

Disbursement Guidelines

The EEA Financial Mechanism
&
The Norwegian Financial Mechanism
2004-2009

As amended on 21 June 2007

The EEA Financial Mechanism & The Norwegian Financial Mechanism 2004-2009

Disbursements

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1. GENERAL

Guidelines on Disbursements are referred to in Article 5.3 of the Rules and Procedures for the implementation of the EEA Financial Mechanism, Article 5.3 of the Rules and Procedures for the implementation of the Norwegian Financial Mechanism, Article 2.4 of the guidelines on individual projects, programmes and block grants and Article 3.3 of the guidelines on seed money. These guidelines are intended to describe the general characteristics relating to disbursements.

1.1 Definitions

“FMC” refers to the EEA Financial Mechanism Committee, which manages the EEA Financial Mechanism and takes decisions on the granting of financial assistance.

“NMFA” refers to the Norwegian Ministry of Foreign Affairs. Grant decisions for the Norwegian Financial Mechanism are taken by the NMFA.

“FMO” refers to The Financial Mechanism Office, which handles the day-to-day operations of the EEA Financial Mechanism and the Norwegian Financial Mechanism (collectively referred to as the “Financial Mechanisms”). It also serves as the main contact point between the Beneficiary States and the EEA EFTA States.

“Focal Point” refers to the main contact point within in the Beneficiary State for the Mechanisms. It has the overall responsibility for the management of the activities of the Mechanisms in the Beneficiary state.

“Disbursement” refers to the transfer of a tranche of a grant from the Financial Mechanisms to the Beneficiary State.

“Disbursement Agent” refers to the financial institution appointed by the Financial Mechanism Office to act on its behalf for the purpose of effecting disbursements in accordance with the criteria stipulated in the Disbursement Instructions and the Disbursement Agent Agreement.

“Disbursement Instructions” stipulate the conditions and specify the criteria for disbursements.

“Disbursement Agent Agreement” refers to an agreement concluded between the Financial Mechanism Office and the Disbursement Agent.

“Project Implementation Plan” stipulates the activities or a clearly measurable part thereof that are scheduled to be completed before disbursements can be made (**progress plan**) and the prospective dates when the disbursement requests are to be submitted (**disbursement schedule**). The Project Implementation Plan is an integral part of the Grant Agreement.

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“Grant” refers to the financial assistance provided by the Financial Mechanisms to the Beneficiary State.

“Paying Authority” refers to the public entity within the Beneficiary State whose responsibilities includes, but is not limited to, the financial flow in the Beneficiary State, checking and certifying the authenticity, correctness, and accuracy of submitted payment claims, and submitting those to the Financial Mechanism Office or its designated Disbursement Agent.

1.2 Scope

This document describes the disbursement process from the point of signature of the Grant Agreement until the Beneficiary State receives the grant. A detailed overview of this process can be found in Annex I.

The aim is to have analogous disbursement procedures in all Beneficiary States and to respect specific requirements and structures within the separate Beneficiary States, the EEA EFTA States and other parties involved in the process. Deviations from this general description of the disbursement process will be reflected in the disbursement procedure of each Beneficiary State.

2. THE PROCESS

2.1 General

The Grant Agreement sets out the terms and conditions of the grant. All projects receiving funding from the Financial Mechanisms must be implemented in accordance with a Grant Agreement signed by the Focal Point on the behalf of the Beneficiary State and the Chairman of the FMC or the NMFA.

All disbursements shall have a reference to the Grant Agreement and the agreed project implementation plan.

2.2 Request for disbursement

The request for disbursement is submitted by the Beneficiary state to the FMO. The request itself should be a cover letter summing up a group of underlying project interim reports. The request should be accompanied by the individual project interim reports which contain a payment claim section certified by the Paying Authority and a project progress section certified by the Focal Point.

2.2.1 Reimbursements

Promoters and intermediaries submit the project interim report to the Focal Point. The project interim report includes, among others things, a payment claim section and a project progress section. The payment claim section comprises of a summary of eligible expenses for activities for individual projects, programmes or block grants, respectively.

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The project progress section gives a break down of the eligible expenses to project activities or a clearly measurable part thereof. Both sections shall be in accordance with the project implementation plan and cover a period of at least 3 calendar months. The summary of eligible expenses should be supported by relevant documents.

Both sections shall include:

- only expenses that comply with the guidelines on detailed eligibility provisions – expenditures;
- accumulated expenses;
- expenses covering the payment claim period in question.

The format of the project interim report is to be decided by the FMO.

The Focal Point verifies the project progress section and forwards the project interim report to the Paying Authority. The Paying Authority certifies the payment claim section and gives a co-financing statement before they group a number of project interim reports and submit a request for disbursement (cover letter) to the FMO. The individual project interim reports shall be attached to the request.

2.2.2 Other payments

Advance payments and other disbursements are all subject to the same proceedings as described in these guidelines.

Advance payments should be included in the Disbursement Schedule and all disbursements should be based on a Grant Agreement.

