

# Regulation on the implementation of the European Economic Area (EEA) Financial Mechanism 2021-2028

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Adopted by the EEA Financial Mechanism Committee  
pursuant to Article 9.4 of Protocol 38d to the EEA Agreement on 7 January 2025  
and confirmed by the Standing Committee of the EFTA States on 27 January 2025

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## **Chapter 1** **General provisions**

### **Article 1.1** **Subject matter**

1. This Regulation applies to the implementation of the EEA Financial Mechanism 2021-2028 and was adopted in accordance with Article 9 of Protocol 38d to the EEA Agreement.

2. This Regulation lays down the general provisions for implementation of the EEA Financial Mechanism 2021-2028 without prejudice to the provisions laid down in Protocol 38d to the EEA Agreement.

### **Article 1.2** **Objectives**

The overall objectives of the EEA Financial Mechanism 2021-2028 are to contribute to the reduction of economic and social disparities in the European Economic Area and to strengthen bilateral relations between the Donor States and the Beneficiary States through financial contributions to promote the thematic priorities listed in Article 2.1.1.

### **Article 1.3** **Principles of implementation**

1. The EEA Financial Mechanism 2021-2028 is based on the common values and principles of respect for human dignity, freedom, democracy, equality, the rule of law and the respect for human rights, including the rights of persons belonging to minorities. All programmes and activities funded by the EEA Financial Mechanism 2021-2028 shall be consistent with respect for these values and principles and abstain from supporting operations that may fail to do so. Their implementation shall comply with the fundamental rights and obligations enshrined in relevant instruments and standards.

2. The implementation of the EEA Financial Mechanism 2021-2028 shall follow the principles of good governance, shall be participatory and inclusive, accountable, transparent, responsive, effective and efficient. There shall be zero-tolerance towards fraud and corruption.

3. The implementation of the EEA Financial Mechanism 2021-2028 shall be consistent with sustainable development, long-term economic growth, social cohesion and environmental protection.

4. The implementation of the EEA Financial Mechanism 2021-2028 shall follow a results and risk management approach.

### **Article 1.4** **Principle of co-operation**

The objectives of the EEA Financial Mechanism 2021-2028 shall be pursued in a framework of close co-operation between the Donor States and the Beneficiary States, respecting the values and principles and complying with the rights and obligations referred to in Article 1.3.

### **Article 1.5** **The legal framework**

1. This Regulation shall be read in conjunction with the following documents which, together with the Regulation and its annexes, constitute the legal framework of the EEA Financial Mechanism 2021-2028:

- (a) Protocol 38d to the EEA Agreement on the EEA Financial Mechanism 2021-2028;
- (b) the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2021-2028, entered into between the Donor States and the Beneficiary State;
- (c) the programme agreements; and
- (d) any guidelines adopted by the FMC after consultation with the Beneficiary States.

2. The Beneficiary State shall ensure that any additional provisions applicable to the implementation of the EEA Financial Mechanism 2021-2028 are kept to a minimum. The legal framework mentioned in paragraph 1 takes precedence over any such provisions.

### **Article 1.6** **Definitions**

For the purposes of this Regulation, the following terms shall have the meanings assigned to them here:

- (a) “Audit Authority”: a national public entity, functionally independent of the National Focal Point, the Certifying Authority, the Programme Operator and the auditees, identified in the Memorandum of Understanding and responsible for verifying the effective functioning of the management and control system.

- (b) “Beneficiary State”: An EU Member State to which an allocation has been made in Article 6 of Protocol 38d to the EEA Agreement.
- (c) “Certifying Authority”: a national public entity, functionally independent of the Audit Authority and the Programme Operator, identified in the Memorandum of Understanding and responsible for certifying financial information.
- (d) “Conflict of Interest”: a situation where a person or entity involved in the implementation of the EEA Financial Mechanism has direct or indirect interests that are or appear to be incompatible with the impartial and/or objective exercise of their function(s). Such interests may be related to economic interests, political or national affinities, family or emotional ties, or any other shared interests.
- (e) “Donor partnership project”: a project implemented in close cooperation with a project partner whose primary location is in one of the Donor States.
- (f) “Donor Programme Partner”: a public entity in a Donor State designated by the FMC advising on and contributing to the preparation and/or implementation of a programme.
- (g) “Donor States”: Iceland, Liechtenstein and Norway.
- (h) “EEA Financial Mechanism Committee” (hereinafter referred to as the FMC): The committee established by the Standing Committee of the EFTA States to manage the EEA Financial Mechanism 2021-2028.
- (i) “Evaluation”: a systematic, objective and independent assessment of the design, implementation and/or results achieved in programmes and projects with the aim of determining the relevance, coherence, effectiveness, efficiency, impact and/or sustainability of the financial contribution.
- (j) “Financial Mechanism Office” (hereinafter referred to as the FMO): the office assisting the FMC in managing the EEA Financial Mechanism 2021-2028. The FMO, which is administratively a part of the European Free Trade Association, is responsible for the day-to-day implementation of the EEA Financial Mechanism 2021-2028 on behalf of the FMC and serves as a contact point.
- (k) “International organisation”: an international intergovernmental organisation.
- (l) “International Partner Organisation” (hereinafter referred to as IPO): international organisation or body or an agency thereof, involved in the implementation of the EEA Financial Mechanism 2021-2028, designated by the FMC.
- (m) “Joint Committee for the Bilateral Fund”: a committee established by the Beneficiary State to discuss matters of bilateral interest, decide on the use of the funds for bilateral relations at national level and review progress in the implementation of the EEA Financial Mechanism 2021-2028 towards reaching the objective of strengthened bilateral relations.
- (n) “Monitoring”: the observation of programme and project implementation in order to ensure that agreed procedures are followed, to verify progress towards agreed outcomes and outputs and to identify potential problems in a timely manner so as to allow for corrective action.
- (o) “National Focal Point”: a national public entity identified in the Memorandum of Understanding, holding the overall responsibility for reaching the objectives of the EEA Financial Mechanism 2021-2028 and implementing the Memorandum of Understanding.
- (p) “Non-governmental organisation” (hereinafter referred to as NGO): a non-profit voluntary organisation established as a legal entity, having a non-commercial purpose, independent of local, regional and central government, public entities, political parties and commercial organisations. Religious institutions and political parties are not considered NGOs.
- (q) “Programme”: a structure setting out a development strategy with a coherent set of measures to be carried out through projects with the support of the EEA Financial Mechanism 2021-2028 and aimed at achieving agreed objectives and outcomes.
- (r) “Programme agreement”: an agreement between the FMC and the National Focal Point regulating the implementation of a particular programme.
- (s) “Programme grant”: the financial contribution from the Donor States to a programme.
- (t) “Programme Operator”: a public or private entity, commercial or non-commercial, as well as non-governmental organisations, having the responsibility for preparing and implementing a programme.
- (u) “Programme partner”: a public or private entity, commercial or non-commercial, as well as non-governmental organisations, international organisations or agencies or bodies thereof, actively involved in, and effectively contributing to, the implementation of a programme.

- (v) “Project”: an economically indivisible series of works fulfilling a precise technical function and with clearly identifiable aims related to the programme under which it falls. A project may include one or more sub-projects. Without prejudice to Article 6.5, projects are selected by the Programme Operator.
- (w) “Project contract”: an agreement between the Programme Operator and the Project Promoter regulating the implementation of a particular project.
- (x) “Project grant”: a grant awarded by a Programme Operator to a Project Promoter to implement a project.
- (y) “Project partner”: a natural or legal person actively involved in, and effectively contributing to, the implementation of a project. It shares with the Project Promoter a common economic or social goal which is to be realised through the implementation of that project.
- (z) “Project Promoter”: a natural or legal person having the responsibility for initiating, preparing and implementing a project.
- (aa) “Social partners”: representatives of employers' organisations and trade unions.

#### **Article 1.7 Visibility**

The contribution of Iceland, Liechtenstein and Norway through the EEA Financial Mechanism 2021-2028 to the overall objectives set out in Article 1.2 shall be brought to the attention of the general public of the European Economic Area. All entities involved in the implementation of the EEA Financial Mechanism 2021-2028 share responsibility for carrying out information and communication activities, in accordance with the principle of proportionality, to ensure the widest possible dissemination of information, raise awareness and strengthen transparency of information about funding opportunities, beneficiaries and achievements.

#### **Article 1.8 Financial contribution**

1. In accordance with Article 2 of Protocol 38d, the financial contribution from the Donor States through the EEA Financial Mechanism 2021-2028 shall be EUR 1,705 million. An additional EUR 100 million shall be made available for projects related to challenges experienced as a result of the invasion of Ukraine. These contributions shall be made available for

commitment in annual tranches of EUR 257.86 million over the period running from 1 May 2021 to 30 April 2028, inclusive.

2. The additional financial contribution of EUR 100 million made available for projects related to challenges experienced as a result of the invasion of Ukraine, as referred to in paragraph 1, shall be divided pro rata over the country specific allocations for Beneficiary States, as referred to in Article 6 of Protocol 38d, and the funds referred to in Article 2.3 and Article 2.4.

#### **Article 1.9 Costs of the Donor States**

1. The following costs of the Donor States shall be covered by the financial contribution:

- (a) the costs of running the FMO;
- (b) the costs linked to the functions of the FMC;
- (c) the costs of audits performed by or on behalf of the EFTA Board of Auditors;
- (d) the costs related to appraisal, monitoring, evaluation, reporting, and auditing performed by or on behalf of the FMC;
- (e) costs related to communication activities and events performed by or on behalf of the FMC;
- (f) funding for Donor Programme Partners, as referred to in Article 2.2; and
- (g) any other costs decided by the FMC.

2. The costs referred to in paragraph 1 are fixed at 7% of the total amount of the financial contribution.

#### **Article 1.10 Management costs of the Beneficiary State**

The support through technical assistance, as described in Article 8.11, shall constitute the only contribution through the EEA Financial Mechanism towards the costs of the Beneficiary State in relation to the implementation of the EEA Financial Mechanism 2021-2028.



### **Article 1.11**

#### **Completion of specific projects selected within the EEA Financial Mechanism 2014-2021**

The Donor States and the Beneficiary States may agree to set aside a maximum of 10% of the total contribution from the EEA Financial Mechanism 2021-2028 to fund the completion of specific projects selected within the framework of the EEA Financial Mechanism 2014-2021. The total amount of such a reserve and the projects to be funded from this reserve shall be confirmed in the Memorandum of Understanding. The rules of the EEA Financial Mechanism 2014-2021 shall apply to the implementation of such projects and the final date of eligibility shall be no later than 30 April 2025.

## **Chapter 2**

### **Strategic approach**

#### **Article 2.1**

##### **Thematic priorities**

1. With the view of achieving the objectives set out in Article 1.2, the financial contributions are available to promote the following thematic priorities:

- (a) European green transition;
- (b) Democracy, rule of law and human rights;
- (c) Social inclusion and resilience.

2. In order to ensure efficient and targeted use of the financial contribution through the EEA Financial Mechanism 2021-2028, its implementation shall be in line with Annex 1.

#### **Article 2.2**

##### **Funding for Donor Programme Partners**

Funding shall be made available for the involvement of Donor Programme Partners in the implementation of the EEA Financial Mechanism 2021-2028. The FMO shall manage the funding.

#### **Article 2.3**

##### **Fund for capacity building and cooperation with international organisations and institutions**

The fund for capacity building and cooperation with international organisations and institutions referred to in

Protocol 38d shall be operated by the FMO in accordance with rules adopted by the FMC.

#### **Article 2.4**

##### **Fund for Civil Society**

The fund for civil society referred to in Protocol 38d shall be operated by the FMO in accordance with rules adopted by the FMC.

#### **Article 2.5**

##### **Memorandum of Understanding**

1. In order to ensure concentration and to ensure efficient implementation the Donor States shall negotiate a Memorandum of Understanding with each Beneficiary State.

2. The Memorandum of Understanding shall establish a framework for cooperation and contain the following elements:

- (a) the designation of national entities involved in the implementation of the EEA Financial Mechanism 2021-2028 and identification of their functions in the national management and control structures (Annex A to the Memorandum of Understanding);
- (b) an implementation framework (Annex B to the Memorandum of Understanding) consisting of the following financial and substantive parameters:
  - (i) a list of agreed programmes, the financial contribution through the EEA Financial Mechanism 2021-2028 and from the Beneficiary State;
  - (ii) identification of programmes, their objective(s), the Programme Operators, the grant amount and amount of co-financing by programme, the bilateral ambitions as well as any specific concerns relating to the implementation of the programmes;
  - (iii) conditions and/or specific concerns at Beneficiary State level relating to target groups, geographical areas or other issues;
  - (iv) identification of Donor Programme Partners, as appropriate;
  - (v) identification of IPOs, as appropriate; and
  - (vi) identification of pre-defined projects to be included in relevant programmes.

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

4. The provisions of the Memorandum of Understanding shall be interpreted in a manner consistent with this Regulation.

5. A template for the Memorandum of Understanding is provided in Annex 2.

### **Article 2.6** **Country Report**

1. The National Focal Point shall submit to the FMC an annual Country Report on its implementation of the EEA Financial Mechanism 2021-2028 and Norwegian Financial Mechanism 2021-2028 covering all programmes and bilateral activities implemented in the Beneficiary State, except for programmes operated by the FMO in accordance with Article 6.9. The Country Report shall form the basis of discussions at the annual meeting, and shall be subject to approval by the FMC.

2. The Country Report shall follow the template provided by the FMC and provide an assessment of the contribution of the EEA Financial Mechanism 2021-2028 towards the achievement of the two overall objectives as described in Article 1.2, information on how values and principles as referred to in Article 1.3 have been addressed in the programmes, main trends affecting the context where the programmes are implemented, a presentation and assessment of the results achieved at programme and country level and a summary of the main risks and mitigating actions taken to address these risks.

3. The reporting period for the Country Report shall be the calendar year. The report shall be written in English and submitted to the FMC not later than 10 March, up to and including 2031. The FMC may request additional information when the report submitted is incomplete or unclear. The National Focal Point shall provide the information requested within one month and, where appropriate, revise the report.

4. The Final Country Report shall be submitted not later than 31 August 2032.

5. The approved Country Report shall be published on the website of the National Focal Point within one month of the approval by the FMC.

### **Article 2.7** **Annual meeting**

1. An annual meeting shall be held between the FMC and the National Focal Point. The National Focal Point is responsible for organising the meeting and shall, when appropriate, arrange for site visits.

2. By way of derogation from paragraph 1, the FMC and the National Focal Point may agree not to organise an annual meeting.

3. The annual meeting shall allow the FMC and the National Focal Point to examine progress achieved over the previous reporting periods, discuss risks and agree on any necessary measures to be taken. The annual meeting shall provide a forum for discussion of issues of bilateral interest.

4. The timing of the annual meeting shall be agreed by the FMC and the National Focal Point at least four months prior to the meeting.

5. Representatives of the Audit Authority and the Certifying Authority shall be invited to attend the meeting. Programme Operators, programme partners and members of the Joint Committee for the Bilateral Fund may be invited to participate as appropriate.

6. The National Focal Point is responsible for preparing the draft agenda, which shall reflect the main issues set out in the Country Report. The final version of the agenda shall be agreed upon between the FMC and the National Focal Point at least one week before the meeting.

7. Decisions taken at the annual meeting shall be set out in the agreed minutes. The National Focal Point is responsible for the drafting of the minutes, following the structure of the agenda of the meeting. The minutes shall summarise main messages, the decisions taken and any agreed follow-up measures. The National Focal Point shall share the draft minutes with the FMC for comments not later than two weeks following the date of the meeting.

8. The minutes shall be published on the website of the National Focal Point within one month of the agreement of the final version of the minutes between the FMC and the National Focal Point.

### **Chapter 3**

#### **Information and communication**

##### **Article 3.1**

##### **General provisions**

1. Beneficiary States, Programme Operators, Project Promoters and entities acting as partners in the preparation and/or implementation of the EEA Financial Mechanism 2021-2028, shall through their information and communication activities widely and effectively disseminate information on the EEA Financial Mechanism 2021-2028, its programmes and projects using tools and communication methods at the appropriate level.

2. Information and communication activities relating to the EEA Financial Mechanism 2021-2028 shall aim to:

- (a) increase awareness and inform relevant audiences about the contribution and role played by the Donor States;
- (b) ensure transparency and legitimacy of the contribution from the Donor States;
- (c) create a coherent picture of the EEA Financial Mechanism in the Beneficiary and Donor States;
- (d) inform potential and actual beneficiaries and partners about the EEA Financial Mechanism; and
- (e) communicate the results of the contribution through the EEA Financial Mechanism to the Beneficiary States.

3. In addition to the rules contained in this Regulation, the FMC shall provide a Communication and Design Manual, which shall provide guidance, and contain rules regarding:

- (a) the design and correct usage of logos;
- (b) visual identity;
- (c) branding and key messages; and
- (d) websites and social media.

4. All communication and information activities and physical or digital communication materials relating to the implementation of the EEA Financial Mechanism 2021-2028 shall comply with the rules referred to in paragraph 3.

5. Organisers of information and communication events in connection with the implementation of the EEA Financial Mechanism 2021-2028, its programmes and projects, shall make the contribution of the Donor States explicit and visible.

##### **Article 3.2**

##### **Responsibilities of the National Focal Point**

1. The National Focal Point shall provide information to potential and existing beneficiaries and partners, as well as relevant audiences and stakeholders, on the EEA Financial Mechanism 2021-2028 and its programmes in the Beneficiary State, its objectives, its implementation, achievements and results, as well as on cooperation with, *inter alia*, Donor State entities.

2. The National Focal Point shall carry out its information and communication activities in accordance with the communication strategy developed in accordance with Article 3.6. The National Focal Point shall report on the implementation of the communication strategy and submit a plan for the activities over the next year in the Country Report.

3. The National Focal Point shall organise at least two major information activities on the progress and results of the implementation of the EEA Financial Mechanism 2021-2028, including:

- (a) a major launching event, publicising the contribution of the Donor States and encouraging cooperation with entities in the Donor States; and
- (b) a major closing event publicising the achievements and results of the contribution of the Donor States and highlighting the bilateral cooperation with Donor State entities.

4. The National Focal Point shall establish a communication network of Programme Operators to support and coordinate the information and communication activities of the programmes. Through regular meetings and workshops with the network, the National Focal Point shall provide guidance and training to the Programme Operators. Embassies of the Donor States shall be invited to participate in the network.

5. The National Focal Point shall name a dedicated communications coordinator to coordinate the implementation of information and communication activities in the Beneficiary States. This person shall:

- (a) facilitate the network described in paragraph 4;
- (b) participate in a communication network established by the FMO with all national communication coordinators; and
- (c) cooperate with the embassies of the Donor States and the Joint Committee for the Bilateral Fund, and coordinate communication on bilateral cooperation.

6. The National Focal Point shall, within six months of the date of the entry into force of the Memorandum of Understanding, establish a dedicated website within the web environment hosted by the FMC, in the language(s) of the Beneficiary State and in English. It shall by the same deadline establish a social media presence through a dedicated channel or channels for the EEA and, where applicable, Norwegian Financial Mechanisms 2021-2028. The website and social media presence shall comply with the web requirements established by the FMC in the Communication and Design Manual referred to in Article 3.1.3. The website shall contain webpages for all the programmes in the Beneficiary State. The National Focal Point shall make sure sufficient resources are allocated to regularly update the website, in the language(s) of the Beneficiary State and in English.

7. The National Focal Point shall inform the FMC and embassies of the Donor States in advance of any major information activities to allow for their participation.

8. The National Focal Point shall ensure that the Programme Operators fulfil their information and communication obligations in accordance with this Regulation, and that all entities involved in the preparation and/or implementation of the EEA Financial Mechanism 2021-2028 in the Beneficiary State, contribute, as appropriate, to the dissemination of the information referred to in paragraph 1.

### **Article 3.3**

#### **Responsibilities of the Programme Operator**

1. The Programme Operator shall provide information to potential beneficiaries and partners as well as other relevant audiences and stakeholders on the existence, the objectives, the implementation, achievements and results of the programme, as well as on the cooperation with, *inter alia*, Donor State entities.

2. The Programme Operator shall carry out its information and communication activities in accordance with a communication strategy developed alongside the Programme Agreement and submitted to the FMC within two months of the signature of the Programme Agreement or before the launch of the first call, whichever is earlier. The Programme Operator shall annually report on the implementation of the communication strategy and submit a plan for the activities over the next year.

3. The Programme Operator shall organise at least two major information activities on the progress, results and achievements of the programme and the contribution of the Donor States.

Where appropriate, this can be combined with the information activities of the National Focal Point described in Article 3.2.3.

4. The Programme Operator shall name a dedicated person to take part in the communication network organised by the National Focal Point as described in Article 3.2.4.

5. The Programme Operator shall inform the FMC, National Focal Point and embassies of the Donor States in advance of any major information activities to allow for their participation.

6. The Programme Operator shall ensure that the web page for its programme referred to in Article 3.2.6 is regularly updated with relevant information about the programme in accordance with the web requirements established by the FMC in the Communication and Design Manual referred to in Article 3.1.3.

7. The Programme Operator shall ensure that photo and video material from a selection of projects is uploaded to the media library provided by the FMC. Guidance regarding the projects and material to select will be provided in the Communication and Design Manual referred to in Article 3.1.3.

8. The Programme Operator shall ensure that the Project Promoters and their partners fulfil their information and communication obligations in accordance with this Regulation and provide them with training and support in order to enable them to meet their communication objectives.

### **Article 3.4**

#### **Responsibilities of the Project Promoter and project partners**

1. The Project Promoter and project partners shall provide information to relevant audiences and stakeholders on the existence of the project they are implementing, its objectives, achievements and results, as well as the support from the EEA Financial Mechanism 2021-2028 and any bilateral cooperation with entities from the Donor States. They shall ensure that those taking part in the project have been informed of the funding from the relevant programme and the Donor States.

2. A Project Promoter implementing a pre-defined project or a project with a total project budget larger than EUR 500,000 shall carry out its information and communication activities in accordance with a communication strategy submitted to the Programme Operator within three months of the signature of the project contract. The implementation of the communication strategy shall be reported on to the Programme Operator.

3. A Project Promoter implementing a pre-defined project or a project with a total project budget larger than EUR 1,000,000 shall organise at least one information activity on progress, achievements and/or results in the project.

