

Norwegian Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Norwegian Ministry of Foreign Affairs

and

The Ministry of Regional Development,
hereinafter referred to as the “National Focal Point”,
representing the Republic of Poland,
hereinafter referred to as the “Beneficiary State”

together hereinafter referred to as the “Parties”

for the financing of the Programme “Reducing social inequalities in health”

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 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 to 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 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.

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 Article 5.5 of the Regulation.

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

Article 4.2 **Proof of expenditure**

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

Article 4.3 **Payments**

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

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

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

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

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

Article 4.4 **Transparency and availability of documents**

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

Article 4.5

Irregularities, suspension and reimbursements

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 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.

Article 5.4 Entry into force and duration

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

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

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

For the NMFA

Signed in Oslo on 20.12.2012



Anders Erdal
Deputy Director, Ministry of Foreign Affairs

For the National Focal Point

Signed in Darsan on 03.12.2012


Podsekretarz Stanu

Paweł Orłowski
Undersecretary of State, Ministry of Regional Development

Annex I – Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome:	Improved governance in health care
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Output	Output Indicator	Baseline	Target	Source of Verification
Models developed and reports elaborated	Number of models and reports elaborated	0	6	Beneficiary reporting
Cross sectoral strategy for reducing social inequalities in health elaborated	Number of strategies/policies elaborated	0	1	Beneficiary reporting.
Public health trainings carried out	Number of participants	0	3,000	Beneficiary reporting.

Expected Outcome:	Life-style related diseases prevented or reduced
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Output	Output Indicator	Baseline	Target	Source of Verification
Community –based health promotion programmes	Number of people participating in health promotion programmes, including health promotion events	0	5,000	Beneficiary reporting
Community-based disease prevention programmes	Number of people participating in disease prevention programmes, including screening examinations	0	10,000	Beneficiary reporting

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 any public support under this programme complies with the procedural and substantive State Aid rules applicable at the time when the public support is granted. The National Focal Point shall, by way of the programme implementation agreement, ensure that the Programme Operator maintains written records of all assessments concerning compliance with state aid rules, particularly decisions to award grants and set grant rates, and provides such records to the NMFA upon request. The approval of the Programme by the NMFA does not imply a positive assessment of such compliance.
- 3) Detailed selection criteria, developed by the Programme Operator and adopted by the Cooperation Committee, shall be submitted to the FMO no later than two weeks before the open call.
- 4) The National Focal Point shall ensure that the pre-defined project under the Programme will be audited by the Polish Audit Authority at least once during project implementation.
- 5) The selection procedures and criteria for awarding support from the fund for bilateral relations shall be submitted to the NMFA for approval at the latest two weeks before the open call. The NMFA will give its comments within 10 working days.

2.2 Pre-eligibility

Not applicable.

2.3 Pre-payment

Not applicable.

2.4 Pre-completion

Not applicable.

2.5 Post-completion

Not applicable.

3. Eligibility of Costs

3.1 Eligibility of costs period

Eligibility of costs (excluding prog prep costs): 04/09/2012 – 30/04/2017.

Eligibility of programme proposal preparation costs: 10/06/2011 – 03/09/2012.

3.2 Grant rate and co-financing:

Estimated total programme cost	€21,176,471
Programme estimated eligible expenditure	€21,176,471
Programme grant rate (%)	85%
Maximum amount of programme grant	€18,000,000

3.3 Programme eligible expenditure (€) and Advance payment amount (€):

Budget heading	Contribution from NFM	Contribution from programme operator	Total eligible expenditure	Advance payment (NFM contribution)
Programme Management	€1,515,000	€267,353	€1,782,353	€58,753
Improved governance (pre-defined project)	€2,918,900	€515,100	€3,434,000	€194,118
Life-style related diseases prevented or reduced	€13,109,725	€2,313,481	€15,423,206	-
Fund for bilateral relations	€270,000	€47,647	€317,647	€23,529
Preparation of programme proposal	€6,375	€1,125	€7,500	€6,375
Reserve for exchange rate losses	€180,000	€31,765	€211,765	-
Total	€18,000,000	€3,176,471	€21,176,471	€282,775

3.4 Retention of management costs:

Retention of management costs - percentage of the grant amount.	10%
Retention of management costs – planned euro value	€151,500

3.5 Small Grant Scheme:

Not applicable.

