



Minister of Investment and Economic Development

***Guidelines concerning the use of funding from the Fund for Bilateral Relations
in the framework of European Economic Area Financial Mechanism 2014-2021
and Norwegian Financial Mechanism 2014-2021***

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/approved electronically/

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LIST OF ABBREVIATIONS

BGK – Bank Gospodarstwa Krajowego¹

FMO – Financial Mechanism Office in Brussels

FBR – Fund for Bilateral Relations

AA – Audit Authority

CA – Certifying Authority

IA – Authority of Irregularities

FMC – Financial Mechanism Committee

NFP – National Focal Point

PC – Programme Committee

CC – Cooperation Committee

EEA FM FM – European Economic Area Financial Mechanism 2014-2021

MoU (Memorandums of Understanding) – intergovernmental agreements: *Memorandum of Understanding on the implementation of the Financial Mechanism of the European Economic Area 2014-2021 between Iceland, the Duchy of Liechtenstein and the Kingdom of Norway and the Republic of Poland* signed on 20 December 2017, and *Memorandum of Understanding on the implementation of the Norwegian Financial Mechanism 2014-2021 between the Kingdom of Norway and the Republic of Poland* signed on 20 December 2017

NFM – Norwegian Financial Mechanism 2014-2021

NMFA – Ministry of Foreign Affairs of Norway

PO – Programme Operator

sbu – state budget unit

DPP – Donor Programme Partner

Regulation – *Regulation on the implementation of the European Economic Area Financial Mechanism (EEA) for the years 2014-2021*, adopted by the Financial Mechanism Committee in accordance with Article 10.5 of Protocol 38c to the Agreement on the EEA of 8 September 2016 and approved by the Standing Committee of the EFTA States on 23 September 2016 (as amended), and *Regulation on the implementation of the Norwegian Financial Mechanism for the years 2014-2021*, adopted by the Ministry of Foreign Affairs of Norway in accordance with Article 10.5 of the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism for the years 2014-2021 on 23 September 2016 (as amended), including the annexes thereto.

¹ A state development bank whose mission is to support the social and economic development of Poland and the public sector in the fulfilment of its tasks

Agreement on the FBR – agreement on the implementation of the FBR between the FMC and the NMFA and the NFP

JCBF – Joint Committee for Bilateral Funds

NFP Guidelines on the FBR – *Guidelines on the use of funding from the Fund for Bilateral Relations of the of European Economic Area Financial Mechanism 2014-2021 and of Norwegian Financial Mechanism 2014-2021*

FMO Bilateral Guidelines – *Guidelines concerning bilateral relations under the EEA EEA FMand NFM 2014-2021*, issued by the FMO, adopted by the Financial Mechanism Committee on 9 February 2017 (as amended)

Financial guidance – *Guidance concerning financial management and reporting under the EEA Financial Mechanism and of the Norwegian Financial Mechanism 2014-2021*

TA Guidelines – *Guidelines on the use of funding of Technical Assistance of the EEA EEA FM2014-2021 and NFM 2014-2021*

Management costs guidelines – *Guidelines concerning management costs for Programme Operators under the Financial Mechanism of the EEA 2014-2021 and the Norwegian Financial Mechanism 2014-2021*

Results guideline – FMO rules and guidance on how to design, monitor and evaluate programmes, manage risks and report on results

DEFINITIONS

Beneficiary – a private or public entity, commercial or non-commercial, or a non-governmental organization, established as a legal entity in Poland or in a Donor State, and intergovernmental organizations operating in Poland, authorized to use the FBR of the EEA FM FM 2014-2021 and of the NFM 2014-2021 based on the document awarding a grant.

Interim Financial Report – a report received from the PO and Beneficiaries of predefined initiatives and open call initiatives, financed from the part of the FBR managed by the NFP, including information about the incurred and planned expenditures.

Initiative – a predefined or open call activity implemented from the FBR (from the part managed directly by the NFP or from the part allocated to programmes).

CC – a committee appointed by the PO in the partnership programme with donors or in the programme implemented in partnership with an international partnership organization, which brings together representatives of the PO and of a partner/partners of the programme from the Donor States, or international partnership organizations as appropriate. The Cooperation Committee is established

immediately upon the appointment of the Operator for the respective Programme and advises on the preparation and implementation of the programme.

PC (Programme Committee) – a counterpart of the CC in the Research Programme; a committee appointed by the PO to provide support and advise on matters concerning scientific quality and project usability and activities financed from the programme.

Partner – a private or public entity, commercial or non-commercial, and a non-governmental organization, established as a legal entity in the Donor States, Poland or in a non-EEA country having a common border with Poland, or any international organization, its body or agencies, actively engaged and contributing to the implementation of a predefined or open call initiative and following a common objective with the Beneficiary.

JCBF procedure – the document: *The composition, role and operation of the Joint Committee for the Fund for Bilateral Relations for the years 2014-2021*, adopted by the JC for the FBR on 26 February 2018.

Programme implementation agreement – an agreement concluded between the NFP and the respective PO, including, inter alia, the provisions on the use of funding from the FBR.

JCBF – the Committee appointed based on *the Ordinance of the Minister of Investment and Economic Development of 22 February 2018 on the appointment of the Team – the Joint Committee for the Bilateral Funds of the EEA FM 2014-2021 and NFM 2014-2021*, with the aim to supervise activities to strengthen bilateral relations with the Donor States and to take decisions on the use of funding from the FBR.

