

MEMORANDUM OF UNDERSTANDING  
ON THE IMPLEMENTATION OF THE NORWEGIAN FINANCIAL MECHANISM  
2009-2014

between

THE KINGDOM OF NORWAY,  
hereinafter referred to as “Norway”

and

THE REPUBLIC OF ESTONIA  
hereinafter referred to as the “Beneficiary State”

together hereinafter referred to as the “Parties”,

WHEREAS the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2009-2014 establishes a financial mechanism (hereinafter referred to as the “Norwegian Financial Mechanism 2009-2014”) through which Norway will contribute to the reduction of economic and social disparities in the European Economic Area;

WHEREAS the Norwegian Financial Mechanism 2009-2014 aims to strengthen relations between Norway and the Beneficiary State to the mutual benefit of their peoples;

WHEREAS the enhanced co-operation between Norway 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 Norwegian Financial Mechanism 2009-2014;

the Parties HAVE AGREED on the following:

### **Article 1 Objectives**

1. The overall objectives of the Norwegian Financial Mechanism 2009-2014 are to contribute to the reduction of economic and social disparities in the European Economic Area and to the strengthening of bilateral relations between Norway 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) Carbon capture and storage;
- (b) Green industry innovation;
- (c) Research and scholarship;
- (d) Human and social development;
- (e) Justice and home affairs;
- (f) Promotion of decent work and tripartite dialogue.

### **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 Norwegian Financial Mechanism 2009-2014:

- (a) the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as “the Agreement”);
- (b) the Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the “Regulation”) issued by Norway in accordance with Article 8.8 of the Agreement;
- (c) the programme agreements that will be concluded for each programme; and

- (d) any guidelines adopted by the Norwegian Ministry of Foreign Affairs (NMFA) in accordance with the Regulation.

### **Article 3**

#### **Financial Framework**

1. In accordance with Article 2 of the Agreement, the total amount of the financial contribution is € 800 million in annual tranches of € 160 million over the period running from 1 May 2009 to 30 April 2014, inclusive.
2. In accordance with Article 5 of the Agreement, a total of € 25.6 million shall be made available to the Beneficiary State over the period referred to in Paragraph 1.
3. In accordance with Article 8.7 of the Agreement and Article 1.8 of the Regulation, the management costs of Norway 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 € 23,680,000.

### **Article 4**

#### **Roles and responsibilities**

1. Norway shall make funds available in support of eligible programmes proposed by the Beneficiary State and agreed on by the NMFA within the priority sectors listed in Article 3 of the Agreement and the programme areas identified in Annex B of this Memorandum of Understanding. Norway and the Beneficiary State may consult on possible and specific programmes before a formal programme proposal is submitted to the NMFA.
2. The Beneficiary State shall assure the full co-financing of programmes that benefit from support from the Norwegian Financial Mechanism 2009-2014 in accordance with Annex B and the programme agreements.
3. The NMFA shall manage the Norwegian Financial Mechanism 2009-2014 and take decisions on the granting of financial assistance in accordance with the Regulation.
4. The NMFA 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 Norwegian Financial Mechanism 2009-2014 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 Norwegian Financial Mechanism 2009-2014 as well as for the implementation of the Norwegian Financial Mechanism 2009-2014 in the Beneficiary State in accordance with the Regulation. In accordance with Article 4.2 of the Regulation, the National Focal Point, the Certifying Authority, the Audit Authority, and an appropriate national entity responsible for the preparation and submission of irregularities reports are designated in Annex A.

### **Article 6**

#### **Multi-annual Programming Framework**

1. In accordance with Article 2.1 of the Regulation, the Parties have agreed on an implementation framework consisting of the following financial and substantive parameters:

- (a) a list of agreed programme areas, the financial contribution from the Norwegian Financial Mechanism 2009-2014 by programme area;
  - (b) identification of programmes, their main focus and outcomes, as appropriate, as well as any specific concerns relating to target groups, geographical areas or other issues;
  - (c) identification of programme operators, if appropriate;
  - (d) initiatives to strengthening the bilateral relations between Norway and the Beneficiary State, including the identification of programme areas in which donor partnership programmes as referred to in Article 3.2 shall be prepared, the designation of donor programme partners, the allocation of funds for such programmes, and programmes, or component thereof, that are dedicated exclusively to donor partnership projects;
  - (e) in specific cases, the identification of pre-defined projects to be included in relevant programmes;
  - (f) identification of small grant schemes, as appropriate.
2. The implementation framework is outlined in Annex B.

#### **Article 7 Annual meetings**

In accordance with Article 2.3 of the Regulation an annual meeting shall be held between the NMFA and the National Focal Point. The annual meeting shall allow the NMFA and the National Focal Point to examine progress achieved over the previous reporting period and agree on any necessary measures to be taken.

