

### IMPORTANT!

*This document contains a proposal for the wording of a partnership agreement in the Active Citizens Fund – Regional Programme, which is wording proposed by the Fund Operator. We have attempted, in this template, to include all essential clauses to safeguard the Leader’s and the Partner’s interests when they work together on the Project. The Leader and the Partner are free to amend and make additions to this agreement, and propose their own version, but in such a case it has to be borne in mind that when the Fund Operator reviews the agreement, it will check whether the agreement contains wording addressing the following:*

- *the parts played by the two Parties and their respective obligations (including Partner’s obligation to follow the Programme’s values – in art. 5(2a) a of the Agreement)*
- *the financial arrangements reached between the Parties, specifying as a minimum the amount of the grant intended for the Partner’s costs and policies regarding VAT eligibility*
- *the rules for providing the partner with the funds from the grant and how costs are settled in this respect, also stating the currency for settlement of costs*
- *the % rate of indirect costs*
- *the rules concerning documenting costs*
- *control and auditing requirements*
- *Project budget*
- *dispute resolution procedures*
- *Appendix 2*

## PARTNERSHIP AGREEMENT FOR PROJECT APPLICATION [number]

concluded on [date] between **[LEADER’S NAME]** with its registered office at **XXX**,  
entered **[SELECT AS APPLICABLE]**

- into the register of associations, other social and professional organisations, foundations and public health service providers of the National Court Register under number **XXX**
- into the register of business entities of the National Court Register under number **XXX**,
- into the Agency for Restructuring and Modernisation of Agriculture National Register of Village Housewives Circles under number **XXX**

- into the list of ordinary associations maintained by **XXX**, tax identification number (NIP) **XXX**, the “Leader”), represented by:

- (1) first name, surname, job title,
- (2) first name, surname, job title.

a **[PARTNER’S NAME]** with its registered office at: **XXX** entered into the XXX register under number **XXX**, tax identification number **XXX**, (the “Partner”), represented by:

- (1) first name, surname, job title,
- (2) first name, surname, job title.

The Leader and the Partner are jointly referred to as the “Parties”, and individually as a “Party”.

### **Article 1: DEFINITIONS**

The following terms used in the Agreement have the following meanings:

1. Programme – the grant programme “Active Citizens Fund – Regional Programme”, operated by a consortium of the following: Foundation in Support of Local Democracy (leader), Education for Democracy Foundation and Information Society Development Foundation (jointly referred to as the “Fund Operator”), financed using EEA Financial Mechanism Office funds on the basis of the Programme Implementation Agreement between the Foundation in Support of Local Democracy and the Financial Mechanism Office (FMO) with its registered office in Brussels.
2. Application – a document submitted by the Leader, registered in the Online Application System under number **XXX**.
3. Project – activities envisaged by the Leader and the outcome of the activities as described in the Application.
4. Agreement – this agreement regulating the rights and mutual obligations of the Parties in connection with joint implementation of the Project.
5. Grant – funding (up to 100% of project costs) intended to cover eligible costs connected with implementation of a Project.
6. Project contract – an agreement regulating the rights and mutual obligations of the Leader and Fund Operator in connection with provision by the Fund Operator and use by the Leader of the Grant awarded under the Programme.
7. **[OPTIONAL in cases where the Leader or the Partner make own contribution]** Co-financing – a contribution, financial or in kind (in the form of voluntary work), provided by **[SELECT AS APPLICABLE]** the Leader and/or Partner, intended to be used to cover some of the eligible expenditures in the project, specified proportionally for all budget lines.
8. Eligible expenditures – expenditures truly incurred by the Leader and Partner in accordance with the policies laid down in the Agreement and the Manual defined below, eligible, under those policies, for financing using the Grant.
9. Manual – the “Guidelines for Applicants and Project Promoters - 1st call for Thematic Projects” describing the procedure for submitting and evaluation of applications in calls for proposals conducted under the Programme, for implementing and settling costs in projects co-

financed using the grant funds awarded in the Programme, posted at [www.aktywniobywatele-regionalny.org.pl](http://www.aktywniobywatele-regionalny.org.pl).

