment contracts of newly engaged professionals and / or incorporation of existing professionals in the new structure.

**Output**

New YOURS premises constructed

Output indicator(s)	Baseline	Target	Source of Verification
Number of prison cells increased	36	68	Engineering and architectural reports that will be presented to the Malta Environment and Planning Authority, certifying completion of works according to planning permit.

**Output**

A new operational system established

Output indicator(s)	Baseline	Target	Source of Verification
An Incentive and Earned Privilege System (IEPS) that will be merged with other operational requirements in the new premises implemented	0	1	An overall report or minutes of the meetings held with the different stakeholders at the Correctional Facility to establish the IEPS.

**Output**

Correctional staff trained

Output indicator(s)	Baseline	Target	Source of Verification
Number of officers that received specialised training on the needs of young people in detention as well as on the operational and therapeutic system along which the new YOURS will be run	0	30	Training programme. Training reports. Certificates given to officers who successfully complete the training.

**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.
- 4) A development permit issued by the Malta Environment and Planning Authority (MEPA) for the building of the new YOURS facility in the Pre-defined project under PA32 "Renewing the Young Offenders' Unit of Rehabilitation Services (YOURS)" shall be submitted to the National Focal Point before the signature of the project contract, and before any payments to the project will be made.

**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 (€)	€5,513,944
Programme estimated eligible cost (€)	€1,694,118
Programme grant rate (%)	85.0000%
Maximum amount of Programme grant (€)	€1,440,000

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

Budget heading	Eligible expenditure	Advance payment*
Programme management	€61,177	€0
Increased and strengthened cooperation between public institutions, local and regional authorities in the Beneficiary States and similar institutions and authorities in Norway	€321,976	€0
Increased focus on vulnerable groups in prison	€1,285,553	€0
Fund for bilateral relations	€25,412	€0
Complementary action	€0	€0
Preparation of programme proposal	€0	€0
Reserve for exchange rate losses	€0	€0
Total	€1,694,118	€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	€5,200

### 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 two programme areas (PA), No. 25 "Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities" and No. 32 "Correctional Services, including Non-custodial sentences". The programme is implemented through 2 pre-defined projects, one in each programme area.

Under PA 25 the main aim of the pre-defined project is the development of the human resource capacity in public institutions as well as in local and regional authorities, with the result of improving quality services for the communities concerned. The project aims to launch a National Training Strategy based on a comprehensive training needs assessment, to establish a Performance Management Programme, to set up a Leadership Academy Programme and to launch a Strategy for Innovation and Good Governance at local level and the European Label for Good Democratic Governance.

Under PA 32 the main aim of the pre-defined project is the relocation of the Young Offenders' Unit of Rehabilitation Services (YOURS) away from the current Corradino premises and the subsequent restructuring of the internal management of the unit. In this respect, the objectives are two-fold: the physical objective that will involve the construction phase and the therapeutic objective that will involve the restructuring of the YOURS programme in order to enhance service delivery in line with current international juvenile correctional policy.

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 NMFA 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.

#### 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 two promoters of the pre-defined projects and relevant entities in Norway. The project promoters are to apply in writing using a specific form for such funding, providing the Programme Operator with a reasoned justification for undertaking the planned activity and its estimated cost confirming that the proposed activities fall within the scope of the programme area to which their projects belong, i.e. aligned to the objectives and address the expected outcome of their respective programme areas. If the application is deemed justified and relevant and the budget requested is reasonable and proportionate, the Programme Operator approves the application (as long as funds are still available).

Institutions from Norway will be able to apply for such funds through their counterpart project promoter from Malta. The maximum grant rate is 85% and the maximum grant amount is €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 two pre-defined projects below, both stated in the MoU.

#### 1. *A Partnership for Creative Governance*

Project Promoter: Department for Local Government, Malta

Project partners: Local Councils Association Malta

Department for Local Government, Royal Ministry of Local Government and Regional Development Norway (KrD)

Norwegian Association of Local Municipalities (KS)

Centre of Expertise for Local Democracy Reform, Council of Europe (CoE)

NO FM grant amount: €273,680 (73.67%)

Estimated total project cost: €371,461

Description: The project will address the local government system in Malta in cooperation with the partners. A partnership between Malta and Norway will create a set of initiatives that will research, examine, focus and create a number of measures to strengthen institutional capacity, strengthen people development within the respective departments responsible for local government, improve the quality and accessibility of services provided and create a professional programme for exchange of personnel.

The Project will contribute to the programme outcome: Increased and strengthened cooperation between public institutions, local and regional authorities in the Beneficiary States and similar institutions and authorities in Norway.

The main activities include:

- developing a national strategy for innovation and good governance at local level;
- conducting a study on training needs and weaknesses of the current local government system and developing a national training strategy;
- establishing a Leadership Academy for leadership at all levels of the local government;
- developing a strategy for innovation and good governance at local level and the European level of Governance Excellence;
- developing a strategy on Performance Management which would include a set of performance indicators related to the main functions of the local government.

## 2. *Renewing the Young Offenders' Unit of Rehabilitation Services (YOURS)*

Project Promoter: Department of Correctional Services, Malta

Project partners: N/A

NO FM grant amount: € 1,092,720 (21.64%)

Estimated total project cost: €5,048,813

Description: The main aim of the pre-defined is the relocation of the Young Offenders' Unit of Rehabilitation Services (YOURS) away from the current Corradino premises and the subsequent restructuring of the internal administration of the unit. In this respect, the objectives are two-fold: the physical objective that will involve the construction phase and the therapeutic objective that will involve the restructuring of the YOURS programme in order to enhance service delivery in line with current international juvenile crime policy.

The project will contribute to the programme outcome: Increased focus on vulnerable groups in prison.

The main activities include:

- the construction of new premises – increasing the number of prison cells from 36 to 68;
- the training of correctional staff – providing specialised training on the needs of young people in detention as well as on the operational and therapeutic system to at least 30 officers employed within the YOURS unit;
- the establishment of a new therapeutic system – initiating therapeutic systems like one-to-one sessions, group therapy or family therapy for the most vulnerable groups (both male and female) in the prison;
- the establishment of a new operation system – implementing an Incentive and Earned Privilege System (IEPS) that will be merged with other operational requirements in the new premises;
- 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 Donor State, 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

 B74

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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