#### **Article 8 Modification of the annexes**

1. Annex A may be subject to review at the annual meetings. Amendments to Annex A agreed upon at the annual meetings do not require a formal change to this Memorandum of Understanding. Such amendments shall be confirmed through an exchange of letters between the NMFA and the National Focal Point.
2. Annex B may be changed through an exchange of letters between the NMFA and the National Focal Point.

#### **Article 9 Control and Access to Information**

The NMFA, the Office of the Auditor General of Norway 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 10 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 Norwegian Financial Mechanism 2009-2014 shall be pursued in the framework of close co-operation between Norway 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, sustainable development, gender equality and equal opportunities in all implementation phases of the Norwegian Financial Mechanism 2009-2014.

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 Norwegian Financial Mechanism 2009-2014.

**Article 11**  
**Entry into Force**

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

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

Signed in ..... on .....  
For the Kingdom of Norway

Signed in ..... on .....  
For the Republic of Estonia

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## **National management and control structures**

### **1. National Focal Point**

The Structural and Foreign Assistance Department of the Ministry of Finance of the Republic of Estonia shall act as the National Focal Point. The Structural and Foreign Assistance Department is responsible for coordination and management of the EU structural funds and foreign assistance. It is accountable to the Deputy Secretary-General for State Fiscal Policy, who will act as the head of the National Focal Point.

The roles and responsibilities of the National Focal Point are stipulated in the Regulation, in particular Article 4.3 thereof.

Tasks of the National Focal Point related to strategic planning of the use of the contribution from the Norwegian Financial Mechanism 2009-2014 and assessment of programme proposals shall be assigned to the Public Finance and Strategies Department of the Ministry of Finance of the Republic of Estonia.

The Public Finance and Strategies Department is responsible for the programming the EU structural funds and foreign assistance and is accountable to the head of the National Focal Point.

### **2. Certifying Authority**

The EU Payments Department of the Ministry of Finance of the Republic of Estonia shall act as the Certifying Authority. The EU Payments Department is responsible for the financial management of the EU structural funds and foreign assistance. The head of the EU Payments Department shall be the head of the Certifying Authority. The EU Payments Department is accountable to the Deputy Secretary-General for Public Governance Policy.

The roles and responsibilities of the Certifying Authority are stipulated in the Regulation, in particular Article 4.5 thereof.

The task of maintaining accounting records on financial transactions realised shall be assigned to the State Treasury Department of the Ministry of Finance of the Republic of Estonia. The Certifying Authority shall regularly control accounting records maintained by the State Treasury Department.

### **3. Audit Authority**

The Financial Control Department of the Ministry of Finance of the Republic of Estonia shall act as the Audit Authority. The Financial Control Department's main responsibilities are coordination and analysis of the internal control systems and organisation of internal audit in governmental agencies. The Financial Control Department carries out the functions of the Audit Authority for the EU structural funds and foreign assistance. The head of the Financial Control Department shall be the

head of the Audit Authority. The Financial Control Department is accountable to the Secretary-General of the Ministry of Finance of the Republic of Estonia.

The roles and responsibilities of the Audit Authority are stipulated in the Regulation, in particular Article 4.6 thereof.

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

The National Focal Point shall provide the NMFA with copies of any audit report that is made by the National Audit Office of Estonia regarding the implementation of the Norwegian Financial Mechanism 2009-2014.

#### **4. National public entity responsible for the preparation and submission of irregularities reports.**

The Financial Control Department of the Ministry of Finance of the Republic of Estonia (the Audit Authority) shall be responsible for the preparation and submission of irregularities reports. The Financial Control Department discharges the functions of the Anti-fraud Co-Ordination Service (AFCOS) which is the official cooperation partner for the European Anti-fraud Office.

The roles and responsibilities of the entity responsible for the preparation and submission of irregularities reports are stipulated in the Regulation, in particular Article 11.3 thereof.

