RULES AND PROCEDURES

FOR THE IMPLEMENTATION OF

THE EEA FINANCIAL MECHANISM 2004-2009

adopted by the EEA Financial Mechanism Committee on 16.06.2004 pursuant to Article 8 of Protocol 38a to the EEA Enlargement Agreement, as amended on 07 July 2005, 26 October 2006 and on 7 June 2007

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1 Introduction

1.1 Scope

The Rules and Procedures for the implementation of the EEA Financial Mechanism (hereinafter referred to as *the Rules and Procedures*) were adopted in accordance with Article 8 of Protocol 38a to the EEA Agreement.

The Rules and Procedures may be amended by decision of the EEA Financial Mechanism Committee (hereinafter referred to as *the Committee*), subject to subsequent approval by the Standing Committee of the EFTA States.

The Committee will adopt additional guidelines as necessary.

1.2 EEA Financial Mechanism Committee and Financial Mechanism Office

The Committee manages the EEA Financial Mechanism. Decisions on the granting of assistance will be taken by the Committee.

The Committee is assisted by the Financial Mechanism Office (hereinafter referred to as *the FMO*). The FMO is responsible for the day-to-day implementation of the EEA Financial Mechanism and serves as a contact point.

1.3 Co-ordination with the Norwegian Financial Mechanism

Each Beneficiary State and the FMO shall closely co-ordinate the use of the EEA Financial Mechanism with the use of the Norwegian Financial Mechanism.

1.4 Focal Point

The Focal Point shall have the overall responsibility for the management of the EEA Financial Mechanism's activities in the Beneficiary State and serve as a contact point. It shall furthermore be responsible and accountable for the identification, planning, implementation and monitoring of projects as well as the use of funds under the EEA Financial Mechanism.

1.5 Memorandum of Understanding

In order to ensure the effective implementation of the EEA Financial Mechanism, a Memorandum of Understanding (MoU) shall be concluded between the EFTA States and each Beneficiary State. Amongst other things the MoUs shall:

- list the fields of intervention outlined in the programming framework to which particular attention is to be given,
- establish specific forms of grant assistance,
- outline the managerial set-up for the implementation of the EEA Financial Mechanism in the Beneficiary State and
- establish a framework for co-operation.

1.6 Liability

The responsibility of the EFTA States, with regard to the EEA Financial Mechanism, is limited to providing funds in support of projects in accordance with the relevant grant agreements.

No liability to the Beneficiary State, promoters, intermediaries or any third parties will be assumed by the EFTA States, the Committee or the FMO.

1.7 Applicable law and jurisdiction

The laws of the Kingdom of Norway shall govern the co-operation between the EEA Financial Mechanism and the Beneficiary States.

All disputes, which might arise from that co-operation, shall be brought before the Oslo Tingrett in Norway, if they cannot be amicably solved.

The EEA Financial Mechanism may claim execution of any judgement or court order in any court or appropriate authority within the territory of the Beneficiary State or within another country where the Beneficiary State has assets.

The Beneficiary State shall vest its Focal Point with the authority to receive services of process on its behalf.

1.8 Time frame and deadlines

The deadlines listed below are final and shall apply to all types of projects. The bodies responsible for the implementation of specific forms of grant assistance or programmes shall respect the same deadlines.

1.8.1 Commitment of funds

In accordance with Article 2 of Protocol 38a, the EEA Financial Mechanism will give commitments from 1 May 2004 to 30 April 2009 (hereinafter referred to as *the commitment period*). No commitments will be given after 30 April 2009.

1.8.2 Submission of applications

Submissions of complete grant applications or applications for re-commitment of funds will be accepted until 31 January 2009.

1.8.3 De-commitment of committed amounts

Applications for de-commitment of committed amounts will be accepted until 31 October 2008.

1.9 Financial frame

In accordance with Article 2 of Protocol 38a, the EFTA States shall make available an overall amount of € 600 million for the EEA Financial Mechanism. The amount shall be made available for commitment in five annual tranches of € 120 million over the commitment period.

Management costs shall be covered by the overall amount, in accordance with Article 8 paragraph 3 of Protocol 38a. Further provisions to this effect are set out in Article 1.10 below.