4. A Project Promoter with a total project budget larger than EUR 100,000 and whose project finances a physical object, infrastructure or construction, shall put up a billboard at the site of each such operation during the implementation of the project. Such billboards shall comply with the requirements set out in the Communication and Design Manual provided by the FMC referred to in Article 3.1.3.

5. The Project Promoter shall replace the billboard mentioned in paragraph 4 with a permanent commemorative plaque in line with the designs and other requirements provided in the Communication and Design Manual not later than six months after the completion of the project.

6. The Project Promoter shall make information about the project available on the web and/or on social media, in accordance with the web requirements contained in the Communication and Design Manual referred to in Article 3.1.3.

7. Donor project partners shall provide information on their involvement and the results of the project to relevant audiences and stakeholders in the Donor State. Information about the project shall be available on the website and/or the social media channels of the Donor project partner.

### **Article 3.5**

#### **Content of the communication strategies**

The communication strategies prepared by the National Focal Point in accordance with Article 3.2.2, the Programme Operator in accordance with Article 3.3.2 and Project Promoters in accordance with Article 3.4.2, shall be based on templates provided by the FMC, and shall contain:

- (a) a description of the objectives of the communication;
- (b) the intended target groups;
- (c) the key messages to be conveyed in the communication;
- (d) channels for communication, including how the entity will make use of social media;
- (e) the communication activities to be carried out, including a description of the required information activities in accordance with Articles 3.2.3, 3.3.3 or 3.4.3 where applicable;

- (f) a timeframe and budget for the implementation of the communication strategy;
- (g) an indication of how the information and communication measures are to be measured and assessed, including the relevant key performance indicators; and
- (h) information on the administrative departments or bodies responsible for implementation of the information and communication measures, including a contact person, which for the National Focal Point and the Programme Operator shall be the communications coordinator as described Articles 3.2.5 and 3.3.4.

### **Article 3.6**

#### **Development and review of the communication strategy of the National Focal Point**

1. The National Focal Point shall base the development of its communication strategy on any information available to the National Focal Point about relevant target groups and their level of awareness about the EEA Financial Mechanism.
2. The National Focal Point shall submit the communication strategy to the FMC within six months of the entry into force of the Memorandum of Understanding.
3. In the absence of comments made by the FMC within two months of the receipt of the communication strategy, the strategy shall be deemed to be accepted. Comments regarding the communication strategy shall be addressed by the National Focal Point in the form of a revised communication strategy sent to the FMC within one month.
4. In the absence of further comments by the FMC within one month of submission of a revised communication strategy, the strategy shall be deemed to be accepted.
5. The need to amend the communication strategy shall be assessed as new programmes are approved and in the Country Report. The amended communication strategy shall be submitted to the FMC for comments.

## **Chapter 4 Bilateral relations**

### **Article 4.1 General principles**

In order to contribute to the overall objective of strengthening the relations between the Donor States and the Beneficiary

States, the preparation and implementation of the EEA Financial Mechanism 2021-2028 shall, where appropriate, be carried out in partnership. Partnership may, *inter alia*, take the form of Donor partnership programmes, Donor partnership projects or bilateral initiatives.

#### **Article 4.2** **Donor partnership programmes**

1. The purpose of Donor partnership programmes is to facilitate networking, exchange, sharing and transfer of knowledge, technology, experience and best practices between public entities in the Donor States and the Beneficiary States at programme level.

2. One or more Donor Programme Partners may be identified in the Memorandum of Understanding for each programme. Donor Programme Partners can also be agreed upon by the FMC and the National Focal Point through an exchange of letters.

3. The Donor Programme Partner shall act as expert advisor to the Programme and facilitator of bilateral cooperation. The Donor Programme Partner shall advise on and contribute to the preparation and implementation of the Donor partnership programme.

4. The tasks of the Donor Programme Partner in the preparation of the programme include, *inter alia*:

- (a) contributing to the preparation of the Concept Note and the Programme Agreement; and
- (b) advising on stakeholder consultations, where applicable.

5. The tasks of the Donor Programme Partner in the implementation of the Programme include, *inter alia*, those that are listed in Article 4.3.3 and, where applicable, those that are listed in Articles 7.6.5 and 7.7.2.

#### **Article 4.3** **Cooperation Committee**

1. The Programme Operator of a Donor partnership programme or a programme implemented in partnership with an International Partner Organisation, shall establish a Cooperation Committee consisting of representatives from the Programme Operator and representatives from the Donor Programme Partner(s), the International Partner Organisation(s) and/or any other programme partner, as

applicable. The Cooperation Committee shall be established at the latest by the entry into force of the Programme Agreement. The Cooperation Committee shall be chaired by a representative of the Programme Operator. Representatives of the Donor States, including the embassies of the Donor States, the National Focal Point and the FMO shall be invited to participate as observers.

2. All documents presented to and produced by the Cooperation Committee shall be in English. The Committee meetings shall be conducted in English.

3. The tasks of the Cooperation Committee include:

- (a) advising on selection criteria and the texts for call(s) for proposals;
- (b) reviewing progress made towards achieving the outputs, outcome(s) and objective of the programme;
- (c) examining the results of the implementation of the programme;
- (d) reviewing the draft Final Programme Report;
- (e) advising the Programme Operator on any modification of the programme affecting the achievement of the expected outcome(s) and objective of the programme; and
- (f) advising the Programme Operator on any reallocations to and from calls for proposals and pre-defined projects within the programme that do not require a Programme Agreement modification.

Further tasks for Donor Programme Partners include:

- (g) advising on possible project partners in the Donor States, as appropriate;
- (h) reviewing progress made towards strengthening bilateral relations, as appropriate; and
- (i) deciding in consensus with the Programme Operator on the use of the funds for bilateral relations in the programme, where relevant.

4. The Cooperation Committee shall keep minutes of its meetings in English.

#### **Article 4.4** **Donor partnership projects**

Projects may be prepared and implemented in cooperation with one or more legal entities in the Donor States. With reference to the objectives of the EEA Financial Mechanism 2021-2028

related to bilateral relations, the Programme Operator shall encourage and facilitate the establishment of such partnerships.

#### **Article 4.5** **Bilateral initiatives**

1. Bilateral initiatives are activities falling within the following categories, which are implemented in partnership between entities from Donor States and Beneficiary States and funded by the bilateral funds, either at programme level or at national level:

- (a) the search for partners for Donor partnership projects prior to or during the preparation of a project application, the development of such partnerships and the preparation of an application for a Donor partnership project;
- (b) networking, exchange, sharing and transfer of knowledge, technology, experience and best practice between entities in Beneficiary States and entities in the Donor States and, if relevant, international organisations, provided at least one entity within the Donor States is involved in the activity;
- (c) activities aiming at strengthening cooperation and exchanging experiences and best practices between the Programme Operators and similar entities within the Beneficiary States and Donor States and, if relevant, international organisations, provided at least one entity within the Donor States is involved in the activity; and
- (d) any other activity aiming at strengthening bilateral relations between the Donor States and the Beneficiary States.

2. Beneficiary State entities and Donor State entities are eligible as promoters of bilateral initiatives.

#### **Article 4.6** **Funds for bilateral relations**

1. The Beneficiary State shall set aside an amount of minimum 2% and maximum 5% of the total allocation to the Beneficiary State for funds to strengthen bilateral relations between the Donor States and the Beneficiary States. The amount shall be agreed in the Memorandum of Understanding and shall be allocated to the funds for bilateral relations at national and programme level. The allocation to the programme level shall be divided between the programmes in each Beneficiary State

during the preparation of the Memorandum of Understanding and identified in the Programme Agreement.

2. The rules on eligibility of expenditures set out in Chapter 8 apply *mutatis mutandis* to the funds for bilateral relations.

3. There shall be no co-financing requirements for the use of the funds for bilateral relations.

4. Payments of the funds for bilateral relations at national level shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 9.2, 9.3 and 9.5. The advance payment shall be made upon signature of the Bilateral Fund Agreement. In exceptional cases, extraordinary advance payments may be made prior to the signing of the Bilateral Fund Agreement.

5. Payments of the funds for bilateral relations at programme level shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 9.2, 9.3 and 9.5. For the purpose of covering the costs of the activities referred to in Article 4.5 during the development of programmes, the FMC can make an advance payment directly to the Programme Operator. Such payment shall be made in agreement with the National Focal Point, following the designation of the Programme Operator.

6. In exceptional cases, the FMC may in agreement with the National Focal Point decide to make payments from the funds for bilateral relations directly to a final recipient. The National Focal Point shall be promptly informed when such payments have been made. Payments by the FMC in accordance with this paragraph do not affect the responsibilities of the Beneficiary State for the management and reporting on the funds for bilateral relations.

#### **Article 4.7** **Funds for bilateral relations at national level**

1. The National Focal Point shall be responsible for the management and use of the funds for bilateral relations at national level, in accordance with Article 4.9, and report on their use in the Interim Financial Reports and the annual and Final Country Reports.

2. The first date of eligibility of expenditure for support under this Article shall be the date of entry into force of the Memorandum of Understanding with the respective Beneficiary State. If support under this Article is received under both the EEA and the Norwegian Financial Mechanisms, the first date of eligibility shall be the date of entry into force of

whichever Memorandum of Understanding enters into force first. The final date of eligibility for support under this Article shall be 30 April 2032.

#### **Article 4.8** **Bilateral Fund Agreement**

1. As soon as possible after the signature of the Memorandum of Understanding, the FMC and the National Focal Point shall conclude an agreement on the funds for bilateral relations at national level: the Bilateral Fund Agreement.

2. For Beneficiary States benefitting from both the EEA and the Norwegian Financial Mechanisms, the Bilateral Fund Agreement shall cover both mechanisms. The Bilateral Fund Agreement template is provided in Annex 3.

3. The Bilateral Fund Agreement shall define, *inter alia*:

- (a) the size and objective of the funds;
- (b) the role, functioning and composition of the Joint Committee for the Bilateral Fund; and
- (c) the procedures and requirements for the Work Plan.

#### **Article 4.9** **Joint Committee for the Bilateral Fund**

1. The National Focal Point shall establish a Joint Committee for the Bilateral Fund as soon as possible after the signature of the Memorandum of Understanding. Its tasks shall, *inter alia*, include:

- (a) discussing matters of bilateral interest, identifying bilateral initiatives at national level and reviewing the overall progress towards reaching the objective of strengthened bilateral relations;
- (b) adopting the Work Plan for the funds for bilateral relations at national level; and
- (c) taking decisions by consensus on the use of the funds for bilateral relations at national level. In case no consensus can be reached, the decision shall be taken by the FMC.

2. The Joint Committee for the Bilateral Fund shall be chaired by the National Focal Point and composed of representatives from the Donor States, including the embassies of the Donor States and from the Beneficiary States, including the respective ministry of foreign affairs.

3. The Joint Committee for the Bilateral Fund shall meet at least once a year.

#### **Article 4.10** **Funds for bilateral relations at programme level**

1. The Programme Operator shall be responsible for the management and use of the funds for bilateral relations at programme level in its programme. For Donor partnership programmes, decisions on the use of the funds for bilateral relations in the programme shall be taken by consensus between the Programme Operator and the Donor Programme Partner(s).

2. The first date of eligibility of expenditure for support under this Article shall be the date of entry into force of the Memorandum of Understanding with the respective Beneficiary State. If support under this Article is received under both the EEA and the Norwegian Financial Mechanisms, the first date of eligibility shall be the date of entry into force of the whichever Memorandum of Understanding enters into force first. The final date of eligibility for support under this Article shall be 31 December 2031.

3. The use of the bilateral funds at programme level shall be reported on in the annual and Final Country Reports, the Interim Financial Reports and the Final Programme Report.

4. The Programme Operator, with the consent of the National Focal Point and the FMC, may entrust the use and management of a part of the bilateral funds at programme level to the Donor Programme Partner(s). In such cases, the Donor Programme Partner(s) and the Programme Operator shall conclude an agreement including all necessary arrangements to allow the Programme Operator to fulfil its reporting obligations as described in paragraph 3.

### **Chapter 5** **Management and control systems**

#### **Article 5.1** **General principles of the management and control systems**

1. The Beneficiary State shall be responsible for the management and control of programmes. The management and control systems established by the Beneficiary State for the EEA Financial Mechanism 2021-2028 shall ensure the respect of the principles of accountability, economy, efficiency and effectiveness and the key requirements listed in paragraph 2.

2. The key requirements of management and control systems are:



- (a) the definition of the functions of the entities concerned and the allocation of functions within each entity;
- (b) appropriate separation of functions between and within such entities and, where relevant, written arrangements for reporting, supervising and monitoring of delegated tasks;
- (c) appropriate criteria and procedures for the selection of projects and initiatives, in compliance with this Regulation;
- (d) appropriate information to beneficiaries on applicable conditions for support for the selected projects and initiatives;
- (e) appropriate verifications and procedures for confirming that the incurred expenditure is legal and regular and appropriate procedures for checking fulfilment of conditions for simplified cost options;
- (f) effective systems to ensure that all documents necessary for the audit trail are held;
- (g) reliable electronic systems for recording and storing data for financial management, reporting, monitoring, verifications, audits and evaluation, including appropriate processes to ensure the security, integrity and confidentiality of the data and the authentication of users;
- (h) effective implementation of proportionate anti-fraud measures;
- (i) appropriate procedures for drawing up, submitting and confirming completeness, accuracy and veracity of Interim Financial Reports and the final balance;
- (j) audit work carried out in accordance with internationally accepted audit standards;
- (k) appropriate audits of the management and control systems;
- (l) appropriate audits of expenditure declared;
- (m) appropriate procedures for providing a reliable audit opinion and for preparing the Annual Audit Report and the Final Audit Report; and
- (n) reporting and monitoring procedures for irregularities and for the recovery of amounts unduly paid.

3. The Beneficiary State shall comply with the requirements defined by the FMC for submitting and transferring information electronically.

## **Article 5.2**

### **Designation of national entities**

1. The Memorandum of Understanding shall identify the following entities for the implementation of the EEA Financial Mechanism 2021-2028:

- (a) a National Focal Point;
- (b) a Certifying Authority; and
- (c) an Audit Authority.

2. The Donor States and the Beneficiary State may in the Memorandum of Understanding decide that the National Focal Point, in addition to its tasks referred to in Article 5.3, takes on the tasks of the Certifying Authority under Article 5.4. Such arrangements shall nevertheless ensure the adequate functional separation of tasks related to payments from other tasks within the National Focal Point. If such arrangements are agreed upon, paragraph 4 shall not apply.

3. Without prejudice to Article 6.9, a Programme Operator shall be designated in the Memorandum of Understanding for each programme. The Programme Operator shall have strong ties to the sector within which the programme belongs.

4. In exceptional cases, the FMC may approve that the National Focal Point takes the role of a Programme Operator for one or more programmes.

5. If the National Focal Point takes the role of a Programme Operator, the National Focal Point shall not take over the role referred to in Article 12.3.1.

## **Article 5.3**

### **National Focal Point**

1. The National Focal Point shall have the overall responsibility for ensuring that programmes contribute to the objectives of the EEA Financial Mechanism 2021-2028 as well as for ensuring that the implementation of the EEA Financial Mechanism 2021-2028 in the Beneficiary State is in line with Article 1.3. It shall serve as a contact point and be responsible and accountable for the implementation of the Memorandum of Understanding.

2. The National Focal Point represents the Beneficiary State in its relations with the FMC regarding the implementation of the EEA Financial Mechanism 2021-2028 in the Beneficiary State.

3. The National Focal Point shall ensure that the programmes are implemented in accordance with the legal framework of the

EEA Financial Mechanism 2021-2028 and monitor the progress and quality of their implementation. To this end, the National Focal Point shall continuously and in a structured manner assess the risks to the implementation of the EEA Financial Mechanism 2021-2028 and may take the action it deems necessary and compatible with this Regulation, including to verify the quality and content of any documents provided to the FMC through the National Focal Point and request the necessary modification to such documents. The National Focal Point shall take any necessary steps to ensure that Programme Operators are fully aware of their responsibilities under the legal framework of the EEA Financial Mechanism 2021-2028.

4. The National Focal Point shall carry out regular monitoring of the programmes with regard to their progress towards the programme outputs, outcome(s) and objective(s) according to the agreed results framework and financial requirements specified for the programme. Results of the monitoring shall be reported in the Country Report.

5. The role of the National Focal Point may be further specified in the Memorandum of Understanding.

#### **Article 5.4 Certifying Authority**

1. The Certifying Authority shall be responsible in particular for:

- (a) submitting to the FMC certified Interim Financial Reports and Final Programme Reports referred to in Articles 9.3 and 6.8, respectively, certifying that:
  - (i) the summary of eligible expenditure submitted by the Programme Operator is in full conformity with the supporting documents;
  - (ii) the supporting documents have been examined and found to be authentic, correct and accurate;
  - (iii) the summary of eligible expenditure is based on verifiable accounting which is in compliance with generally accepted accounting principles and methods;
  - (iv) the summary of eligible expenditure falls within eligible expenditure under this Regulation;
  - (v) the summary of expenditure is incurred as part of the implementation of the programme in accordance with the Programme Agreement;
  - (vi) sufficient audit trail for the eligible expenditures of the programme exists; and

- (vii) co-financing committed to the programme has been paid.
- (b) submitting to the FMC, as part of the Interim Financial Report, a forecast of likely payment applications as referred to in Article 9.3;
- (c) submitting to the FMC requests for technical assistance disbursements in accordance with Article 9.4;
- (d) declaring to the FMC any interest earned or paid as referred to in Article 9.7;
- (e) taking account for certification purposes of the results of all audits carried out by or under the responsibility of the Audit Authority;
- (f) maintaining accounting records in electronic form of expenditure declared to the FMC;
- (g) ensuring that funds are made available to the Programme Operators according to Article 9.1.2; and
- (h) ensuring that amounts cancelled in a programme or project are reimbursed to the FMC prior to the closure of the programme.

2. Subject to contrary provisions of the national law of the Beneficiary State, the Certifying Authority shall ensure the establishment and maintenance of a separate interest-bearing bank account dedicated to the EEA Financial Mechanism 2021-2028.

#### **Article 5.5 Audit Authority**

1. The Audit Authority shall be responsible in particular for:

- (a) preparing within nine months of the approval of the last programme, a risk-based audit strategy covering the entire allocation to the Beneficiary State. The audit strategy shall set out the audit methodology, the sampling method for audits and the indicative planning of audits to ensure that audits are spread throughout the programming period. The audit strategy shall be updated annually as appropriate. The Audit Authority shall submit the audit strategy to the FMC in English upon request within one month. The FMC may provide comments;
- (b) carrying out audits to verify the effective functioning of the management and control system at the level of the Beneficiary State;
- (c) carrying out audits to verify the effective functioning of management and control systems at the level of the programmes. Audits shall be carried out on the basis of an

appropriate sample of the programmes, based on a risk assessment;

- (d) ensuring that audits are carried out on the basis of an appropriate sample to verify legality and regularity of expenditure declared, including the fulfilment of conditions for simplified cost options;
- (e) by 15 February each year from 2027 to 2032:
  - (i) submitting to the FMC an Annual Audit Report setting out the findings of the audits carried out for a twelve month reference period ending on 30 June of the previous calendar year. The Annual Audit Report shall be in accordance with the audit strategy and report any shortcomings found in the management and control systems. The first report to be submitted by 15 February 2027 shall cover the findings of the audits carried out for the period up to 30 June 2026. The information concerning the audits carried out for the reference period from 1 July 2031 shall be included in the Final Audit Report supporting the closure declaration referred to in point (f); and
  - (ii) issuing an opinion to the FMC, on the basis of the audits that have been carried out under its responsibility, as to whether the management and control system functions effectively and can provide a reasonable level of assurance that statements of expenditure declared to the FMC are correct, that the underlying transactions are legal and regular and that the conditions for reimbursement of simplified cost options are met. The opinion shall be based on a template to be provided by the FMC; and
- (f) submitting to the FMC at the latest by 31 December 2032 a closure declaration assessing the validity of the applications for payment of the final balance claimed in the Final Programme Reports. The closure declaration shall be based on a template to be provided by the FMC.

2. Where the Audit Authority chooses not to carry out the audits according to points (b) through (d) of paragraph 1, it shall appoint an independent and certified auditor to perform these tasks.

3. The Audit Authority shall ensure that the audit complies with internationally accepted audit standards.

4. For the purposes of point (d) of paragraph 1, declared expenditure in the reference period referred to in point (e) (ii) of paragraph 1 shall be audited based on a representative sample

and, as a general rule, on statistical sampling methods. In such cases, the size of the sample shall be sufficient to enable the Audit Authority to draw up a valid audit opinion in accordance with point (e) (ii) of paragraph 1.

5. A non-statistical sampling method may be used on the professional judgment of the Audit Authority, in duly justified cases, in accordance with internationally accepted audit standards and in any case where the number of projects for the reference period is insufficient to allow the use of a statistical method. The non-statistical sample method shall cover a minimum of 10% of projects for which expenditure has been declared during the reference period and a minimum of 15% of the expenditure which has been declared during that period.

6. When carrying out audits, the Audit Authority shall take due account of the principles of single audit and proportionality in relation to the level of risk to the implementation of the EEA Financial Mechanism. This shall be, in particular, to avoid duplication of audits and verifications of the same expenditure with the objective of minimising the cost of verifications and audits and the administrative burden on beneficiaries. The Audit Authority shall first use all the information and records referred to in point (l) of Article 5.6.1, including results of verifications, and only request and obtain additional documents and audit evidence from the beneficiaries concerned where, based on their professional judgement, this is required to support robust audit conclusions.

7. The Audit Authority and the FMC shall meet on a regular basis and, unless otherwise agreed, at least once a year to examine the audit strategy, the Annual Audit Report and opinion, to coordinate their audit plans and methods, and to exchange views on issues relating to the improvement of management and control systems.

