

**GUIDELINES OF THE MINISTER OF REGIONAL DEVELOPMENT
ON MANAGEMENT COSTS FOR PROGRAMME OPERATORS WITHIN EEA
FINANCIAL MECHANISM 2009-2014 AND NORWEGIAN FINANCIAL
MECHANISM 2009-2014**

Guidelines of the Minister of Regional Development on management costs for Programme Operators within EEA Financial Mechanism 2009-2014 and Norwegian Financial Mechanism 2009-2014, hereinafter referred to as "*Guidelines*", have been prepared on the basis of the *Regulations on the implementation of the EEA Financial Mechanism for the period 2009-2014* and *Regulations on the implementation of the Norwegian Financial Mechanism for the period 2009-2014*, hereinafter referred to as "*Regulations*", and the Programme Operators' Manual of the EEA Financial Mechanism and the Norwegian Financial Mechanism 2009-2014.

I. Introduction

The EEA and Norwegian Financial Mechanisms 2009-2014 are implemented in Poland with the use of Programmes. Programmes are prepared by Operators established for the various programme areas. Apart from preparing the Programme, a Programme Operator is also responsible for the implementation of the Programme in compliance with the principles of economy, efficiency and effectiveness.

On the basis of *Memorandum of Understanding on implementation of the EEA Financial Mechanism 2009-2014* executed between Iceland, Principality of Liechtenstein, and the Kingdom of Norway, and the Republic of Poland on 17 June 2011, as well as *Memorandum of Understanding on implementation of the Norwegian Financial Mechanism 2009-2014* executed between the Kingdom of Norway and the Republic of Poland on 10 June 2011, Programme Operators for particular programme areas have been indicated.

II. Legal and programme bases

- Regulations on the implementation of the European Economic Area (EEA) Financial Mechanism for the period 2009-2014 adopted by the Financial Mechanism Committee EEA in accordance with Article 8.8 of Protocol 38b to the EEA Agreement on 13 January 2011 and approved by the Standing Committee of the EFTA States on 18 January 2011, as amended, and Regulations on the implementation of the Norwegian Financial Mechanism for the period 2009-2014 adopted by the Norwegian Ministry of Foreign Affairs in accordance with Article 8.8 of the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism for the period 2009-2014 on 11 February 2011, as amended, including the annexes;
- Memorandum of Understanding on implementation of the EEA Financial Mechanism 2009-2014 between Iceland, Principality of Liechtenstein and the Kingdom of Norway and the Republic of Poland executed on 17 June 2011 and Memorandum of Understanding of implementation of the Norwegian Financial Mechanism 2009-2014 between the Kingdom of Norway and the Republic of Poland executed on 10 June 2011;

III. Eligibility period for management costs of the Programme Operator

The starting date of eligibility of expenditures on management costs incurred by Programme Operators is counted from the date of approval of the Programme by the Donor States. Such approval constitutes Attachment 1 to the Agreement on the Programme referred to in Article 5.7 of the Regulation, concluded between the Norwegian Ministry of Foreign Affairs and/or the Financial Mechanism Committee and the Ministry of Regional Development, acting as the National Focal Point, hereinafter referred to as the " Programme Agreement."

The completion of the eligibility of expenditures on management costs incurred by Programme Operators will take place on 30 April 2017, unless the Agreement on the Programme includes a different date.

IV. Eligible and non-eligible expenditures within management costs for the Programme Operator

1. General principles of expenditure eligibility

1) Eligible expenditures will be actual costs incurred by the Programme Operator, fulfilling at the same time the following criteria:

- a) they were incurred in the period of expenditure eligibility indicated in the Agreement on the Programme;
- b) they are related to the subject of the Agreement on the Programme;
- c) they are necessary for the proper implementation of the Programme;
- d) they are properly documented;
- e) are not financed from other support funds, whether EU or national (the no double-financing rule¹);
- f) they comply with the applicable national and EU provisions law.

