

Annex 2
Template for MoU
EEA Financial Mechanism 2014-2021

MEMORANDUM OF UNDERSTANDING
ON THE IMPLEMENTATION OF THE EEA FINANCIAL MECHANISM
2014-2021

between

ICELAND,
THE PRINCIPALITY OF LIECHTENSTEIN,
THE KINGDOM OF NORWAY,
hereinafter referred to as the “Donor States”

and

[Beneficiary State],
hereinafter referred to as the “Beneficiary State”

together hereinafter referred to as the “Parties”,

WHEREAS Protocol 38c to the EEA Agreement, incorporated into the EEA Agreement by the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on the EEA Financial Mechanism 2014-2021, establishes a financial mechanism (hereinafter referred to as the “EEA Financial Mechanism 2014-2021”) through which the Donor States will contribute to the reduction of economic and social disparities in the European Economic Area;

WHEREAS the EEA Financial Mechanism 2014-2021 aims to strengthen relations between the Donor States and the Beneficiary State to the mutual benefit of their peoples;

WHEREAS by decision of the Standing Committee of the EFTA States No. 2/2016/SC of 2 June 2016 the Donor States have given the Financial Mechanism Committee, established by a decision of the Standing Committee of the EFTA States No. 4/2004/SC of 3 June 2004, a mandate to manage the EEA Financial Mechanism 2014-2021;

WHEREAS the enhanced co-operation between the Donor States and the Beneficiary State will contribute to securing a stable, peaceful and prosperous Europe, based on good governance, democratic institutions, the rule of law, respect for human rights and sustainable development;

WHEREAS the Parties agree to establish a framework for cooperation in order to ensure the effective implementation of the EEA Financial Mechanism 2014-2021;

HAVE AGREED on the following:

Article 1 **Objectives**

1. The overall objectives of the EEA Financial Mechanism 2014-2021 are to contribute to the reduction of economic and social disparities in the European Economic Area and to the strengthening of bilateral relations between the Donor States and the Beneficiary States through financial contributions in the priority sectors listed in paragraph 2. Accordingly, the Parties to this Memorandum of Understanding shall endeavour to select for funding programmes that contribute to the achievement of these objectives.

2. The financial contributions shall be available in the following priority sectors:

- (a) Innovation, research, education and competitiveness;
- (b) Social inclusion, youth employment and poverty reduction;
- (c) Environment, energy, climate change and low carbon economy;
- (d) Culture, civil society, good governance, fundamental rights and freedoms; and
- (e) Justice and home affairs.

Article 2 **Legal Framework**

This Memorandum of Understanding shall be read in conjunction with the following documents which, together with this Memorandum of Understanding, constitute the legal framework of the EEA Financial Mechanism 2014-2021:

- (a) Protocol 38c to the EEA Agreement on the EEA Financial Mechanism 2014-2021;

- (b) the Regulation on the implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the “Regulation”) issued by the Donor States in accordance with Article 10.5 of Protocol 38c;
- (c) the programme agreements that will be concluded for each programme; and
- (d) any guidelines adopted by the Financial Mechanism Committee in accordance with the Regulation.

Article 3 **Financial Framework**

1. In accordance with Article 2.1 of Protocol 38c, the total amount of the financial contribution is € 1548.1 million in annual tranches of € 221.16 million over the period running from 1 May 2014 to 30 April 2021, inclusive.
2. In accordance with Article 6 of Protocol 38c, a total of € [amount] shall be made available to the Beneficiary State over the period referred to in Paragraph 1.
3. In accordance with Article 3.2.b) of Protocol 38c, 10% of the total amount referred to in paragraph 2 shall be set aside for a fund for civil society.
4. In accordance with Article 10.4 of Protocol 38c and Article 1.9 of the Regulation, the management costs of the Donor States shall be covered by the overall amount referred to above. Further provisions to this effect are set out in the Regulation. The net amount of the allocation to be made available to the Beneficiary State is € [amount].