2.3 Institutional proceedings

2.3.1 Focal Point / Paying Authority

In order to increase the quality of operations and ensure good business practices, the financial management and control, including the Paying Authority, should be separated from other functions of the Focal Point. This can be done by entrusting the functions of a Paying Authority to a different ministry than the ministry under which the Focal Point belongs.

The Focal Point should monitor the project progress and verify the actual progress while the Paying Authority should manage all operations related to financial transactions. The latter should also be given the task of developing, implementing and maintaining the procedures concerning financial management and control of the projects.

Payment claims forwarded from the Focal Point shall be certified by the Paying Authority. Before certifying a payment claim the Paying Authority shall ensure that the following conditions are fulfilled:

- the payment claim is based upon expenses that comply with the Guidelines on Detailed eligibility provisions – expenditures;

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- the payment claim complies with the Grant Agreement and the project implementation plan;
- that a sufficient audit trail is present and in accordance with the detailed eligibility provisions – expenditures

The certified payment claims shall be forwarded by the Paying Authority to the FMO.

2.3.2 FMO

The FMO shall ensure that the individual project interim reports which include the certified and verified sections are attached to the request for disbursement. Furthermore the FMO shall ensure that the certified payment claims received from the Paying Authority fulfil the disbursement conditions (including the availability of co-financing). For this purpose the FMO may draw upon the services of a Disbursement Agent. Furthermore, the FMO will issue a Disbursement Instruction to the Disbursement Agent.

2.3.3 Disbursement agent

The obligations of the Disbursement Agent are set out in the Disbursement Agent Agreement.

If the summary of eligible expenses for activities and other documents presented for disbursements are in compliance with the conditions stipulated in the Disbursement Instruction, the payment claims will be disbursed to a designated bank account in the Beneficiary State.

2.4 The disbursement

Disbursements are made on the basis of request for disbursements covering minimum 3 calendar months.

However, an advance payment may be executed following the signing of a Grant Agreement if it is included in the Disbursement Schedule.

The Paying Authority in the Beneficiary State has the responsibility of transferring the grant to the project promoters, intermediaries or other recipients in compliance with the Rules and Procedures.

3. COMMON RULES FOR DISBURSEMENTS

3.1 Use of euro

Commitments and payments will be denominated and carried out in euro.

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Certified payment claims (incl. advance payment) forwarded from the Paying Authority to the FMO shall be in euro.

Beneficiary States which do not have euro as their currency on the date of payment claims shall convert the summary of accounts into euro, applying the rates in force on the day before the last working day of the month preceding the month during which the expenditures was recorded. These rates are published in the C series of the Official Journal of the European Communities.

3.2 Interest

Any net interest (interest income less financial expenses, e.g. transaction fees) generated on the designated bank account managed by the Paying Authority in the Beneficiary State shall be accounted for yearly by the Paying Authority and reported to the FMO.

Yearly accrued net interest income shall be reimbursed by the Paying Authority to the FMO within three calendar months from the end of the calendar year.

3.3 Suspension of payments

In case of any suspected or actual financial irregularities, the FMC or the NMFA may decide to withhold/suspend further disbursements until the matter have been resolved.

3.4 Audits and financial control

Audit and financial control is carried out in accordance with Article 6 of the Rules and Procedures of the EEA Financial Mechanism and Article 6 of the Rules and Procedures of the Norwegian Financial Mechanism.

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Annex I

Summary for Disbursements

<i>Grant agreement</i>	<i>Promoter Intermediary</i>	<i>Focal Point</i>	<i>Paying authority</i>
<p>The main legal document for a project, an advance payment or other payments.</p> <p>All disbursements shall be based upon a grant agreement.</p>	<p>Promoters and intermediaries submit a project interim report to the Focal Point. The project interim report includes amongst others a payment claim section and a project progress section.</p>	<p>The Focal Point has the overall responsibility for the financial management and control.</p> <p>The Focal Point verifies the project progress section and forwards the project interim report to the Paying Authority.</p>	<p>The Paying Authority certifies the payment claim section and gives a co-financing statement before they group a number of project interim reports and submit a request for disbursement (cover letter) to the FMO. The individual project interim reports shall be attached to the request.</p>

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<i>FMO</i>	<i>Disbursement agent</i>	<i>Paying authority</i>	<i>Beneficiary Promoter/Intermediary</i>
<p>The FMO is responsible for the day-to-day operations of the mechanisms and will ensure that all payment obligations will be fulfilled.</p> <p>If required an independent spot -check of the disbursement request will take place.</p> <p>A disbursement instruction will be issued to the Disbursement Agent.</p>	<p>The Disbursement Agent processes the Conditional Disbursement Instruction.</p> <p>The disbursement is made to the designated bank account in the Beneficiary State</p>	<p>The Paying Authority manage the designated bank account and ensures that the payments are made to the ultimate and final beneficiary as quickly as possible and within the specified deadlines</p>	<p>The beneficiaries will receive the payments according to the national rules and procedures.</p>