2) Expenses will be considered incurred when the cost has been adequately documented (an invoice or a document of equivalent probative value has been issued), paid, and the subject has been delivered (in the case of goods) or rendered (in the case of services). In exceptional cases, expenses regarding invoices (or documents of equivalent probative value) issued in the last month of eligibility will also be considered eligible if they were incurred within 30 days of the last day of eligibility.

3) The internal accounting and auditing procedures must allow for a direct link between expenditure and revenue declared in respect of the management costs of the Programme Operator with the corresponding accounting statements and supporting documents.

2. Eligible expenditures

Pursuant to Article 7.10 of the Regulations, the activities of eligible management costs for the Programme Operator are as follows:

A. DIRECT COSTS

- 1) Preparation of Programme implementation, including developing procedures of project selection and financial flows,
- 2) Supporting potential applicants and beneficiaries in ensuring compliance with the requirements set by the Programme Operator with regard to application forms and/or implementation of projects,
- 3) The selection of projects, including costs of experts, costs associated with the functioning of the Committee for Project selection and appeals,
- 4) Verification of payment applications and transferring payments to beneficiaries,
- 5) Project monitoring and reviews,
- 6) Audits and spot checks,
- 7) Promotional and informational activities, including the launch of calls for proposals and informational activities during the call for proposals, as well as informational meetings, exchange of experiences, and impact assessment of the Programme,
- 8) Expenditures related to reporting obligations with regard to the Donor States, the National Focal Point, or the Certifying Authority,
- 9) Supporting potential applicants and beneficiaries in ensuring compliance with the requirements set by the Programme Operator with regard to application forms and/or implementation of projects,
- 10) Fees related to the establishment and operation of bank accounts required under the Programme Agreement, including the cost of incoming and outgoing transfers.

¹ The no double financing rule means that the same expenditure cannot be financed twice from public funds - foreign, EU, or national aid funds (in whole or in part).

Within the abovementioned activities, the following categories of expenditures are eligible:

- costs of experts and expert consultancy;
- preparation of expert opinions, analyses, opinions, ideas, etc.;
- translations and proofreading;
- costs of organisation and/or participation in trainings (workshops, seminars, courses, conferences, etc.);
- costs of domestic and foreign business trips, including travel expenses, accommodation, per diem, and other reasonable expenses related to business trips;
- remuneration of employees, including social security contributions and other costs included in the remuneration, in compliance with the labour law, as indicated in the collective bargaining agreement, to which the Programme Operator is subject or in the remuneration regulations in the Programme Operator's unit, or in an appropriate legal instrument governing the remuneration of employees in the public sector units;
- costs concerning the organisation of training courses, seminars, workshops and other meetings necessary for the proper implementation of the Programme;
- costs concerning with the organisation of meetings of the Selection Committee and the Cooperation Committee (including the costs of room rental, catering, multimedia equipment);
- costs of audits, spot checks, and monitoring visits, including travel, accommodation, per diem, hiring experts or providing expert consultancy during monitoring visits;
- costs of preparing evaluations/reviews;
- advertisements in press, radio, television, electronic media;
- costs concerning the organisation of seminars/conferences/meetings/open days/exhibitions, including travelling and accommodation costs of participants, speakers and experts;
- organisation and participation in projects aimed at presenting and promoting the Programme and projects;
- costs of conference fees, registration fees in connection with the participation of the Programme Operator's staff in meetings thematically related to the implemented Programme;
- costs of business trips, including travel, accommodation, per diem costs related to the implementation of promotional activities;
- costs concerning the preparation, issue and distribution of informational and promotional materials (e.g. beneficiary's manuals, albums, posters, brochures, articles, etc.);
- costs of preparation, launch, and maintenance of a website, positioning in search engines;
- costs of preparation of studies, tests, reports and analyses for informational and promotional purposes;
- costs of reproducing/copying informational and promotional materials;
- other informational and promotional materials, primarily of informational value, used during meetings/conferences/workshops/seminars, etc..;
- costs associated with opening and maintaining information points;
- purchase/preparation and service/update of IT tools supporting the implementation, reporting, and Programme monitoring processes;
- costs of purchasing hardware, office equipment, and software, as well as licenses related to the implementation of the Programme;
- costs of office supplies and stationery associated with administrative service of the Programme;
- other reasonable costs related to administrative support of the Programme (if not included in the indirect costs), i.e., among others: costs of maintaining office space, electricity, heat, and gas bills, costs of postal, telephone, telegraph, telex, internet, courier services.