## **Article 2: OBJECTIVE, SUBJECT, AND TERM OF THE AGREEMENT**

1. The object of the Agreement between the Parties is joint implementation of the Project **[PROJECT NAME]**.
2. The project is **[DESCRIBE BRIEFLY]** and will be implemented as stated in the Application approved by the Fund Operator.
3. The Agreement specifies the mutual rights and obligations of the Parties in connection with implementation of the Project described above as to allocation of competences, time limits, payment conditions, reporting, monitoring, inspections, and audits, and management of the project, including financial management.
4. This Agreement takes effect subject to the condition precedent that the Project Contract is concluded between the Leader and Fund Operator.
5. If the Leader does not sign the Project Contract this Agreement shall be deemed not to have been concluded according to Article 89 of Polish Civil Code.
6. The Agreement shall take effect as of the date it is concluded and shall remain in effect until the **[date]**.

## **Article 3: GENERAL OBLIGATIONS OF THE PARTIES**

1. The Parties undertake to cooperate to achieve the Project objectives.
2. The Parties undertake to exercise due diligence when performing their tasks with respect to the Project, within the required deadlines as stated in the Application, including in accordance with milestones and the Project Contract between the Leader and the Fund Operator.
3. The Parties undertake to use the Grant funds intended for implementation of the Project in accordance with the rules specified in the Manual.
4. The Parties undertake not to raise mutual claims with respect to reimbursement for costs other than those that follow from the scope of obligations specified in this Agreement and in the Project documentation submitted to the Fund Operator.
5. The Parties will each notify the other immediately of any circumstances that affect or might affect implementation of the Project.

## **Article 4: GENERAL OBLIGATIONS OF THE LEADER**

1. As the leading organisation in the partnership, the Leader is responsible for the overall implementation of the Project in terms of content and financial issues as well. The Leader bears sole responsibility towards the Fund Operator for implementation of the Project.
2. The Project Leader undertakes to do the following:
  - a) ensure that activities performed in the Project are performed properly and within the required time limits,

- b) promptly inform the Partner of any circumstances that might undermine the proper implementation of the Project within the required time limits, or incidents that might cause temporary or complete cessation or discontinuance of implementation of the Project,
- c) ensure that activities performed in the Project are performed properly and within the required time limits,
- d) ensure that the Partner has access to all documents, data, and information in the Leader's possession that might be essential or useful to the Partner to fulfil its obligations; if those documents, data, and information are not available in English, Project Leader is required to provide English translations at the Partner's request,
- e) provide the Partner with a copy of the signed Project Contract, plus any annexes,
- f) hold consultations with the Partner before submitting amendments of any kind to the application that may affect the Partner or the part it plays and its rights and obligations in the Project.
- g) prepare and submit to the Fund Operator, within the required time limit, periodical reports and a final report in accordance with the schedule specified in the Project Contract.
- h) make payments to the Partner within the required deadlines to the specified bank account
- i) provide the Partner with any necessary assistance in performance of its tasks in the Project.
- j) [List of other obligations]

#### **Article 5: GENERAL OBLIGATIONS OF THE PARTNER**

1. The Partner is responsible for performance of the following activities in the Project:
  - a) [REDACTED]
  - b) [REDACTED]
  - c) [REDACTED]
2. The Partner undertakes to:
  - a) act in the public interest, respect human rights, and observe democratic values in its activities, in particular the common values of respect for human dignity, freedom, democracy, equality, the rule of law, and respect for human rights, including the rights of persons belonging to minorities,
  - b) inform the Leader promptly of any circumstances that might affect the performance of its activities properly, completely, and within the required time limits,
  - c) provide the Leader with all necessary documents, including financial documents, on the basis of which the Leader is able to produce periodical reports and the final report within the required time limits, and to provide any clarifications needed regarding an interim or final report and/or documents regarding the Partner's activities promptly,
  - d) keep accounts in a manner whereby the costs incurred to perform the Project can be clearly identified,
  - e) return any excessive amounts or amounts found not to be due but disbursed with respect to the part of the Project implemented by the Partner,
  - f) inform the Leader immediately of any cases of fraud, bribery, or other unlawful conduct, detected or suspected, at any stage or performance of the Project,
  - g) provide any required information or documents in cases of monitoring, control, evaluation, and audit of the Project, whether conducted by the Fund Operator, FMO, the EFTA Board of

Auditors, the Office of the Auditor General of Norway, or persons authorised to act on their behalf, during the whole period of Programme's implementation, and also for three years following completion of the Programme, which means the moment the FMO receives the final report on performance of the Programme.