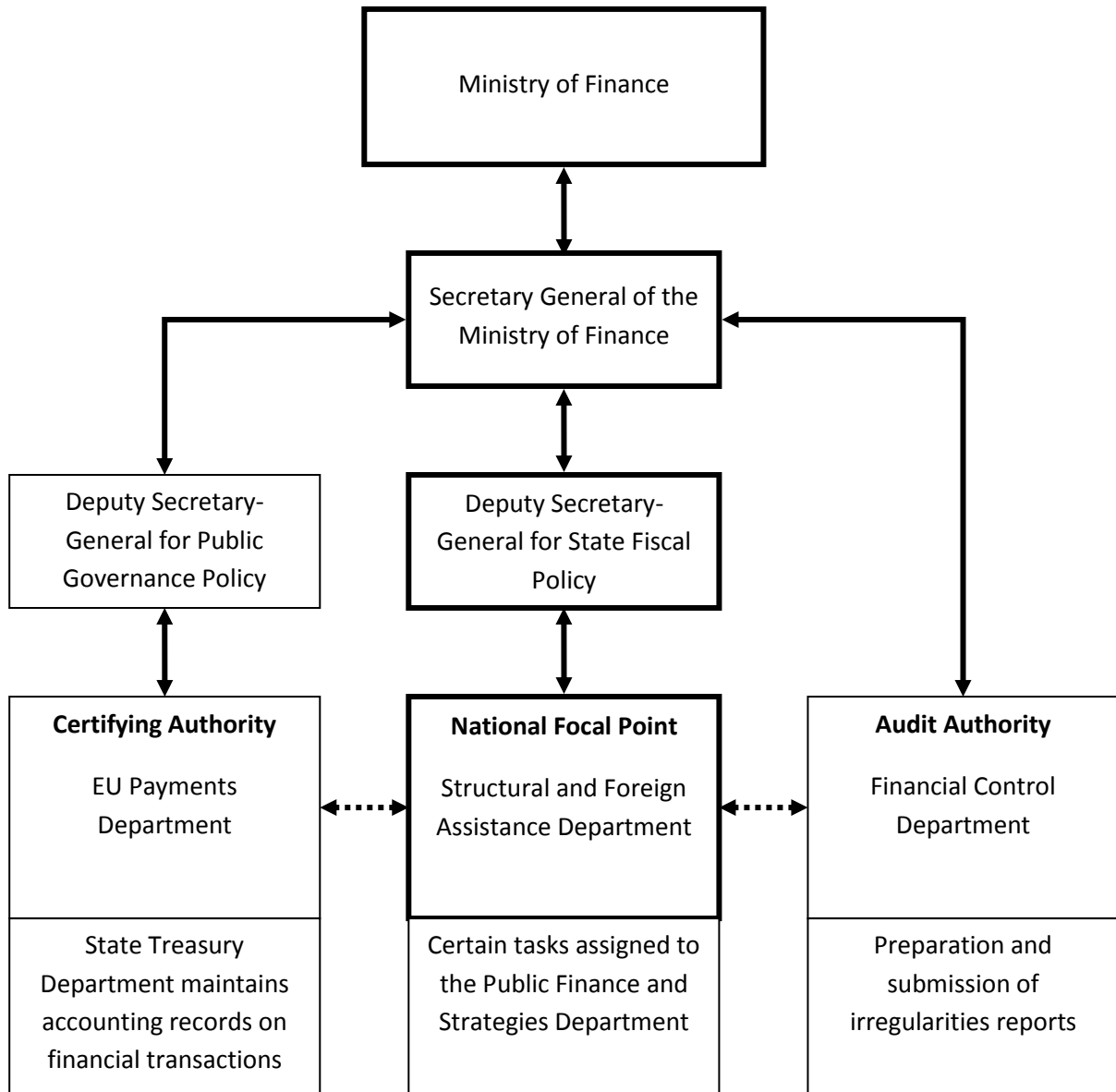
#### **5. Monitoring Committee**

The Monitoring Committee shall be established within six months of the signing of the Memorandum of Understanding. Its role is stipulated in the Regulation, in particular Article 4.4 thereof.

#### **6. Strategic Report and annual meetings**

In accordance with Article 2.2 of the Regulation, the National Focal Point shall annually submit to the NMFA a Strategic Report on the implementation of the Norwegian Financial Mechanism 2009-2014 in the Beneficiary State. The Parties shall endeavour to hold the annual meeting in the month of May every year.

## 7. Organigram





ANNEX B

**Implementation framework**

In accordance with Article 2.1 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**

<b>Estonia</b>	<b>Norwegian FM contribution</b>
<b>Programme area</b>	
Green Industry Innovation	€ 6,000,000
Global fund for Decent Work and Tripartite Dialogue	€ 256,000
Bilateral Research Cooperation	€ 3,000,000
Bilateral Scholarship Cooperation	€ 1,000,000
Public Health Initiatives	€ 8,912,000
Mainstreaming Gender Equality and Promoting Work-Life Balance	€ 2,000,000
Domestic and Gender-Based Violence	€ 2,000,000
<b>Other allocations</b>	
Technical assistance to the Beneficiary State (Art. 1.9)	€ 384,000
Fund for bilateral relations at national level (Art. 3.5.1)	€ 128,000
<b>Net allocation to Estonia</b>	<b>€ 23,680,000</b>

**2. Specific concerns**

Bilateral relations between Norway and Estonia shall be strengthened with the aim of stimulating long-term cooperation, in particular in the programme areas listed below with donor programme partners, as well as through other means such as partnership at project level in all programme areas supported.

The appraisal of Programme Proposals will take due account of relevant human rights- and governance-related standards of the Council of Europe (such as those monitored by CPT, GRECO, GRETA, ECRI etc.), including the Convention for the Protection of Human Rights and Fundamental Freedoms.