B. OVERHEAD (INDIRECT) COSTS

Overhead (indirect) costs are all eligible costs which cannot be clearly indicated by the Programme Operator as directly related to the Program, but which can be identified and justified in the accounting system as being incurred in connection with the direct eligible costs of the Programme. However, they cannot include any eligible direct costs. Indirect costs in the Programme represent an appropriate proportion of overhead costs of the Programme Operator. Indirect costs can be determined by one of the below mentioned methods (pursuant to Article 7.4 of the Regulation):

- based on actual indirect costs of the Programme Operator, which has an analytical accounting system used for determining the above mentioned indirect costs;
- based on a lump sum of up to 20% of total direct costs eligible under the management costs, excluding the direct eligible costs designated for subcontracting and the costs of shared resources, which are not used in the Programme Operator's premises.

Administrative costs related to the functioning of the Programme may constitute indirect costs, such as:

- a. costs of maintaining office space (including rent, lease, administrative fees) associated with administrative service of the Programme,
- b. electricity, heat, gas bills, and other utility bills associated with administrative service of the Programme
- c. costs of postal, telephone, telegraph, telex, internet, courier services associated with administrative service of the Programme,
- d. costs of office supplies and stationery associated with administrative service of the Programme
- e. costs of purchasing hardware, office equipment, and software, as well as licenses related to the implementation of the Programme,
- f. costs of service personnel (accounting, human resources)
- g. archiving and archiving-related services of documents regarding the Programme

Description of the method of calculating indirect costs is submitted with the first Financial interim report (request for payment), hereinafter referred to as the "*Report*". At the same time, the Programme Operator undertakes to notify about the changes in this area in subsequent *Reports*, should such a change take place.

3. General rules for the use of management costs for Programme Operators

If the expenditures made by the Programme Operator are not within the directory of eligible costs indicated in paragraphs IV.2.A and B, but are compliant with the general principles of expenditures eligibility set out in Section IV.1, the Programme Operator, at the stage of submitting the Report, will provide appropriate justification of a given expense to the NFP.

All expenditures within management costs incurred by Programme Operators should be implemented in a deliberate and cost-effective way by getting the best results from specified resources. As a rule, expenditures should be incurred in compliance with the provisions of the Public Procurement Act of 29 January 2004 (*Journal of Laws 2004, No. 19 item 177*) or the appropriate Guidelines of the Minister of Regional Development for the award of contracts to which there is no application of the Public Procurement Act of 29 January 2004, under the EEA Financial Mechanism 2009-2014 and the Norwegian Financial Mechanism 2009-2014.

- Remuneration arising from the employment relation of employees who perform tasks of the Programme Operator should be in compliance with the labour law, as indicated in the collective bargaining agreement, to which the Programme Operator is subject or in the remuneration regulations in the Programme Operator's unit, or in an appropriate legal instrument governing the remuneration of employees in the public sector units, as well as result from the employees' scope of obligations. Each post financed from the funds of the EEA Financial Mechanism 2009-2014 and the Norwegian Financial Mechanism 2009-2014 should be properly designated, i.e. the job description should include a statement of eligibility of remuneration (specimen declaration constitutes Attachment No 4 to the *Guidelines*).