Annex II - Operational rules (Annex II)

1. Eligibility

1.1 Eligible measures (sub-measures if any):

The Programme Operator is the Ministry of Health.

The Norwegian Directorate of Health is a donor programme partner.

The purpose of the Programme is to improve public health and reduce social inequalities in health by:

- Improving governance in health care;
- preventing or reducing life-style related diseases.

Measures that contribute to the two categories above are eligible under the Programme. They are *inter alia* the following:

- Development of models and elaboration of reports;
- Elaboration of cross sectoral strategy for reducing social inequalities in health;
- Training;
- Evaluation of activities carried out within the pilot projects;
- Development of knowledge base;
- Implementation of community-based health promotion and/or disease prevention pilot projects consisting of:
 - Prophylaxis programmes,
 - Educational actions on health topics.

The Programme is implemented by one pre-defined project and a restricted call for proposals for pilot-projects.

1.2 Eligible applicants:

The Department of Health Insurance within the Ministry of Health is the Project Promoter of the pre-defined project. Local government units (poviats) are eligible applicants under the restricted call for the pilot-projects.

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:

- Cost regarding purchase of land and real estate is not eligible in projects.

Indirect costs in projects can be based on either actual indirect costs or a flat rate of up to 20% of total direct eligible costs in accordance with Article 7.4.1 (a) and 7.4.1(b) of the Regulation. In the application form the Project Promoter needs to describe the chosen option. In case of the first option, the costs are reimbursed according to the actual incurred costs. In case of the latter option, a report made by an independent and certified auditor certifying that the flat-rate overheads represent a fair apportionment of the overall overheads needs to be submitted to the Programme Operator.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

The minimum amount of grant assistance applied for in the restricted call is €300,000; the maximum amount is €1,000,000.

2.2 Project grant rate:

Grants from the programme will be 100% of total eligible project costs

3. Selection of projects

3.1 Selection procedures:

In the case of the restricted call for proposals, the selection procedures will mainly follow the two-step selection procedure provided in Article 6.5 of the Regulation with the exception that four independent and impartial experts will conduct the reviewing and scoring of the applications, an additional appeals procedure is added after the review by the experts and the Selection Committee makes a final decision on which projects are supported, which is not subject to review by the Programme Operator.

The two-step selection procedure will be based on two types of criteria: formal criteria (including administrative and qualification criteria) and content related criteria. Under the first step the Programme Operator shall review the applications for compliance with administrative and eligibility criteria. If at this stage the Programme Operator detects any inconsistencies or obvious errors that can be remedied, the applicant shall be given 3 working days to do so, from the date of the sending of the notification letter by the Programme Operator. Applicants whose applications are rejected at this stage have the right to appeal that decision to the Programme Operator. In case of a negative decision of the Programme Operator, that decision can be appealed further to the National Focal Point. In case of a positive decision by the Programme Operator or the National Focal Point the decision will be subject to an appraisal, otherwise the application goes no further.

Each application which meets the administrative and eligibility criteria shall be subject to the content related criteria. An application is reviewed by 4 independent and impartial experts, appointed by, but independent of the Programme Operator and the Selection Committee. Two of the experts are health care experts who will evaluate the compliance of the applications with the Programme assumptions and adequate legislation on health care. The other two are financial and project management experts evaluating financial feasibility, the management structure and indicators adopted in the applications.

On the basis of the content-related evaluation chart prepared by the Programme Operator and accepted by the Selection Committee the experts (in the given field) will separately score the project according to the selection criteria published with the call for proposals. For the purposes of ranking the projects, the average of the scores awarded by the experts is used. Every expert is obliged to present a short justification of the score. If the difference between the scores given by the two experts in the given field is more than 30% of the higher score, a third expert is commissioned by the Programme Operator to score the project independently. In such cases the average score of the two closest scores shall be used for the ranking of the projects. In relevant cases the applications can be consulted with other experts, regarding, e.g. legal issues. Applicants are informed of the results of this content-related review of the experts and have the right to appeal their decision to the Programme Operator and subsequently to the National Focal Point. The National Focal Point decision is not subject to further appeals.