**3. Substantive parameters of the implementation framework**

The programmes described below are to be prepared and, subject to NMFA approval, implemented in the Beneficiary State.

#### **A. Programme Area: Green Industry Innovation**

<i>Programme:</i>	Green Industry Innovation
<i>Objective</i>	Increased competitiveness of green enterprises, including greening of existing industries, green innovation and green entrepreneurship
<i>Programme grant:</i>	€ 6,000,000
<i>Programme Operator:</i>	Ministry of Economic Affairs and Communication
<i>Donor programme partner:</i>	Innovation Norway

#### **B. Programme Area: Global fund for Decent Work and Tripartite Dialogue**

<i>Programme:</i>	Decent work
<i>Objective</i>	Decent work promoted and tripartite cooperation improved between employers' organisations, trade unions and public authorities in supporting equitable and sustainable economic and social development
<i>Programme grant:</i>	€ 256,000
<i>Programme Operator:</i>	Innovation Norway

#### **C. Programme Area: Bilateral Research Cooperation**

<i>Programme:</i>	Norwegian-Estonian Research Cooperation
<i>Objective</i>	Enhanced research-based knowledge development in the Beneficiary States through enhanced research cooperation between Norway and the Beneficiary States
<i>Programme grant:</i>	€ 3,000,000
<i>Programme Operator:</i>	Estonian Ministry of Education and Research
<i>Donor programme partner:</i>	Norwegian Research Council
<i>Specific concerns:</i>	The programme shall be implemented jointly with the EEA Scholarship Programme under the EEA Financial Mechanism and the Norwegian Estonian Scholarship programme under the Norwegian Financial Mechanism.

#### **D. Programme Area: Bilateral Scholarship Programme**

<i>Programme:</i>	Norwegian-Estonian Scholarship Programme
<i>Objective</i>	Enhanced human capital and knowledge base in the Beneficiary States
<i>Programme grant:</i>	€ 1,000,000
<i>Programme Operator:</i>	Estonian Ministry of Education and Research
<i>Donor programme partner:</i>	Norwegian Centre for International Cooperation in Higher Education (SIU)
<i>Specific concerns:</i>	The programme shall be implemented jointly with the EEA Scholarship Programme under the EEA Financial Mechanism and the Norwegian-Estonian Research Cooperation Programme under the Norwegian Financial Mechanism. The programme may include activities to develop research management.

### **E. Programme Area: Public Health Initiatives**

<i>Programme:</i>	Public Health Initiatives
<i>Objective:</i>	Improved public health and reduced health inequalities
<i>Expected outcomes:</i>	Improved access to and quality of health services, including reproductive and preventive child health care Life-style-related diseases prevented or reduced Improved prevention and treatment of communicable diseases (including HIV/AIDS and TB) Improved mental health services
<i>Programme grant:</i>	€ 8,912,000
<i>Programme Operator:</i>	Ministry of Social Affairs
<i>Donor programme partner:</i>	The Norwegian Institute of Public Health (FHI)
<i>Main focus:</i>	The Programme shall focus on improving mental health care for children and youth, promoting a healthy lifestyle and developing a healthy environment, and preventing infectious diseases including in detention facilities.

### **F. Programme Area: Mainstreaming Gender Equality and Promoting Work-Life Balance**

<i>Programme:</i>	Mainstreaming Gender Equality and Promoting Work-Life Balance
<i>Objectives:</i>	Gender equality and work-life balance promoted
<i>Expected outcomes:</i>	Awareness raised and research on gender issues promoted Balance between work, private and family life improved Capacity of gender equality organisations and networks strengthened
<i>Programme grant:</i>	€ 2,000,000
<i>Programme Operator:</i>	Ministry of Social Affairs
<i>Small grant scheme:</i>	Up to 20 % of the Programme allocation shall be set aside to support interventions and capacity-building by NGOs, and schemes to support employers implement measures enhancing work-life balance.
<i>Specific concern:</i>	The programme shall be implemented jointly with the Programme on Domestic and Gender-based Violence.

### **G. Programme Area: Domestic and Gender-based Violence**

<i>Programme:</i>	Domestic and Gender-based Violence
<i>Objectives:</i>	Gender based violence prevented and tackled
<i>Expected outcomes:</i>	Gender-based violence reduced Victims of trafficking supported
<i>Programme grant:</i>	€ 2,000,000
<i>Programme Operator:</i>	Ministry of Social Affairs
<i>Donor programme partner:</i>	The Directorate of Health

*Small grant scheme:*

Up to 20 % of the Programme allocation shall be set aside to support interventions by and capacity-building of NGOs engaged in the prevention and tackling of gender-based violence and trafficking.

*Specific concern:*

The programme shall be implemented jointly with the Programme on Mainstreaming Gender Equality and Promoting Work-Life Balance.