

## Information for project partners

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Many projects funded by the EEA and Norway Grants are affected by the measures taken to contain the Covid-19 outbreak. Please find below information about eligibility of expenditures for activities affected by the situation.

### *1. Eligibility of expenditures linked to non-execution of activities due to Corona virus*

Expenditure for an activity that cannot be executed due to unforeseeable circumstances and exceptional situations caused by the Corona virus developments which are beyond the control of the beneficiary, may still be eligible, if the related costs could not have been avoided or recovered by any form of insurance.

Example: Airline tickets/hotel reservations for attending a meeting related to the action. The flight is cancelled/or the ticket is not used due to the Corona virus developments preventing the beneficiary from travelling to the meeting. If the related expenditures fulfil the general eligibility principles of expenditures laid down in article 8(2) of the Regulations applicable to the EEA/Norway Financial Mechanism, or the Programme Implementation Agreements with the fund operators, they are eligible.

The entity/person concerned must however quickly put in place all possible measures to limit the damage caused by the unforeseeable circumstances, including measures to limit the related costs, e.g. by cancelling hotel bookings as soon as possible or seeking reimbursement from any form of insurance, if available. The related costs should be properly documented, including with the correspondence about the cancellation of the event/travel, and supported by this communication of the FMO.

### *2. Prolongment or changes in projects*

Changes in the project implementation period must be consulted with the Programme/Fund Operator. We encourage all projects to consider alternative solutions to implementing the activity, such as online platforms, before cancelling.

### **Note on currency rates**

The economic implications of the outbreak affects the exchange rates, and this is a challenge for many donor project partners. Please find below information from the Finance Unit at the FMO which can be useful especially for partners in the application process:

*Since partners from donor states incur costs in other currencies than the project budget, they are exposed to the risk of fluctuations in exchange rates. As exchange rate losses are not eligible costs (Reg. Art. 8.7.2.d), it is important to have this in mind when Project Promoter and Project Partners agree on the project budget. The budget must have taken a view on expenditure in the local currency*

and the appropriate exchange rate to use for the period. There are several actions project promoters and partners can do to mitigate the risk of exchange rate fluctuations, for example;

- *If the current exchange rate is experiencing large fluctuations, one possibility is to use the average exchange rate of the last year. A possible exchange rate to use for the budgeting could be the ECB last year average that can be found here:  
[https://www.ecb.europa.eu/stats/policy\\_and\\_exchange\\_rates/euro\\_reference\\_exchange\\_rates/html/eurofxref-graph-nok.en.html](https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-nok.en.html)*
- *Please note that increases in prices due to the exchange rate fluctuation is not to be considered as an exchange rate loss. This should be treated as a price increase and may be considered eligible provided the project budget is not exceeded. The impact of fluctuating exchange rates must be borne within the project. Budget transfers within the project throughout the implementation to respond to spending pressures created by currency fluctuation and move funding between different budget lines and headings should always be considered.*
- *Limit the period between the cost is incurred and the reimbursement is paid by focusing on the reporting process. This reduces the time one is subject to the exchange rate risk.*