With regard to employees' remuneration, **eligible** expenditures will be as follows:

- base salary,
 - awards and bonuses provided for in the collective bargaining agreement or remuneration regulations of the given institution or in an appropriate legal instrument governing the remuneration of employees in the public sector units,
 - seniority allowance,
 - functional allowance,
 - rank allowance,
 - sick pay paid by employer
 - contributions deducted from the employee's net salary,
 - paid educational leave (financed in proportion to the amount of financial remuneration within management costs, providing the subject matter of the training concerned issues related to the implementation of the Programme),
 - compensation for unused leave (financed in proportion to the amount of financial remuneration within management costs),
 - additional annual fee (if applicable), for the period worked for the Programme and in the proper proportion²,
 - employer fees for: social security contributions (old-age pension, disability pension and accident contributions), the Labour Fund contributions,
 - Fund of Guaranteed Employee Benefits contributions,
 - State Fund for Rehabilitation of Disabled Persons (PFRON) contributions.
- In justified cases, the performance allowance³ may also constitute eligible expenditures under the management costs of the Programme. However, the following conditions must be met jointly:
 - The Programme Operator, within the framework of management costs, finances salaries of persons (within the granted permanent employment), who carry out the tasks related mainly to the implementation of the Programme, under the Programme Operator's internal regulations,
 - a performance allowance is awarded for the performance of additional tasks, assigned temporarily, not resulting from the scope of responsibilities of a given employee (the scope of responsibilities of an employee receiving the performance allowance cannot include tasks related to the implementation of the Programme),
 - in the document awarding a performance allowance, the Programme Operator lists the tasks performed by a given person with that allowance, the length of the period for which the performance allowance was awarded and the monthly amount of the performance allowance. The amount of the awarded performance allowance should be proportionate to the scope of the tasks delegated for the Programme.
 - Appropriate remuneration costs of public administration employees are eligible to the extent to which they relate to the costs of activities which would not have been carried out if the implementation of a given Programme had not been undertaken.

Non-eligible expenditures within costs of employee's remuneration are set out in Section 4.

In the case of an employee who works full time in the institution, but performs tasks with regard to the Programme using part-time - the job description/scope of responsibilities of this individual should indicate how much time (or percentage of time) has been assigned to be financed under

² In accordance with Article 92 of the Act of 21 November 2008 on Civil Service (Journal of Laws No. 227 item. 1505, as amended) and provisions of the Act of 12 December 1997 on an additional annual remuneration for employees of the public sector units (Journal of Laws No. 160, item 1080, as amended.).

³ Paid in accordance with Article 88 of the Act of 21 November 2008 on Civil Service (Journal of Laws No. 227 item. 1505, as amended)

the Programme management costs. Then that employee's remuneration should be financed in proportion to the time assigned to the fulfilment of tasks with regard to the Programme.

In addition, the internal organisational regulations of the unit involved in the implementation of the Programme should define the tasks executed by that institution in connection with the implementation of the Programme. The tasks specified in the regulations should be included directly into the scope of responsibilities of the employees (job descriptions), whose remuneration is financed under the Programme management costs.

- Concluding civil contracts for the performance of tasks under the Programme with those individuals whose remuneration is financed under the Programme management costs, and/or persons whose scope of responsibilities/job descriptions include the tasks associated with the implementation of the Programme constitute non-eligible expenditures. Concluding other civil law agreements should be implemented in accordance with the provisions of the Public Procurement Act of 29 January 2004 (Journal of Laws 2004, No. 19 item 177) or the appropriate *Guidelines of the Minister of Regional Development for the award of contracts to which there is no application of the Public Procurement Act of 29 January 2004, under the EEA Financial Mechanism 2009-2014 and the Norwegian Financial Mechanism 2009-2014.*

- Costs of domestic and foreign business trips (for both public and private entities) should be settled in principle according to the limits set out respectively in the *Regulation of the Minister of Labour and Social Policy of 19 December 2002 on the amount and terms of establishing payments due to an employee of the state or self-government budgetary unit with regard to a business trip within the country (Journal of Laws No 236, item 1990, as amended)* and the *Regulation of the Ministry of Labour and Social Policy of 19 December 2002 on the amount and terms of establishing payments due to an employee of the state or self-government budgetary unit with regard to a business trip outside the country (Journal of Laws No 236, item 1991, as amended).*

In justified cases, the limits specified in the above mentioned Regulations can be subject to change. In such a case, the Programme Operator shall present an appropriate justification upon the submission of the *Report*.