Interim Financial Report Summary of bilateral funds – a report prepared and submitted by the NFP to the FMO, including information about both the initiatives managed by the Programme Operators and the initiatives managed by the NFP and about the incurred and planned expenditures.

Chapter 1. Legal basis, objective and scope of application of *the Guidelines*

- 1) *The Guidelines* have been prepared in accordance with the Memorandums of Understanding, Regulation, Agreement on the FBR, FMO Guidelines on the FBR, *Ordinance of the Minister of Investment and Economic Development of 22 February 2018 on the appointment of the Team – the Joint Committee for the Bilateral Funds of the EEA FM 2014-2021 and NFM 2014-2021*, and the JCBF Procedure.
- 2) *The Guidelines* are to establish the conditions and mode for the use of funding from the FBR under the EEA FM 2014-2021 and the NFM 2014-2021 in a way which ensures an effective implementation of the overriding objective of the FBR, i.e. strengthening bilateral relations between Poland and the Donor States.

- 3) *Management costs guidelines* and *TA Guidelines* regulate the financing of activities aimed at strengthening bilateral relations from the management costs of the PO (in accordance with Article 8.10.4 letters m) and n) of the Regulation) and the costs incurred by the NFP in relation to the preparation, evaluation, flow of funding and monitoring of the FBR under Technical Assistance (in accordance with Article 8.11.2 letter a) of the Regulation) accordingly.
- 4) Activities should comply with the principle of equal opportunities and non-discrimination, including accessibility for people with disabilities and the principle of equality between women and men.

Chapter 2. Division of tasks and responsibilities under the FBR

- 1) The NFP is an entity responsible for the implementation of the FBR; however, the NFP and the Donor States are jointly responsible for the adoption of the Work Plan for the FBR and the verification of the implementation of the objective of bilateral cooperation.
- 2) Upon signing the MoU, the NFP appoints the JCBF which brings together representatives of the NFP and of the Ministry of Foreign Affairs of Poland and of those of the Donor States, and representatives of the FMO as observers, to be responsible for supervising the implementation of the objective of strengthening bilateral relations.
- 3) The JCBF has the following tasks, in particular:
 - a) discussing matters of bilateral interest, identifying initiatives and verifying the implementation of the objective of strengthening bilateral relations;
 - b) adopting the Work Plan for the FBR, to be discussed at the Annual Meeting;
 - c) identifying and allocating funding from the FBR to programmes of common interest, based on the requests of the PO for awarding additional grant (*expressions of interest*).
- 4) JCBF Procedure, adopted at the first meeting of the Committee on 26 February 2018, contains detailed provisions on the composition, function and mode of operation of the JCBF.
- 5) Part of funding from the FBR for programmes is managed by the POs which include the provisions on the FBR in the descriptions of the management, audit system.

Section 2.1. Funding from the FBR managed by the NFP

- 1) The NFP manages the part of funding from the FBR which has not been allocated to programmes in the MoU or in the procedure for approving requests for awarding additional grant from the FBR (i.e. *expression of interest*, with its template specified in Annex No. 4 to *the FMO Bilateral Guidelines*). The funding may be used to implement:
 - a) predefined initiatives,
 - b) open call initiatives.

- 2) The core feature of the initiatives financed from the part of the FBR managed by the NFP involves the possibility to exceed beyond the scope of the programmes agreed in the MoU. The initiatives should be related to bilateral cooperation on the national, local or regional level and be a platform for closer relations, inter alia of a political, cultural, economic and educational nature, including the academic ones in their broader meaning.
- 3) The Work Plan for the FBR² contains strategic assumptions on the use of funding from the FBR in the part managed by the NFP, in particular the assumptions concerning the open calls, the catalogue of predefined initiatives and programmes of common interest.
- 4) The Work Plan for the FBR and its amendments must be approved by the JCBF in the mode specified in the JCBF Procedure.
- 5) Open calls may be launched by the NFP and activities may be undertaken to enable the implementation of predefined initiatives provided that the Work Plan has been approved by the JCBF.
- 6) The NFP establishes principles for the calls for open call applications and open call announcements in the mode specified in the JCBF Procedure.
- 7) The NFP ensures that the open calls are promoted to a large extent. The final version of the open call announcement is published, in particular on the Internet website: www.eog.gov.pl, and on the Internet websites of the Embassies of the Donor States.

Section 2.2. Funding from the FBR managed by the PO

- 1) The funding from the FBR which has been allocated to individual programmes in the MoU does not require approval by the JCBF or by the NFP.
- 2) Decisions on the manner for using the funding from the FBR allocated to programmes, to be implemented in cooperation with a DPP are taken by a consensus between the PO and the DPP under the Cooperation Committee or the Programme Committee.
- 3) The funding from the FBR which has been allocated to individual programmes in the MoU represents minimum allocations – the PO may request for additional funding from the budget of the FBR by submitting a request for awarding additional grant from the budget of the FBR to the NFP (i.e. *expression of interest*)³.
- 4) The PO describes the use of the funding from the FBR which has been allocated to individual programmes in the MoU and bilateral ambitions of the programme in the Concept Note, to be prepared as specified in Annex No. 5 to the Regulation. The PO also uses this document to state if it is planned to submit a request for awarding additional grant from the budget of the FBR and which are the priorities of this allocation.