## **Article 5.6** **Programme Operator**

1. The Programme Operator shall be responsible for preparing and implementing the programme in accordance with the principles described in Article 1.3 and in particular for:

- (g) ensuring that projects contribute to the overall objectives of the EEA Financial Mechanism 2021-2028 and the specific programme outputs, outcome(s) and objective(s) and that they comply with this Regulation, the Programme Agreement as well as applicable national and European Union law in all implementation phases;

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- (h) ensuring that the appropriate level of expertise to design the programme is available, including developing the results framework;
  - (i) processing calls for proposals, selecting projects to be funded and signing project contracts for each project;
  - (j) facilitating bilateral cooperation;
  - (k) managing of the funds for bilateral relations at programme level;
  - (l) verifying that the expenditure declared by the Project Promoters complies with this Regulation, the Programme Agreement as well as applicable national and European Union law;
  - (m) ensuring that payments of the project grant are made in a timely manner;
  - (n) ensuring the quality of the implementation of the programme, progress towards the projects' expected results and quality of the results data;
  - (o) assessing the risks to the effective implementation of the programme and its results and taking appropriate action;
  - (p) conducting annual monitoring of a sample of projects, selected based on risk assessment and including random samples, including where appropriate through on-the-spot visits;
  - (q) ensuring that the financial contribution is used exclusively for the purpose of the programme and its projects and according to the Programme Agreement and that all assets forming part of the programme are used only for such purposes as provided for in the Programme Agreement;
  - (r) ensuring that there is a system for recording and storing in computerised form accounting records for each project under the programme and that the data on implementation necessary for financial management, reporting, monitoring, verifications, audits and evaluation are collected and processed;
  - (s) establishing an organisational structure of the Programme Operator that ensures independence and functional separation of the tasks of verification of declared expenditure and authorisation of payments from tasks related to the implementation of the programme;
  - (t) subject to contrary provisions of the national law of the Beneficiary State, establishing and maintaining a separate interest-bearing bank account dedicated to the funds intended for regranting;
  - (u) ensuring that Project Promoters maintain either a separate accounting system or an adequate accounting code for all transactions relating to the project without prejudice to national accounting rules;
  - (v) ensuring transparency and availability of documents in accordance with the requirements of Article 9.8;
  - (w) ensuring that the Certifying Authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;
  - (x) drawing up and submitting the Interim Financial Reports, the Final Programme Report and reports on interests earned and paid in accordance with Articles, 6.8, 9.3, 9.5 and 9.7;
  - (y) submitting to the Certifying Authority a forecast of likely payment applications, as part of the Interim Financial Report, necessary for the Certifying Authority to fulfil its obligations in accordance with Article 9.3;
  - (z) ensuring that the FMC and the National Focal Point are upon request, and within reasonable time, provided with all documents and information related to the implementation of the programme and its projects;
  - (aa) ensuring that the Project Promoters have the necessary capacity and expertise to implement their projects;
  - (bb) ensuring that all projects and activities are consistent with respect for the values and principles referred to in Article 1.3, and abstaining from supporting operations that may fail to do so;
  - (cc) ensuring that all relevant European Union, national and local legislation (including, but not limited to, legislation on the environment, public procurement, state aid and data protection) are complied with;
  - (dd) complying with any other obligations stipulated in the Programme Agreement; and
  - (ee) ensuring that all necessary and appropriate measures are taken to prevent, detect and nullify any cases of suspected or actual irregularities, that they are investigated promptly and efficiently and properly reported and remedied, including making any financial corrections that may be appropriate.
2. Verifications to be carried out by the Programme Operator shall cover administrative, financial, technical and physical aspects of projects, as appropriate. Verifications shall be risk-based and proportionate to the risks identified.
3. Verifications shall include the following procedures:

- (a) administrative verifications in respect of incurred expenditure and fulfilment of conditions for simplified cost options reported by Project Promoters;
  - (b) on-the-spot verifications of projects.
4. Examination of proof of expenditure and fulfilment of conditions for simplified cost options related to the administrative verifications under point (a) and on-the-spot verifications under point (b) of paragraph 3 shall be carried out on a sample basis and based on the risk assessment. The Programme Operator shall keep records describing and justifying the risk assessment method for selection of projects and/or expenditure for verification.
5. The Programme Operator shall decide on the projects and/or expenditure selected for verification to obtain reasonable assurance as to the legality and regularity of the underlying transactions in line with the principle of proportionality, having regard to the level of risk identified by the Programme Operator for the type of Project Promoters and projects concerned and audits by the Audit Authority.
6. The Programme Operator shall establish written standards and procedures for the verifications carried out and shall keep records for each verification, stating the work performed, the date and the results of the verification, and the measures taken in respect of irregularities detected.
7. The Programme Operator shall comply with the requirements defined by the FMC for submitting and transferring information electronically.
8. The Programme Operator shall ensure adequate capacity and expertise to fulfil its responsibilities.

#### **Article 5.7**

##### **Setting up of management and control systems**

1. The National Focal Point shall submit to the Audit Authority a detailed description of the management and control systems, covering the principles and key requirements identified in Article 5.1 and in particular the organisation and procedures of the National Focal Point, the Certifying Authority, the Audit Authority and any other national entities involved in the implementation of the EEA Financial Mechanism 2021-2028 according to the Memorandum of Understanding.
2. The Audit Authority shall review the detailed description referred to in paragraph 1 and draw up a report and an opinion confirming that the management and control systems of the

Beneficiary State comply with this Regulation and generally accepted audit standards. The report shall assess the proportionality of the management and control systems' requirements in relation to the effectiveness of achieving the objectives of the programmes. Where the Audit Authority chooses not to carry out audits itself, it shall appoint an independent and certified auditor to perform this task. The Audit Authority may, to the extent possible, base its review on the equivalent description submitted under the EEA Financial Mechanism 2014-2021.

3. The Audit Authority shall submit to the FMC, in English and using a template provided by the FMC, the opinion drawn up in accordance with paragraph 2 concerning the management and control systems of the Beneficiary State and inform the National Focal Point.

4. The National Focal Point shall, upon request, submit to the FMC the detailed description of the management and control systems described in paragraph 1, accompanied by the documents referred to in paragraph 2, in English. The National Focal Point shall submit these documents within two months of the request. The FMC may provide comments within two months after receipt of the documents.

5. The FMC may suspend payments to a Beneficiary State if an opinion confirming that the management and control systems of the Beneficiary State comply with this Regulation and generally accepted audit standards has not been submitted within twelve months of the entry into force of the Memorandum of Understanding.

## **Chapter 6 Programmes**

### **Article 6.1**

#### **Preparation of programmes**

1. The EEA Financial Mechanism 2021-2028 is implemented in the Beneficiary States through programmes. A programme shall contribute to the objective of the respective programme area(s) agreed in the Memorandum of Understanding, to the overall objectives of the EEA Financial Mechanism 2021-2028, and shall comply with the legal framework of the EEA Financial Mechanism 2021-2028, national and European Union law.
2. A programme may combine a number of programme areas. Each project under the programme shall contribute to only one programme area objective.

3. All programmes shall be in line with the ‘Policy Framework for the EEA and Norway Grants’ (“the Blue Book”).

### **Article 6.2** **Concept Note**

1. On the basis of the Memorandum of Understanding, the Programme Operator shall, in cooperation with the Donor Programme Partner(s), International Partner Organisation(s) and the FMO, develop a Concept Note defining the scope and planned results for each programme. Other stakeholders may be consulted as relevant, or as required in the Memorandum of Understanding.

2. The Programme Operator shall, through the National Focal Point, submit the Concept Note for each programme to the FMC within six months from the date of entry into force of the Memorandum of Understanding.

3. The Concept Note shall briefly describe:

- (a) the programme objective(s) and the expected contribution towards the two overall objectives;
- (b) the main challenges to be addressed, expected results and approach;
- (c) how conditions and/or specific concerns from the Memorandum of Understanding and, where relevant, the values and principles identified in Article 1.3.1, will be integrated in the development and implementation of the programme;
- (d) how bilateral cooperation will be addressed and main priorities for the bilateral funds in the programme;
- (e) the proposed calls and pre-defined projects; and
- (f) the tentative overall budget.

4. The FMC shall assess the Concept Note and may make comments. Consistency with the values and principles referred to in Article 1.3 shall form part of the assessment of the FMC. Any comments made by the FMC shall be taken into account in the further preparation of the programme. The FMC shall conclude its review of the Concept Note within two months of its submission.

5. The FMC may take a reasoned decision to reject the Concept Note. In such cases, the Programme Operator may, through the National Focal Point, resubmit once a revised Concept Note within two months from the date of the rejection. The National Focal Point may, as an alternative and within the same deadline,

propose different use of the funds. If funds are to be used for another programme and the receiving programme has already been approved, such reallocation of funds shall comply with Article 6.7.5.

6. The Concept Note template shall be provided by the FMC.

### **Article 6.3** **Approval of programmes**

1. On the basis of the Concept Note and the comments of the FMC on the Concept Note, the FMO shall prepare a draft Programme Agreement setting out the terms and conditions of the operation of the programme as well as the roles and responsibilities of the parties. The Beneficiary State shall provide any supplementary information requested, including, but not limited to, a risk assessment and response analysis and information related to the management of the programme.

2. The FMC may decide to approve or reject support to the programme. Consistency with the values and principles referred to in Article 1.3 shall form part of the assessment of the FMC. The FMC shall make its decision within four months of the conclusion of its review referred to in Article 6.2.4, provided that any supplementary information requested has been provided by the Beneficiary State. When approving support to a programme, the FMC may set conditions and/or require modifications to the draft Programme Agreement. The Beneficiary State shall be given the opportunity to provide its views prior to a decision by the FMC to reject support to a programme.

3. For each approved programme a Programme Agreement shall be concluded between the FMC and the National Focal Point.

4. The Programme Agreement template is provided in Annex 4.

### **Article 6.4** **Grant rates and size of project grants**

1. The contribution through the EEA Financial Mechanism 2021-2028 shall not exceed 85% of the total eligible expenditure of the programme excluding bilateral funds allocated to the programme, except for:

- (a) programmes operated by the FMO in accordance with Article 6.9; and
- (b) other programmes of special interest,

where the FMC may set a higher programme grant rate.

2. The maximum project grant rate shall be calculated as a percentage of the total eligible expenditure of the project, proposed in the Concept Note and determined in the Programme Agreement. It shall take into account the need to ensure Project Promoters' commitment and ownership, as well as the sustainability of the project. When setting the project grant rate, the Programme Operator shall further take into account any economic benefit, e.g. cost savings or increased profit, which is a result from receiving a financial contribution. Economic benefits shall be used in a manner which supports the objectives of the project. The applicable rules on state aid shall be complied with.

3. Co-financing under paragraphs 1 and 2 shall be in the form of cash, including electronic transfers.

4. In case of Project Promoters and project partners that are NGOs or social partners, in-kind contribution in the form of voluntary work may constitute up to 100% of any project co-financing required.

5. The Programme Operator shall specify the appropriate unit prices for voluntary work which shall be in accordance with salary normally paid for such work in the Beneficiary State, including the required social security contributions. The prices may vary depending on region in which the work is performed or the type of voluntary work, and may be adjusted during the implementation of the programme in order to take into account changes in salaries.

6. In case of projects under programmes falling under the programme area "Research", in-kind contribution in the form of labour may constitute up to 100% of the co-financing required for the project. The Programme Operator shall specify the appropriate unit prices for the labour which shall be in accordance with salary normally paid for such labour in the Beneficiary State, including the required social security contributions. The prices may vary depending on region in which the labour is performed or the type of labour, and may be adjusted during the implementation of the programme in order to take into account changes in salaries.

7. The amount of grant assistance applied for within a programme shall be proposed in the Concept Note and specified in the Programme Agreement.

## **Article 6.5**

### **Identification of pre-defined projects**

1. In addition to any pre-defined project identified in the Memorandum of Understanding, the Programme Operator may propose any pre-defined projects to be implemented within programmes. Pre-defined projects shall, where possible, be identified in the Concept Note.

2. The following information on the pre-defined projects may be requested by the FMC:

- (a) background and justification for the project including reference to relevant national priorities;
- (b) objective and expected outcome(s) of the project;
- (c) information on the Project Promoter and project partner(s);
- (d) the results of feasibility studies where applicable;
- (e) a timetable for implementing the project; and
- (f) a budget outline showing the total planned financial resources and the planned contribution through the EEA Financial Mechanism 2021-2028.

3. The Programme Operator shall, prior to signing a project contract for a pre-defined project, verify the project's quality and contribution to the objectives of the programme as well as compliance with the legal framework, EU and national legislation.

## **Article 6.6**

### **Implementation of the programme**

1. For each approved programme the National Focal Point shall ensure that the implementation of the programme by the Programme Operator is in line with the Programme Agreement.

2. The National Focal Point shall warrant that the obligations of the Programme Operator arising from the Programme Agreement are valid and enforceable under the applicable national law of the Beneficiary State. In case of any inconsistency between any national rules and procedures necessary for the implementation of the programme and the legal framework of the EEA Financial Mechanism 2021-2028 as defined in Article 1.5 of this Regulation, the latter shall prevail.

### **Article 6.7**

#### **Modification of programmes**

1. Unless otherwise explicitly stipulated in the Programme Agreement, any modification of the programme is subject to prior approval by the FMC.
2. The Programme Operator shall describe and justify the modification, including the impact on the financial figures and the expected effect on risks, outputs and outcomes of the programme. The National Focal Point shall provide its provisional approval to the modification proposal.
3. The FMC shall assess the proposed modification and provide a formal response not later than two months following the receipt of all relevant documents and necessary information. Consistency with the values and principles referred to in Article 1.3 shall form part of the assessment of the FMC.
4. The modification shall be formalised through an amendment of the Programme Agreement referred to in Article 6.3.3.
5. Should a modification of a programme result in a reduction of the programme grant, the National Focal Point may allocate the amount that becomes available to other approved programmes within the Beneficiary State, the funds for bilateral relations and/or technical assistance. A prior approval of the FMC and of the Programme Operator of the programme receiving the funds shall be required. The modification shall be in compliance with the Memorandum of Understanding. Any such allocation to programmes must be completed and formalised not later than 30 April 2030. This deadline does not apply to allocations to the funds for bilateral relations and/or technical assistance.

### **Article 6.8**

#### **Final Programme Report**

1. The Programme Operator shall, through the Certifying Authority, submit a Final Programme Report to the FMC and the National Focal Point using a template provided by the FMC. The main purpose of the report is to provide:
  - (a) an assessment of the contribution of the programme to the overall objectives of the EEA Financial Mechanism 2021-2028, the objective and outcome(s) of the Programme as well as the values and principles referred to in Article 1.3, as relevant;
  - (b) synthesis of findings of relevant evaluations;

- (c) an overall assessment of the implementation of the programme, including comparison to the plans set out in the programme and any lessons learned;
  - (d) specific details in respect of meeting and/or adapting financial plans; and
  - (e) financial information, including a calculation of the final balance referred to in Article 9.5.

2. The Final Programme Report shall be forwarded to the FMC by the Certifying Authority, which shall certify the financial annex to the report in accordance with Article 5.4, not later than 30 April 2032.

3. The FMC shall review the Final Programme Report in order to determine whether it fulfils its formal and substantive requirements. The FMC shall approve the report not later than two months following the receipt of the report and all relevant documents and necessary information.

4. The approved Final Programme Reports, including the summary for the general public, shall be published on the website of the National Focal Point within one month of the approval of the report by the FMC.

### **Article 6.9**

#### **Programmes operated by the FMO**

1. The Donor States and the Beneficiary State may in the Memorandum of Understanding entrust the operations of a programme or a specific allocation to the FMO.

2. In cases referred to in paragraph 1, the provisions of this Regulation do not apply. The FMO shall apply specific rules in this regard, which shall to the extent possible follow the provisions of this Regulation and in all cases ensure implementation in line with the values and principles stated in Article 1.3.

3. In cases referred to in paragraph 1, the implementation of the programme shall normally be performed by a Fund Operator, contracted by the FMO. The roles and responsibilities of the FMO and the Fund Operator shall be governed by an implementation agreement between the FMO and the Fund Operator. The implementation agreement shall contain provisions on reporting to the National Focal Point.

4. The funds for implementing a programme referred to in this Article, including the costs of the Programme Operator and/or the Fund Operator, shall be covered by the financial contribution to the respective Beneficiary State.



5. When a programme is being operated by the FMO according to this Article, the Beneficiary State bears no responsibility for the implementation of the programme, financially or otherwise, except as provided for in paragraph 4.

## **Chapter 7 Selection of projects**

### **Article 7.1 Modes of selection**

1. Projects shall be selected through calls for proposals organised in accordance with this Chapter.
2. By way of derogation from paragraph 1, pre-defined projects may be identified without a call for proposals. Such projects shall be identified in accordance with point (b) (vi) of Article 2.5.2 and Article 6.5. Information on such projects shall be provided in the Concept Note in accordance with Article 6.5.

### **Article 7.2 Eligibility of Project Promoters and project partners**

1. Any entity, public or private, commercial or non-commercial and non-governmental organisations, established as a legal person in the respective Beneficiary State are considered eligible Project Promoters. Where explicitly stipulated in the Programme Agreement, international organisations or bodies or agencies thereof, may be eligible Project Promoters.
2. Any public or private entity, commercial or non-commercial, as well as non-governmental organisations, established as a legal person either in the Donor States, Beneficiary States or a country outside the European Economic Area that has a common border with the respective Beneficiary State, or any international organisation or body or agency thereof, actively involved in, and effectively contributing to, the implementation of a project, are considered eligible project partners.
3. Natural persons who are legal residents of the Donor States or of the respective Beneficiary State are eligible Project Promoters and eligible project partners under the programme area “Culture”, and mobility components under any programme.
4. Any limitations to the eligibility of Project Promoters and project partners shall, if approved by the FMC, be explicitly stipulated in the Programme Agreement.

### **Article 7.3 Calls for proposals**

1. Calls for proposals shall be organised by the Programme Operator and developed in consultation with the FMC and the Donor Programme Partner(s)/IPO(s), where relevant. The FMC may provide comments that shall be taken into account by the National Focal Point and the Programme Operator. The content, form and publication of the calls for proposals shall be based on the Concept Note and be in accordance with the Programme Agreement and this Regulation. A template shall be provided by the FMC and shall be used as a basis for the development of the call for proposals text.
2. Calls for proposals shall as a minimum:
  - (a) contain a clear description of their specific objectives and expected results;
  - (b) include a clear and reasonable deadline, which shall be at least three months from the date of the publication of the announcement, or any other deadline agreed in the Programme Agreement, and an address for submission. The announcement shall specify the time when the call expires, the actions necessary to meet the deadline, and the permissible method(s) of delivery. The announcement must specify whether one or more copies of the application are required;
  - (c) clearly specify the eligible Project Promoters and partners and any restrictions, limitations or exclusions that they may be subject to;
  - (d) contain detailed selection criteria as well as a scoring chart;
  - (e) clearly address what kind of activities and expenditure are eligible, including any limitations;
  - (f) provide the options for establishing the amounts for forms of grants as referred to in Article 8.3.2;
  - (g) provide a description of the selection process and the decision-making structure;
  - (h) provide a clear reference or a link to the application form and user guide;
  - (i) clearly state the total amount available through the call, as well as the minimum and maximum amount of each project grant applied for;
  - (j) contain provisions on the payment model;
  - (k) clearly state the co-financing requirements;
  - (l) require the disclosure of any consultant involved in the preparation of the project application;

- (m) provide clear references to further information, including a reference to this Regulation and relevant guidelines adopted by the FMC as well as other documentation prepared by the Programme Operator that is relevant to the call; provide contact information for queries and the timeframe for answering such queries; and
  - (n) be widely publicised with a view to reach all potential applicants. All appropriate media at national, regional and local levels, as well as specialised publications and web-based tools, shall be used as relevant. Any limitation on the publication shall be set out in the Programme Agreement.
3. The call for proposals shall be published on the website of the Programme Operator in the national language(s) and in English and notified to the FMC.
  4. The National Focal Point shall warrant that the call for proposals fully complies with the legal framework of the EEA Financial Mechanism 2021-2028 as defined in Article 1.5.

#### **Article 7.4** **Selection Committee**

1. For each call for proposals, the Programme Operator shall establish a Selection Committee that shall recommend the projects to be funded within the programme. The Selection Committee shall consist of at least three persons possessing the relevant expertise. At least one of them shall be external to the Programme Operator, Donor Programme Partner(s) and IPO(s).
2. Unless otherwise specified in the Programme Agreement, the Donor Programme Partner(s) and/or the IPO(s) shall be members of the Selection Committee. The FMC, the embassies of the Donor States and the National Focal Point shall be invited to participate in the Selection Committee as observers.
3. The Programme Operator shall provide interpretation assistance during the selection process, when necessary. The Selection Committee shall keep minutes of its meetings.

#### **Article 7.5** **General principles and rules for the selection of projects**

1. The Programme Operator shall be responsible for project selection and the award of grants. The principles of good governance, transparency, equality, efficiency and zero tolerance towards corruption shall be applied.

2. The Programme Operator shall take every reasonable measure to prevent a conflict of interest situation from occurring in the context of project selection. If a conflict of interest situation nevertheless occurs, the Programme Operator shall take all the necessary measures to prevent that such a situation affects the integrity of the selection process.
3. Only applicants that respect the values and principles referred to in Article 1.3.1 shall be eligible Project Promoters and partners.
4. Selection procedures shall ensure that the persons carrying out the assessment of project applications are not responsible for the final decision on the selection of projects to be funded.
5. In calls for proposals dedicated exclusively to Donor partnership projects the working language, as well as the language of project applications and other relevant documents, shall be English.
6. The Programme Agreement may include specific provisions with respect to the selection process.
7. The Programme Operator shall document the assessment and decisions made during the selection procedure and store all documents related to the selection procedures for at least three years following the approval of the Final Programme Report by the FMC.

#### **Article 7.6** **Selection procedures**

1. The Programme Operator shall review the applications against the administrative and eligibility criteria, including any exclusion criteria. The applicants whose applications are rejected at this stage shall be informed and given a reasonable time to appeal that decision.
2. Each application that meets the administrative and eligibility criteria shall be reviewed against the selection criteria by at least two impartial experts appointed by the Programme Operator. At least one of the experts shall be independent of the Programme Operator and the Selection Committee. Costs related to experts shall be covered from the management cost of the Programme Operator.
3. The experts shall separately score the project according to the selection criteria published with the call for proposals. For the purposes of ranking the projects, the average of the scores awarded by the experts shall be used. The Programme Operator shall define the procedure to be followed in case of significant divergence in the scores given by the experts.

4. The Programme Operator shall provide the Selection Committee members and observers with the list of project applications ranked in accordance with paragraph 3 and the summary of the experts' assessment, in English. When necessary to enable the Selection Committee to perform its role, an English summary of each project application shall also be provided.

5. The Selection Committee shall review the ranked list of project applications. The Selection Committee shall, where applicable, consult the Donor Programme Partner(s) and take into account their recommendations regarding any Donor project partner(s) included in the project applications. The Selection Committee may modify the ranking of the projects in justified cases. The justification for the modifications shall be detailed in the minutes of the meeting of the Selection Committee. The Selection Committee shall submit the approved list of recommended projects to the Programme Operator.