- h) respect and comply with any instructions and time limits stipulated by authorised institutions with respect to implementation of the Project, including for the purpose of remedying and eliminating any wrongdoing or irregularities,
- i) properly promote the Project in line with its obligations,
- j) [List of other obligations]

### **Article 6: PROJECT BUDGET AND FINANCES**

1. The Leader undertakes **[SELECT AS APPLICABLE]** to provide part of the grant / finance the Partner's costs up to a value of **EUR [AMOUNT]**.
2. The Partner undertakes to perform activities in accordance with the Project budget attached as Appendix 1 to the Agreement.
3. **[OPTIONAL in cases where the Leader or the Partner make a required contribution]** The required contribution of all the Parties is **EUR [AMOUNT]**. The Parties undertake to make the Required Contribution in the following way:
  - a) Leader: EUR ..... of **[SELECT AS APPLICABLE]** financial contribution / in-kind contribution (in the form of voluntary work) calculated as **[THE PROCEDURE OF CALCULATING]**
  - b) Partner: EUR..... of **[SELECT AS APPLICABLE]** financial contribution / in-kind contribution (in the form of voluntary work) calculated as **[THE PROCEDURE OF CALCULATING]**
4. The Leader will provide the Partner with the funds in the form of **[SELECT AS APPLICABLE]** a down payment / reimbursement of the Partner's true expenditures incurring during implementation of the Project to the Partner's bank account number in **[CURRENCY]:**  
**[account number]**  
**[IBAN]**  
**[BIC / SWIFT]**
5. The funds will pass between the Parties in compliance with the following procedures and time limits:  
**(Here you should determine the terms of payment of funds to the Partner. We strongly recommend including such conditions for the payment as: the implementation of specific activities within specified deadlines, the expenditure of a specific amount, as well as the need to present an interim narrative report on the activities performed.)**
  - a)
  - b)
  - c)
6. The Leader will provide the Partner with funds, and also receive information as to the expenditures it incurs, in EUR.
7. The Leader will process the expenditures incurred by the Partner according to the exchange rate used by the Leader's bank when converting the funds provided to the Partner.
8. The Parties undertake not to raise mutual claims in case of possible exchange rate losses.

9. [OPTIONAL] The Partner is entitled to use the Grant to finance indirect costs, in accordance with calculations presented in the Application, while the total indirect costs financed by the Leader and the Partner may not exceed [AMOUNT] % of the costs of the personnel assigned to project activities and capacity-building activities.

10. The Partner declares that when implementing the Project it is not able in any way to recover the VAT of which the value is stated in the project budget, and that the given VAT is an eligible cost in the project. It declares at the same time that if, during implementation of the project, grounds arise entitling it to recover the VAT, it will set that tax off against the relevant eligible costs stated in the information concerning settlement of costs with the Leader.

11. For the purpose of settlement of the expenditures incurred by the Partner, the Partner undertakes to submit debit notes in EUR to the Leader, with a detailed itemisation of the costs incurred and including certified true copies of all financial documents signed by an authorised representative of the Partner, as well as proofs of payments. The Partner is also obliged to provide documents proving that the costs incurred were valid, f.i. attendance lists/ lists on attendees of online meetings, 3 requests for quotation with cost analysis in case of expenditure exceeding 5000 EUR. It is not permitted to settle these costs on the basis of invoices.

12. While converting the expenditures incurred in local currency the Partner applies its local accounting regulations.

13. The Leader is entitled to request that the Partner provide access to originals or copies of financial documents and confirmation of payment in order to verify the costs incurred.

14. The Partner undertakes to comply with rules on eligible expenditures, and to make use, submit for settlement, and document the costs covered using the grant [and, where applicable, the required contribution] specified in Appendix 2 to the Agreement.

15. If costs of any kind arise during implementation of the Project that are not eligible costs, the Partner may not use the Grant [OPTIONAL] or the Required Contribution to cover these costs.

16. The Partner has an obligation to retain documentation concerning performance of the Agreement in accordance with accountancy laws, but for no less than three years from the end of the Programme, which means the moment the FMO receives the final report submitted by the Fund Operator. The Fund Operator will inform the leader of the date of the receipt of that report by e-mail, which due to the Programme timeframe will take place no sooner than in year 2025.