Under the second step of the procedure the Selection Committee receives a list of the projects, ranked from the highest number of points to the lowest, based on the scoring of the experts. The NMFA shall at the same time receive the list in English. The Selection Committee consists of 7 members; 3 representatives of the Programme Operator, 3 independent experts and 1 representative of the Programme Partner in an advisory capacity. The Committee will act in accordance with the rules elaborated by the Programme Operator. The Committee reviews the list of the ranked projects and has the right to modify it in accordance with the above-mentioned rules. The justification for the modifications is to be mentioned in the minutes of the Committee meeting. The list adopted by the Committee is

submitted to the Minister / Deputy Minister of Health for approval. The list approved by the Minister / Deputy Minister is the basis for elaborating the final results of the call published on the Programme Operator's website. The Minister / Deputy Minister will provide applicants either with a decision awarding grant as a basis for signing a project contract or information on the results of the call if the applicant is not to receive financial contribution.

3.2 Open calls and availability of funds (including number of calls, duration of calls, and estimated size):

There shall be one restricted call for applications for the pilot projects, which shall be commenced no later than in the fourth quarter of 2013 and make available €15,423,206. The call shall be open for at least 2 months.

3.3 Selection criteria:

The selection criteria will include *inter alia* compliance with the objectives and expected outcomes of the programme, measurability of the adopted indicators, significance for the improvement of the health status of the target groups, financial feasibility and efficiency of the management system.

The open call and selection criteria shall furthermore reflect the principles of anti-discrimination and tolerance.

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

4.1 Payment flows

Payments towards the Project Promoters will be in the form of advance payments, interim payments in the form of advance instalments, and a final payment to be paid after the approval of a final report.

The advance payment shall be requested by the Project Promoter and cannot be higher than 10% of the total awarded grant amount.

The advance payments shall be offset against incurred expenditure reported in the interim reports. The advance is deducted from the reimbursements of incurred expenditure until the total advance payment has been offset.

Subsequent interim payments in the form of advance instalments are paid on the basis of approved interim reports until 90% of the total grant has been paid. The advance instalments be requested in interim financial reports and determined on the basis of future needs and incurred expenditure in previous reporting periods.

The payment of the remaining grant shall be made on the basis of the approval of a final report.

Payments shall be transferred to the Project Promoter no later than three months from submission of a payment request and no later than one month after its approval.

4.2 Verification of payment claims

Payments to projects are made on the basis of approved project interim / final reports.

Verification and approval of project interim/final reports will be conducted by the Programme Operator.

Verification and approval of project interim reports will be based on information on incurred expenditure, financial status and projects progress contained in the interim reports, and on additional information to be submitted together with the reports.

The Programme Operator may in justifiable cases decide to cancel the requirement of attaching additional documentation.

In case of additional questions, the Programme Operator may ask the Project Promoters for further explanations/clarifications.

In case of verification of expenditure 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 project partner's country, shall be seen as sufficient proof of costs incurred.

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

4.3 Monitoring and reporting

Project Promoters shall be required to report on project financial progress and progress towards expected outputs in interim reports, and at the end of the project in a final report. The frequency of interim reporting to the Programme Operator shall be based on an agreed timetable, but no less than three times a year. The reporting periods can be merged upon the request of the project promoter.

For projects selected through an open call, on-the-spot monitoring will be conducted every year on a sample of projects selected mainly on the basis of a risk analysis. The analysis takes into account, among other things, the material and financial progress of a project, the time remaining to project completion, and the correctness of prepared reporting documentation.

On-the-spot monitoring can also be conducted on an ad-hoc basis when considered necessary.

On-the-spot monitoring is carried out by the Programme Operator.

Information on reporting and monitoring will further be outlined in the description of the Programme's management and control systems according to article 4.8.2 of the regulation.

5. Additional mechanisms within the programme

5.1 Funds for bilateral relations

The Programme Operator allocates 1,5% of the eligible expenditure of the programme to the fund for bilateral relations.