6. The Programme Operator shall verify that the selection process has been conducted in accordance with the Regulation and that the approved list of recommended projects by the Selection Committee has been established in compliance with the rules and objectives of the programme. Following such verification the Programme Operator shall, based on the approved list of recommended projects of the Selection Committee, make a decision on which projects shall be supported. If the Programme Operator modifies the approved list of recommended projects by the Selection Committee, it shall inform the Selection Committee, the FMC, the NFP and the applicants affected and provide them with a justification.

7. The Programme Operator shall notify the applicants about the results of the selection process within a reasonable time and publicise the results.

8. The Programme Operator shall provide the FMC with the list of selected projects not later than two weeks after the decision on the grant awards. The FMC shall be provided with any relevant documents in English upon request.

#### **Article 7.7**

##### **Selection procedure for calls for proposals with a maximum grant amount per project of up to EUR 100,000**

1. For calls for proposals with a maximum grant amount per project of up to EUR 100,000, the Programme Operator may apply a simplified selection procedure that complies with the principles described in Article 7.5. In such cases, Articles 7.4

and 7.6 do not apply. For calls for proposals dedicated exclusively to Donor partnership projects, the selection procedure shall be agreed with the Donor Programme Partner(s).

2. The Programme Operator shall, where applicable, consult the Donor Programme Partner(s) and take into account their recommendations regarding any Donor project partners included in project applications.

#### **Article 7.8**

##### **Award of additional grants to already approved projects**

1. Decisions to award additional grants to already approved projects shall be taken by the Programme Operator, in consultation with the Cooperation Committee. Any such decision shall be taken in line with the principles described in Article 7.5.

2. The Programme Operator shall apply transparent and objective criteria when making such decisions and shall communicate these criteria to Project Promoters in advance, together with a clear deadline for application.

3. The National Focal Point and the FMC shall be notified of the Programme Operator's intention to award additional grants to already approved projects at least two weeks prior to the communication to the Project Promoters referred to in paragraph 2.

#### **Article 7.9**

##### **Project contract**

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.

2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.

3. The project contract sets out the terms and conditions of grant assistance as well as the roles and responsibilities of the parties. It shall in particular include provisions that ensure that the Project Promoter undertakes to comply fully with the provisions of the legal framework of the EEA Financial Mechanism 2021-2028 referred to in Article 1.5 that are relevant for the implementation of the project, including any

obligation that is valid after the project has been completed. The project contract shall contain an explicit reference to the Programme Agreement and this Regulation and, as a minimum, provisions on the following:

- (a) obligations regarding reporting that enables the Programme Operator to comply with its reporting obligations to the FMC and the National Focal Point;
- (b) the maximum amount of the project grant and the maximum project grant rate;
- (c) the eligibility of expenditures and requirements regarding the submission of proof of expenditure or proof of conditions fulfilled;
- (d) the forms of grants for all costs in the project and their calculation method, as referred to in Article 8.3;
- (e) the first and final dates of eligibility of expenditures;
- (f) modifications of the project;
- (g) ensuring that the access requested in relation to monitoring, audits and evaluations is provided without delay;
- (h) ensuring that obligations regarding information and communication are complied with;
- (i) the right of the Programme Operator to suspend payments and request reimbursement from the Project Promoter in case decision on such actions is taken by the FMC, Programme Operator or the National Focal Point;
- (j) resolution of disputes and jurisdiction;
- (k) a detailed budget, which may allow for up to 5% contingency and which foresees flexible rules for shifts between budget headings; and
- (l) a reference to partnership agreements or letters of intent, if relevant.

4. The project contract shall include provisions that ensure that project partners are informed sufficiently in advance of all provisions of the project contract that are relevant for them and of all modifications to the project that affect them.

5. The obligations of the Project Promoter under the project contract shall be valid and enforceable under the applicable national law of the Beneficiary State. In case of any inconsistency between the project contract and the legal framework of the EEA Financial Mechanism 2021-2028 as defined in Article 1.5 of this Regulation, the latter shall prevail.

## **Article 7.10**

### **Project partners and partnership agreements**

1. A project may be implemented in partnership with project partners as defined in point (y) of Article 1.6. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners.

2. The Partnership Agreement shall contain the following:

- (a) provisions on the roles and responsibilities of the parties;
- (b) provisions on the financial arrangements between the parties, including, but not limited to, financial reporting obligations, means for proof of expenditure or proof of conditions fulfilled, payment flows and which expenditure the project partners can get reimbursed from the project budget;
- (c) provisions on the forms of grants for all costs in the project and their calculation method, as referred to in Article 8.3;
- (d) currency exchange rules for such expenditure and its reimbursement;
- (e) provisions on audits on the project partners;
- (f) a detailed budget, which may allow for 5% contingency and which foresees flexible rules for shifts between budget headings; and
- (g) provisions on dispute resolution.

3. If one of the parties to the agreement is an entity from the Donor States, the partnership agreement shall be in English and shall be based on a template provided by the FMC.

4. The eligibility of expenditures declared by a project partner is subject to the same rules as would apply if the expenditures were declared by the Project Promoter.

5. A draft partnership agreement or letter of intent shall be submitted to the Programme Operator before the signing of the project contract. The Programme Operator shall verify that the partnership agreement complies with this Article.

## **Chapter 8**

### **Eligibility of expenditures**

#### **Article 8.1**

#### **Eligible expenditures of a programme**

Eligible expenditures of a programme are:

- (a) management costs of the Programme Operator in accordance with Article 8.10;

- (b) payments to projects within the programme in accordance with this Regulation, the Programme Agreement and the project contracts; and
- (c) payments from the funds for bilateral relations in accordance with Article 4.10.

### **Article 8.2**

#### **General principles on the eligibility of expenditures**

1. Eligible expenditures of projects are those actually incurred within the projects as well as expenditures covered by simplified cost options (unit costs, flat rates and lump sums). The expenditures shall meet the following criteria:

- (a) for costs pursuant to point (a) of Article 8.3.1, they are actually incurred between the first and final dates of eligibility of a project as specified in the project contract. For costs pursuant to points (b) and (c) of Article 8.3.1, the actions constituting the basis for payment are carried out between the first and final dates of eligibility of a project as specified in the project contract;
- (b) they are connected with the subject of the project contract and they are indicated in the detailed budget of the project;
- (c) they are proportionate and necessary for the implementation of the project;
- (d) they must be used for the sole purpose of achieving the objective(s) of the project and its expected outcome(s), in a manner consistent with the principles of economy, efficiency and effectiveness;
- (e) for costs pursuant to point (a) of Article 8.3.1, they are identifiable and verifiable, in particular through being recorded in the accounting records of the Project Promoter and/or project partner and determined according to the applicable accounting standards of the country where the Project Promoter and/or project partner is established and according to generally accepted accounting principles; and
- (f) they comply with the requirements of applicable tax and social legislation.

2. Expenditures pursuant to point (a) of Article 8.3.1 are considered to have been incurred when the cost has been invoiced, paid and the subject matter delivered (in case of goods) or performed (in case of services and works). Exceptionally, costs in respect of which an invoice has been issued in the final month of eligibility are also deemed to be incurred within the dates of eligibility if the costs are paid by the end of the next month after the final date of eligibility.

Overheads and depreciation of equipment are considered to have been incurred when they are recorded on the accounts of the Project Promoter and/or project partner.

3. Where new or second-hand equipment is purchased, only the portion of the depreciation corresponding to the duration of the project and the rate of actual use for the purposes of the project may be considered eligible expenditure.

4. The internal accounting and auditing procedures of the Project Promoter and project partners must permit direct reconciliation of the expenditures and revenue declared in respect of the project with the corresponding accounting statements and supporting documents.

5. In case of projects implemented by an international organisation or body or an agency thereof, the Programme Agreement may include specific provisions with regard to the eligibility of expenditures.

6. The principles set forth in this article shall apply *mutatis mutandis* to all eligible expenditures, except for technical assistance, unless otherwise explicitly stated in this Regulation.

### **Article 8.3**

#### **Forms of grants**

1. Grants to beneficiaries may take any of the following forms:

- (a) eligible costs actually incurred;
- (b) unit costs;
- (c) lump sums;
- (d) flat-rate financing; or
- (e) a combination of the forms referred to in points (a) to (d), provided that each form covers different categories of costs, or where they are used for successive phases of a project.

2. The amounts for the forms of grants referred to under points (b), (c) and (d) of paragraph 1, shall be established *ex ante*, in one of the following ways:

- (a) flat rates and specific methods established by or on the basis of this Regulation or sector specific articles and guidelines;
- (b) in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the

Beneficiary State, or the Donor State in the case of Donor project partners, for a similar type of project;

- (c) in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applicable in European Union policies for a similar type of project;
- (d) a draft budget established on a case-by-case basis and agreed ex ante by the Programme Operator, where the total cost of the project does not exceed EUR 200,000; or
- (e) a fair, equitable and verifiable calculation method, verified by the Audit Authority and based on:
  - (i) statistical data, other objective information or an expert judgement;
  - (ii) the verified historical data of individual beneficiaries; or
  - (iii) the application of the usual cost accounting practices of individual beneficiaries.

3. The use of flat rates, unit costs and lump sums, their amount and the way they are established shall be determined in the project contract. The use of flat rates, unit costs and lump sums, their amount and the way they are calculated for a project partner shall also be stipulated in the partnership agreement between the Project Promoter and the project partner.

4. In duly justified cases, the options for the forms of grants listed in paragraph 1 may be limited in the Programme Agreement. Additionally, when developing a call for proposals, the Programme Operator may propose to set in the call specific limitations for the options for the forms of grants. In Donor partnership programmes, the Programme Operator shall consult the relevant Donor Programme Partner prior to making any limitations.

#### **Article 8.4**

##### **Eligible direct expenditures in a project**

1. The eligible direct expenditures for a project are those expenditures which are directly linked to the implementation of the project, and which can therefore be attributed to it directly. The following direct expenditures are eligible provided that they satisfy the criteria set out in Article 8.2:

- (a) the cost of staff assigned to the project, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this corresponds to the Project Promoter's and project partner's

usual policy on remuneration. The corresponding salary costs of staff of national administrations are eligible to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken;

- (b) travel and subsistence allowances for staff and participants in the project, provided that this corresponds to the usual policy of the Project Promoter and project partner on travel allowances;
- (c) cost of new or second-hand equipment. In case the Programme Operator determines that the equipment is an integral and necessary component for achieving the outcomes of the project, the entire purchase price of that equipment may, by way of exception from the rule contained in Article 8.2.3, be eligible. This exception is not applicable to the funds for bilateral relations;
- (d) purchase of land and real estate under the conditions set in Article 8.8, except for the funds for bilateral relations;
- (e) costs of consumables and supplies, provided that they are identifiable and assigned to the project;
- (f) costs entailed by other contracts awarded by a Project Promoter or project partner for the purposes of carrying out the project, provided that the awarding complies with the applicable rules on public procurement and this Regulation; and
- (g) costs arising directly from requirements imposed by the project contract for each project.

2. Where the entire purchase price of equipment is eligible in accordance with point (c) of paragraph 1, the Programme Operator shall ensure that the Project Promoter or project partner:

- (a) keeps the equipment in its ownership for a period of at least three years following the completion of the project and continues to use that equipment for the benefit of the overall objectives of the project for the same period;
- (b) where possible, keeps the equipment properly insured against losses such as fire, theft or other normally insurable incidents both during project implementation and for at least three years following the completion of the project; and
- (c) sets aside appropriate resources for the maintenance of the equipment for at least three years following the completion of the project.

3. The specific means for the implementation of the obligation referred to in paragraph 2 shall be specified in the project contract. The Programme Operator may release any Project Promoter or project partner from the above obligations with respect to any specifically identified equipment where the Programme Operator is satisfied that, having regard to all relevant circumstances, the cost of maintenance or insurance in the above obligations would be disproportionate to the value of the equipment.

4. In exceptional and duly justified cases, the Programme Operator may suggest additional expenditures, including regranting at project level, to be eligible or exclude certain expenditure listed in paragraph 1. Such deviations, if approved by the FMC, shall be explicitly stipulated in the Programme Agreement and where relevant be accompanied by the necessary terms and conditions with regard to the eligibility of the expenditure in question.

#### **Article 8.5**

##### **Indirect costs in projects (overheads)**

1. Indirect costs are all eligible costs that cannot be directly attributed to the project. They may not include any eligible direct costs. Indirect costs shall represent a fair apportionment of the overall overheads of the Project Promoter and/or project partner(s). Project Promoters and project partners may identify their indirect costs according to one of the following methods:

- (a) up to 7 % of eligible direct costs, in which case the Programme Operator shall not be required to perform a calculation to determine the applicable rate;
- (b) up to 15 % of eligible direct staff costs, in which case the Programme Operator shall not be required to perform a calculation to determine the applicable rate;
- (c) up to 25 % of eligible direct costs, provided that the rate is calculated in accordance with paragraph 2 of this Article;
- (d) a flat rate applied to direct eligible costs based on existing methods and corresponding rates applicable in European Union policies for similar types of project;
- (e) based on actual indirect costs for those Project Promoters and/or project partners that have an analytical accounting system to identify indirect costs incurred in direct relationship with the eligible direct costs attributed to the project; or
- (f) in the case of Project Promoters and/or project partners that are international organisations or bodies or agencies

thereof, indirect costs may, in line with specific provisions in the Programme Agreement, be identified in accordance with the relevant rules established by such organisations.

2. The application of the method described in point (c) of paragraph 1 is subject to the calculation of the rate on the basis of the fair, equitable and verifiable calculation method referred to in point (e) of Article 8.3.2 or a method applied under schemes for grants funded entirely by the Beneficiary State, or the Donor State in the case of Donor project partners, for similar types of project.

#### **Article 8.6**

##### **Direct staff costs**

1. Direct staff costs of a project may be calculated at a flat rate of up to 20 % of the eligible direct costs other than the direct staff costs of that project, without there being a requirement for the Programme Operator to perform a calculation to determine the applicable rate, provided that the direct costs of the project do not include public works contracts or supply or service contracts which exceed in value the thresholds set out in Article 4 of Directive 2014/24/EU of the European Parliament and of the Council on public procurement.

2. For the purposes of determining direct staff costs, an hourly rate may be calculated in one of the following ways:

- (a) by dividing the latest documented annual gross employment costs by 1,720 hours for persons working full time, or by a corresponding pro-rata of 1,720 hours for persons working part-time; or
- (b) by dividing the latest documented monthly gross employment costs by the average monthly working time of the person concerned in accordance with applicable national rules referred to in the employment or work contract or an appointment decision (both referred to as the employment document).

3. When applying the hourly rate calculated in accordance with paragraph 2, the total number of hours declared per person for a given year or month shall not exceed the number of hours used for the calculation of that hourly rate.

4. Where annual gross employment costs are not available, they may be derived from the available documented gross employment costs or from the employment document, duly adjusted for a twelve-month period.

5. In the case of actually incurred staff costs, costs related to individuals who work on part-time assignment on the project

may be calculated as a fixed percentage of the gross employment costs, in line with a fixed percentage of time worked on the project per month, with no obligation to establish a separate working time registration system. The employer shall issue a document for employees setting out that fixed percentage.

#### **Article 8.7**

##### **Flat rate financing for costs other than direct staff costs**

1. A flat rate of up to 40% of eligible direct staff costs may be used in order to cover all remaining eligible costs of a project. The Programme Operator shall not be required to perform a calculation to determine the applicable rate.

2. The flat rate referred to in paragraph 1 of this Article shall not be applied to staff costs calculated on the basis of a flat rate as referred to in Article 8.6.1.

#### **Article 8.8**

##### **Purchase of real estate and land**

1. The cost of purchase of real estate and land not built on may be eligible under the following conditions, without prejudice to the application of stricter national rules:

- (a) there shall be a direct link between the purchase and the objectives of the project;
- (b) purchase of real estate and/or land may not represent more than 10% of the total eligible expenditure of the project, unless a higher percentage is explicitly authorised in the Programme Agreement and set in the decision to award the project grant;
- (c) a certificate shall be obtained prior to the purchase from an independent qualified evaluator or duly authorised official entity confirming that the purchase price does not exceed the market value and that it is free of all obligations in terms of mortgage and other liabilities, particularly in respect of damage related to pollution. In case of purchase of real estate the certificate must either confirm that the building in question is in conformity with national regulations, or specify what is not in conformity with national regulations but which is to be rectified by the Project Promoter under the project;
- (d) the real estate and/or the land shall be used for the purpose and for the period specified in the decision to award the project grant. The ownership must be transferred to the Project Promoter, or those explicitly designated by the Project Promoter in the project application as recipients of

the real estate and/or the land, prior to the completion of the project. The real estate and/or the land cannot be sold or mortgaged within five years of the completion of the project, or longer if stipulated in the project contract. The FMC may waive this restriction if it would result in an unreasonable burden on the Project Promoter;

- (e) the real estate and/or land may only be used in conformity with the objectives of the project. In particular, buildings may be used to accommodate public administration services only where such use is in conformity with the objective of the project;
- (f) the purchase of real estate and/or land shall be explicitly approved by the Programme Operator prior to the purchase, either in the project contract or by a later decision; and
- (g) the real estate and/or the land may be rented to third parties, if stipulated in the project contract, provided that this is consistent with the objectives of the project.

2. Real estate shall mean buildings constructed or under development and the appropriate rights to the land on which they are built.

3. The restrictions referred to in point (d) of paragraph 1 apply also to buildings that are constructed, reconstructed or renovated through a financial contribution from the EEA Financial Mechanism 2021-2028.

4. The mortgage restriction referred to in point (d) of paragraph 1 does not apply to a mortgage taken in favour of the Programme Operator or the National Focal Point when its purpose is solely to ensure compliance with the said paragraph.

5. The cost of real estate and/or land already owned, directly or indirectly, by the Project Promoter, or purchase of real estate and/or land owned, directly or indirectly, by the project partner or a public administration, shall not be eligible. Under no circumstances shall real estate and/or land be purchased for speculative purposes. The real estate and/or the land shall not have benefitted from a national or external donor grant in the last 10 years which would give rise to a duplication of funding.

#### **Article 8.9**

##### **Excluded costs**

1. The following costs shall not be considered eligible:

- (a) interest on debt, debt service charges and late payment charges;



- (b) charges for financial transactions and other purely financial costs, except costs related to accounts required by the FMC, the National Focal Point or the applicable law and costs of financial services imposed by the project contract;
- (c) provisions for losses or potential future liabilities;
- (d) exchange losses;
- (e) recoverable VAT;
- (f) costs that are covered by other sources;
- (g) fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project; and
- (h) excessive or reckless expenditure.

2. This article shall apply *mutatis mutandis* to all costs unless otherwise explicitly stated in this Regulation.

#### **Article 8.10**

##### **Eligibility of management cost incurred by Programme Operator**

1. The management costs of a Programme Operator up to a ceiling set in paragraph 2 may be considered as eligible costs. The first date of eligibility of expenditure of management costs of a Programme Operator shall be the date of entry into force of the Memorandum of Understanding in which the Programme Operator is designated. The final date of eligibility shall be 30 April 2032 unless an earlier date is specified in the Programme Agreement.

2. The maximum management costs of a programme shall be calculated as a percentage of the total eligible expenditure of the programme. It shall be the sum of the following amounts:

- (a) 10% of the first € 10 million;
- (b) 7% of the next € 40 million;
- (c) 5% of the next € 50 million; and
- (d) 4% of the remaining total eligible expenditures of the programme.

3. In exceptional and duly justified cases, the FMC may, for programmes with total eligible expenditure up to € 10 million, approve a higher ceiling.

4. Management costs of a programme may take the form of eligible expenditure actually incurred and/or simplified cost options pursuant to points (b) to (d) of Article 8.3.1, 8.3.2, 8.5,

8.6 and/or 8.7. The form shall be defined in the Programme Agreement.

5. Expenditures related to the following activities are eligible as management costs, provided that the expenditure is proportionate and necessary:

- (a) preparation of the programme, including the development of the programme design, the results framework and stakeholder consultations;
- (b) preparation of the implementation of the programme, including the development of procedures for project selection and financial flows;
- (c) assisting possible applicants and Project Promoters in complying with the requirements set by the Programme Operator for project applications and/or the implementation of projects;
- (d) selection of projects, including costs of experts and meetings, and appeals;
- (e) verification of declared expenditure, approval of payments and transfer of payments to Project Promoters;
- (f) monitoring of projects and reviews;
- (g) audits and on-the-spot verification of projects;
- (h) promotional and information activities, including calls for proposals and information work during the application period as well as information events to share experiences and evaluate the impact of the programme;
- (i) fulfilling reporting obligations to the FMC, the National Focal Point and the Certifying Authority;
- (j) establishment and operation of bank accounts required under this Regulation or the Programme Agreement, including costs of incoming and outgoing transfers;
- (k) overheads;
- (l) operation of the Cooperation Committee and the operation of the Regional Programme Committee, when required within programmes falling under the programme area “Research and Innovation”;
- (m) activities aimed at strengthening bilateral relations, including management of bilateral funds at programme level; and
- (n) activities aimed at strengthening cooperation and exchanging experience and best practices between the Programme Operator and similar entities within the

Beneficiary States and/or Donor States and/or international organisations.

6. In cases where the selection of the Programme Operator in the Beneficiary State is conducted through a competitive tendering procedure, the FMC can in the Programme Agreement, decide that the contract value shall be accepted as management costs *in lieu* of actually incurred expenditures. The ceiling set out in paragraph 2 shall apply.

7. The eligibility of costs under this article is conditional on the approval of the programme by the FMC.

8. In justified cases of budgetary constraints and at the discretion of the FMC, extraordinary advance payments towards costs related to the preparation of programmes may be disbursed to the Beneficiary States.

#### **Article 8.11**

##### **Technical assistance to the Beneficiary State**

1. The EEA Financial Mechanism shall provide technical assistance to the National Focal Point, Certifying Authority and Audit Authority for the performance of their duties as described in this Regulation.

2. Technical assistance shall take the form of a fixed amount identified in the Memorandum of Understanding. The FMC and the Beneficiary State shall, following the signing of the Memorandum of Understanding, conclude a Technical Assistance Agreement, based on the template provided in Annex 5.

3. The National Focal Point shall coordinate the use of the technical assistance. The National Focal Point shall ensure that all entities listed in paragraph 1 receive a sufficient share of the contribution to perform their duties under this Regulation.