Table 1
The cumulative commitment ceilings before and after the deduction of the management costs in € million

	The cumulative commitment ceiling	The cumulative commitment ceiling after the deduction of the management costs
Year 1:1 May 2004 - 30 April 2005	120	115.20
Year 2:1 May 2005 - 30 April 2006	240	230.40
Year 3:1 May 2006 - 30 April 2007	360	345.60
Year 4:1 May 2007 - 30 April 2008	480	460.80
Year 5:1 May 2008 - 30 April 2009	600	576.00

The cumulative commitment ceilings for each of the Beneficiary States, before and after the deduction of management costs, are set out in table 2 and based on the distribution key laid down in Article 5 of Protocol 38a. Expenses relating to appraisal reports, monitoring, ex-post evaluations and technical assistance are covered by the net amounts. The cumulative commitment ceilings for each of the Beneficiary States are indicative.

Table 2

Indicative cumulative commitment ceilings for each Beneficiary State, before and after deduction of the management costs in €

Beneficiary	Year 1	Year 2	Year 3	Year 4	Year 5
Czech Republic	9,708,000	19,416,000	29,124,000	38,832,000	48,540,000
net amount	*9,319,680*	*18,639,360*	*27,959,040*	*37,278,720*	*46,598,400*
Estonia	2,016,000	4,032,000	6,048,000	8,064,000	10,080,000
net amount	*1,935,360*	*3,870,720*	*5,806,080*	*7,741,440*	*9,676,800*
Greece	6,852,000	13,704,000	20,556,000	27,408,000	34,260,000
net amount	*6,577,920*	*13,155,840*	*19,733,760*	*26,311,680*	*32,889,600*
Spain	9,168,000	18,336,000	27,504,000	36,672,000	45,840,000
net amount	*8,801,280*	*17,602,560*	*26,403,840*	*35,205,120*	*44,006,400*
Cyprus	252,000	504,000	756,000	1,008,000	1,260,000
net amount	*241,920*	*483,840*	*725,760*	*967,680*	*1,209,600*
Latvia	3,948,000	7,896,000	11,844,000	15,792,000	19,740,000
net amount	*3,790,080*	*7,580,160*	*11,370,240*	*15,160,320*	*18,950,400*
Lithuania	5,400,000	10,800,000	16,200,000	21,600,000	27,000,000
net amount	*5,184,000*	*10,368,000*	*15,552,000*	*20,736,000*	*25,920,000*
Hungary	12,156,000	24,312,000	36,468,000	48,624,000	60,780,000
net amount	*11,669,760*	*23,339,520*	*35,009,280*	*46,679,040*	*58,348,800*
Malta	384,000	768,000	1,152,000	1,536,000	1,920,000
net amount	*368,640*	*737,280*	*1,105,920*	*1,474,560*	*1,843,200*
Poland	56,160,000	112,320,000	168,480,000	224,640,000	280,800,000
net amount	*53,913,600*	*107,827,200*	*161,740,800*	*215,654,400*	*269,568,000*
Portugal	6,264,000	12,528,000	18,792,000	25,056,000	31,320,000
net amount	*6,013,440*	*12,026,880*	*18,040,320*	*24,053,760*	*30,067,200*
Slovenia	1,224,000	2,448,000	3,672,000	4,896,000	6,120,000
net amount	*1,175,040*	*2,350,080*	*3,525,120*	*4,700,160*	*5,875,200*
Slovakia	6,468,000	12,936,000	19,404,000	25,872,000	32,340,000
net amount	*6,209,280*	*12,418,560*	*18,627,840*	*24,837,120*	*31,046,400*
	120,000,000	240,000,000	360,000,000	480,000,000	600,000,000
	115,200,000	*230,400,000*	*345,600,000*	*460,800,000*	*576,000,000*

In order to allow them to submit project proposals of meaningful size, the smallest Beneficiary States, i.e., Estonia, Cyprus, Malta and Slovenia, each of which receives less than two per cent of the amount made available under the EEA Financial Mechanism, may submit projects up to the total amount of their individual allocation at any time within the deadline stipulated in Article 1.8.2.