² The Work Plan indicates planned results of the implemented bilateral initiatives by specifying planned output and result indicators and their values in accordance with *the Result guidelines*.

³ *The expression of interest* specifies planned results of the implemented bilateral initiatives by specifying planned output and result indicators and their values in accordance with *the Result guidelines*.

- 5) Upon the completion of its formal verification by the NFP, the request for awarding additional grant from the budget of the FBR is submitted to the JCBFFBR for consideration (at the first meeting upon the completion of the formal verification or in the circulation mode).
- 6) By examining the request, the JCBF considers, inter alia, the extent to which the PO has used the allocation from the FBR specified in the MoU or prior requests for awarding additional grant from the FBR.
- 7) The NFP notifies the PO about the decision of the JCBF on awarding additional grant from the budget of the FBR for the programme, upon the approval of the minutes of the meeting of the JCBF or upon the approval/rejection of the request in the circulation mode.
- 8) The PO is obliged to manage the additional allocation of funding from the FBR to the programme by following the recommendations of the JCBF.
- 9) Representatives of the PO and the DPP or of other entities may be invited to participate in the meetings of the JCBF as observers, if required by the nature of the discussed matters.
- 10) Allocated to the programme, funding from the FBR may be used by the PO to, inter alia:
 - a) implement predefined initiatives;
 - b) implement open call initiatives;
 - c) as the so called seed money to stimulate the development of partnerships, as discussed more in detail in point 3) of Section 3.2 of *the Guidelines*.
- 11) The PO prepares the principles for open call and open call announcement in agreement with the DPP under the Cooperation Committee or the Programme Committee.

Chapter 3. Eligibility

Section 3.1. General principles of eligibility

- 1) The starting date of eligibility for expenditures from the FBR falls on 20 December 2017, established in accordance with Article 4.6(2) of the Regulation. The eligibility period of the FBR expires on 30 April 2025. The eligibility period for expenditures under the respective initiative is specified in the document awarding a grant (contract/decision/agreement).
- 2) Eligible expenditures are costs actually incurred by a Beneficiary, Partner, PO or the NFP as long as they fulfil the following criteria:
 - a) they are incurred between the first and the last day of the eligibility period in accordance with the time framework specified in the contract/decision/agreement on the respective initiative;
 - b) they are related to the subject of the contract/decision/agreement on the respective initiative;
 - c) they are proportionate and necessary for the implementation of the initiative;

- d) they must be used for the sole purpose of achieving the objective(s) of the project and its expected outcome(s)⁴, in a manner consistent with the principles of economy, efficiency and effectiveness
 - e) they are identifiable and verifiable, in particular through being recorded in the accounting records of the Beneficiary or/and initiative partner, partner and determined according to the applicable accounting standards of the country where the Beneficiary or initiative partner is seated, and are consistent with the generally accepted accounting principles;
 - f) they comply with the requirements of applicable national and European Union legislation ;
 - g) they are documented correctly;
 - h) they are not financed from other aid funding, European Union or national (the principle of no double financing⁵).
- 3) Expenditures are considered to have been incurred when the cost has been invoiced (or alternatively supported by accounting documents of equivalent probative value), paid and the subject matter delivered (in case of goods) or performed (in case of services and works). Exceptionally, costs in respect of which an invoice (or alternatively by accounting documents of equivalent probative value) has been issued in the final month of eligibility are also deemed to be incurred within the dates of eligibility if the costs are paid within 30 days of the final date for eligibility.
- 4) Beneficiary, Partner, PO and NFP internal accounting and auditing procedures must permit direct reconciliation of the expenditures within FBR with the corresponding accounting statements and supporting documents.

Section 3.2. Types of activities to be financed from the FBR

- 1) In accordance with the Regulation Article 8.8 , the FBR provides for the eligibility of costs incurred by the Beneficiary, Partner, PO or by the NFP accordingly, in relation to:
- a) activities aiming at strengthening bilateral relations between the Donor States and Poland;
 - b) the search for partners for donor partnership projects prior to or during the preparation of a project application, the development of such partnerships and the preparation of an application for a donor partnership project;
 - c) networking, exchange, sharing and transfer of knowledge, technology, experience and best practice between entities in Poland and entities in the Donor States and/or international organisations;
 - d) activities aiming at strengthening cooperation and exchanging experiences and best practices between the Programme Operators and similar entities within Poland and Donor

⁴ In accordance with the Result guidelines.

⁵ The principle of no double financing means that the same expenditure may not be refunded/finance from public funds twice, including the funds of foreign aid, EU and national funds (totally or in part).

States, as well as international organisations, provided at least one entity within the Donor States is involved in the activity.