4. Technical assistance shall not exceed 1.5% of the total contributions from the EEA and Norwegian Financial Mechanisms 2021-2028 provided to the respective Beneficiary State. In duly justified cases, the FMC may approve a higher amount for Beneficiary States receiving 5% or less of the total financial contributions.

5. The fixed amount referred to in paragraph 2 shall be disbursed in equal instalments, twice a year in accordance with the payment schedule of the Interim Reports for Technical Assistance pursuant to Article 9.4.1.

6. The disbursements shall be contingent on:

- (a) for the first disbursement: the signing of the Technical Assistance Agreement;
- (b) for the consequent disbursements, the timely and satisfactory submission of:
  - (i) the Country Report as described in Article 2.6;
  - (ii) the Interim Financial Reports as described in Article 9.3;
  - (iii) the Annual Audit Report as described in point (e) of Article 5.5.1; and
  - (iv) the irregularities reports as described in Article 12.5; and
- (c) for the final disbursement, the timely and satisfactory submission of:
  - (i) the Final Country Report as described in Article 2.6.4;
  - (ii) the closure declaration and the Final Audit Report as described in point (f) of Article 5.5.1; and
  - (iii) all Final Programme Reports as described in Article 6.8.

#### **Article 8.12**

##### **Proof of expenditure**

1. Receipted invoices or accounting documents of equivalent probative value shall be maintained for all costs incurred pursuant to point (a) of Article 8.3.1.

2. Where activities are implemented in the framework of competitive tendering procedures, payments shall be supported by receipted invoices based on the signed contracts. In all other cases, payments shall be justified by expenditure actually paid by the entities concerned in implementing the project.

3. Proof of expenditure to be submitted for costs pursuant to point (a) of Article 8.3.1 may take the form of:

- (a) receipted invoices or accounting documents of equivalent probative value;
- (b) a report by an independent auditor qualified to carry out statutory audits of accounting documents, certifying that the claimed costs are incurred in accordance with this Regulation, the national law and relevant national accounting practices; or
- (c) a report issued by a competent and independent public officer recognised by the relevant national authorities as

having a budget and financial control capacity over the entity incurring the costs and who has not been involved in the preparation of the financial statements, certifying that the claimed costs are incurred in accordance with this Regulation, the relevant law and national accounting practices.

4. Proof of expenditure for activities implemented by an international organisation, in which each Donor State is a member, shall take the form of a signed financial report, confirming that the claimed costs are in accordance with the principles and rules set forth in the project contract and that the financial data contained in the report is in accordance with the financial records and accounting practices of that international organisation.

5. In line with the responsibility of the Programme Operator to verify expenditure declared, requirements for the submission of proof of expenditure for costs incurred shall be set in the project contract and where applicable, the partnership agreement. The requirements for submission of proof of expenditure shall be proportional to the total grant allocation to each promoter and/or partner:

- (a) proof of expenditure shall not be submitted by a Project Promoter or a project partner where the total grant allocation from the programme to the respective Project Promoter or project partner within a project does not exceed EUR 10,000;
- (b) where the total grant allocation from the programme to the respective Project Promoter or project partner within a project does not exceed EUR 100,000 but is higher than EUR 10,000, proof of expenditure shall be submitted once, at the end of the project. Project Promoters and project partners may submit proof of expenditure by way of any option identified in paragraph 3;
- (c) where the total grant allocation from the programme to the respective Project Promoter or project partner within a project exceeds EUR 100,000, proof of expenditure shall be submitted no more than once per year. Project Promoters and project partners may submit proof of expenditure by way of any option identified in paragraph 3, however the Programme Operator may require Project Promoters or project partners whose primary location is within the Beneficiary State to submit proof of expenditure in accordance with point (a) of paragraph 3.

6. Notwithstanding the requirements for submission of proof of expenditure specified in paragraph 5, the FMC or the EFTA Board of Auditors shall be granted access to the supporting

documents referred to in paragraph 1 held by Project Promoters or project partners. The Audit Authority shall be granted access to the supporting documents referred to in paragraph 1 held by Project Promoters or project partners located within the respective Beneficiary State.

7. The submission of supporting documents shall be subject to national and European Union law on data protection.

8. This article shall apply *mutatis mutandis* to all expenditure, except for technical assistance, unless otherwise explicitly stated in this Regulation.

### **Article 8.13**

#### **Proof of conditions fulfilled for simplified cost options**

1. Where flat rates are used, the proof of conditions fulfilled depends on the form of the basis costs:

- (a) in case the basis costs take the form pursuant to point (a) of Article 8.3.1, Article 8.12 shall apply to the basis cost;
- (b) in case the basis costs take the form pursuant to points (b) and (c) of Article 8.3.1, paragraph 2 shall apply to the basis cost.

2. Where the project grant takes the form of a lump sum or unit costs, proof of conditions fulfilled is limited to proof of activities carried out.

3. Underlying expenditure covered by simplified cost options shall not be subject to audits, or verifications performed by Programme Operators.

4. Amounts established as simplified cost options shall be subject to audits in accordance with Article 5.5 and Chapter 11.

5. This article shall apply *mutatis mutandis* to all expenditure, except for technical assistance, unless otherwise explicitly stated in this Regulation.

### **Article 8.14**

#### **Period of eligibility of expenditures in projects**

1. The first and final dates of eligibility of each project shall be stated in the project contract for that project.

2. Unless a later date is provided in the Programme Agreement or the project contract, expenditure incurred shall be eligible for assistance as of the date on which the Programme Operator decides on which projects shall be supported. The Programme Operator shall in the same decision fix the final date of

eligibility which shall be no later than either one year after the scheduled completion of the project or the date referred to in paragraph 5, whichever is earlier.

3. By way of exception from paragraph 2, limited preparation costs of projects selected for funding may be eligible as of the date of publication of the respective call for proposals in line with clear and transparent rules established by the Programme Operator.

4. The first date of eligibility of any pre-defined project shall be not earlier than the date of entry into force of the Programme Agreement.

5. Expenditures incurred after 30 April 2031 shall not be eligible.

6. If a project has not been completed by the date of submission of the Final Programme Report, as defined in Article 6.8.2, the Programme Operator shall reimburse to the FMC its financial contribution to the project. If clearly identifiable and viable components of the project have been completed, the FMC may waive, in full or in part, its right to reimbursement.

#### **Article 8.15** **Durability of projects**

1. The Programme Operator shall ensure that in the case of projects that involve investment in real estate and/or land (including construction, reconstruction and renovation) the real estate and/or land is used for the purpose of the project as described in the project contract for at least five years after the approval of the project completion report by the Programme Operator.

2. For other projects, the period of minimum post-completion operation shall be determined by the Programme Operator, described in the call for proposals and included in the project contract. The determination of this period shall be guided by the aim of promoting the sustainability of the project and of ensuring that the financial support provided to the project generates the maximum benefits to its target group and final beneficiaries.

3. The Beneficiary State and the Programme Operator shall ensure that the Project Promoter retains the contribution from the EEA Financial Mechanism 2021-2028 only if the project is in compliance with paragraphs 1 and 2.

#### **Article 8.16** **Procurement**

1. Applicable national and European Union law on public procurement shall be complied with at any level in the implementation of programmes and projects. To this end, any entity that is a 'contracting authority' within the meaning of the EU Directives on public procurement shall comply with the applicable national law on public procurement.

2. All other entities shall follow an open procurement procedure, where the amount of the contract is at or above the relevant European Union thresholds set for public procurement. In such cases any economic operator may submit a tender. The invitation to tender shall be published at least on the website or social media presence of the entity and in other relevant media. The tender documents shall include clear and precise exclusion, selection and award criteria. The selection process shall be documented. The minimum time limit for the submission of tenders is 35 days from the publication date of the contract notice. This paragraph does not apply to Project Promoters or project partners in projects that receive less than 50% of the eligible expenditure of the project as a grant from a programme under the EEA Financial Mechanism 2021-2028.

3. In cases where contracts concluded fall below the European Union thresholds set for public procurement or outside the scope of the applicable public procurement laws, the awarding of such contracts (including the procedures prior to the awarding) and the terms and conditions of such contracts shall, in line with the principle of proportionality, comply with best economic practices, including accountability, allow a full and fair competition between potential providers, for example by way of effective price comparison, and ensure the optimal use of resources from the EEA Financial Mechanism 2021-2028.

4. Procurement procedures in projects implemented by an international organisation, in which each Donor State is a member, shall be carried out in accordance with the procurement rules established by that international organisation.

5. The highest ethical standards, as well as the avoidance of any conflicts of interest, shall be observed during the procurement and execution of contracts. The Programme Operator shall ensure the application of adequate and effective means to prevent illegal or corrupt practices. No offer, gifts, payments or benefit of any kind, which would or could, either directly or indirectly, be construed as an illegal or corrupt practice, e.g. as an inducement or reward for the award or execution of procurement contracts, shall be accepted.

6. This Article is without prejudice to the freedom to define, in conformity with the applicable national legislation, the characteristics of the goods, services or works to be provided, including the freedom to make procurement decisions based on social, environmental and/or sustainability criteria.

7. The Programme Operator shall ensure that records of the awarding and execution of contracts are kept for at least three years from the closure of the programme and provided upon request to the FMC.

#### **Article 8.17** **State aid**

The National Focal Point shall ensure that any public support under the EEA Financial Mechanism 2021-2028 complies with the procedural and substantive state aid rules applicable at the time when the public support is granted. The National Focal Point shall ensure that the Programme Operator maintains written records of all assessments concerning compliance with state aid rules, in particular decisions to award grants and set grant rates, and provides such records to the FMC upon request. In no case shall any act or omission by the FMC be taken as to imply a positive assessment of such compliance.

### **Chapter 9** **Financial management**

#### **Article 9.1** **Common rules for payments**

1. Payments to programmes shall be made when all relevant conditions for payments stipulated in the Programme Agreement and this Regulation have been fulfilled. Extraordinary advance payments in respect of costs related to the preparation of programmes may be approved by the FMC, in accordance with Article 8.10.8.

2. Payments to programmes shall take the form of advance payments, interim payments and payments of the final balance. Without prejudice to paragraph 3, they shall be made to the designated account of the Beneficiary State. Subject to contrary provisions in national law, the Beneficiary State shall ensure that payments received from the FMC are made available to the Programme Operator within 15 working days of the receipt of the payment.

3. The FMC and the National Focal Point may agree to transfer payments directly from the FMC to the designated account of

the Programme Operator. In such cases, the Certifying Authority shall be informed.

4. The FMC may retain up to 10% of the management cost allocation to the programme. The retained amount shall not be paid until the Final Programme Report has been approved by the FMC.

5. Payments to programmes shall be calculated by applying the co-financing rate laid down in the Programme Agreement. The principle of pro rata financing shall apply, meaning that the payments of the programme grant from the FMC shall be matched within one month by payment from the entity or entities responsible for providing the co-financing.

6. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance.

#### **Article 9.2** **Advance payments**

Advance payments are the part of the programme grant necessary to cover its share of justified estimated programme expenditure until the first interim payment referred to in Article 9.3.1 is due. An advance payment of up to 20% shall be set in the Programme Agreement. The advance payment shall be made when the relevant conditions in the Programme Agreement and this Regulation have been fulfilled.

#### **Article 9.3** **Interim reporting, payments and forecast**

1. The reporting periods shall be as follows:

- (a) 1 January - 30 June (year n) for actual expenditure and 1 January - 30 June (year n+1) for proposed expenditure; and
- (b) 1 July - 31 December (year n-1) for actual expenditure and 1 July - 31 December (year n) for proposed expenditure.

2. Interim payments shall be paid based on an Interim Financial Report prepared by the Programme Operator in a format provided by the FMC, certified and submitted by the Certifying Authority in accordance with Article 5.4, and approved by the FMC.

3. Without prejudice to paragraph 10 and subject to budgetary appropriations of the Donor States, interim payments from the FMC shall be made by the following payment dates: 30 April and 15 November. Should a payment date land on a weekend

or an EFTA public holiday, the payment shall be made on the next EFTA working day.

4. Interim Financial Reports shall be received by the FMC according to the following schedule:

- (a) on, or before, 10 March for payments to be made by 30 April;
- (b) on, or before, 15 September for payments to be made by 15 November.

5. If an Interim Financial Report is received after its due date but on, or before, the following due date referred to in paragraph 4, the report shall be considered as received on its following due date. Expenditure not reported within twelve months of the end of the reporting period in which it has been declared shall be declared ineligible and cancelled, unless otherwise decided by the FMC.

6. Interim Financial Reports shall include:

- (a) a statement of actual expenditure during the reporting period preceding the payment date;
- (b) a statement of proposed expenditure for the reporting period immediately following the payment date;
- (c) a justified forecast of likely payment applications from the Beneficiary State, in a format provided by the FMC; and
- (d) information on progress towards achieving outputs and outcomes, as appropriate.

7. The actual expenditure for the last reporting period shall be reported in the Final Programme Report.

8. When the Interim Financial Report has been provided, the FMC shall verify that it is in the correct form and that the conditions for payment have been met. If that verification is positive, interim payments shall be transferred no later than on the payment dates referred to in paragraph 3.

9. Interim payments shall in principle consist of the proposed expenditure for the respective reporting period less the expected programme account balance at the start of that period for the proposed expenditure. The FMC may modify the amount of the interim payment if the proposed expenditures are considered to be unjustified. The FMC shall provide the National Focal Point, Certifying Authority and the Programme Operator with a justification of the modification without delay.

10. Should verification according to paragraph 8 be negative, the FMC, the National Focal Point, the Certifying Authority and the Programme Operator shall closely cooperate to remedy the

deficiencies. The FMC may provisionally hold interim payments until such deficiencies have been remedied. When the FMC, after receiving all necessary information, has positively verified Interim Financial Report, it shall at the first possible payment date or when it deems it necessary following that verification release the payment due, unless the FMC decides to make use of remedies provided in Chapter 13.

#### **Article 9.4**

##### **Interim Reports for Technical Assistance**

1. Disbursements of technical assistance pursuant to Article 8.11 shall be based on Interim Reports for Technical Assistance prepared and submitted by the National Focal Point, in a format provided by the FMC, and approved by the FMC.

2. Interim Reports for Technical Assistance shall be received by the FMC according to the following schedule:

- (a) on, or before, 10 March for disbursements to be made by 30 April; and
- (b) on, or before, 15 September for disbursements to be made by 15 November.

3. Without prejudice to paragraph 7 and subject to budgetary appropriations of the Donor States, payments from the FMC shall be made by the following payment dates: 30 April and 15 November. Should a payment date land on a weekend or an EFTA public holiday, the payment shall be made on the next EFTA working day.

4. If an Interim Report for Technical Assistance is received after its due date but on, or before, the following due date referred to in paragraph 2, the report shall be considered as received on its following due date.

5. Interim Reports for Technical Assistance shall include:

- (a) the amount of the instalment; and
- (b) information on the reports submitted in accordance with points (b) and (c) of Article 8.11.6 as applicable.

6. When the Interim Report for Technical Assistance has been provided, the FMC shall verify that it is in the correct form and that the conditions for disbursement have been met. If that verification is positive, disbursements shall be made no later than on the payment dates referred to in paragraph 3.

7. Should verification according to paragraph 6 be negative, the FMC and the National Focal Point shall closely cooperate to remedy the deficiencies. The FMC may provisionally hold

upcoming disbursements until such deficiencies have been remedied. When the FMC, after receiving all necessary information, has positively verified the Interim Report for Technical Assistance, it shall release the payment due at the first possible payment date or when it deems it necessary following that verification, unless the FMC decides to make use of remedies provided in Chapter 13.

#### **Article 9.5** **Payment of the final balance**

1. The final balance is:

- (a) the total reported eligible expenditure of the programme, taking into account any previous reimbursements,
- (b) less the following amounts:
  - (i) the total advance and interim payments to the programme from the FMC;
  - (ii) any co-financing from sources other than the EEA Financial Mechanism 2021-2028;
  - (iii) total interest earned until the date of the Final Programme Report; and
  - (iv) any funds reimbursed from Project Promoters to the Programme Operator, not paid to other projects or reimbursed to the FMC.

2. The EEA Financial Mechanism 2021-2028 share of the final balance is the final balance according to paragraph 1 multiplied by the programme grant rate.

3. The final balance shall be calculated and reported in the financial annex to the Final Programme Report in accordance with guidelines adopted by the FMC.

4. Any final balance payable to the Programme Operator shall be transferred by the FMC no later than one month after approval of the Final Programme Report by the FMC.

5. Any final balance payable to the FMC shall be reimbursed to the FMC within the time limit referred to in paragraph 4. Any interest earned on the bank account of the Programme Operator between the date of the Final Programme Report and the reimbursement date shall be included in the reimbursement.

#### **Article 9.6** **Use of the euro**

1. Amounts set out in programmes, Interim Financial Reports, Country Reports and Final Programme Reports shall be denominated in euro. Programme grants and payments from the FMC to entities in the Beneficiary State, shall be denominated and carried out in euro. The amounts shall be rounded in accordance with criteria set by the FMC.

2. Programme Operators in Beneficiary States that have not adopted the euro as their currency on the date of an application for payment shall convert into euro the amounts of expenditure incurred in their national currency. This amount shall be converted into euro using the monthly accounting exchange rate of the European Commission in the month during which the expenditure was paid by the Programme Operator of the programme concerned.

3. When the euro becomes the currency of a Beneficiary State, the conversion procedure set out in paragraph 2 shall continue to apply to all expenditure recorded in the accounts by the Programme Operator before that date.

4. Irrespective of the currency used by a Beneficiary State in the implementation of programmes and projects, including the currency of the project contract, neither the Donor States nor the FMC is responsible for losses resulting from exchange rate fluctuations.

#### **Article 9.7** **Interest**

1. The Certifying Authority shall annually as part of the Interim Financial Report referred to in point (b) of Article 9.3.1, and for the calculation of the final balance referred to in Article 9.5.1, declare to the FMC any interest earned or paid on the following accounts:

- (a) accounts held in the Beneficiary State on which funds from the FMC are kept until they are transferred to the Programme Operators; and
- (b) accounts established by the Programme Operator according to point (m) of Article 5.6.1 for funds intended for regranting.

2. Interest earned on the accounts referred to in paragraph 1 shall be regarded as a resource for the FMC. Interest paid on the account referred to in point (b) of paragraph 1 shall be considered as an eligible expenditure within the budget of the programme management costs.

3. The Certifying Authority shall verify the correctness of the declared interest.

4. Beneficiary States that have not adopted the euro as their currency and use accounts held in the national currency shall convert the interest earned into euros using the average of the monthly accounting exchange rates of the European Commission.

#### **Article 9.8**

##### **Transparency and availability of documents**

1. The Beneficiary State shall ensure an audit trail for financial contributions from the EEA Financial Mechanism 2021-2028 that permits:

- (a) reconciliation of the expenditure certified by the Certifying Authority in the Interim Financial Reports and the Final Programme Report and original supporting documents held at the various administrative levels and/or by the Programme Operator, the Project Promoter and its partners; and
- (b) verification of the allocation and transfer of the available EEA Financial Mechanism 2021-2028 and national financial contributions.

2. The Beneficiary State shall ensure that all the supporting documents regarding expenditure and audits on the programme concerned are kept either in the form of originals or in versions certified to be in conformity with the originals on commonly accepted data carriers.

3. The documents shall be kept available for the FMC and the EFTA Board of Auditors for a period of at least three years following the approval of the Final Programme Report by the FMC.

## **Chapter 10 Evaluations and monitoring**

### **Article 10.1**

#### **Responsibilities of Beneficiary States**

1. The Beneficiary State shall carry out evaluations of all programmes. It shall present its evaluation plan in the second Country Report.

2. Beneficiary States shall ensure that the resources necessary for carrying out evaluations are made available, and shall

ensure that procedures are in place to produce and collect the necessary data.

3. Evaluations shall be carried out by experts or entities independent of the National Focal Point, the Certifying Authority and the Programme Operator in accordance with guidelines adopted by the FMC.

4. The evaluation shall be carried out in accordance with guidelines issued by the FMC. The final report and a summary for the general public shall be published.

### **Article 10.2**

#### **Role of the FMC**

1. The FMC may carry out evaluations related to the overall objectives of the EEA Financial Mechanism 2021-2028, objectives of programme areas or evaluations of the overall contribution of the EEA Financial Mechanism 2021-2028 to a specific Beneficiary State.

2. The FMC may, in consultation with the Beneficiary State concerned, carry out evaluations of on-going or completed programmes to assess actual and/or expected effects at outcome level, in accordance with guidelines adopted by the FMC.

3. The evaluation shall be carried out in accordance with guidelines issued by the FMC. The final report and a summary for the general public shall be published.

### **Article 10.3**

#### **Monitoring**

Without prejudice to the monitoring carried out by the National Focal Point or the Programme Operator, the FMC may select programmes for monitoring performed by the FMO and/or external monitors. The FMC shall inform the National Focal Point and the Programme Operator about any planned monitoring at least two weeks in advance.

### **Article 10.4**

#### **Access**

The persons performing evaluations and monitoring according to this chapter shall upon request be granted prompt, full, and unimpeded access to all information, documents, persons, locations and facilities, public or private, necessary for the evaluation or monitoring. Such access shall be subject to the applicable limitations under national legislation.



## **Chapter 11** **Audits**

### **Article 11.1** **EFTA Board of Auditors**

1. The EFTA Board of Auditors may conduct audits of all programmes and projects funded through the EEA Financial Mechanism 2021-2028 as well as the management of the EEA Financial Mechanism 2021-2028 in the Beneficiary State. The representatives of the Beneficiary State shall, upon request, accompany the auditors and provide them with all the necessary assistance.

2. The EFTA Board of Auditors shall, except in urgent cases, give at least two weeks' notice to the FMC and the National Focal Point concerned before an audit is carried out.

### **Article 11.2**

#### **Audits and on-the-spot verifications arranged by the FMC**

1. Without prejudice to the audits carried out by the Audit Authority, the FMC may arrange audits and on-the-spot verifications of programmes and projects, as well as of the management of the EEA Financial Mechanism 2021-2028 in the Beneficiary State. The representatives of the National Focal Point shall, upon request, accompany the authorised representatives of the FMC and provide them with all necessary assistance.

2. The FMC shall, except in urgent cases, give at least two weeks' notice to the National Focal Point and the Programme Operator or other Beneficiary State entities concerned before an audit or on-the-spot verification is carried out.