#### **Article 7 : RETURN OF FUNDS**

1. The Leader may request that the Partner return funds in the following cases:

- a) The Partner does not act in the public interest, does not respect human rights, and does not observe democratic values in its activities, in particular the common values of respect for human dignity, freedom, democracy, equality, the rule of law, and respect for human rights, including the rights of persons belonging to minorities;
- b) The Partner uses the provided funds in the Grant in whole or in part for activities other than those specified in art. 5(1) of the Agreement;
- c) The Partner does not implement the activities specified in art. 5(1) of the Agreement;
- d) the Leader is found to have submitted falsified or doctored documents or information, or documents and information containing untrue statements;

- e) The Partner does not correct errors, and neither does it provide credible information or documents;
  - f) The Partner refuses to submit to monitoring, inspections, or audits, or hinders full and undisrupted access to all documents, information, locations, and premises connected with implementation of the project for entities authorised to perform such activities;
  - g) The Partner fails to ensure that detected irregularities in implementation of the Project are remedied within the time limit stipulated by the Leader, in particular in the manner of use of funds from the Grant or [OPTIONAL] the Required Contribution;
  - h) a petition for declaration of bankruptcy has been filed with respect to the Partner, the Partner is in liquidation or receivership, the Partner has suspended operations, a trustee has been appointed for the Partner, or the Partner is subject to similar proceedings.
2. The Partner has an obligation to return a specified amount to the Leader's account within a timeframe enabling the funds to return to the Fund Operator within the time limit specified by the Fund Operator.

#### **Article 8: COPYRIGHT AND ACCESS TO WORKS**

1. The Partner will ensure, where possible, that title to intangible assets, including economic copyright, is transferred to it to the broadest extent possible, to all works created or acquired using the funds in the Grant.
2. The Partner undertakes to provide access, free of charge, to the works described above, according to the acquired rights, as of the moment of acquisition of those rights, to all stakeholders according to the conditions of a Creative Commons 4.0 licence – on the same conditions, which means the possibility of any kind of non-commercial use of those works, including copying, dissemination, and use, provided that the author of the work is credited.
3. If images of the Partner's representatives, including Project coordinators and other persons involved in implementing the Project, and Project participants, are widely distributed, the Partner undertakes to obtain the appropriate permission from those persons. This permission must include consent to broad distribution of their image by the Fund Operator for the purpose of providing information about the Programme.
4. [OPTIONAL other regulations concerning intellectual property rights, e.g. protection of databases or trademarks]

#### **Article 9: PERSONAL DATA PROTECTION AND PROCESSING**

1. The Parties undertake to process personal data relating to performance of the Agreement in compliance with the applicable data protection laws, including Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC (GDPR). In particular, the Parties undertake to process personal data in compliance with article 5 of the GDPR and on the appropriate legal grounds, and to introduce technical and organisation measures ensuring a level of security appropriate for the scope of data and purposes of data processing, and appropriate to enable proper exercise of rights of persons

whose data are processed for the purpose of implementation of the Agreement and the Programme, and this includes disclosure of information as required under articles 13 and 14 of the GDPR.

2. The Parties will provide, on a mutual basis, the personal data of persons authorised to represent them and to make declarations of intent and knowledge, and data of other persons where that data is essential to perform the Agreement.

3. The Partner consents to the disclosure of the data described above to the Fund Operator.

4. Data disclosed to the Fund Operator in connection with performance of the Agreement will be processed by the Foundation in Support of Local Democracy with its registered office in Warsaw (ul. Żurawia 43), the Education for Democracy Foundation with its registered office in Warsaw (ul. Nowolipie 9/11), and the Information Society Development Foundation with its registered office in Warsaw (ul. Kopernika 17), acting as joint controllers of those data (the "Joint Controllers").

5. The Parties and the Joint Controllers will process the following categories of personal data of the persons mentioned in point 2 above: first name, surname, e-mail address, telephone number, and image.

6. The Joint Controllers will process the personal data provided by the Partner, of the persons described in point 2 above, for the purpose of performance of the Agreement and implementation of the Programme, in particular for the following purposes: contact, reporting, promotion, making data public in accordance with the Agreement, monitoring and inspection, archiving, and compliance with the Joint Controllers' legal obligations.