In accordance with Article 6 of Protocol 38a, a review shall be carried out in November 2006 and another in November 2008 with a view to reallocating any non-committed available funds for high priority projects in any Beneficiary State.

Without prejudice to the possible reallocation referred to above, uncommitted resources shall, at the end of each year, be rolled forward into the following year's allocation.

1.10 Management costs

In accordance with Article 8 paragraph 3 of Protocol 38a, the management costs of the EEA Financial Mechanism shall be covered by the overall amount of € 600 million. The Committee has fixed those costs at 4 % of that amount. The Committee may revise its decision during the commitment period.

Management costs shall include the costs of running the FMO, costs linked to the functions of the Committee and the costs of audits performed by the EFTA Board of Auditors or its representatives.

1.11 Specific management costs in the Beneficiary State

General administrative costs incurred by the Beneficiary State will not be paid for by the EEA Financial Mechanism. The Committee can, through technical assistance, provide funds to meet specific costs which are necessary, clearly identifiable, and directly and exclusively related to the management of the EEA Financial Mechanism. The eligibility of such cost is subject to detailed eligibility provisions adopted by the Committee. Such costs shall be deducted from the net amounts stipulated in Table 2 in Article 1.9.

2 Projects and project assistance

Projects funded by the EEA Financial Mechanism must contribute to the reduction of economic and social disparities in the European Economic Area. They shall be consistent with the Beneficiary States' priorities and relevant arrangements with the European Union. All projects must be in compliance with the relevant EU, national and local legislation.

2.1 Priority sectors

In accordance with Protocol 38a, grants are available for projects in the following priority sectors:

- Protection of the environment, including the human environment, through, inter alia, reduction of pollution and promotion of renewable energy;
- Promotion of sustainable development through improved resources use and management;
- Conservation of European cultural heritage, including public transport, and urban renewal,
- Human resources development through, inter alia, promotion of education and training, strengthening of administrative or public service capacities of local government or its institutions as well as democratic processes, which support it;
- Health and childcare.

Academic research may be eligible for funding in so far as it is targeted at one or more of the priority sectors.

2.2 Types of project assistance

The Focal Point may submit proposals for individual projects, programmes and specific forms of grant assistance (block grants and seed money). The suitability of the different types of project assistance may vary, depending on amongst other things the objectives sought, the sector concerned and the level of discretion needed for effective implementation of the projects.

The submission of applications for all types of project assistance shall be done in accordance with guidelines on applications adopted by the Committee.

2.2.1 Individual projects

A project is an economically indivisible series of works fulfilling a precise technical function and with clearly identifiable aims. An application for an individual project may

include one or more sub-projects. These projects must be defined in the application to the Committee.

The amount of grant assistance applied for shall normally not be less than € 250 000.

Individual projects shall be implemented in accordance with guidelines on individual projects adopted by the Committee.

2.2.2 Programmes

In order to facilitate the implementation of more comprehensive and cost-intensive strategies, the Beneficiary State may submit proposals for programmes. A programme is a co-ordinated portfolio of separate projects, aimed at achieving common spatially/sectorally/thematically defined objectives.

Applications for programmes shall give a detailed and comprehensive account of all aspects of the proposed programme: its main objectives, an indication of the project activities that will form the programme and a delivery plan with proposed implementation arrangements.

The application shall identify a programme intermediary, which acts as an accountable body and which will be responsible for the implementation of the approved programme in accordance with guidelines on programmes adopted by the Committee.

The terms and conditions for project assistance, and the roles and responsibilities of the parties will be set out in the grant agreement.

2.2.3 Specific forms of grant assistance

The EFTA States and the Beneficiary States shall, in concluding the MoU referred to in Article 1.5, address the need for setting up specific forms of grant assistance.

2.2.3.1 Block grants

In order to facilitate the implementation of projects where each sub-project or end recipient is too small to be identified a priori or to be administered cost-effectively on an individual basis, a limited share of the overall amount may be allocated to block grants.

A block grant is a fund, set up for a clearly defined purpose and may provide assistance to individuals, organisations or institutions.