3. The National Focal Point, the Programme Operator where relevant, and any other audited entities shall be given an opportunity to provide comments to an audit report before it is finalised.

4. When planning and carrying out audits, the FMC shall, where possible, take into account the principles laid out in Article 5.5.6.

### **Article 11.3** **International organisations**

An international organisation of which each Donor State is a member, shall apply its own internal control framework as a

substitute to the provisions on audits contained in this Regulation.

### **Article 11.4** **Access**

The persons performing audits or on-the-spot verifications according to this chapter shall upon request be granted prompt, full, and unimpeded access to all information, documents, persons, locations and facilities, public or private, relevant to the audit or the verification. Such access shall be subject to the applicable limitations under national legislation of the Beneficiary State. The auditors shall enjoy the same rights as those extended to equivalent authorities of the Beneficiary State itself.

## **Chapter 12** **Irregularities**

### **Article 12.1**

#### **Responsibilities related to irregularities**

1. The Beneficiary State and the Programme Operator shall make every effort possible to prevent, detect, and nullify the effect of any cases of irregularities. Similarly, any suspected and actual cases of irregularities shall be investigated promptly and efficiently, and properly remedied, including making any financial corrections that may be appropriate. Unduly paid amounts shall be recovered and reimbursed in accordance with the Programme Agreements and this Regulation.

2. In addition, the FMC may suspend payments, impose financial corrections and require recovery of funds in case of irregularities in accordance with the applicable provisions in Chapter 13.

### **Article 12.2** **Definition of irregularities**

1. An irregularity shall mean an infringement of:

- (a) the legal framework of the EEA Financial Mechanism 2021-2028 referred to in Article 1.5;
- (b) any provision of European Union law; or
- (c) any provision of the national law of the Beneficiary State,

which affects or prejudices any stage of the implementation of the EEA Financial Mechanism 2021-2028 in the Beneficiary

State, in particular, but not limited to, the implementation and/or the budget of any programme, project or other activities financed through the EEA Financial Mechanism 2021-2028.

2. Administrative or clerical errors of a non-systematic nature which relate to an amount of EUR 5 or less, shall not be considered irregularities within the meaning of paragraph 1.

### **Article 12.3**

#### **Entities responsible for reporting**

1. The Certifying Authority shall be responsible for the preparation and submission of irregularities reports on behalf of the Beneficiary State. If agreed upon in the Memorandum of Understanding, these responsibilities may alternatively be assigned to the National Focal Point or the Audit Authority. In such cases, references to the Certifying Authority in this Chapter shall be applicable *mutatis mutandis* to the National Focal Point or Audit Authority.

2. Irregularities, as well as any measures taken by competent national authorities to prevent, detect, investigate, or remedy irregularities, shall be reported to the Certifying Authority, which shall report to the FMC in accordance with this Regulation and in a format provided by the FMC.

3. All competent national authorities shall closely co-operate to ensure rapid, accurate and complete reporting of irregularities to the FMC.

### **Article 12.4**

#### **Irregularities register**

The Certifying Authority shall keep a register of all irregularities, and shall, upon request from the FMC, provide information on irregularities within one month. The irregularities register shall include details about the irregularity and any measures taken to remedy it.

### **Article 12.5**

#### **Reporting on irregularities**

1. The Certifying Authority shall immediately report all suspected and actual cases of irregularities to the FMC when any of the following applies:

(a) they involve allegations of a conflict of interest or of an act or omission which constitutes a criminal offence under the

national legislation of the Beneficiary State, such as corruption, fraud, bribery or embezzlement;

(b) they indicate the presence of serious mismanagement affecting the use of the financial contribution from the EEA Financial Mechanism 2021-2028; or

(c) they pose an immediate threat to the successful completion of the project, due to the amounts in proportion to the total project cost, their gravity or any other reason.

2. For irregularities other than those referred to in paragraphs 1 and 3, the Certifying Authority shall within two months of the end of each quarter, submit to the FMC a report, describing any new suspected or actual cases of irregularities discovered during that quarter, as well as the progress made in the investigation and remedy of previously reported irregularities. Should there be no irregularities to report on during the quarter, the Certifying Authority shall inform the FMC of this fact.

3. Unless requested by the FMC, the following cases of irregularities do not need to be reported:

(a) cases, where the irregularity consists solely in the failure to implement a project, in whole or in part, owing to the non-fraudulent bankruptcy of the Project Promoter;

(b) cases, which are detected and corrected by the Programme Operator, National Focal Point or Certifying Authority in the course of the verification or certification of the expenditure declared and before its inclusion in a financial report submitted to the FMC; or

(c) cases, which relate to an amount below EUR 10,000 in contribution from the EEA and the Norwegian Financial Mechanisms. In the case of irregularities related to non-compliance with public procurement rules, this amount refers to the overall value of the contract which is affected by the irregularity.

4. Paragraph 3 does not apply to irregularities that shall be reported immediately according to paragraph 1, or irregularities preceding a bankruptcy.

5. In addition to the reporting requirements to the FMC, the competent national authorities shall, in accordance with national law, report any suspected cases of fraud to the national responsible anti-fraud bodies.

**Article 12.6**  
**Complaint mechanism**

1. The Beneficiary State shall have a complaint mechanism that shall be capable of effectively processing and deciding on complaints about suspected non-compliance with the principles of good governance in relation to the implementation of the EEA Financial Mechanism 2021-2028 in the respective Beneficiary State. The Beneficiary State shall, upon request by the FMC, examine complaints received by the FMC. The Beneficiary State shall inform the FMC, upon request, of the results of those examinations.

2. Information on how to submit a complaint shall be prominently placed on the website of the National Focal Point referred to Article 3.2.6.

3. The Beneficiary State shall without delay report to the FMC on any complaints involving suspected irregularities referred to in Article 12.5.1. Complaints involving suspicion of other irregularities shall be reported to the FMC in the reports referred to in Article 12.5.2. The FMC shall, when relevant, be consulted on the appropriate response.

**Chapter 13**  
**Suspension of payments, financial corrections and reimbursement**

**Article 13.1**  
**Suspension of payments**

1. The FMC may decide to suspend payments if one or more of the following applies:

- (a) the conditions for payments in accordance with Chapter 9 have not been met;
- (b) credible information indicates that the progress of the programme is not in accordance with the Programme Agreement;
- (c) reports referred to in Article 2.6 and Chapter 12 or any other information requested have not been provided or include incomplete information;
- (d) access required under Chapter 11 and the Programme Agreement is restricted;
- (e) the financial management of the programme has not been in accordance with generally accepted accounting principles;

- (f) it becomes aware of suspected or actual cases of irregularities, or such cases have not been adequately reported, investigated or remedied;
- (g) the implementation of the programme is deemed to be in violation of national or European Union law;
- (h) a fundamental change of circumstances occurs and said circumstances constitute an essential basis for the financial contribution from the EEA Financial Mechanism 2021-2028 to the programme;
- (i) it becomes aware of any misrepresentation of facts in any information given by or on behalf of the National Focal Point, Certifying Authority or the Programme Operator affecting, directly or indirectly, the implementation of the Programme Agreement;
- (j) an entity involved in the implementation of the EEA Financial Mechanism does not abide by the values and principles referred to in Article 1.3.1;
- (k) it becomes aware of a failure to abide by the values and principles referred to in Article 1.3.1 which negatively affects, or seriously risks causing negative effects to the objectives or implementation of the EEA Financial Mechanism in a particular Beneficiary State;
- (l) the European Commission or the Council has taken equivalent measures in the context of the implementation of European Funds in a particular Beneficiary State and the circumstances forming the basis for such measures are equally applicable to the implementation of the EEA Financial Mechanism;
- (m) the procedure under Article 13.4 has been opened; or
- (n) any other obligation stipulated in the Programme Agreement or this Regulation is not complied with by the National Focal Point, the Certifying Authority or the Programme Operator.

2. The FMC may decide to suspend payments to a programme if any of the conditions in points (b), (d), (e), (f), (g), (j), (k) or (l) of paragraph 1 apply *mutatis mutandis* to any of the projects under that programme and the Programme Operator has not taken the appropriate and necessary measures to investigate and, when appropriate, remedy such deficiencies or prevent loss of funds. Suspension due to deficiencies in projects shall be proportionate to the scope and extent of the breach.

3. The National Focal Point and the Programme Operator shall be given an opportunity to provide their views before the FMC takes a decision to suspend payments. The FMC shall take into account any information received. Any decision taken shall be

reasoned, appropriate, proportionate and immediately effective. The National Focal Point and the Programme Operator shall be notified not later than seven working days from the date of the decision.

4. The National Focal Point and/or the Programme Operator can at any time present documents or other relevant evidence and request that the FMC reviews its decision to suspend payments.

5. When the FMC finds that the conditions for suspension no longer apply, it shall take a decision to continue payments.

### **Article 13.2** **Financial corrections**

1. The FMC may make financial corrections based on the criteria in Article 13.3 consisting of cancelling all or part of the financial contribution of the EEA Financial Mechanism 2021-2028 to the programme or the Beneficiary State in question.

2. When a financial correction is made on a project in accordance with paragraph 1 or with Article 12.1.1, the financial contribution shall not be reused for that project. The cancelled financial contribution may be reused under the programme for projects other than those that were the subject of the correction.

3. Financial contributions cancelled in accordance with paragraph 1 or with Article 12.1.1 relating to the funds for bilateral relations, technical assistance or programme management costs, may be reused for costs other than those that were the subject of the correction.

4. When a financial correction is made for a systemic irregularity or an irregularity related to management or control systems within a programme, the financial contribution shall not be reused for that programme.

5. If the FMC makes a correction pursuant to points (d) or (e) of Article 13.3.1, the amount corrected shall not be available for use within the same programme or for allocation to other programmes, and shall be reimbursed to the FMC. This does not apply if the National Focal Point, in its comments to the FMC's notification pursuant to Article 13.4.1, makes it clear that it agrees with the intended decision of the FMC. Article 13.5.4 shall apply to late reimbursements.

6. Without prejudice to paragraph 5, financial contributions that according to paragraph 4 are not to be used for the same programme, may be allocated in accordance with Article 6.7.5.

7. Financial contributions cancelled and not reallocated according to paragraph 6 within the relevant timeline shall be reimbursed to the FMC. Article 13.5.4 shall apply to late reimbursements.

### **Article 13.3** **Criteria for financial corrections**

1. The FMC may make financial corrections according to Article 13.2 if one or more of the following applies:

- (a) a serious deficiency exists in the management and control systems established by the Beneficiary State for the EEA Financial Mechanism 2021-2028 which puts at risk the financial contribution from the EEA Financial Mechanism 2021-2028;
- (b) a serious breach of the Programme Agreement has occurred;
- (c) a serious deficiency exists in the management and control system of the programme which puts at risk the financial contribution from the EEA Financial Mechanism 2021-2028;
- (d) expenditure reported in a certified Interim Financial Report or in a Final Programme Report is irregular and has not been corrected by the National Focal Point or the Programme Operator prior to the sending of the notification according to Article 13.4.1;
- (e) the National Focal Point and/or the Programme Operator have not complied with its obligations to investigate and/or to appropriately remedy irregularities under Article 12.1 prior to the sending of the notification according to Article 13.4.1;
- (f) an entity involved in the implementation of the EEA Financial Mechanism does not abide by the values and principles referred to in Article 1.3.1;
- (g) it becomes aware of a failure to abide by the values and principles referred to in Article 1.3.1 which negatively affects, or seriously risks causing negative effects to the objectives or implementation of the EEA Financial Mechanism in a particular Beneficiary State; or
- (h) the European Commission or the Council has taken equivalent measures in the context of the implementation of European Funds in a particular Beneficiary State and the circumstances forming the basis for such measures are equally applicable to the implementation of the EEA Financial Mechanism.

2. The FMC shall base its financial corrections on individual cases of irregularity identified, taking into account the nature of the irregularity to determine whether a flat-rate or extrapolated correction should be applied, or whether the corrected amount can be based on an actual precise amount detected as irregular.

3. The FMC shall, when deciding the amount of a correction, take account of the nature and gravity of the irregularity and the extent and financial implications of the deficiencies found.

#### **Article 13.4**

##### **Procedure applicable to financial corrections by the FMC**

1. Prior to making an appropriate and proportionate decision referred to in Article 13.2.1, the FMC shall notify the National Focal Point of its intention to make such a decision. The notification shall outline the reasons for the decision and indicate the relevant amounts. The National Focal Point can within two months from the sending of the notification provide any comments relevant to the intended decision.

2. Where the FMC proposes a financial correction on the basis of extrapolation or at a flat rate, the National Focal Point shall be given the opportunity to demonstrate, through an examination of the documentation concerned, that the actual extent of the irregularity was less than the assessment of the FMC. In agreement with the FMC, the National Focal Point may limit the scope of this examination to an appropriate proportion or sample of the documentation concerned. Except in duly justified cases, the time allowed for this examination shall not exceed a further period of two months after the two-month period referred to in paragraph 1.

3. The FMC shall take account of any evidence supplied by the National Focal Point within the time limits referred to in paragraphs 1 and 2. At any time prior to the decision on financial corrections, the National Focal Point and the FMC can enter into a dialogue with a view to ensuring that the decision is based on accurate and correct facts.

4. The National Focal Point shall be notified of a decision referred to in Article 13.2.1 not later than seven working days from the date of the decision. The notification shall outline the reasons for the decision.

#### **Article 13.5**

##### **Reimbursement**

1. The Beneficiary State shall reimburse the amount requested to the FMC within three months of the decision referred to in Article 13.2.

2. Reimbursement from the Beneficiary State to the FMC is not contingent upon reimbursement from the Programme Operator or the Project Promoter.

3. The FMC may waive any claim for reimbursement from the Beneficiary State of funds that were lost due to irregularities in a project if the National Focal Point shows that the loss and the circumstances related thereto are not due to negligent performance or non-performance of duties of the Programme Operator or the entities referred to in Article 5.2.1, and the National Focal Point and the Programme Operator have taken all reasonable measures to seek recovery of such funds.

4. Any delay in reimbursement to the FMC shall give rise to interest on account of late payment, starting on the due date and ending on the date of actual payment. The rate of such interest shall be one and a half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls.

#### **Article 13.6**

##### **General suspension of payments to a Beneficiary State**

1. The FMC may, after having consulted the National Focal Point with a view to reaching a solution, suspend all payments to the Beneficiary State if:

- (a) information or documents obtained by or provided to the FMC indicate the presence of systemic or widespread shortcomings regarding the management of the financial contribution from the EEA Financial Mechanism 2021-2028 in the Beneficiary State;
- (b) a demand for reimbursement related to any type of assistance in the Beneficiary State financed by the EEA Financial Instrument 1999-2003, the EEA or Norwegian Financial Mechanisms 2004-2009, the EEA or Norwegian Financial Mechanisms 2009-2014, the EEA or Norwegian Financial Mechanisms 2014-2021 or the EEA or Norwegian Financial Mechanisms 2021-2028 has not been complied with by the Beneficiary State;
- (c) a fundamental change of circumstances occurs and said circumstances constitute an essential basis for the financial

contribution from the EEA Financial Mechanism 2021-2028 to the Beneficiary State;

- (d) it becomes aware of systemic or widespread failures to abide by the values and principles referred to in Article 1.3.1 which negatively affect, or seriously risk causing negative effects to the objectives or implementation of the EEA Financial Mechanism in the particular Beneficiary State; or
- (e) the European Commission or the Council has taken equivalent measures in the context of the implementation of European Funds in a particular Beneficiary State and the circumstances forming the basis for such measures are equally applicable to the implementation of the EEA Financial Mechanism.

2. The procedures referred to in paragraphs 1, 3 and 4 of Article 13.4 shall apply *mutatis mutandis* to suspension of payments under this Article.

## **Chapter 14** **Final provisions**

### **Article 14.1** **Language**

1. All communications between the FMC and the Beneficiary State shall be in English.
2. Original documents (in languages other than English) sent to the FMC shall be accompanied by translations into English. The Beneficiary State shall bear full responsibility for the accuracy of the translation.

### **Article 14.2** **Liability**

1. The responsibility of the Donor States with regard to the EEA Financial Mechanism 2021-2028 is limited to providing financial contributions in accordance with the relevant Programme Agreements.
2. No liability to the Beneficiary State, Programme Operators, Project Promoters, other recipient of grants, or any third parties is or will be assumed by the Donor States, the FMC, or the European Free Trade Association, including the FMO.

### **Article 14.3** **Applicable law and jurisdiction**

1. The laws of the Kingdom of Norway shall govern the co-operation between the EEA Financial Mechanism 2021-2028 and the Beneficiary States as well as the interpretation of the Programme Agreement and this Regulation.
2. The FMC and the National Focal Point waive their rights to bring any dispute related to the Programme Agreement before any national or international court, and agree to settle such a dispute in an amicable manner.
3. If a demand for reimbursement to the FMC is not complied with by the Focal Point, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 2, the Parties may bring the dispute before Oslo Tingrett.
4. The FMC may claim execution of judgement or court order obtained in accordance with paragraph 3 in any court or appropriate authority within the territory of the Beneficiary State or within another country where the Beneficiary State has assets.
5. The Beneficiary State shall vest its National Focal Point with the authority to receive services of process on its behalf.

### **Article 14.4** **Amendments**

1. This Regulation may be amended by decision of the FMC, subject to subsequent confirmation by the Standing Committee of the EFTA States.
2. Annexes to this Regulation may be amended by decision of the FMC.
3. The FMC may adopt additional guidelines as necessary after consultation with the Beneficiary States.
4. Any substantive amendment to the documents referred to in paragraphs 1 to 3 shall be subject to the prior consultation with the Beneficiary States. The FMC shall as soon as possible inform the National Focal Points about any changes made to these documents.

**Article 14.5**

**Waiver**

1. The FMC may, in specific cases and in response to exceptional circumstances, waive the application of particular provisions of this Regulation, its Annexes or any guidelines adopted by the FMC, where this is necessary for the achievement of the results of the Financial Mechanism and/or a particular Programme. No waiver shall be granted with respect to the deadline referred to in Article 8.14.5.

2. Prior to making a decision to apply a waiver, the FMC will examine whether an amendment of the concerned provision would be more appropriate.

**Article 14.6**

**Entry into force**

This Regulation shall enter into force on the day following its confirmation by the Standing Committee of the EFTA States.

## **Annex 1: Eligible Thematic Priorities and Programme Areas EEA Financial Mechanism 2021-2028**

The overall objectives of the EEA Financial Mechanism 2021 - 2028 are to contribute to the reduction of economic and social disparities in the European Economic Area and to strengthen bilateral relations between the Donor States and the Beneficiary States through financial contributions to promote the thematic priorities through the programme areas listed below.

Each of the 15 programme areas includes an objective, areas of support and programme area specifics.

Each programme and any project funded through it shall contribute to the objective of the programme area.

The areas of support define what is eligible under the programme area.

The programme area specifics are conditions which shall be adhered to within the programmes.

The below thematic priorities and programme areas are eligible for the EEA Grants 2021 - 2028.

### **Thematic Priorities**

European green transition  
Democracy, rule of law and human rights  
Social inclusion and resilience

### **Programme Areas**

<b>Programme area:</b>	<u>Areas of support</u>	<u>Programme area specifics</u>
<b>Green transition</b>  <u>Objective</u>  Accelerate the green transition towards a more sustainable society.	<ul style="list-style-type: none"> <li>- Clean energy transition</li> <li>- Air, water, and soil pollution</li> <li>- Energy security</li> <li>- Energy poverty</li> <li>- Sustainable and smart mobility</li> <li>- Circular economy</li> <li>- Industrial carbon management</li> <li>- Natural sinks for absorbing carbon</li> <li>- Climate change adaptation</li> <li>- Biodiversity and ecosystems</li> <li>- Green governance</li> </ul>	<ul style="list-style-type: none"> <li>- All programmes shall include cooperation between Donor and Beneficiary States.</li> <li>- Investment in infrastructure and equipment (hard measures) shall only be supported alongside capacity building, training, or experience sharing (soft measures).</li> </ul>



<p><b>Programme area: Green business and innovation</b></p> <p><u>Objective</u></p> <p>Green value creation and competitiveness.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- Development and placing on the market of green or blue technologies, products, processes, and services</li> <li>- Investments in and application of green or blue technologies, products, processes, and services</li> <li>- Promotion of start-ups and female entrepreneurs and start-ups in the blue or green economy</li> <li>- Improving business skills; an entrepreneurial mindset</li> </ul>	<p><u>Programme area specifics</u></p> <ul style="list-style-type: none"> <li>- The programme area shall allocate at least 60% of funding to small and medium-sized enterprises.</li> <li>- Small and medium-sized enterprises (as defined by the EU) and large enterprises with less than 25% public ownership, shall be the main recipients of support under this programme area.</li> <li>- When necessary to fulfil the programme objectives, also non-commercial and not-for profit organisations (including clusters and business associations), and public entities can apply for support for “soft measure” activities.</li> <li>- Measures to promote digitalisation and gender equality shall be included in all programmes.</li> <li>- Projects with bilateral partnerships shall be given priority.</li> </ul>
<p><b>Programme area: Research and innovation</b></p> <p><u>Objective</u></p> <p>Enhanced excellence in research and research-based innovation, strengthening the foundations for the green and digital transitions, democracy, rule of law, human rights, social inclusion and resilience.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- Cooperation on research and research-based innovation</li> <li>- Informing evidence-based policymaking on societal challenges.</li> <li>- Engaging citizens in science</li> <li>- Overcoming barriers for the career progression of women and early-stage researchers</li> <li>- Strengthening the research and innovation ecosystem, such as research administration, communication of research and open science</li> </ul>	<p><u>Programme area specifics</u></p> <ul style="list-style-type: none"> <li>- Partnerships between Donor State and Beneficiary State entities are mandatory in all research projects unless otherwise stipulated in the Programme Agreement.</li> <li>- The project selection and management under the programme area will be aligned with the principles of the EU framework programme for research and innovation as far as possible. This includes provisions on gender equality, non-discrimination and open science.</li> <li>- The minimum duration of all research projects will be 36 months unless otherwise stipulated in the Programme Agreement.</li> </ul>