- 2) During the preparation of the programme, i.e. until the signature of the contract on the programme implementation, the POs may use funding from the FBR to strengthen the bilateral ambitions of programmes and to prepare a basis for future cooperation. Examples of financeable activities at this stage include:
 - a) study tours to the Donor States for POs, potential project promoters and partners to get input to the programme development;
 - b) feasibility studies for bilateral cooperation and expert advice on how to design the programme to integrate bilateral aspects;
 - c) meetings with Donor State entities defined as potential partners in pre-defined projects;
 - d) bilateral stakeholders consultations;
 - e) promotional activities to attract potential project promoters and partners for partnership projects.
- 3) For the PO, costs related to launching the seed money are also eligible, can for example be used for travel and meeting costs for potential partners or any costs related to the development of the project application or development of the partnership. The seed money is launched either through open calls for proposals at specific points of time, e.g. some months prior to the main calls for proposals, or allow for applications on a continuous basis.
- 4) Examples of activities that could be carried out under funds for bilateral relations managed by the NFP include matchmaking events not tied to one particular programme, technical cooperation and exchange of experts, secondments and internships, capacity building and short term training, workshops and seminars on topics of common interest, study tours and visits, data collection, reports, studies and publications, campaigns, exhibitions and promotional material.
- 5) It is allowed to finance indirect costs related to the implementation of a predefined or open call initiatives in the amount of no more than 10% of the initiative's value. For predefined initiatives, the decision on financing indirect costs is taken by the NFP or PO accordingly, depending on the complexity of the respective initiative. For open call initiatives, the open call announcement proposals provides for potential financing of indirect costs.

Section 3.3. Domestic and foreign travels

- 1) Having regard to the principle of proportionality, travel costs, including subsistence allowance, may be calculated as a lump sum. Expenditures incurred during travels should not exceed the limits which are binding for a specific entity in accordance with the national law or internal regulations, subject to point 2. Costs of domestic and foreign travels (for Polish public and non-public entities) should be settled in principle in accordance with the limits mentioned in *the*

Regulation of the Minister of Labour and Social Policy of 29 January 2013 on the receivables due to an employee of a state or self-government budget unit for a business travel or relevant regulations on receivables due to officials for a travel. If justified, the limits mentioned in the aforementioned regulations may be amended. In this situation, an appropriate justification should be submitted with the Interim Financial Report.

- 2) For entities which do not have any regulations in the aforementioned respect, it is recommendable to apply fixed rates of daily allowances of the European Commission (as mentioned in the document – Annex to the Decision No. C(2008)6215 of the EC of 18 November 2008 on general provisions concerning business trips of officials and other employees of the EC, as amended). The provisions of Regulation Article 8.9 and tFMO Guideline for Educational Programmes apply.
- 3) The objective of the travel should be directly related to the tasks of the institution with regard to the FBR, while travels should take place as a rule by means of the most effective and economically justified means of transport.
- 4) Private means of transport are settled only up to the limit mentioned in the relevant national law or internal regulations of the Beneficiaries/Partners which are not obliged to apply the national law.
- 5) Expenditure related to travels which have not taken place may be deemed eligible as long as they fulfil each of the following conditions:
 - a) the fact that a travel has not taken place has not been caused by the NFP/PO/Beneficiary/Partner;
 - b) the expenditure may not be recovered by the NFP/PO/Beneficiary/Partner by any way, including based on the insurance;
 - c) settlement of costs of a travel which has not taken place has been justified by the NFP/PO/Beneficiary/Partner appropriately.

Section 3.4. Excluded costs

In accordance with Regulation Article 8.7 of the , ineligible expenditures include:

- a) interest on debt, debt service charges and late payment charges;
- b) charges for financial transactivities and other purely financial costs, except costs related to accounts required by the FMC, the National Focal Point or the applicable law and costs of financial services imposed by the project contract;
- c) provisions for losses or potential future liabilities;
- d) exchange losses,
- e) recoverable VAT;

- f) costs that are covered by other sources;
- g) fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project..

Section 3.5. Proof of expenditures

- 1) In accordance with Regulation Article 8.12, costs incurred from the FBR should be supported by receipted invoices, or alternatively by accounting documents of equivalent probative value.
- 2) The Beneficiary/Partner may prove the expenditures in the form of a report by an independent auditor or a competent and independent public officer, which will prove that the claimed costs are incurred in accordance with this Regulation, the relevant law and national accounting practices.
- 3) Should it be possible to finance indirect costs from the initiative, the description of the method for their calculation should be submitted to the NFP or PO for approval, along with the document awarding a grant.
- 4) Invoices or other accounting documents of equivalent probative value supporting expenditures incurred within FBR, should be described in an explicit way, by including in particular the invoice/document number, material scope of the action and its source of financing, i.e. FBR EEA FM 2014-2021 and NFM 2014-2021 at the respective ratio of 49.15%/50.85%.⁶
- 5) The cost of the report by an independent auditor or by a competent and independent public officer is deemed eligible as long as it fulfils the general principles of eligibility, as mentioned in the Guidelines Sections 3.1.