The application shall identify a block grant intermediary in the Beneficiary State, which will be responsible for the implementation of the block grant in accordance with

guidelines on block grants adopted by the Committee and with the terms and conditions set out in the grant agreement.

The block grant intermediary will amongst other things announce the availability of grant assistance, assess applications, select actions, allocate funds to end recipients and monitor progress of the block grant.

2.2.3.2 Seed money facility

In order to facilitate the preparation of projects to be submitted to the EEA Financial Mechanism as well as to support the establishment of new partnerships created for the purpose of designing and implementing new projects, a seed money facility may be established.

Innovative approaches, complex project themes and new compositions of partnerships may, amongst other things, be promoted by providing seed money funding.

The seed money facility shall be implemented in accordance with guidelines on seed money facilities adopted by the Committee.

The Committee may entrust the management of a seed money facility to an intermediary in the Beneficiary State and/or to the FMO.

2.2.3.3 Grants to non-governmental organisations

In order to support the work, development and capacity building of non-governmental organizations (NGOs), the EEA Financial Mechanism may make available special grants designed to meet the special needs of NGOs.

Grants to NGOs can be dispensed through an NGO fund, administered by an intermediary which is selected by the Focal Point in co-operation with the FMO.

NGO grants shall be implemented in accordance with the relevant guidelines adopted by the Committee.

This Article does not in any way affect the eligibility of NGOs to apply for any other type of project assistance under these Rules and Procedures or the adopted guidelines, if they so prefer.

3 Expenditure and financing

3.1 Eligibility of expenditure

3.1.1 Additional benefits

The EEA Financial Mechanism is intended to create additional benefits for the Beneficiary States. It provides an additional source of funding and shall not replace financial support from other sources, including local grants, subsidised facilities, bank loans or export credits.

3.1.2 Starting date for eligibility of expenditure

Expenditures incurred before the date on which the Committee gives its commitment are not eligible for grant support.

3.1.3 End of the eligibility period

The final date for eligibility shall be fixed in the grant agreement. It shall be 24 months after the scheduled date for project completion, but no later than 30 April 2011.

The final date for eligibility refers to the dates of actual payments of invoices issued prior to or on the said date.

For expenditure to be eligible, acceptable disbursement requests must have been received by the FMO no later than 6 months after the final date for eligibility. Disbursement requests received at a later date or deemed not acceptable by the Committee will not constitute a basis for disbursement. The Committee can decide that a part of disbursement request is acceptable and authorise disbursement accordingly.

In exceptional cases where further delays are justified, the Committee can extend the period of eligibility to 30 April 2012, provided that acceptable disbursement claims are received by 31 October 2012.

If a project is, on the end date of eligibility of expenditures, subject to judicial procedures or administrative appeal with suspensory effects, the Committee can give further extensions if it deems that such extension is in the interests of the EEA Financial Mechanism.

3.1.4 Value added tax and other taxes and charges

The expenditures related to VAT and other taxes, levies or charges of whatever nature, which by law are not recoupable from the Beneficiary State, are eligible for financing.

3.1.5 Detailed eligibility provisions

All operations co-financed under the EEA Financial Mechanism will be subject to detailed eligibility provisions adopted by the Committee.

3.2 Rate of grant assistance and co-financing

The Beneficiary State shall ensure the full financing of projects.

The contribution from the EFTA States in the form of grants shall be determined on a case-by-case basis, taking all relevant factors into account. European Community ceilings for co-financing shall not be exceeded in any case.

3.2.1 Co-financing ceilings

In addition to the general principle above, and with a reference to Article 4 of Protocol 38a, the following rules on the grant rate ceilings shall apply:

(a) *Grant rate up to 60%;* With the exceptions referred to in subparagraphs (b) and (c) below, the grant rate shall not exceed 60% of the project cost.

(b) *Grant rate up to 85%;* Where 15% or more of the project costs is co-financed by central, regional or local government budget allocations, the EEA Financial Mechanism may provide a grant for the remainder of the project cost.