Article 4 **Roles and responsibilities**

1. The Donor States shall make funds available in support of eligible programmes proposed by the Beneficiary State and agreed on by the Financial Mechanism Committee within the priority sectors listed in Article 3.1 of Protocol 38c and the programme areas listed in the Annex to Protocol 38c. The Donor States and the Beneficiary State shall cooperate on the preparation of concept notes defining the scope and planned results for each programme.
2. The Beneficiary State shall assure the full co-financing of programmes that benefit from support from the EEA Financial Mechanism 2014-2021 in accordance with Annex B and the programme agreements.
3. The Financial Mechanism Committee shall manage the EEA Financial Mechanism 2014-2021 and take decisions on the granting of financial assistance in accordance with the Regulation.
4. The Committee shall be assisted by the Financial Mechanism Office (hereinafter referred to as the “FMO”). The FMO shall be responsible for the day-to-day operations of the EEA Financial Mechanism 2014-2021 and shall serve as a contact point.

Article 5 **Designation of authorities**

The Beneficiary State has authorised a National Focal Point to act on its behalf. The National Focal Point shall have the overall responsibility for reaching the objectives of the EEA Financial Mechanism 2014-2021 as well as for the implementation of the EEA Financial Mechanism 2014-2021 in the Beneficiary State in accordance with the Regulation. In accordance with Article 5.2 of the Regulation, the National Focal Point, the Certifying Authority, the Audit Authority, and the Irregularities Authority are designated in Annex A.

Article 6

Multi-annual Programming Framework

1. In accordance with Article 2.5 of the Regulation, the Parties have agreed on an implementation framework consisting of the following financial and substantive parameters:

- (a) a list of agreed programmes and the financial contribution from the EEA Financial Mechanism 2014-2021 by programme;
- (b) identification of programmes, their objective, their main focus, as appropriate, the grant rate by programme, the bilateral ambitions as well as any specific concerns relating to target groups, geographical areas or other issues;
- (c) identification of programme operators, as appropriate;
- (d) identification of Donor Programme Partners, as appropriate;
- (e) identification of International Partner Organisations, as appropriate;
- (f) identification of pre-defined projects to be included in relevant programmes.

2. The implementation framework is outlined in Annex B.

Article 7

Fund for bilateral relations

In accordance with Article 4.6 of the Regulation the Beneficiary State shall set aside funds to strengthen bilateral relations between the Donor States and the Beneficiary State. The National Focal Point shall manage the use of the fund for bilateral relations and shall establish a Joint Committee for Bilateral Funds in accordance with Article 4.2 of the Regulation.

Article 8

Annual meetings

In accordance with Article 2.7 of the Regulation an annual meeting shall be held between the FMC and the National Focal Point. The annual meeting shall allow the FMC and the National Focal Point to examine progress achieved over the previous reporting period and agree on any necessary measures to be taken. The annual meeting shall provide a forum for discussion of issues of bilateral interest.

Article 9

Modification of the annexes

Annex A and B may be amended through an exchange of letters between the FMC and the National Focal Point.

Article 10

Control and Access to Information

The Financial Mechanism Committee, the EFTA Board of Auditors and their representatives have the right to carry out any technical or financial mission or review they consider necessary to follow the planning, implementation and monitoring of programmes and projects as well as the use of funds. The Beneficiary State shall provide all necessary assistance, information and documentation.