7. The personal data recipients can be organisations working with any of the Parties for the purpose of performance of the Agreement, including those providing IT and accountancy services, entities implementing the Programme, the FMO, representatives of Donor States, and entities providing auditing or evaluation services commissioned by the Fund Operator.

8. Each Party will retain the personal data described in this article for the term of the agreement, and upon termination of the agreement for three years following completion of the programme, which means the moment the FMO receives the final report on performance of the Programme.

9. Each of the Parties and the data subjects can write to the following addresses with respect to personal data protection issues:

Leader: [contact e-mail address]

Partner: [contact e-mail address]

Joint Controllers: [RODO@aktywniobywatele-regionalny.org.pl](mailto:RODO@aktywniobywatele-regionalny.org.pl)

## **Article 10: DISPUTE RESOLUTION**

1. The Parties will attempt to resolve any disputes that arise in connection with performance of the Agreement amicably.

2. If a dispute cannot be resolved amicably, it shall be adjudicated by the court with jurisdiction for the registered office of the Leader.



### Article 11: TERMINATION

1. Termination for convenience by either Party [insert procedures and requirements for termination for convenience by either party, in case this possibility is deemed appropriate].
2. Either Party may terminate this Agreement in the event of a breach by the other Party of its obligations [insert procedures and requirements for termination for breach by either party].
3. Furthermore, in case of termination of the Project Contract for any reason whatsoever, the Leader may terminate this Agreement with immediate effect.

### Article 12: FINAL PROVISIONS

1. The Parties undertake to keep confidential all their data and information obtained in any way (intentional or accidental) in connection with the implementation of this Agreement, regardless of the manner and form of their transmission.
2. Polish law, including the Civil Code, shall govern any matters not regulated in this Agreement.
3. The Parties agree to accept declarations of intent in written / document / electronic form [SELECT AS APPLICABLE] unless, under this Agreement or the law, declarations of intent are required in some other form.
4. If any doubts arise regarding performance or interpretation of this Agreement, the Parties are required to enter into bilateral consultations to ensure successful performance of activities specified in this Agreement.
5. This Partnership Agreement has been drawn up in two identical counterparts in English.
6. The Parties agree that the following persons are authorised to conduct consultations regarding day-to-day matters relating to performance of the Agreement:

for the Leader:

first name, surname, job title, e-mail

for the Partner:

first name, surname, job title, e-mail

Leader

full name

signature

date \_\_\_\_\_

Partner

full name

signature

date \_\_\_\_\_

The appendices to the Partnership Agreement are an integral part of the Partnership Agreement:

Appendix 1 – Project Budget

Appendix 2 – Rules on eligibility, use, settlement, and documenting of expenditures and grant statement

## **Appendix 2 – Rules on project implementation and use, settlement, and documenting of expenditures financed from the Grant and co-financing**

The general rule: The project shall be based on the common values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. The project shall follow the principles of good governance; it shall be participatory and inclusive, accountable, transparent, responsive, effective and efficient. There shall be zero-tolerance towards corruption. The project shall be consistent with sustainable development, long-term economic growth, social cohesion and environmental protection. The project shall follow a results and risk management approach.

### **1. Eligible expenditures**

#### **1.1 General rules on expenditures eligibility**

Expenditures incurred by Partner will be treated as eligible provided that all of the following requirements are met:

- a) the expenses are incurred between the first and last day of implementation of the project, as specified in the Project contract (ATTENTION: Eligible are also expenses incurred within 30 days of the last day of implementation of the project as specified in the Project contract documented in the form of invoices and bills issued in the last month of implementation of the project, as well as tax and social security and health service contributions charged for the last month of implementation of the project, and paid within 30 days of the last day of implementation of the project as specified in the Project contract),
- b) the expenses are directly related to the project being implemented, and are provided for in the budget,
- c) the expenses are of an appropriate level and vital for implementation of the project,
- d) the expenses are related solely to attaining objectives and the envisaged results, and are incurred in an economical, rational, and efficient manner,
- e) the expenses are identifiable and verifiable, in particular through being recorded in the accounting records of the project promoter and determined according to the applicable accounting standards and generally accepted accounting principles;
- f) the expenses are in line with current tax and social security laws.

Expenses are considered to have been incurred when an invoice or other accounting document of equal evidentiary value has been issued and paid, and the item concerned has been delivered or the service concerned rendered.