(c) *Grant rate up to and above 85%;* For grant assistance set up to support NGO activities (including social partners), or to provide seed money or scholarships, the EEA Financial Mechanism and the Norwegian Financial Mechanism may be applied in combination in order to allow grant rates above those described in sub-paragraph (a) and (b) of this Article, but generally not above 90%. Domestic co-financing will normally be required. In exceptional cases, the Committee may agree to apply this grant rate for block grants funded from both financial mechanisms, if the Committee deems that the objectives of such a block grant are of high relevance to the aims of the EEA Financial Mechanism.

3.2.2 Revenue-generating projects

The Committee may adjust the grant rate depending on the level of the estimated or actual excess profit generated by the project in accordance with guidelines on revenue generating projects adopted by the Committee and the grant agreement referred to in Article 4.8.

3.2.3 Application of the 'polluter pays' principle

The Beneficiary State shall take into account the 'polluter pays' principle when determining the grant rate to apply for. The Committee may adjust the grant to ensure application of that principle.

3.3 Cost overruns and savings on investment budgets

The Beneficiary State shall assume full responsibility for project execution. In case the actual project costs exceed the budgeted cost in the grant agreement, the Beneficiary State shall ensure that additional funding is made available, unless other arrangements are agreed upon between the Focal Point and the Committee.

If the final cost of the project is below the total cost stipulated in the grant agreement, the overall sum of grant paid will be reduced accordingly and any unduly paid amounts reimbursed by the Beneficiary State. The grant rate will, however, remain the same. The Committee may recommit the unused funds for new projects or additions to current projects.

Applications for the recommitment of funds shall be processed in the same way as applications for other projects.

4 Application procedure

4.1 Applicants

All public or private sector bodies and non-governmental organisations (NGOs) constituted as legal entities in the Beneficiary States and operating in the public interest - e.g., national, regional and local authorities, education/research institutions, environmental bodies, voluntary and community organisations and Public-Private Partnerships may apply for assistance.

4.2 Announcement of availability of EEA Financial Mechanism grants

The Beneficiary State shall publicly announce the availability of grants.

4.3 Language

All communications between the EEA Financial Mechanism and the Beneficiary State shall be in English.

Original documents (in languages other than English) sent to the EEA Financial Mechanism shall be accompanied by translations into English. The Beneficiary State shall bear full responsibility for the accuracy of the translation.

4.4 Application and its evaluation in the Beneficiary State

The Beneficiary State shall organise an evaluation of received applications. The assessment shall be transparent, based on input by experts and conducted in accordance with the Memorandum of Understanding referred to in Article 1.5.

The Beneficiary State shall forward applications for assistance that have been prioritised by the Focal Point to the FMO as well as an appropriate number of applications on a reserve list, using the application form provided by the FMO. The Focal Point shall along with each application provide a reasoned opinion of the proposed projects.

4.5 Initial review by the FMO and appraisal

The FMO performs an initial review of the application in order to confirm that the project is in compliance with the formal requirements of Protocol 38a, these Rules and Procedures and the additional guidelines adopted by the Committee. Provided that such a review is positive, the application shall be subjected to an appraisal by the FMO.

The FMO may, in particular in cases of large or complex applications, appoint and contract an independent body to carry out the appraisal.

The appraising body shall submit the appraisal report to the FMO. The Beneficiary State shall receive a copy of the report and submit its comments on it to the FMO.

In case of a negative initial review, the FMO shall resend the application to the Focal Point, outlining the reason(s) for its conclusion. Such an application can be resubmitted by the Focal Point, provided that the defects have been remedied.

4.6 Screening by the Commission

The European Commission will screen the proposed projects for their compatibility with Community objectives and comment to the Committee. The FMO will forward the relevant documentation to the Commission.

In cases where the FMO recommends that an application should be rejected, the application does not need to be forwarded to the Commission for screening.

4.7 Decision by the EEA Financial Mechanism Committee

Based on the application, all relevant supplementary information, and, if applicable, the appraisal report referred to in Article 4.5, the FMO shall submit a reasoned recommendation for decision to the Committee.

If a final result from the screening by the Commission has already been received at the time when the FMO is submitting its recommendation to the Committee, any comments provided therein shall be taken into account in the recommendation.