- Purchase of equipment and supplies, including software, is eligible under the Programme management costs if the employee performs tasks for the Programme for at least 50% of his/her working time. Expenditures on the purchase of equipment and supplies for workers who perform tasks for the Programme to a lesser extent than 50% of the working time, is eligible only to the extent (in proportion) in which the employee performs tasks for the Programme. The degree of performance of the tasks for the Programme is set out by the scope of responsibilities and statement of eligibility of the remuneration.

Financing of expenditures incurred in enhancement of employees' qualifications (cost of training, courses, English language courses, workshops, seminars, conferences, etc.) is possible in the following scopes:

a) in the case of persons who partly perform tasks for the Programme, particular trainings, the subject of which is directly related to the tasks performed in the implementation of the Programme, can be financed. In such a case, 100% of expenditures on training is eligible,

b) in the case of persons referred to in point a, costs of general trainings (not directly related to the implementation of tasks regarding the implementation of the Programme) are eligible in proportion to the percentage of performed tasks related to the Programme (in accordance with the statement of eligibility of the remuneration attached to that employee's job description),

c) training courses (including those whose subject matter is directly or indirectly related to the implementation of the Programme) of persons who perform eligible tasks for at least 50% of working time, can be fully financed under the Programme management costs,

d) in the case of persons receiving performance allowances, specific trainings, the subject matter of which is directly related to the tasks for the benefit of the Programme, the performance of which is the reason for granting the performance allowance, can be financed.

4. Non-eligible expenditures

Non-eligible expenditures include:

- a) interest on debt, debt servicing and fees for late payments;
- b) charges for financial transactions and other purely financial expenses, excluding the costs

- associated with the accounts required by the FMC or the NMFA, the NFP or the applicable law and costs of financial services imposed by the agreement on the project;
- c) provisions for losses or potential future liabilities;
 - d) losses due to exchange rate differences, with the exception of losses expressly approved by the FMC and the NMFA for each program individually;
 - e) recoverable VAT;
 - f) costs covered from other sources;
 - g) fines, penalties and litigation costs;
 - h) unnecessary or reckless expenditures;
 - i) expenditures incurred outside the eligibility period;
 - j) the following components of remuneration: benefits financed from the means of the company social benefits fund, allocations to the social security benefits fund, retirement bonuses, jubilee awards, sick pay, benefits financed from the state budget (care allowance, family allowance), funded by the Social Security Institution (e.g. rehabilitation, maternity, paternity, attendance or compensatory allowance), costs of preliminary and control tests, glasses subsidy, cost of health services.

V. Documenting expenditures

1. Current verification of expenditures incurred within the management costs carried out by NFP based on the *Report*. The Programme Operator will submit, together with the *Report*:

- Specification of financial documents confirming the expenditures incurred by the Programme Operator - specimen Specification constitutes attachment No. 1 and 1a,
- Specification confirming the expenditures incurred due to personal salaries together with related expenses - specimen Specification constitutes attachment No. 2
- statement on eligibility of VAT - specimen Specification constitutes attachment No. 3
- description of the indirect cost calculation method (if applicable).

2. To the job descriptions/scopes of responsibilities within the Programme, the Programme Operator attaches a statement on eligibility of remuneration under the EEA Financial Mechanism 2009-2014 and the Norwegian Financial Mechanism 2009-2014 - specimen statement constitutes attachment No. 4

3. Accounting documents evidencing the expenditure incurred under management costs should be described in a manner clearly enabling the qualification of an expense as management costs of a given Programme. Specimen description constitutes attachment No. 5

At every stage of the Report verification, NFP can request from the Programme Operator to submit the following:

- certified copies of invoices or other accounting documents of equivalent probative value;
- certified copies of agreements or other documents constituting a basis to assume obligations;
- certified copies of supporting documents or other evidence of expenses incurred;
- certified copies of the acceptance report or other documents confirming the receipt of equipment, supply of goods or performance of work or service;
- certified copy of documentation regarding the procurement.

Documents are certified by a person who is appropriately authorised in this regard in the Programme Operator's unit.

Changes to the above mentioned attachments do not require changes in the *Guidelines*. Current specimen of schedules will be available on the following website: www.eog.gov.pl