This rule does not apply to:

- contribution in the form of voluntary work,
- depreciation of a fixed asset treated as an expense incurred on the date on which it is recorded or the date on which an entry writing off the asset is made in records of fixed assets and intangible assets,

- expenses that are processed on the basis of internal accounting evidence, and this includes expenses that are processed indirectly as a lump sum, treated as incurred on the date on which they are recorded,
- setting off of receivables.

Where a Partner/s make/s use of a grant or provide/s co-financing, a Project Promoter and Partner/s are required to keep accounting records and accounting documents so that the expenses relating to the project can be checked against the submitted financial statements and documents.

## **1.2 Direct costs**

Direct costs are any eligible costs related to project implementation, including any costs that arise in the case of a partnership, and capacity building costs.

Direct costs include:

- a) costs of remuneration for personnel assigned to the project, employed in accordance with the local Labour Code, provided that they comply with the remuneration by-laws and remuneration rates applied by the Partner. Remuneration costs include without limitation social security and healthcare contributions paid by the employer and tax.
- b) costs of travel for business purposes and daily travel allowances of personnel and volunteers working on a project, provided that these are in line with the local regulation or comply with the Partner's by-laws, if they are specified in the accounting policy, remuneration by-laws, employment contract, or other internal document of the organisation, and do not exceed the values given in the regulation specified above; travel by second or economy class is the standard;
- c) costs of procuring materials and goods and services, including subcontracting costs; costs related to contracts signed by the Partner in order to implement the project;
- d) costs of renovation of real property up to 50% of all direct costs;
- e) costs of new or used equipment, including fixed assets and the value of intangible assets, for which the rules are as follows:
  - depreciation in whole or in part of fixed assets or intangible assets purchased in connection with a grant or in the organisation's possession beforehand can be a direct cost according to the proportion in which they are used to implement a project while it is ongoing.  
If fixed assets or intangible assets in an organisation's possession beforehand were purchased using Polish public funds, EU public funds, EEA funds, or funds from the Norwegian Financial Mechanism, depreciation is not an eligible cost.
  - the entire cost incurred to purchase fixed or intangible assets can be a direct cost if they are an integral and essential element of work on a project and are of fundamental importance to attain the envisaged results (they have to be purchased at a previous stage of implementation of a project), they are insured (in the case of fixed assets), are used for a period of five years from the date on which the project is completed, and are not used to conduct business activity or sold for a

profit; such a cost can only be eligible if the given fixed asset or the value of the intangible asset is indicated in the grant agreement.

f) costs arising directly from requirements related to implementation of a project

### **1.3 Indirect costs**

Indirect costs are any eligible costs that cannot be clearly identified as being directly related to a project, but which are legitimate and can be listed in accounting records as incurred in connection with implementation of a project. Costs eligible as direct costs cannot be listed as indirect costs.

Indirect costs may include in particular:

- management board costs (costs of remuneration of persons authorised to represent the organisation and other costs related to the operation of the managing body),
- costs of support staff (handling human resources issues, accounting, legal services, administrative services, secretarial services),
- office premises maintenance costs (rent, depreciation, security service costs, premises cleaning costs, including cleaning agents used for the premises, electricity fees, heating fees, gas and water fees, transmission fees, sewage discharge fees),
- costs of office equipment and materials connected with operation of the office (for example purchases, maintenance, depreciation),
- costs of postal services, courier services, telephone and internet costs, etc.,
- costs of property and third-party insurance.

When indirect costs are being calculated, a fixed rate of up to 15% of direct eligible costs of the personnel assigned to the project has to be applied (taking into account the value of work done by volunteers, constituting the required contribution to the project).

If the Project Promoter and his Partner(s) decide to include indirect costs in the project budget, they have to present the chosen way of calculating indirect costs. The calculation can be based on one of the following methods:

- a) clearly established proportion between personnel assigned to the project and the total number of personnel employed by the organization;
- b) clearly established proportion between the project budget and the total budget of the organization;
- c) clearly established proportion between the indirect costs related to the project and the average administrative costs of the organization;
- d) other clearly stated method of calculation.

The chosen method of calculating indirect costs cannot be changed during project implementation.

If the Leader/Partner wishes to include indirect costs in the Grant reporting, then

- the fixed rate may only be applied to eligible costs of personnel (including the value of work done by volunteers, constituting the required contribution to the project), presented as incurred in the financial section of interim reports and of the final report.
- additional accounting documents (invoices, bills, etc.) are not required as confirmation of the incurred costs listed as indirect costs in connection with a project.