Chapter 4. Awarding a grant

- 1) Grant may be awarded for predefined or open call initiatives from the FBR provided that:
 - a) the JCBF approves the predefined initiative, to be financed from the part of the FBR managed by the NFP by its inclusion in the Work Plan for the FBR;
 - b) the JCBF or CC approves the predefined initiative, to be financed from the part of the FBR managed by the PO;
 - c) the proposal of initiative submitted under open announced by the NFP or PO, once qualified for funding.
- 2) A contract on financing the initiative/agreement/decision, concluded by the Beneficiary with the NFP or PO as appropriate is conditional to awarding a grant for predefined or open call initiatives from the FBR based on. The document awarding a grant is accompanied by *the Request for financing the bilateral initiative within EEA Financial Mechanism and Norwegian Financial Mechanism 2014-2021 Fund for bilateral relations (if appropriate)*. The request

⁶ That does not refer to reports by an independent auditor or by a competent and independent public official, submitted by the Beneficiary/Partner, being an entity from the Donor State or a non-EEA country which has a common border with Poland or an international organization, its body or agency.

specifies the material scope of the initiative, schedule of planned activities, their expected outcome(s) - in accordance with the principles specified in *the Result Guidelines* and the budget of the initiative.

Chapter 5. System of settlements and financial flows

Section 5.1. Settlements on NFP and FMO level

- 1) Under the FBR, payments by the Donor States take the form of advance payments, interim payments and of the payment of the final balance. Payments are made to the Polish bank account dedicated to the Financial Mechanisms, as indicated by Poland. The amount of advance payments and the refund mechanism is specified in the Agreement on the FBR.
- 2) The first payment (advance payment) is paid by the FMO to the Polish bank account of the Financial Mechanisms upon the signature of the Agreement on the FBR in the amount specified therein.
- 3) Interim payments cover, as a rule, planned expenditures for the following reporting period, reduced by the opening balance, the planned expenditures refer to⁷.
- 4) The amounts of the expenditures included in *the Interim Financial Reports* are expressed in Euro. The amounts are rounded up to integral numbers by following the rules of mathematics. The amounts in PLN are converted into Euro at the monthly settlement foreign exchange rate of the European Commission for the month in which the expenditures have been incurred by the NFP/PO⁸.
- 5) The NFP includes the final balance in the last summary *Interim Financial Report* on the use of funding from the FBR.
- 6) The NFP prepares summary *Interim Financial Reports* on the FBR in accordance with point 6.1 of *the Guidelines* and submits them to the CA. Upon the certification by the CA, the Reports are submitted to the FMC or the NMFA. Upon the approval of the Reports by the FMC or the NMFA, interim payments are transferred to the Polish bank account of the Financial Mechanisms.

Section 5.2. Settlements on PO and NFP level

- 1) In case the PO is a state budget unit, expenditures for the implementation of the FBR should be planned under the budget of the European funds in respective budget positions of the competent

⁷ The balance being a difference between the formerly received interim payment/advance payment and the factual expenditures incurred in the reporting period and the planned expenditures before the beginning of the following reporting period, as mentioned in point 3 of Section 5.1. The amount of the advance payment may be amended by the CFM or the NMFA in case the planned expenditures are deemed unjustified. The CFM or the NMFA will submit a justification to the amendment to the NFP and the CA.

⁸ The foreign exchange rate is published on the Internet website of the European Commission:
http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm.

user or the special-purpose provision of the budget of the European funds. Payments will be executed through the system of BGK, as stated in the Public Finance Act⁹.

- 2) Funding for the POs which are not state budget units will be planned as a rule by the NFP in position 34 or the special-purpose provision of the budget of the European funds and paid out by the NFP to the POs.
- 3) The POs which are not state budget units may be authorized by the NFP to express consent for making payments and paying out funds from the FBR to the Beneficiaries of the implemented initiatives¹⁰ in accordance with Article 188(2) of the Public Finance Act.
- 4) The amounts of the expenditures included in *the Interim Financial Reports* of the POs are expressed in Euro. The amounts are rounded up to integral numbers by following the rules of mathematics. The amounts in PLN are converted into Euro at the monthly settlement foreign exchange rate of the European Commission for the month in which the expenditures have been incurred by the Beneficiary/PO¹¹.
- 5) The PO includes the final balance in the last summary *Interim Financial Report* on the use of funding from the FBR.
- 6) The OP prepares *the Interim Financial Report* on the use of funding from the FBR in accordance with point 6.2 of *the Guidelines* and submits it to the NFP. Payments to the POs which are not state budget units are made by the NFP as a rule, upon the approval of *the Interim Financial Report* by the NFP.

Section 5.3. Settlements on the level of the Beneficiary – the NFP and of the Beneficiary – the PO

- 1) In case the Beneficiary is a state budget unit (both of predefined and open call initiatives managed by the PO and the NFP), it plans funds for the implementation of tasks under the FBR in the budget of the respective user or the special-purpose provision of the budget of the European funds. Payments will be executed through the system of BGK, as stated in the Public Finance Act.
- 2) In case the Beneficiary of the FBR is an entity not being a state budget unit:
 - a) the interim and final payments will be made provided that the Beneficiary submits and the NFP or the PO approves *the Interim Financial Report* or any other document indicated by

⁹ In relation to the Decision of the Ministry of Finance to plan the whole of the funding from the BCF under the special-purpose provision of the budget of the European funds, in case it is justified/necessary for the PO to incur expenditures under the BCF, it is suggested to make transfers above all under the budget of the European funds within the PO's budget part. Afterwards, it is suggested to use the special-purpose provision of the budget of the European funds in accordance with the procedure Publisher on the Internet website of the Ministry of Investment and Economic Development: <https://www.mii.gov.pl/strony/zadania/polityka-rozwoju-kraju/rezerwa-celowa/>.