The Committee shall endeavour to give a reasoned decision within two months from the date of receipt of documentation deemed complete by the FMO.

Without prejudice to the priorities set out in Article 3 of Protocol 38a, the Committee shall assess the projects to determine whether they are liable to contributing to the reduction of economic and social disparities in the European Economic Area. In that assessment the Committee will in particular consider the impact of the project, its cost-effectiveness, sustainability and long term benefits to the Beneficiary State.

The Committee shall send a grant offer letter/reasoned refusal to the Beneficiary State. The grant offer letter shall specify a deadline for acceptance of the offer.

The offer shall be subject to the Beneficiary State accepting the conditions stipulated in the grant agreement.

In case of a reasoned refusal, the Committee may allow the Beneficiary State to resubmit a revised project proposal once.

4.8 Grant agreement

A grant agreement shall be concluded between the Committee and the Focal Point for each individual project, programmes or specific forms of grant assistance agreed between the parties.

The grant agreements shall set out the terms and conditions of grant assistance as well as the roles and responsibilities of the parties.

5 Implementation

The Beneficiary State shall bear responsibility for the implementation and follow-up of projects as well as reporting on the results.

5.1 Reporting and monitoring

The Beneficiary State shall be responsible for the reporting on and the monitoring of projects. The reporting shall be made according to indicators agreed with the FMO.

The Beneficiary State shall, amongst other things, report at least once a year on:

- Progress in accordance with plans and budgets;
- Deviations from the project schedule and possible repercussions for the project;
- Tendering and procurement;
- Project completion, as provided for in Article 7 of these Rules and Procedures.

The FMO may at any time ask the Beneficiary State for further information. The reporting shall be done in accordance with guidelines on reporting and monitoring adopted by the Committee.

5.2 External monitoring by the FMO

The FMO shall monitor projects on the basis of a monitoring plan in order to ensure that the grant agreements are fulfilled. For this purpose, it shall normally draw upon the services of a monitoring agent. Copies of the monitoring agent's reports shall be sent to the Beneficiary State.

The monitoring exercise shall be done in accordance with guidelines on reporting and monitoring adopted by the Committee.

5.3 Disbursements

Grant assistance shall be given as reimbursements of already incurred documented costs according to an agreed disbursement schedule.

However, disbursements relating to specific forms of grant assistance may in part be made as advance payments. For individual projects and programmes, an advance payment of up to 10% may be made if justified by the Beneficiary State and deemed necessary by the Committee.

Requests for disbursement shall be addressed to the FMO. They shall be accompanied by all the necessary documentary evidence demonstrating fulfilment of the conditions for each disbursement.

The FMO shall ensure that all disbursement conditions have been fulfilled (including the availability of co-financing) before making a disbursement. For this purpose, the FMO may draw upon the services of a disbursement agent.

Disbursements shall be made to the designated account of the Beneficiary State. The Beneficiary State shall transfer the funds to promoters, intermediaries or other recipients, within 15 working days from reception of the payment. The Committee can, in the grant agreement, agree to extend this timeframe to 20 working days.

Disbursements shall be made in accordance with guidelines on disbursements adopted by the Committee.

5.4 Publicity

The Beneficiary State shall ensure that the existence of the EEA Financial Mechanism as well as information on approved projects are communicated in the most efficient way to users and the public at large and that the contributions of the EEA Financial Mechanism are given adequate publicity. The Focal Point shall ensure that a publicity plan is prepared for each project and submitted along with grant applications.

Publicity measures shall be carried out in accordance with guidelines on publicity adopted by the Committee.

6 Audits and financial control

6.1 Transparency and documentary evidence

The Beneficiary State shall provide an audit trail for operations co-financed by the EEA Financial Mechanism that permits:

- reconciliation of the summary amounts certified to the FMO with the individual expenditure records and original supporting documents held at the various administrative levels and by final beneficiaries including, where the latter are not the final recipients of funding, the bodies or firms carrying out operations and

- verification of the allocation and transfer of the available EEA Financial Mechanism and national funds.