<p><b>Programme area:</b> <b>Education, training and youth employment</b></p> <p><u>Objective</u></p> <p>Enhanced quality, access and relevance of education and training for the digital and green transitions, human rights, democracy and youth employment.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- Innovative approaches in formal and non-formal education and training</li> <li>- Capacity building to enhance youth employability</li> <li>- Professional development of teachers, educators, trainers, school leaders and administrative staff in education</li> </ul>	<p><u>Programme area specifics</u></p> <ul style="list-style-type: none"> <li>- Partnerships between Donor States entities and Beneficiary State entities are mandatory in all projects, unless otherwise stipulated in the Programme Agreement.</li> <li>- All programmes shall promote inclusion and diversity, including gender equality.</li> <li>- The practice of financing and management under the programme area will be aligned with the principles of the EU framework programme for education, training, youth and sport as far as possible.</li> <li>- Student and staff mobility and exchanges may be embedded in institutional cooperation projects. Individual mobility outside the frames of institutional cooperation will not be supported.</li> </ul>
<p><b>Programme area: Culture</b></p> <p><u>Objective</u></p> <p>Increased participation, sustainability and diversity in arts, culture and cultural heritage.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- Cultural and artistic creation and cooperation, capacity building, outreach and exchange, with specific regard to youth, cultural diversity and gender equality</li> <li>- Sustainable restoration, revitalisation, and management of cultural heritage</li> </ul>	<p><u>Programme area specifics</u></p> <ul style="list-style-type: none"> <li>- All programmes shall include cooperation between Donor and Beneficiary States.</li> <li>- Investment in infrastructure and equipment (hard measures) shall only be supported alongside capacity building, training, or experience sharing (soft measures).</li> <li>- The maximum level of funding for investment in infrastructure and equipment (hard measures) shall be set in the Memorandum of Understanding or exceptionally in the Programme Agreement.</li> <li>- All programmes shall allocate funds to strengthen the independent cultural sector.</li> </ul>

<p><b>Programme area: Local development, good governance and inclusion</b></p> <p><u>Objective</u></p> <p>More resilient, inclusive, and sustainable communities.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- Local investments in the green transition; climate action; environmental sustainability; resilience; social development and inclusion; employment; and the digital transition</li> <li>- Local institutional development and public governance</li> <li>- Local democracy; local and community media; information integrity and open local government</li> <li>- Socio-economic inclusion promoting equality, non-discrimination, diversity, and active participation of disadvantaged communities</li> <li>- Networking and policy exchanges between municipalities, with civil society and the central government</li> </ul>	<p><u>Programme area specifics</u></p> <ul style="list-style-type: none"> <li>- All programmes shall include cooperation between Donor and Beneficiary States.</li> <li>- Investment in infrastructure and equipment (hard measures) shall only be supported alongside capacity building, training, or experience sharing (soft measures).</li> <li>- The maximum level of funding for investment in infrastructure and equipment (hard measures) shall be set in the Memorandum of Understanding or exceptionally in the Programme Agreement.</li> <li>- All programmes shall include capacity building to support good governance at the local level.</li> <li>- A gender perspective shall be integrated into the design and implementation of all programmes.</li> </ul>
<p><b>Programme area: Roma inclusion and empowerment</b></p> <p><u>Objective</u></p> <p>Enhanced inclusion and empowerment of Roma.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- Combating antigypsyism and all forms of discrimination</li> <li>- Integrated measures at local level targeting social service provision and innovative pilot projects</li> <li>- Capacity building for Roma and pro-Roma civil society organisations, particularly at grassroots level</li> <li>- Empowerment of Roma, in particular Roma women, children, and youth</li> <li>- Data collection, analysis, monitoring and evaluation for use in policy making</li> </ul>	<p><u>Programme area specifics</u></p> <ul style="list-style-type: none"> <li>- A participatory approach shall be applied throughout the programme cycle. This includes consultation with key Roma and pro-Roma stakeholders in the development of programmes and calls.</li> <li>- All programmes shall include capacity building measures for Roma civil society organisations.</li> <li>- Investment in infrastructure and equipment (hard measures) shall only be supported alongside capacity building, training, or experience sharing (soft measures).</li> <li>- The maximum level of funding for investment in infrastructure and equipment (hard measures) shall be set in the Memorandum of Understanding or exceptionally in the Programme Agreement.</li> </ul>

<p><b>Programme area: Public health</b></p> <p><u>Objective</u></p> <p>More resilient and inclusive public health systems.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- Public health systems development, including health emergency preparedness, community-based health care and access to primary health care</li> <li>- Antimicrobial resistance (AMR)</li> <li>- Mental health and the promotion of mental wellbeing and healthy lifestyles with a focus on children and youth</li> <li>- Women’s health including through promoting universal access to sexual and reproductive health-care services, and responses to domestic and gender-based violence</li> <li>- Capacity building and patient involvement with a focus on strengthening patient rights</li> </ul>	<p><u>Programme area specifics</u></p> <ul style="list-style-type: none"> <li>- All programmes shall include cooperation between Donor and Beneficiary States.</li> <li>- Investment in infrastructure and equipment (hard measures) shall only be supported alongside capacity building, training, or experience sharing (soft measures).</li> <li>- The maximum level of funding for investment in infrastructure and equipment (hard measures) shall be set in the Memorandum of Understanding or exceptionally in the Programme Agreement.</li> <li>- All programmes must include projects addressing women’s health.</li> </ul>
<p><b>Programme area: Disaster prevention and preparedness</b></p> <p><u>Objective</u></p> <p>Improved disaster resilience.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- Risk and vulnerability competence and capacity building at national, regional or local level</li> <li>- Prevention of risks and vulnerabilities, also related to new technologies and the green transition</li> <li>- Disaster resilience at all levels and in all sectors of society</li> <li>- Chemical, biological, radiological, and nuclear (CBRN) safety and security</li> <li>- International and cross-border cooperation, learning and development, including effective risk management implementation</li> <li>- Gender and youth sensitive disaster risk management</li> </ul>	<p><u>Programme area specifics</u></p> <ul style="list-style-type: none"> <li>- All programmes shall include cooperation between Donor and Beneficiary States</li> <li>- Investment in infrastructure and equipment (hard measures) shall only be supported alongside capacity building, training, or experience sharing (soft measures).</li> <li>- The maximum level of funding for investment in infrastructure and equipment (hard measures) shall be set in the Memorandum of Understanding or exceptionally in the Programme Agreement.</li> </ul>

<p><b>Programme area: Domestic and gender-based violence</b></p> <p><u>Objective</u></p> <p>Prevent and combat domestic and gender-based violence in line with international and European human rights standards.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- Prevention</li> <li>- Protection</li> <li>- Prosecution</li> <li>- Coordinated Policies</li> </ul>	<p><u>Programme area specifics</u></p> <ul style="list-style-type: none"> <li>- All programmes shall include cooperation between Beneficiary States and Donor and/or an International Partner Organisation and Beneficiary States.</li> <li>- All programmes shall include cooperation with civil society organisations.</li> <li>- Investment in infrastructure and equipment (hard measures) shall only be supported alongside capacity building, training, or experience sharing (soft measures).</li> <li>- The maximum level of funding for investment in infrastructure and equipment (hard measures) shall be set in the Memorandum of Understanding or exceptionally in the Programme Agreement.</li> </ul>
<p><b>Programme area: Access to justice</b></p> <p><u>Objective</u></p> <p>Increased access to an independent, accountable, and efficient justice system of high quality in line with international and European human rights standards.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- Independence and accountability of the court system</li> <li>- Quality and efficiency of the court system, including judge craft and leadership in the judiciary</li> <li>- Equal access to justice, including a child friendly and gender sensitive court system</li> </ul>	<p><u>Programme area specifics</u></p> <ul style="list-style-type: none"> <li>- All programmes shall include cooperation between Donor and Beneficiary States.</li> <li>- Investment in infrastructure and equipment (hard measures) shall only be supported alongside capacity building, training, or experience sharing (soft measures).</li> <li>- The maximum level of funding for investment in infrastructure and equipment (hard measures) shall be set in the Memorandum of Understanding or exceptionally in the Programme Agreement.</li> </ul>
<p><b>Programme area: Correctional services</b></p> <p><u>Objective</u></p> <p>Improved correctional services in line with international and European human rights standards.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- Prison conditions and treatment of prisoners and persons serving sentences in society</li> <li>- Alternative sanctions to imprisonment</li> <li>- Rehabilitation and reintegration of offenders</li> <li>- Support to prisoners in vulnerable situations, including women and juveniles and minors</li> <li>- Education, training and support for staff of prison and probation services, including management</li> </ul>	<p><u>Programme area specifics</u></p> <ul style="list-style-type: none"> <li>- All programmes shall include cooperation between Donor and Beneficiary States.</li> <li>- Investment in infrastructure and equipment (hard measures) shall only be supported alongside capacity building, training, or experience sharing (soft measures).</li> <li>- The maximum level of funding for investment in infrastructure and equipment (hard measures) shall be set in the Memorandum of Understanding or exceptionally in the Programme Agreement.</li> </ul>

<p><b>Programme area:</b> <b>Serious and organised crime</b></p> <p><u>Objective</u></p> <p>Prevent and combat serious and organised crime in line with international and European human rights standards.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- Prevent and combat selected forms of serious and organised crime, such as illegal drugs; environmental crimes; cybercrimes; trafficking in human beings; migrant smuggling; sexual exploitation and abuse of children</li> <li>- Methods and tools for investigation of serious and organised crime, including digital competence and capacity</li> <li>- Address economic crimes, including corruption and money laundering</li> <li>- Prevent and combat hate crimes as defined by the Organization for Security and Cooperation in Europe</li> <li>- Prevent and combat domestic and gender-based violence</li> <li>- Child-friendly justice and barnahus cooperation, based on the model defined by the Barnahus Network</li> </ul>	<p><u>Programme area specifics</u></p> <ul style="list-style-type: none"> <li>- All programmes shall include cooperation between Donor and Beneficiary States</li> <li>- Investment in infrastructure and equipment (hard measures) shall only be supported alongside capacity building, training, or experience sharing (soft measures).</li> <li>- The maximum level of funding for investment in infrastructure and equipment (hard measures) shall be set in the Memorandum of Understanding or exceptionally in the Programme Agreement.</li> </ul>
<p><b>Programme area: Asylum, migration and integration</b></p> <p><u>Objective</u></p> <p>Well-functioning national systems for asylum, migration, and integration in line with international and European human rights standards.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- National systems of asylum, migration, and integration, including ensuring that they are child- and gender sensitive</li> <li>- Migrants, asylum seekers and refugees exercising their rights, with a special focus on unaccompanied children and other vulnerable groups</li> <li>- Operationalisation of national strategies and policies for integration</li> </ul>	<p><u>Programme area specifics</u></p> <ul style="list-style-type: none"> <li>- All programmes shall include cooperation between Donor and Beneficiary States.</li> <li>- Priority shall be given to projects that support the rights of unaccompanied children and other migrants in vulnerable situations, asylum seekers and refugees.</li> <li>- Cooperation with civil society organisations shall be explored during programme development.</li> <li>- Investment in infrastructure and equipment (hard measures) in projects may only be supported complementary to capacity building, training, and networking (soft measures).</li> <li>- The maximum level of funding for investment in infrastructure and equipment (hard measures) shall be identified in the Memorandum of Understanding or exceptionally in the Programme Agreement.</li> </ul>

<p><b>Programme area:</b> <b>Institutional cooperation and capacity building</b></p> <p><u>Objective</u></p> <p>Strengthened institutional cooperation and increased quality of public services policies and regulations.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- Institutional capacity, and human resources development in public institutions</li> <li>- Strengthened cooperation between public institutions in the Donor and Beneficiary States and/or with International Partner Organisations</li> <li>- Accessibility and quality of public services</li> <li>- Governance tools for inclusive and gender and youth sensitive decision making</li> <li>- Improving capabilities for effective delivery of public services and infrastructure programmes</li> </ul>	<p><u>Programme area specifics</u></p> <ul style="list-style-type: none"> <li>- Partnerships between Donor State entities and/or International Partner Organisations and Beneficiary State entities are mandatory in all projects.</li> </ul>
<p><b>Civil society fund</b></p> <p><u>Objective</u></p> <p>A vibrant and resilient civil society protecting and promoting democracy, the rule of law and human rights.</p>	<p><u>Areas of support</u></p> <ul style="list-style-type: none"> <li>- Democratic values, civic engagement, information integrity and media literacy</li> <li>- Civil society participation in democratic processes</li> <li>- Human rights, anti-discrimination, and social justice</li> <li>- Gender equality, including sexual and reproductive health and rights, and LGBTIQ+ rights</li> <li>- Climate action, environmental protection, and a just green transition</li> <li>- Organisational development and an enabling environment for civil society</li> </ul>	<p><u>Fund specifics</u></p> <ul style="list-style-type: none"> <li>- All programmes shall include measures to reach out to under-served geographic areas and target groups that are marginalised.</li> <li>- The provision of social services can only be supported if these services are necessary for enhancing advocacy, community participation, and/or civic engagement.</li> <li>- At least 20% of the re-granting amount shall contribute to organisational development and an enabling environment for civil society.</li> </ul>

<p><b>Fund for capacity building and cooperation with international partner organisations and institutions</b></p> <p><u>Objective</u></p> <p>Strengthened capacity and cooperation in Beneficiary States and across the region to promote democracy, the rule of law, and human rights, social inclusion and resilience and European green transition.</p>	<p><u>Areas of support i.a:</u></p> <ul style="list-style-type: none"> <li>- Democracy, rule of law and human rights</li> <li>- Good governance.</li> <li>- Access to justice</li> <li>- Green governance</li> <li>- Civic engagement and information integrity, including media literacy and safe journalism.</li> <li>- Human rights in the digital sphere and AI</li> <li>- Gender based violence and violence against women.</li> <li>- Hate speech and hate crime.</li> <li>- Social inclusion, equality, and non-discrimination.</li> <li>- Roma</li> <li>- LGBTIQ+.</li> <li>- Strengthening national human rights institutions, equality bodies and ombuds institutions.</li> <li>- Education for democracy/Civic education.</li> <li>- Cultural expressions and historic narratives.</li> <li>- Free media/safe journalism.</li> <li>- Minority rights and history.</li> </ul>	<p><u>Fund specifics</u></p>



**Annex 2**  
**Template for MoU**  
**EEA Financial Mechanism 2021-2028**

MEMORANDUM OF UNDERSTANDING  
ON THE IMPLEMENTATION OF THE EEA FINANCIAL MECHANISM  
2021-2028

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 38d 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 2021-2028, establishes a financial mechanism (hereinafter referred to as the “EEA Financial Mechanism 2021-2028”) 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 2021-2028 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. 4/2024/SC of 24 October 2024 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 2021-2028;

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 2021-2028;

HAVE AGREED on the following:

## **Article 1 Objectives**

1. The overall objectives of the EEA Financial Mechanism 2021-2028 are to contribute to the reduction of economic and social disparities in the European Economic Area and to strengthen bilateral relations between the Donor States and the Beneficiary States through financial contributions to promote the thematic priorities listed in paragraph 2. Accordingly, the Parties to this Memorandum of Understanding shall select programmes for funding that aim to contribute to the achievement of these objectives.

2. The financial contributions shall be available to promote the following thematic priorities:

- (a) European green transition;
- (b) Democracy, rule of law and human rights;
- (c) Social inclusion and resilience.

## **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 2021-2028:

- (a) Protocol 38d to the EEA Agreement on the EEA Financial Mechanism 2021-2028;
- (b) the Regulation on the implementation of the EEA Financial Mechanism 2021-2028 (hereinafter referred to as the “Regulation”) issued by the Donor States in accordance with Article 9.4 of Protocol 38d;
- (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 of Protocol 38d, the total amount of the financial contribution is € 1 805 million in annual tranches of € 257.86 million over the period running from 1 May 2021 to 30 April 2028, inclusive.
2. In accordance with Article 6 of Protocol 38d, 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 9.7 of Protocol 38d 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 thematic priorities listed in Article 3.1 of Protocol 38d and the programme areas listed in the Annex to Protocol 38d. 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 2021-2028 in accordance with Annex B and the Programme Agreements.
3. The Beneficiary State shall ensure an enabling environment for the unimpeded implementation of the Civil Society Fund in the Beneficiary State and shall refrain from taking any measures that might prevent Fund Operators from independently exercising their role.
4. The Financial Mechanism Committee shall manage the EEA Financial Mechanism 2021-2028 and take decisions on the granting of financial assistance in accordance with the Regulation.
5. The Committee shall be assisted by the Financial Mechanism Office (hereinafter referred to as the “FMO”). The FMO shall serve as a contact point for the Beneficiary State for the day-to-day operations of the EEA Financial Mechanism 2021-2028.

### **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 2021-2028 as well as for the implementation of the EEA Financial Mechanism 2021-2028 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 and the Audit 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, the financial contribution from the EEA Financial Mechanism 2021-2028 and from the Beneficiary State;

- (b) identification of programmes, their objective(s), the Programme Operators, the grant amount and amount of co-financing by programme, the bilateral ambitions as well as any specific concerns relating to the implementation of the programmes;
- (c) conditions and/or specific concerns at Beneficiary State level relating to target groups, geographical areas or other issues;
- (d) identification of Donor Programme Partners, as appropriate;
- (e) identification of International Partner Organisations, as appropriate; and
- (f) identification of pre-defined projects to be included in relevant programmes.

2. The implementation framework is outlined in Annex B.

### **Article 7** **Funds for bilateral relations**

In accordance with Article 4.6.1 of the Regulation the Beneficiary State shall set aside funds to strengthen bilateral relations between the Donor States and the Beneficiary State. The agreed amount is reflected in Annex B and is allocated to the funds for bilateral relations at national and programme level. The National Focal Point shall manage the use of the fund for bilateral relations at national level and shall establish a Joint Committee for the Bilateral Fund in accordance with Article 4.9.1 of the Regulation. The Programme Operators shall manage the use of the funds for bilateral relations allocated to their programmes. For Donor partnership programmes, decisions on the use of the funds for bilateral relations in the programme shall be taken by consensus between the Programme Operator and the Donor Programme Partner(s).

### **Article 8** **Country Report**

In accordance with Article 2.6 of the Regulation, the National Focal Point shall submit to the FMC an annual Country Report on the implementation of the EEA Financial Mechanism 2021-2028 in the Beneficiary State. The Country Report shall be submitted to the FMC not later than 10 March each year.

### **Article 9** **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 periods, discuss risks and agree on any necessary measures to be taken. The annual meeting shall provide a forum for discussion of issues of bilateral interest.

### **Article 10** **Modification of the annexes**

1. Annex A and B may be amended through an exchange of letters between the FMC and the National Focal Point.
2. Cumulative transfers up to 10% of the total eligible expenditure of a programme may be made between programmes without a modification of the Annexes to this Memorandum of Understanding, provided that the change has been agreed by the FMC through modifications of the relevant Programme Agreements.
3. In addition, cost savings and amounts not committed to projects may be transferred to the funds for bilateral relations without a modification of the Annexes to this Memorandum of Understanding or the approval of the

FMC, provided that the transfer has been the subject of prior consultation with the Cooperation Committee of the concerned programme. Any such transfer of funds from a programme shall not affect the objectives or outcomes of the Programme. The National Focal Point shall notify the FMC of such transfers without delay and the FMC shall update the concerned Programme Agreements and the Bilateral Funds Agreement, as relevant.

4. All transfers made in accordance with paragraphs 2 and 3 shall not affect any specific concerns, conditions, objectives or other priorities referred to in this Memorandum of Understanding and shall be in accordance with the provisions of the legal framework.

### **Article 11**

#### **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 12**

#### **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 2021-2028 shall be pursued in a framework of close co-operation between the Donor States and the Beneficiary State, respecting the common values and principles of respect for human dignity, freedom, democracy, equality, the rule of law and the respect for human rights, including the rights of persons belonging to minorities. 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 non-discrimination in all implementation phases of the EEA Financial Mechanism 2021-2028.

3. All programmes and activities funded by the EEA Financial Mechanism 2021-2028 shall be consistent with respect for these values and principles and abstain from supporting operations that may fail to do so. Their implementation shall comply with the fundamental rights and obligations enshrined in relevant instruments and standards.

4. The Beneficiary State shall take proactive steps in order to ensure adherence to these values and principles at all levels involved in the implementation of the EEA Financial Mechanism 2021-2028.

### **Article 13**

#### **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. The Head of the National Focal Point shall be < *insert title of Head of NFP* >

[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. The Head of the Certifying Authority shall be < *insert title of Head of CA* >

[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. The Head of the Audit Authority shall be < *insert title of Head of AA* >

[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. Organigram**

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



ANNEX B

## 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
	<b>Programmes</b>		
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]
	<b>Other allocations</b>		
	Technical assistance to the Beneficiary State (Art. 1.10)	€ [amount]	€ [amount]
	Reserve for completion of projects under FM 2014-21 (Art. 1.11)	€ [amount]	€ [amount]
	Funds for bilateral relations at national level (Art. 4.7)	€ [amount]	€ [amount]
	Funds for bilateral relations at programme level (Art. 4.10)	€ [amount]	€ [amount]
	<b>Net allocation to [BS]</b>	€ [total]	€ [total]

### 2. Conditions

[Narrative text on any conditions.]

### 3. Specific concerns

[Narrative text on any country specific concerns such as Roma inclusion, cooperation with international organisations, reference to Council of Europe standards, or other relevant issues.]

### 4. 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(s):* [Objective]

*Programme grant:* [Programme grant]

*Programme co-financing:* [Programme co-financing]

*Programme Operator:* [Name of Programme Operator. Mention if the designation is in accordance with Article 6.9 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]

*Programme specific conditions:* [Narrative text on any conditions]

*Programme specific concerns:* [Narrative text on any specific 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]

Project Promoter: [Name of Project Promoter]

Donor project partner: [Name of Donor project partner, where relevant]

Maximum grant amount: [Maximum grant amount earmarked for the project, including national co-financing]

[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 2014-2021 funded through the reserve referred to in Article 1.11 of the Regulation**

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

### **Annex 3: Template for Bilateral Fund Agreement**

European Economic Area Financial Mechanism 2021-2028

Norwegian Financial Mechanism 2021-2028

#### AGREEMENT

Between

The Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs  
hereinafter referred to as the “Donors”,

and

The [name of the National Focal Point],  
hereinafter referred to as the “National Focal Point”,

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

together hereinafter referred to as the “Parties”

on the Funds for Bilateral Relations hereinafter referred to as the “agreement”

## **Chapter 1**

### **Scope, legal framework, definitions and responsibilities**

#### **Article 1.1**

##### **Scope**

This agreement between the Donors and the National Focal Point lays down the rights and obligations of the Parties regarding the use of the funds for bilateral relations at national level under the financial contribution from the EEA and the Norwegian Financial Mechanisms 2021-2028 (hereinafter referred to as the “Mechanisms”).