The use of the fund shall be agreed with the donor programme partner and discussed in the Cooperation Committee.

Under the fund the Programme Operator plans the implementation of the following actions:

1. Contact-making seminars organised by the Programme Operator and the donor programme partner for potential and existing Project Promoters and potential partners from Norway. The participants will be chosen by open call procedures for potential Project Promoters. The purpose is to search for project partners, develop partnership and exchange experience and best practices. Also other conferences and seminars on the topic agreed with the donor programme partner may be organised. The total share of the activities will be €130,000 (41%).

2. A fund for regular open calls for Project Promoters for actions eligible under the fund, which will be announced each year for a dedicated amount. Within this part the financing of study visits, conferences, seminars, workshops etc. is possible. Eligible for receiving aid from the fund for bilateral relations as regards this activity are potential or existing Project Promoters. Under this measure the Programme Operator plans also to announce an open call for the organisation of the conference/conferences on the subject in the health sector. The total share of these activities will be €187,647 (59%).

The grant rate may be up to 100% up to a ceiling of €46,500.

Applicants fulfilling the formal criteria as well as content-related criteria concerning the purpose of the fund will be granted support until the annual allocation is disbursed. Additionally, as in the case of open calls, each application will be assessed in terms of defined indicators for bilateral relations and a set of substantial criteria. The main criteria will be the quality of the application and the expected result with regard to strengthening bilateral relations. The selection procedures and the selection criteria shall be consulted with the donor programme partner in the Cooperation Committee and submitted to the Donors for approval. The donor programme partner will be consulted on a regular basis on the list of applications.

Costs incurred by partners from the Donor States are eligible, but reimbursement requests may only be submitted through the Polish partners. In case of verification of expenditure 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 project partner's country, shall be seen as sufficient proof of costs incurred.

5.2 Complementary action

Not applicable.

5.3 Reserve for exchange rate losses

Contracts between the Programme Operator and the Project Promoter will be defined in PLN.

The reserve for exchange rate losses will be used to cover exchange rate losses resulting from the difference between the exchange rate used for the Programme budget planning and the exchange rates used for the actual expenditures (including the difference between the exchange rate used for awarding grants to projects and the exchange rate used for the settlement of project grants).

5.4 Small Grant Schemes

Not applicable.

6. Pre-defined projects

Project title: "Reducing Social Inequalities in Health"

Project Promoter: Department of Health Insurance (Ministry of Health, Poland)

Donor Project Partner: Norwegian Directorate of Health

NFM Grant amount: €2,918,900

Total estimated project costs: EUR 3,434,000

Description: The project will contribute to the elaboration of the cross-sectoral strategy and provide instruments to reduce health inequalities. The project will be implemented in cooperation with the Norwegian Directorate of Health. Its implementation shall begin with analysis of the current organization and functioning of public health in Poland. Later, two

models will be elaborated, which will be used during implementation of the pilot projects in selected districts (the second component of the Programme). Data gained from the promoters of the pilot projects will be the subject to evaluation and analysis conducted by the Department of Health Insurance and its Donor Project Partner. Essential work of experts appointed by the partners shall result in recommendations for the future as to the effectiveness of the health sector. Best practices will be also identified and available through the internet knowledge base.

Appraisal of the pre-defined project:

The Programme Operator will conduct an appraisal on the basis of formal criteria and content-related criteria. Prior to signing a project contract, a panel of experts will conduct the appraisal in order to verify the quality and contribution of a pre-defined project to the achievement of the programme's outcomes in accordance with the Regulations. The results of the appraisal of the pre-defined project in a form of a report will be submitted by the experts' panel to the Cooperation Committee for approval. When approved by the Cooperation Committee, the report is submitted to the Minister / Deputy Minister of Health for final approval. Upon the final approval of the Minister / Deputy Minister the Programme Operator will sign a contract agreement.

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 30 January 2012 and shall include all subsequent correspondence and communication between the Donors, the Financial Mechanism Office, the National Focal Point and the Programme Operator.

9. Miscellaneous

Not applicable.