The Beneficiary State shall ensure that all original documents remain available for inspection for at least 5 years after the project has been completed, or longer if required in the grant agreement referred to in Article 4.8 or under the national law of the Beneficiary State.

6.2 Financial control, audit and anti-fraud measures by the Beneficiary State

The Beneficiary State shall be responsible for the financial control and audit of approved projects. The Supreme Audit Institution of the Beneficiary State shall be involved and have the right to carry out audits of projects. The Beneficiary State shall take all necessary measures to prevent and detect fraud and irregular payments.

The Beneficiary State's Focal Point shall be accountable to the FMO, the Committee and the EFTA Board of Auditors for the management of funds and for all matters related to financial control, audit and fraud.

Each year, an audit plan and a summary of audit reports shall be submitted to the FMO. The audit reports shall be at the disposal of the FMO, the Committee and the EFTA Board of Auditors or their representatives. The Beneficiary State shall ensure efficient and prompt investigation of any suspected and actual cases of fraud and irregularity.

The Beneficiary State shall immediately reimburse unduly paid amounts to the EEA Financial Mechanism. Suspected and actual cases of fraud and irregularity as well as all measures related thereto, taken by competent national authorities, must be reported to the FMO without delay, in accordance with a guideline on irregularities adopted by the Committee.

6.3 EFTA Board of Auditors

The EFTA Board of Auditors acts as the relevant authority with regard to auditing on behalf of the EFTA States.

The EFTA Board of Auditors may conduct audits of all EEA Financial Mechanism projects as well as the management of the EEA Financial Mechanism by the Beneficiary State. The Beneficiary States' representatives shall, upon request, accompany the auditors and provide them with all the necessary assistance.

The auditors shall be granted access to any documents or information they deem appropriate, including those created or stored in electronic form. They shall in particular be given access to the accounts of audited institutions and documents relating to expenditure financed by a grant from the EEA Financial Mechanism. The auditors shall enjoy the same rights as those extended to equivalent authorities of the Beneficiary State itself. The EFTA Board of Auditors shall also be given unrestricted access to projects implemented by private or commercial institutions and NGOs.

The EFTA Board of Auditors shall give notice to the Beneficiary State concerned before an audit/inspection is carried out.

6.4 Audits and inspections arranged by the EEA Financial Mechanism Committee

The Committee may arrange audits and inspections. The Beneficiary States' representatives shall accompany, upon request, the authorised representatives of the Committee and provide them with all necessary assistance.

The authorised representatives shall be granted access to any documents or information they deem appropriate, including those created or stored in electronic form. They shall in particular be given access to the accounts of audited institutions and documents relating to expenditure financed by a grant from the EEA Financial Mechanism. The auditors shall enjoy the same rights as those extended to equivalent authorities of the Beneficiary State itself. The authorised representatives shall also be given unrestricted access to projects implemented by private or commercial institutions and NGOs.

The EFTA Board of Auditors shall be informed and given the possibility of participating in such audits.

The Committee shall give notice to the Beneficiary State concerned before an audit/inspection is carried out.

7 Completion of projects

7.1 Completion of projects

The Beneficiary State shall prepare a project completion report according to the requirements of the grant agreement. The FMO shall make the final disbursement based on the project completion report.

The completion report shall be done in accordance with guidelines on reporting and monitoring adopted by the Committee.

7.2 Ex-post evaluation

The Committee may decide, on its own initiative or following a proposal from the Beneficiary State, that an ex-post evaluation of certain projects be carried out. Ex-post evaluations shall be carried out by an independent body, other than the monitoring agent or associated entities. The body carrying out the ex-post project evaluation shall submit a report to the Committee.

The ex-post evaluation report shall not replace other reporting requirements.

7.3 Other post-completion obligations

Beneficiary States shall ensure that projects that involve investment in real estate and/or land (including renovation) are operational at least 10 years after they have been completed, unless otherwise stipulated in the grant agreements. The period of minimum post-completion operation for other projects shall be determined in the grant agreement referred to in Article 4.8.

An ex-post evaluation of projects that demonstrates non-compliance with the Rules and Procedures and the grant agreements may give the Committee reasons to take corrective action, including claiming the reimbursements of funds.