¹⁰ During the preparation of the programme, the POs which are not state budget units are suggested to finance activities aimed at strengthening bilateral relations from the management costs. In case it is justified/necessary for the PO to incur expenditures from the BCF, the PO shall notify the NFP to prepare a co-financing contract for the preparation phase of the programme.

¹¹ The foreign exchange rate is published on the Internet website of the European Commission: http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/index_en.cfm

the PO, as mentioned in points 6.2 or 6.3 of *the Guidelines*¹² (payments are made in the mode and at the dates specified in the contract/agreement/decision);

- b) the NFP or the PO may pay out the first payment to the Beneficiary in the form of an advance payment.

Chapter 6. Reporting obligations under the Fund for Bilateral Relations

Section 6.1. Reporting obligations of the National Focal Point

- 1) The NFP registers bilateral initiatives financed from the part of the FBR managed directly by the NFP – within 4 weeks from the completion of the initiative – in the IT system made available by the FMO to make it possible to review the types of financed activities, participating entities and achieved results.
- 2) Based on *the Interim Financial Reports* received from the POs and the Beneficiaries of the predefined and open call initiatives financed from the part of the FBR managed by the NFP, in the mode specified in *Sections 5.2 and 5.3 of the Guidelines*, the NFP prepares the summary *Interim Financial Reports* on the implementation of the FBR by using the template specified by the FMO.
- 3) In case the Beneficiary of the funds is the NFP, the expenditures actually incurred by the NFP are reported. With regard to the predefined and open call initiatives implemented by other entities from the part of the FBR managed by the NFP, the payments made by the NFP to the Beneficiaries are reported as executed (that refers to the entities not being state budget units).
- 4) The summary *Interim Financial Reports* on the implementation of the FBR cover the following periods:
 - a) from 1 January until 30 June for the incurred expenditures and from 1 November until 30 April for the planned expenditures;
 - b) from 1 July until 31 December for the incurred expenditures and from 1 May until 31 October for the planned expenditures;and are submitted by the NFP to the FMO until 15 September for the payments to be executed until 15 October and until 15 March for the payments to be executed until 15 April.
- 5) The NFP prepares a Strategic Report which includes, inter alia, information about strengthening bilateral relations with the Donor States. The draft report is submitted to the JCBF for an opinion in the mode specified in the Procedure of the JCBF. The Strategic Report is approved by the Donor States at the Annual Meeting.
- 6) The NFP prepares the last summary *Interim Financial Report* on the implementation of the FBR based on the last *Interim Financial Reports* received from the PO and the Beneficiaries of the

¹² It is allowed to pay out the final payment before the submission of the last *Interim Financial Report*, if justified.

predefined and open call initiatives financed from the part of the FBR managed by the NFP. The Report includes a calculation of the final balance.

Section 6.2. Reporting obligations of the Programme Operators

- 1) The PO registers bilateral initiatives financed from FBR allocated to the respective programme – within 4 weeks from the completion of the initiative – in the IT system made available by the FMO to make it possible to review the types of financed activities, participating entities and achieved results.
- 2) The PO submits *the Interim Financial Reports* to the NFP on the use of the funding of the FBR allocated to the respective programme by following the template specified by the NFP for the following periods:
 - a) from 1 January until 30 June for the incurred expenditures and from 1 November until 30 April for the planned expenditures;
 - b) from 1 July until 31 December for the incurred expenditures and from 1 May until 31 October for the planned expenditures;at the dates specified in the Contract on the implementation of the programme.
- 3) *The Interim Financial Reports* should include:
 - a) a description of the activities implemented during the reporting period from the FBR (that refers to own activities of the PO and the predefined and open call initiatives implemented from the funding of the FBR allocated to the programme);
 - b) a description of the actual expenditures incurred during the respective reporting period in relation to the aforementioned activities;
 - c) a description of the expenditures planned to be incurred in the periods mentioned in point 2) letters a) – b).
- 4) The expenditures incurred by the PO are verified for calendar quarters. Upon the lapse of the quarter, the PO submits, at the dates specified in the agreement, to the NFP schedules of documents supporting the expenditures for the respective quarter – that refers to the expenditures incurred directly by the PO from the FBR or to the list of public procurements performed by the PO from the FBR during the respective reporting period, signed by a person authorized by the PO.
- 5) In case the Beneficiary is the PO, the expenditures actually incurred by the PO are reported. With regard to the predefined and open call initiatives implemented by other entities from the part of the FBR managed by the PO, the payments made by the PO to the Beneficiaries are reported as executed.
- 6) The OP attaches to *the Interim Financial Report* submitted to the NFP:

- a) a list of financial documents confirming that the expenditures have been incurred in the respective reporting period, signed by a person authorized by the PO – for the expenditures incurred during the 2nd and 4th quarter;
- b) a list of public procurements performed by the PO from the FBR during the respective reporting period, signed by a person authorized by the PO – for the expenditures incurred during the 2nd and 4th quarter.

In case the PO is not a state budget unit, the first Interim Financial Report must be accompanied by a declaration about the eligibility of VAT, signed by a person authorized by the PO, while the PO informs about any changes in the eligibility of VAT in the following reports, if applicable.