Article 11
Governing Principles

1. The implementation of this Memorandum of Understanding shall in all aspects be governed by the Regulation and subsequent amendments thereof.
2. The objectives of the EEA Financial Mechanism 2014-2021 shall be pursued in the framework of close co-operation between the Donor States and the Beneficiary State. The Parties agree to apply the highest degree of transparency, accountability and cost efficiency as well as the principles of good governance, partnership and multi-level governance, sustainable development, gender equality and equal opportunities in all implementation phases of the EEA Financial Mechanism 2014-2021.
3. The Beneficiary State shall take proactive steps in order to ensure adherence to these principles at all levels involved in the implementation of the EEA Financial Mechanism 2014-2021.
4. No later than 31 December 2020, the Parties to this Memorandum of Understanding shall review progress in the implementation of this Memorandum of Understanding and thereafter agree on reallocations within and between the programmes, where appropriate. The conclusion of this review shall be taken into account by the National Focal Point when submitting the proposal on the reallocation of the reserve referred to in Article 1.11 of the Regulation.

Article 12
Entry into Force

This Memorandum of Understanding shall enter into force on the day after the date of its last signature.

This Memorandum of Understanding is signed in four originals in the English Language.

Signed in on
For Iceland

Signed in..... on.....
For [name of Beneficiary State]

.....

.....

Signed in on
For the Principality of Liechtenstein

.....

Signed in on
For the Kingdom of Norway

.....

National management and control structures

1. National Focal Point

<Name of National Focal Point> shall act as the National Focal Point.

[Description of the National Focal Point's location in the public administration, within what ministry and/or administrative unit it belongs to, who it reports to, etc.]

The roles and responsibilities of the National Focal Point are stipulated in the Regulation, in particular Article 5.3 thereof. [In addition, the National Focal Point shall:]

[list any additional roles that the National Focal Point is responsible for.]

[If some parts of the roles and responsibilities of the National Focal Point are implemented by other public authorities, these authorities and their roles should be listed here. The text should state clearly that regardless of such delegation of tasks, the responsibility for the performance of these tasks remains with the National Focal Point.]

2. Certifying Authority

<Name of Certifying Authority> shall act as the Certifying Authority.

[Description of the Certifying Authority's location in the public administration, within what ministry and/or administrative unit it belongs to, who it reports to, etc.]

The roles and responsibilities of the Certifying Authority are stipulated in the Regulation, in particular Article 5.4 thereof. [In addition, the Certifying Authority shall:]

[list any additional roles that the Certifying Authority is responsible for.]

[If some parts of the roles and responsibilities of the Certifying Authority are implemented by other public authorities, these authorities and their roles should be listed here. The text should state clearly that regardless of such delegation of tasks, the responsibility for the performance of these tasks remains with the Certifying Authority. In case of such delegation of tasks, the Certifying Authority must explain how it ensures that the system set up by the authority to which the tasks are delegated are of sufficient quality to ensure that funds from the EEA Financial Mechanism 2014-2021 are used efficiently and correctly and in accordance with the principles of sound financial management.]

3. Audit Authority

<Name of Audit Authority> shall act as the Audit Authority.

[Description of the Audit Authority's location in the public administration, within what ministry and/or administrative unit it belongs to, who it reports to, etc.]

The roles and responsibilities of the Audit Authority are stipulated in the Regulation, in particular Article 5.5 thereof. [In addition, the Audit Authority shall:]

[list any additional roles that the Audit Authority is responsible for.]

[If some parts of the roles and responsibilities of the Audit Authority are implemented by other public authorities, these authorities and their roles should be listed here. The text should state clearly that

regardless of such delegations of tasks, the responsibility for the performance of these tasks remains with the Audit Authority.]

The Audit Authority shall be functionally independent of the National Focal Point and the Certifying Authority.

4. Irregularities Authority

<Name of Irregularities Authority> shall be responsible for the preparation and submission of irregularities reports.

[Description of this National public entity's location in the public administration, within what ministry and/or administrative unit it belongs to, who it reports to, etc.]

The roles and responsibilities of the [name of Irregularities Authority] are stipulated in the Regulation, in particular Article 12.3 thereof. [In addition, the [name of Irregularities Authority] responsible for the preparation and submission of irregularities reports shall:]

[list any additional roles that the Irregularities Authority is responsible for.]