Indirect costs for which a fixed rate is applied are considered costs incurred on the date on which they are entered into accounts. In such a case, Leader and Partner are not required to present the Fund Operator with, or provide a description of, accounting documents confirming that the costs were incurred if they are listed as indirect costs of the project for which there is a fixed rate. However, the Fund Operator reserves the right to review accounting records of costs incurred at that fixed rate.

The Project Promoter and Partner/s agree among themselves how indirect costs are shared. If the partners are international organisations or their managing bodies and representative offices, they can settle indirect costs according to rules that they establish themselves.

#### **1.4 Optional co-financing**

Expenditures incurred under the possible co-financing must comply with the rules of eligibility in the Program. Financial contribution may come from the Partner's own resources or from other sources. Co-financing may not be made from other projects financed from the programs of the EEA Financial Mechanism or the Norwegian Financial Mechanism, EU funds or Swiss Funds.

Co-financing may come from the resources of public institutions or private institutions. However, unless these are institutional grants or grants for co-financing, the Partner should first obtain a consent from the institution from which it received the grant to use it in that way.

**IMPORTANT:** The possible co-financing must be included at the same proportion in all budget categories.

**REMEMBER:** The Grant awarded under the Active Citizens Fund – Regional Programme cannot be used as co-financing contribution in other projects.

## **2. Ineligible costs**

The following costs are considered ineligible:

- charges and interest on debt, as well as late payments charges,
- charges for financial operations and other financial costs, except costs related to accounts and financial services imposed by the project contract;
- costs of purchase of land and real estate,
- provisions for future liabilities and losses,

- losses on foreign exchange,
- VAT that under the provisions of applicable law may be recovered,
- costs covered from other sources,
- costs of litigation, except where litigation is an integral and necessary component for the achievement of the project results,
- fines and penalties,
- excessive and unfounded costs.

In addition, ineligible are costs of excluded activities, such as:

- a) transfer of financial or in-kind benefits to individuals or legal entities (except in-kind awards worth less than 200 PLN per person);
- b) regranting,
- c) financing of religious practice and worship (including preaching and proclaiming faith), actions of political parties, election campaigns, economic or paid statutory activity,
- d) commercial activity or paid public benefit activity.

### **3. VAT**

VAT only qualifies as an eligible cost when it has been paid by the Partner and cannot be recovered. If VAT is partially recoverable, the portion of the tax that is not recoverable is an eligible cost. Under the Partnership Agreement, the Partner makes a declaration that it is not able to recover VAT on goods and services purchased using funds in the Grant. In the declaration, the Partner agrees to return funds from the Grant used to finance a portion of VAT, if circumstances arise enabling VAT to be recovered.

If the Partner's status as a VAT payer changes in the course of implementation of the project, the Partner is required to promptly inform the Leader accordingly by e-mail.

### **4. Public tenders**

A Partner/ obligated party has an obligation to place orders and enter into agreements in accordance with the best practices for operating economically, ensuring a level playing field for potential contractors, and ensuring fair competition between them, and to make efficient use of funds regardless of the value of the contract. The Partner has an obligation to comply with public procurement laws applicable in their country (if subject to those laws).

If the Partner is not subject to national laws, where the value of goods or services purchased exceeds EUR 5 000, the Partner is required to collect a minimum of three bids (market research). The offer should be chosen on the basis of the best value for money ratio or the cheapest price. The whole selection procedure should be documented.

A bid collected due to market research must contain a description of the object of the contract, of parameters resembling those specified in the application. Bids can be collected in various forms, such as published pricelists or responses to queries requesting a quote. Bids do not have to be

binding under civil law. The Partner is required to store, in the project financial documentation, documents confirming that a minimum of three bids were collected.

Bids do not have to be collected in the case of costs relating to employment of personnel or purchase of municipal services, fuel or electricity, or costs that are capped under applicable law (such as daily allowance, and fixed travel and accommodation allowances).

## **5. Project budget management**

### **5.1 Bank account**

Partners do not need to open a separate bank account or subaccount.

### **5.2 Accounting rules**

The Partner is required to keep accounts for the project in a manner enabling all of the costs and revenue with respect to the project to be clearly identified.