- 7) The NFP selects a probe of financial documents from the received schedules for a detailed verification. The methodology for selecting the probe and the list documenting the selection and the verification of the expenditures will be specified in the internal procedures of the NFP (audit system) and may be actualised. The verification process includes, inter alia:
 - a) the eligibility of expenditures in accordance with the criteria specified in Articles 8.2.2 and 8.8.1 of the Regulation,
 - b) the fact that the expenditures are declared for settlement only once,
 - c) the consideration of the results of all on-site audits and controls carried out under the FBR,
 - d) the consideration of the settlement of the amounts of irregularities,
 - e) the fact that the expenditures of the Beneficiary which have been deemed incurred or ineligible will not be declared for settlement.
- 8) In the annual report on the implementation of the programme, the PO evaluates and presents the implementation of the objective of bilateral cooperation in accordance with Article 6.11 of the Regulation, including, but not limited to output and result indicators concerning the bilateral cooperation.
- 9) The PO is obliged to provide – if requested by the NFP – additional information, and to make available additional materials concerning the FBR to prepare a chapter on the bilateral relations of the Strategic Report.
- 10) The final balance is calculated by the PO in the last *Interim Financial Report* on the use of the funding from the FBR allocated to the respective programme.
- 11) The PO summarizes the whole implementation period of the FBR and the achieved results in the final report on the implementation of the programme.

Section 6.3. Reporting obligations of the Beneficiaries of the predefined initiatives and of the Beneficiaries of the open call initiatives managed by the NFP

- 1) Unless specified otherwise in the document awarding a grant (i.e. contract/decision/agreement), the Beneficiary of the predefined or open call initiative submits to the NFP *the Interim Financial*

Reports on the use of funding from the FBR by following the template specified by the NFP, for the following periods:

- a) from 1 January until 30 June for the incurred expenditures and from 1 November until 30 April for the planned expenditures;
- b) from 1 July until 31 December for the incurred expenditures and from 1 May until 31 October for the planned expenditures;

until 20 July and 20 January of the following year accordingly.

2) *The Interim Financial Reports* should include:

- a) a description of the activities implemented during the reporting period from the FBR;
- b) a description of the factual expenditures incurred in relation to the aforementioned activities during the respective reporting period;
- c) a description of the expenditures planned for the periods mentioned in point 1) letters a) – b).

3) The Beneficiary attaches to *the Interim Financial Report* submitted to the NFP:

- a) a schedule of expenditures, including the financial documents confirming that the expenditures have been incurred, signed by an authorized person,
- b) a list of public procurements in relation to the expenditures incurred during the reporting period, signed by an authorized person.

If the report by an independent auditor or a competent and independent public officer is presented, the letters a) and b) do not apply.

In case the Beneficiaries are not state budget units, the first *Interim Financial Report* is accompanied by a declaration about the VAT eligibility, signed by a person authorized by the Beneficiary, while the Beneficiary informs about changes in the VAT eligibility in the following reports, if applicable.

4) The NFP selects a probe of financial documents from the received schedules for a detailed verification. The methodology for selecting the probe and the list documenting the selection and the verification of the expenditures will be specified in the internal procedures of the NFP (audit system) and may be updated. The verification process includes, inter alia:

- a) the eligibility of expenditures in accordance with the criteria specified in Regulation Articles 8.2.2 and 8.8.1,
- b) the fact that the expenditures are declared for settlement only once,
- c) the consideration of the results of all on-site audits and controls carried out under the FBR,
- d) the consideration of the settlement of the amounts of irregularities,
- e) the fact that the expenditures of the Beneficiary which have been deemed incurred or ineligible will not be declared for settlement.

Section 6.4. Reporting obligations of the Beneficiaries of the predefined initiatives and of the Beneficiaries of the open call initiatives managed by the PO

The reporting obligations of the Beneficiaries of the predefined initiatives and of the open call initiatives, implemented from the part of the FBR allocated to the respective programme, are specified by the PO in the contract/decision/agreement awarding the grant.

Chapter 7. Controls

- 1) The Beneficiaries of the FBR are obliged to make available the whole of the documentation concerning the granted financial aid to authorized representatives of the NFP, PO, Donor States (FMC, NMFA, Audit Committee of the EFTA, Office of the Auditor General of Norway) and other institutions authorized to carry out controls of the EEA FM and of the NFM.
- 2) The documents should be available for control for a period of three years from the date the FMC and the NMFA approves the last summary *Interim Financial Report* on the FBR.

Section 7.1. Controls carried out by the NFP

- 1) The NFP ensures that the predefined and open call initiatives are controlled under the part of the FBR managed by the NFP and the tasks performed by the PO under the FBR are also controlled in the mode specified in these *Guidelines*, the description of the management and control system and the audit system of the NFP.
- 2) The NFP carries out controls of the predefined and open call initiatives financed from the part of the FBR managed by the NFP to verify if their implementation complies with the Regulation, the Agreement on the FBR, relevant provisions of the national and EU law and relevant guidelines issued by the FMC and the NMFA (inter alia, *the Guidelines of the FMO concerning the FBR, the Financial guidelines* (point 2.5) and *the Manual of communication and visual identification for the EEA FM 2014-2021 and for the NFM 2014-2021*) or by the minister responsible for investment and economic development.
- 3) The NFP carries out controls of the tasks of the PO under the FBR to gain assurance that the management and control system of the PO under the FBR operates properly and in accordance with the Regulation, the Agreement on the FBR, the contract on the implementation of the programme, relevant provisions of the national and EU law and relevant guidelines issued by the FMC and the NMFA and by the minister responsible for investment and economic development.
- 4) The NFP carries out controls of the predefined and open call initiatives financed from the part of the FBR managed by the NFP in accordance with the following scheme:

- a) The NFP prepares an annual control plan which includes a list of the Beneficiaries of the FBR selected for control in the respective year, including the estimated date of control;
 - b) The NFP notifies the Beneficiary about the planned control not later than 5 working days before the starting date of the control to guarantee that necessary employees and documentation will be available;
 - c) The NFP prepares a post-control report in two counterparts within 15 working days from the completion date of the control, including control findings and recommendations and a deadline for the Beneficiary to implement them;
 - d) Within 10 working days from the receipt date of the post-control report, the Beneficiary may submit its position on the content of the post-control report in writing – in case the Beneficiary does not raise any objections, the Beneficiary is obliged to send back one counterpart of the signed post-control report within the aforementioned deadline;
 - e) In case the Beneficiary raises objections to the content of the post-control report, the NFP examines the objections within 10 working days from their receipt date – in case the objections are considered, the NFP submits an amended post-control report by considering the received objections (in two counterparts);
 - f) In case there are no further objections to the post-control report, the Beneficiary is obliged to send back one counterpart of the signed post-control report within 10 working days from its receipt date;
 - g) In case the Beneficiary rejects to sign the amended post-control report, the Beneficiary is obliged to submit a justification of the rejection to sign the post-control report in writing, including one counterpart of the report not signed within 10 working days from its receipt date. The rejection to sign the post-control report does not suspend the implementation of the post-control/corrective recommendations by the Beneficiary;
 - h) The implementation of the post-control recommendations specified in the post-control report is monitored by the NFP.
- 5) In case the NFP is made aware of suspected irregularities in the implementation of the FBR, the NFP (or any other authorized institution) may carry out an ad hoc control without the necessity to notify the controlled entity. Nevertheless, to ensure that there will be a person/persons authorized to represent the controlled entity and possessing knowledge about the implemented initiative present during the control, it is possible to notify the controlled entity about the ad hoc control, however not earlier than within 1-2 working days before the starting date of the control.
- 6) The NFP carries out controls of the tasks of the PO under the FBR at the dates and in the mode specified for the controls of the NFP under the programmes.

Section 7.2. Controls carried out by the PO

- 1) The PO ensures that the predefined and open call initiatives under the part of the FBR allocated to programmes are controlled in the mode specified in the description of the management and control system and the audit path of the PO.
- 2) The PO carries out controls of the predefined and open call initiatives financed from the FBR to verify if the implementation of the initiatives complies with the Regulation, the Agreement on the FBR, relevant provisions of the national and EU law and relevant guidelines issued by the FMC and the NMFA (inter alia, *the Guidelines of the FMO concerning the FBR, the Financial guidelines* (point 2.5) and *the Manual of communication and visual identification for the EEA FM 2014-2021 and for the NFM 2014-2021*) or by the minister responsible for investment and economic development.
- 3) A counterpart of the annual control plan of the PO under the FBR is submitted to the NFP until 31 January of the year which is covered by the plan.
- 4) Counterparts of the post-control report are submitted by the PO to the NFP and the IA for information purposes.

Chapter 8. Public procurement

- 1) Each entity engaged in the implementation of the FBR applies the provisions on public procurement which are binding in its country¹³.
- 2) The direct engagement of a Partner or of a potential Partner in the preparation of proposals (eg advisory for the Beneficiary on the technical specification) may cause that they will be excluded from the public procurement procedure.
- 3) The NFP, PO and the Beneficiary, each of them independently, are responsible for verifying if the partnership implies public procurement.

Chapter 9. Irregularities

- 1) In accordance with Annex A to the MoU, the IA is responsible for the preparation and submission of reports on irregularities to the institutions representing the Donor States on behalf of the Republic of Poland. The IA submits reports on irregularities in 3 modes:
 - a. in the regular mode, within two months from the end of each quarter, including a description of all suspected and factual irregularities detected during the past quarter; in case there are no irregularities to report in the respective quarter, the IA notified the institutions representing the Donor States accordingly (Article 12.5.2 of the Regulation);
 - b. in the immediate mode, immediately upon the detection of a specific irregularity (specified in Article 12.5.1 of the Regulation) or its suspicion;

¹³ International organizations apply their binding public procurement procedures.

- c. at the request of the institutions representing the Donor States, within one month from the date of their request, as specified in Article 12.5.3 letters a), b) and c) of the Regulation.
- 2) Furthermore, the IA submits to the NFP or the NMFA regular reports on new irregularities and reports on the examination and removal of the formerly reported irregularities.
- 3) The reports on new irregularities and the reports on the examination and removal of the formerly reported irregularities are prepared in Polish and English, by following the templates specified by the Donors and annexed to the Regulation.
- 4) The IA keeps a register of all irregularities (including those not subject to regular or immediate reporting to the Donors), including all the irregularities and enabling their simple identification.
- 5) The PO is obliged to submit, at the request of the IA, any information/materials concerning the occurred irregularities.