[If some parts of the roles and responsibilities of the Irregularities Authority are implemented by other public authorities, these authorities and their roles should be listed here. The text should state clearly that regardless of such delegations of tasks, the responsibility for the performance of these tasks remains with the Irregularities Authority.]

5. Strategic Report

In accordance with Article 2.6 of the Regulation, the National Focal Point shall annually submit to the FMC a Strategic Report on the implementation of the EEA Financial Mechanism 2014-2021 in the Beneficiary State. The Strategic Report shall be submitted to the FMC at least two months before the annual meeting unless otherwise agreed.

6. Organigram

[A simple organigram describing the position of the main public authorities involved in the implementation of the EEA Financial Mechanism 2014-2021.]

Implementation framework

In accordance with Article 2.5 of the Regulation, the Parties to this Memorandum of Understanding have agreed on an implementation framework outlined in this annex.

1. Financial parameters of the implementation framework

	[Beneficiary State]	EEA FM contribution	National contribution
	Programmes		
1	[Name of programme]	€ [amount]	€ [amount]
2	[Name of programme]	€ [amount]	€ [amount]
3	[Name of programme]	€ [amount]	€ [amount]
4	[Name of programme]	€ [amount]	€ [amount]
5	[Name of programme]	€ [amount]	€ [amount]
6	[Name of programme]	€ [amount]	€ [amount]
7	[Name of programme]	€ [amount]	€ [amount]
8	[Name of programme]	€ [amount]	€ [amount]
9	[Name of programme]	€ [amount]	€ [amount]
10	[Name of programme]	€ [amount]	€ [amount]
	Other allocations		
	Technical assistance to the Beneficiary State (Art. 1.10)	€ [amount]	€ [amount]
	Reserve (Art. 1.11)	€ [amount]	€ [amount]
	Reserve for completion of projects under FM 2009-14 (Art. 1.12)	€ [amount]	€ [amount]
	Fund for bilateral relations (Art. 4.6.1)	€ [amount]	€ [amount]
	Net allocation to [BS]	€ [total]	€ [total]

2. Specific concerns

[List of specific concerns such as Roma inclusion, cooperation with international organisations, reference to Council of Europe standards, etc.]

3. Substantive parameters of the implementation framework

The programmes described below are to be implemented subject to the approval of the FMC, in accordance with Article 6.3 of the Regulation.

A. Programme [name of programme]

Programme objective: [Objective]
Programme grant: [Programme grant]
Programme co-financing: [Programme co-financing]

Programme Operator: [Name of Programme Operator (if known). Mention if the designation is in accordance with Article 6.13 of the Regulation. (If PO is not known, designation of the PO is regulated in Article 5.2.3 or Article 6.13 of the Regulation).]

Donor programme partner(s): [Name of donor programme partner(s) (if relevant)]

International Partner Organisation(s): [Name of International Partner Organisation(s) (if relevant)]

Programme area(s): [Programme area(s) covered by the programme]

Special concerns: [Narrative text on any special concern and on whether this programme aims to address needs of certain target groups, geographical areas or other issues.]

Bilateral ambitions: [Narrative text on the bilateral ambitions of the programme.]

Pre-defined projects

Name of project: [Name of project. If only the general area is known, describe the area]

Description: [Brief description of project(s)]

Project Promoter: [Name of project promoter if known]

Donor project

Partner: [Name of donor project partner if known]

Maximum grant: [Maximum grant amount earmarked for
amount the project]

[The programme will be implemented in conjunction with the programme [name] implemented under the Norwegian Financial Mechanism 2014-2021.]

B. Programme [name of programme]

[Repeat template text as needed]

[If the substantive parameters are not exhaustive, this text should to be added:]

Identification of the substantive parameters for any remaining programmes shall be made in accordance with the Regulation.

C. Projects under the EEA Financial Mechanism 2009-2014 funded through the reserve referred to in Article 1.12 of the Regulation

Name and number of project	Amount from reserve
	€ [amount]
	€ [amount]
Total amount	€ [total amount]