This does not apply to indirect costs, as they are settled as a fixed sum. There is no need to keep separate records for them, and they do not need to be included on lists of documents enclosed with reports.

The Leader takes full responsibility for the implementation of the whole project realized in a partnership, both in terms of undertaken activities and financial management.

Tasks performed when working in a partnership cannot be the purchase of goods or services from the Partner/s. The Leader may transfer funds from a grant to the Partner's account to cover costs related to the Partner's tasks. Payments to finance costs of the Partner/s can be made as down payments or reimbursement of incurred expenditures. Partner costs financed using a grant are thus also the Leader's costs. Expenditures incurred by the Partner can only be settled on the basis of an accounting noted issue to the Leader. It is not permitted to settle these costs on the basis of invoices.

The Leader will draw up the financial statements specified in the Project contract according to the accounts kept or revenue and cost records kept in simple form, and lists of costs provided by the Partner/s.

The Leader will list, in the reports submitted to the Fund Operator, all costs related to performance of the project, that the Leader or Partner has incurred. This means that the Leader is entitled to require full documentation and additional clarifications from the Partner, in order to draw up the report properly. The Leader is also entitled to refuse to acknowledge costs that are not legitimate, or improperly performed tasks, as eligible costs.

### 5.3 Documenting incurred expenditure

Incurred costs are confirmed by a paid invoice or other accounting document that serves as equally valid evidence, plus confirmation of payment. Payment in cash is confirmed by stating on a document "Paid by cash/Zapłacono gotówką" or "Form of payment: cash/Forma zapłaty: gotówka". Purchases of fixed assets must be documented by way of invoices or sale agreements.

Costs that arise due to depreciation of fixed assets must be documented in the form of depreciation charts. The depreciation charts must state, as a minimum, the name of the fixed asset, the date on which it was received for use, the determined depreciation rate, the monthly write-off rate, and the scope in which the asset is used for the purposes of the project.

All accounting documents, except documents concerning indirect costs that are settled as a fixed sum, must be properly described, in a manner clearly showing how they are connected with the project.

Notes on an accounting document must state the following:

- a) information: financed using Grant number [application number] of the Active Citizens Fund – Regional Programme, from EEA funds,
- b) the amount of eligible costs in the currency of the country of the Partner,
- c) the name of the activity and the budget category to which the cost relates (as given in the budget),
- d) approval of the cost in terms of content-related issues and also formal and accounting issues, in the form of the signatures of authorized persons.

The documents relating to settlement of costs of remuneration of personnel employed solely to work on the project must include employment contracts and the decision assigning an employee, and state the name of the project.

The documents relating to settlement of costs of remuneration of personnel partially employed to work on the project must include records of working hours and the calculated hourly rate.

A required contribution, if any, in the form of volunteer work, must be documented by the agreement with the volunteer, and records of working hours.

Documenting the activities conducted also involves keeping lists of attendance at meetings, training, or conferences.

### 5.4 Retention of documentation

The Partner has an obligation to retain documentation relating to performance of the Project for three years from the moment the Programme is concluded, which means the moment of receipt by the FMO of a final report from the Fund Operator. The Fund Operator will inform the Leader of the date of receipt of that report by e-mail, which due to the Programme timeframe will take place no sooner than in year 2025.

Accounting evidence must be retained in specific order, corresponding to the manner in which accounts are kept or revenue and cost records are kept in simple form, making them readily



retrievable. Accounts and accounting records and evidence must be stored correctly and be safeguarded against unauthorised modification, distribution, or destruction.

### **5.5 Grant statement**

The Partner is required to state that funding is provided for activities relating to a project under the Active Citizens Fund – Regional Programme, where financed using EEA funds, and in particular:

- to display the Active Citizens Fund logo and the phrase: The Project benefits from Active Citizens Fund - Regional financed by EEA Grants in information packs and promotional materials produced in connection with the project: on websites, billboards, banners, notice boards, posters, leaflets, audio-visual materials, publications, etc. The logo is available to be downloaded from the website <https://eeagrants.org/resources/active-citizens-fund-logo-package>.
- to state explicitly and in a clearly visible manner that funding is provided under the Active Citizens Fund – Regional Programme, financed using EEA funds, at project events such as meetings, workshops, conferences, seminars, trade fairs, festivals, exhibitions, etc.