#### **Article 1.2**

##### **Legal framework**

1. This agreement shall be read in conjunction with the following documents, which constitute the legal framework of the EEA and Norwegian Financial Mechanisms 2021-2028:

- (f) the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2021-2028 and Protocol 38d to the EEA Agreement on the EEA Financial Mechanism (2021-2028);
- (g) the Regulation on the implementation of the Norwegian Financial Mechanism 2021-2028 and the Regulation on the implementation of the EEA Financial Mechanism 2021-2028 (hereinafter referred to as the “Regulations”);
- (h) the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2021-2028 and the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2021-2028 (hereinafter referred to as the “Memoranda of Understanding”), entered into between the Donor States and the Beneficiary State; and
- (i) any guidelines adopted by the Donors in accordance with the Regulations.

2. In case of an inconsistency between this agreement and the Regulations, the Regulations shall prevail.

3. The legal framework as set forth in paragraph 1 of this Article is binding for the Parties. An act or omission by a Party to this agreement that is incompatible with the legal framework constitutes a breach of this agreement by that Party.

#### **Article 1.3**

##### **Definitions**

Terms used and institutions and documents referred to in this agreement shall be understood in accordance with the

Regulations, in particular Article 1.6 thereof, and the legal framework referred to in Article 1.2 of this agreement.

#### **Article 1.4**

##### **Co-operation**

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this agreement.

2. The Parties agree to provide all information necessary for the good functioning of this agreement and to apply the principles of implementation as set out in Article 1.3 of the Regulations.

3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of this agreement.

4. In executing this agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice or giving rise to a conflict of interest. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this agreement.

## **Chapter 2**

### **Budget, objective and implementation system for the Bilateral Fund**

#### **Article 2.1**

##### **Budget**

1. In accordance with Article 4.6 of the Regulations, the Beneficiary State, acting through the National Focal Point, has set aside EUR [amount] for a Bilateral Fund at national level (hereinafter referred to as ‘Bilateral Fund’).

2. The Bilateral Fund is supported jointly by the EEA Financial Mechanism and the Norwegian Financial Mechanism, in accordance with the allocations set in the respective Memoranda of Understanding.

3. The support from the EEA Financial Mechanism to the Bilateral Fund is EUR [amount]. The support from the Norwegian Financial Mechanism to the Bilateral Fund is EUR [amount].

#### **Article 2.2**

##### **Objective**

The Bilateral Fund shall be used to support activities aiming at strengthening bilateral relations between the Donor States and the Beneficiary States, in line with Article 4.5 of the Regulations.

### **Article 2.3**

#### **Role and composition of the Joint Committee for the Bilateral Fund**

1. The Joint Committee for the Bilateral Fund shall be established in line with Article 4.9 of the Regulations. Its tasks shall *inter alia* include:

- (a) discussing matters of bilateral interest, identifying bilateral initiatives at national level and reviewing the overall progress towards reaching the objective of strengthened bilateral relations;
- (b) adopting the Work Plan for the Bilateral Fund as described in Article 2.6; and
- (c) taking decisions on the use of the bilateral funds at national level.

2. The Joint Committee for the Bilateral Fund shall be chaired by the National Focal Point and composed of representatives from the Donor States, including the embassies of the Donor States, and from the Beneficiary State, including the respective ministry of foreign affairs [add any other members as relevant]. The members may appoint their deputy by written notification to the National Focal Point. The deputy shall have the same rights as the member.

[3. Add details regarding role and functioning as relevant.]

### **Article 2.4**

#### **Meetings of the Joint Committee for the Bilateral Fund**

1. The Joint Committee for the Bilateral Fund shall meet at least once a year. The National Focal Point is responsible for organising the meetings. The tentative dates of the meetings shall be included in the Work Plan. Additional meetings may be organised at the justified proposal of any of the members and with the agreement of the National Focal Point.

2. The National Focal Point is responsible for preparing the draft agenda of the meetings of the Joint Committee for the Bilateral Fund, which shall be sent to the members of the Committee and the Financial Mechanism Office (hereinafter referred to as the “FMO”), at least two weeks before the meeting for comments.

3. Any member of the Joint Committee for the Bilateral Fund may invite representatives from the Programme Operators, Donor Programme Partners or others to participate in meetings as observers if/when their participation is needed for specific issues to be discussed.

4. Representatives of the FMO shall be invited to participate at the meetings of the Joint Committee for the Bilateral Fund as observers.

5. The working language of the Joint Committee for the Bilateral Fund shall be English. The meetings shall be conducted in English and all documents presented to, and produced by, the Committee shall be in English.

6. The meetings of the Joint Committee for the Bilateral Fund shall be considered valid if attended by at least half of the Committee members, of which at least one of the members should be from the Donor States. In case a member cannot participate in the meetings, they may provide written input to the National Focal Point in advance of the meetings. Requests for participation through video link or phone conferencing should be accommodated.

### **Article 2.5**

#### **Decisions by the Joint Committee for the Bilateral Fund**

1. Decisions by the Joint Committee for the Bilateral Fund shall be taken by consensus between the members of the Committee. In case no consensus can be reached, the decision shall be taken by the FMC.

2. The National Focal Point is responsible for the drafting of meeting minutes. The minutes shall set out decisions taken and summarise the main discussion points, following the structure of the agenda. The minutes shall be decision-oriented, follow-up-oriented and task-oriented.

3. The draft minutes from the meetings shall be circulated to all members of the Joint Committee for the Bilateral Fund and the FMO not later than ten working days after the meeting. Comments to the minutes should be provided within ten working days of receipt. After considering comments received or in case of absence of comments, the minutes shall be agreed between the members who participated at the meetings. The final minutes shall be sent to the members of the Committee and the FMO not later than 30 working days after the meetings.

4. Decisions of the Joint Committee for the Bilateral Fund may be made in writing between the members.

5. The FMO shall always be included in copy of any communication and shall be given possibility to provide comments and proposals as well as participate in the meetings.

### **Article 2.6**

#### **Work Plan**

1. The National Focal Point shall, in consultation with the Donors, prepare an initial draft Work Plan for the implementation and activities under the Bilateral Fund for the duration of the Fund (hereinafter referred to as the “Work Plan”). The Work Plan shall include the share of the Bilateral

Fund available for activities involving entities from each Donor State. A template for the Work Plan will be provided by the FMC.

2. The initial draft Work Plan shall be submitted to the members of the Joint Committee for the Bilateral Fund and the FMO for comments at least four weeks prior to the first meeting of the Joint Committee.

3. The initial Work Plan shall be adopted by the Joint Committee for the Bilateral Fund at its first meeting, based on the draft by the National Focal Point. If it is not possible to adopt the Work Plan at the first meeting, the Committee shall agree on a timeframe for its adoption.

4. The Work Plan is the working document for the Joint Committee for the Bilateral Fund and shall be updated as relevant to reflect the decisions of the Committee. Further to the adoption of the initial Work Plan, the Work Plan shall be modified by consensus of the Committee, to reflect all the decisions of the Committee and the relevant developments of the Bilateral Fund.

#### **Article 2.7**

##### **Allocations of funds for bilateral relations**

1. Allocations of funds for bilateral relations shall be based on the principles of transparency, equal treatment, accountability and sound financial management.

2. Where the Joint Committee for the Bilateral Fund decides to organise calls for proposals, the following shall apply:

- (a) the National Focal Point shall be responsible for organising calls for proposals and drafting the call text, including eligibility criteria, according to the provisions of the Work Plan;
- (b) the Committee and the FMO shall be consulted on the call text and comments received shall be duly taken into consideration;
- (c) the calls shall be published on the websites of the National Focal Point, the Donor Embassies and the EEA and Norway Grants and be advertised as widely as possible; and
- (d) rules for awarding funds shall be agreed by the Committee.

3. Any members of the Joint Committee for the Bilateral Fund may, using a template provided by the National Focal Point, propose pre-defined bilateral initiatives to be included in the Work Plan. The contracting, implementation, monitoring and verification of predefined bilateral initiatives shall be carried out by the National Focal Point.

4. The Parties agree that the following activities, as a minimum, will be implemented under the Bilateral Fund.

[Add as appropriate.]

#### **Article 2.8**

##### **Reporting**

The National Focal Point shall, in accordance with Article 4.7.1 of the Regulations, report on the use of the Bilateral Fund, including the work of the Joint Committee for the Bilateral Fund, in the Interim Financial Reports and the annual and Final Country Reports, as defined in Article 2.6 of the Regulations.

#### **Article 2.9**

##### **Communication**

1. All communication to the Donors regarding this agreement shall take place in English and be directed to the FMO, which represents the Donors towards the National Focal Point in relation to the implementation of this agreement.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English.

3. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

#### **Article 2.10**

##### **Representations and warranties**

1. This agreement is based on information provided by, through, or on behalf of the National Focal Point to the Donors.

2. The National Focal Point represents and warrants that all information provided by, through, or on behalf of the National Focal Point in connection with this agreement is authentic, accurate and complete.

### **Chapter 3**

#### **Finance**

#### **Article 3.1**

##### **Eligible expenditures**

1. Expenditure under the Bilateral Fund is eligible if it falls within the activities as described in Article 4.5 of the Regulations.

2. Notwithstanding and in addition to the provisions of paragraph 1 of this Article, the rules on eligibility of expenditures set out in Chapter 8 apply *mutatis mutandis* to the Bilateral Fund.

3. The first date of eligibility of expenditures under this agreement shall be [date of entry into force of whichever Memoranda of Understanding is signed first].

4. The final date of eligibility of expenditures under this agreement shall be 30 April 2032.

### **Article 3.2 Proof of expenditure**

Costs incurred by the National Focal Point or any final beneficiary under this agreement shall be supported by documentary evidence as required in Article 8.12 of the Regulations.

### **Article 3.3 Proof of conditions fulfilled for simplified cost options**

Costs of the National Focal Point or of any final beneficiary under this agreement that are covered by simplified cost options shall be supported by proof of conditions fulfilled in accordance with Article 8.13 of the Regulations.

### **Article 3.4 Payments**

1. Payments under this agreement shall be made when all relevant conditions for payments stipulated in this agreement and the Regulations have been fulfilled.

2. Payments shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 9.2, 9.3 and 9.5 of the Regulations. The final balance shall be calculated and reported in the last interim financial report.

3. The level of the advance payment is EUR [amount]. The advance payment shall be made upon signature of this agreement. In exceptional cases, extraordinary advance payments may be made prior to the signing of this agreement.

4. Interim payments shall be paid based on an interim financial report submitted by the National Focal Point in a format provided by the FMC, certified by the Certifying Authority in accordance with Article 5.4 of the Regulations, and approved by the FMC. A justified forecast of likely payment applications from the funds for bilateral relations shall be included in the interim financial report. Paragraphs 3

to 9 of Article 9.3 of the Regulations apply *mutatis mutandis* to interim payments under this agreement.

5. Notwithstanding paragraphs 1 to 4 above, Chapter 9 of the Regulations shall apply *mutatis mutandis* to all aspects related to payments.

### **Article 3.5 Transparency and availability of documents**

The Beneficiary State shall ensure an audit trail for financial contributions from the EEA and Norwegian Financial Mechanisms 2021-2028 under this agreement, in accordance with Article 9.8 of the Regulations.

### **Article 3.6 Irregularities, suspension and reimbursements**

The Donors have the right to make use of the remedies provided in the Regulations, in particular Chapter 13 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 12 and 13 of the Regulations regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

## **Chapter 4 Final provisions**

### **Article 4.1 Contact information**

1. The contact information of the National Focal Point is:

[contact]

2. The contact information for the Donors and the FMO is:

Financial Mechanism Office

Att: Managing Director

EFTA House

Avenue des Arts 19H

1000 Brussels

Telephone: +32 (0)2 286 1701

E-mail: [fmo@efta.int](mailto:fmo@efta.int)

3. Changes of or corrections to the contact information referred to in this Article shall be given in writing without undue delay by the Parties to this agreement.



**Article 4.2**  
**Dispute settlement**

1. The Parties waive their rights to bring any dispute related to the agreement before any national or international court, and agree to settle such a dispute in an amicable manner.
2. If a demand for reimbursement to the Donors is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

**Article 4.3**  
**Termination**

1. The Donors may, after consultation with the National Focal Point, terminate this agreement if:
  - (a) a general suspension decision according to Article 13.6 of the Regulations or a decision to suspend payments according to point (h) of Article 13.1.1 of the Regulations has not been lifted within 6 months of such a decision;
  - (b) a suspension of payments according to Article 13.1 of the Regulations, other than under point (h) of Article 13.1.1, has not been lifted within one year of such a decision; or
  - (c) a request for reimbursement according to Article 13.2 of the Regulations has not been complied with within one year from such a decision.
2. This agreement can be terminated by mutual agreement between the Parties.
3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 4.2 or the right of the Donors to make use of the remedies provided in Chapter 13 of the Regulations.

**Article 4.4**  
**Waiver of responsibility**

1. Nothing contained in this agreement shall be construed as imposing upon the Donors or the FMO any responsibility of any kind to any third party for the supervision, execution,

completion, or operation of any actions or obligations entered into pursuant to this agreement.

2. The Donors do not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused as a result of actions entered into pursuant to this agreement. It is the full and sole responsibility of the National Focal Point to satisfactorily address such issues.

3. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the Donors, their officials or employees, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point, the Beneficiary State, Programme Operators, Project Promoters or any other third person, in connection, be it direct or indirect, with this agreement.

**Article 4.5**  
**Modification of the agreement**

1. Unless otherwise explicitly stipulated in this agreement, any modification of this agreement is subject to prior approval by the Donors.
2. Requests for modifications shall be submitted and assessed in accordance with the relevant provisions of Article 6.7 of the Regulations.
3. Changes to the agreement which have been agreed in their entirety in a Memoranda of Understanding modification do not require a modification to this agreement. In such a case, the agreement shall be updated by the FMC.

**Article 4.6**  
**Entry into force and duration**

1. This agreement shall enter into force on the day following the date of the last signature of the Parties.
2. This agreement shall remain in force until five years have elapsed after the date of the acceptance of the Final Country Report.

**Annex 4:**  
**Template for Programme Agreement**

EEA Financial Mechanism 2021-2028

PROGRAMME AGREEMENT

between

The Financial Mechanism Committee  
established by Iceland, Liechtenstein and Norway

and

The [name of the National Focal point],  
hereinafter referred to as the “National Focal Point”,

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

together hereinafter referred to as the “Parties”

for the financing of the Programme “[name of Programme]”

hereinafter referred to as the “Programme”

## **Chapter 1**

### **Scope, legal framework, and definitions**

#### **Article 1.1**

##### **Scope**

This Programme Agreement between the Financial Mechanism Committee (hereinafter referred to as the FMC) and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the EEA Financial Mechanism 2021-2028 to the Programme.

#### **Article 1.2**

##### **Legal Framework**

1. This Programme Agreement shall be read in conjunction with the following documents which, together with this Programme Agreement, constitute the legal framework of the EEA Financial Mechanism 2021-2028:

- (a) Protocol 38d to the EEA Agreement on the EEA Financial Mechanism 2021-2028;
- (b) the Regulation on the implementation of the EEA Financial Mechanism 2021-2028 (hereinafter referred to as the “Regulation”);
- (c) the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2021-2028, entered into between the Donor States and the Beneficiary State; and
- (d) any guidelines adopted by the FMC in accordance with the Regulation.

2. In case of an inconsistency between this Programme Agreement and the Regulation, the Regulation shall prevail.

3. The legal framework is binding for the Parties. An act or omission by a Party to this Programme Agreement that is incompatible with the legal framework constitutes a breach of this Programme Agreement by that Party.

#### **Article 1.3**

##### **Definitions**

Terms used and institutions and documents referred to in this Programme Agreement shall be understood in accordance with the Regulation, in particular Article 1.6 thereof, and the legal framework referred to in Article 1.2 of this Programme Agreement.

## **Article 1.4**

### **Annexes and hierarchy of documents**

1. Annexes attached hereto form an integral part of this Programme Agreement. Any reference to this Programme Agreement includes a reference to its annexes unless otherwise stated or clear from the context.

2. The provisions of the annexes shall be interpreted in a manner consistent with this Programme Agreement. Should the meaning of any provision of the said annexes, so interpreted, remain inconsistent with this Programme Agreement, the provisions of the annexes shall prevail, provided that these provisions are compatible with the Regulation.

3. Commitments, statements and guarantees, explicit as well as implicit, made in the preparation of the programme are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in this Programme Agreement.

## **Chapter 2**

### **The Programme**

#### **Article 2.1**

##### **Co-operation**

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this Programme Agreement.

2. The Parties agree to provide all information necessary for the good functioning of this Programme Agreement, including risk assessment and response analysis, and to apply the principles of implementation as set out in the Regulation.

3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.

4. In executing this Programme Agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice or giving rise to a conflict of interest. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this Programme Agreement.

#### **Article 2.2**

##### **Main responsibilities of the Parties**

1. The National Focal Point is responsible and accountable for the overall management of the EEA Financial Mechanism

2021-2028 in the Beneficiary State and for the full and correct implementation of this Programme Agreement. In particular, the National Focal Point undertakes to:

- (a) comply with its obligations stipulated in the Regulation and this Programme Agreement;
- (b) ensure that the Certifying Authority, the Audit Authority and the Programme Operator properly perform the tasks assigned to them in the Regulation and this Programme Agreement;
- (c) take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme, including ensuring the appropriate allocation of staff and other resources, throughout the programme period;
- (d) take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in projects within the Programme, including measures to recover misspent funds; and
- (e) make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

2. The FMC shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this Programme Agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as “the programme grant”) to be used exclusively to finance the eligible cost of the Programme.

### **Article 2.3**

#### **Objective(s) of the Programme**

1. This Programme Agreement sets out the objective(s), outcome(s), outputs, indicators and targets for the Programme.
2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective(s), outcome(s), outputs, indicators and targets set for the Programme.

### **Article 2.4**

#### **Programme grant**

1. The maximum amount of the programme grant, the programme grant rate, and the estimated eligible cost of the Programme shall be as specified in this Programme Agreement.

2. The programme budget annexed to this Programme Agreement shall:

- (a) contain a breakdown between the Programme’s budget headings; and
- (b) indicate the agreed advance payment, if any.

3. The management cost of the Programme Operator shall not exceed the amount specified in this Programme Agreement.

### **Article 2.5**

#### **Special conditions and programme specific rules**

1. This Programme Agreement shall list any conditions set by the FMC with reference to Article 6.3.2 of the Regulation. The National Focal Point shall ensure compliance with these conditions and take the necessary steps to ensure their fulfilment.

2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in this Programme Agreement.

### **Article 2.6**

#### **Reporting**

The National Focal Point shall ensure that the Programme Operator provides financial reports and a Final Programme Report in accordance with Chapter 9 and Article 6.8 of the Regulation as well as other reporting in accordance with guidelines adopted by the FMC.

### **Article 2.7**

#### **Monitoring and audits**

The monitoring and audits referred to in Chapter 10 and Chapter 11 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of their obligations under the legal framework regarding monitoring of the Programme and/or its projects, financial control and audit.

### **Article 2.8**

#### **Modification of the Programme**

1. Unless otherwise explicitly stipulated in this Programme Agreement, any modification of the Programme is subject to prior approval by the FMC.

2. Budget reallocations to and from calls and pre-defined projects (both within the same outcome and between outcomes) are permitted without a modification of the

Programme Agreement or prior approval by the FMC for an amount of up to 10% of the total allocation for each planned call or pre-defined project.

3. Changes to the Programme which have been agreed in their entirety through a modification of the relevant Memorandum of Understanding do not require a modification of the Programme Agreement. In such cases, the Programme Agreement shall be updated by the FMC.

4. Programme specific exceptions from paragraph 1, if any, are set in the annexes to this Programme Agreement.

5. Expenditures in breach of this Article are not eligible.

6. Should there be a doubt as to whether a modification of the Programme Agreement is required, the National Focal Point shall consult the FMC before such modifications take effect.

7. Requests for modifications shall be submitted and assessed in accordance with Article 6.7 of the Regulation.

#### **Article 2.9 Communication**

1. All communication to the FMC regarding this Programme Agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the FMC towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations in English. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

#### **Article 2.10 Contact information**

1. The contact information of the Programme Operator is as specified in this Programme Agreement.

2. The contact information for the FMC and the Financial Mechanism Office are:

Financial Mechanism Office  
Att: Managing Director  
EFTA House  
Avenue des Arts, 19H  
1000 Brussels  
Telephone: +32 (0)2 286 1701  
E-mail: fmo@efta.int

3. Changes of or corrections to the contact information referred to in this Article shall be given in writing without undue delay by the Parties to this Programme Agreement.

#### **Article 2.11 Representations and warranties**

1. This Programme Agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the FMC prior to the signing of this Programme Agreement.

2. The National Focal Point represents and warrants that the information provided by, through, or on behalf of the National Focal Point, in connection with the implementation or conclusion of this Programme Agreement are authentic, accurate and complete.

### **Chapter 3 Projects**

#### **Article 3.1**

##### **Selection of projects and award of grants**

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 7 of the Regulation and this Programme Agreement.

2. Eligibility of Project Promoters and project partners is stipulated in Article 7.2 of the Regulation and, in accordance with paragraph 4 thereof, subject only to the limitations stipulated in this Programme Agreement.

3. Pre-defined projects shall be outlined in this Programme Agreement.

4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 7.5.2 of the Regulation.

#### **Article 3.2 Project contract**

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.

2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.

3. The content and form of the project contract shall comply with Article 7.9 of the Regulation.

4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project contract are valid and enforceable under the applicable law of the Beneficiary State.

### **Article 3.3**

#### **Project partners and partnership agreements**

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in point (y) of Article 1.6 of the Regulation. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 7.10 of the Regulation.

2. If one of the parties to the agreement is an entity from the Donor States, the partnership agreement shall be in English and shall be based on a template provided by the FMC.

3. The eligibility of expenditures declared by a project partner is subject to the same rules as would apply if the expenditures were declared by the Project Promoter.

4. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this Article. A draft partnership agreement or letter of intent shall be submitted to the Programme Operator before the signing of the project contract.

## **Chapter 4 Finance**

### **Article 4.1 Eligible expenditures**

1. Without prejudice to Article 8.9 of the Regulation, eligible expenditures of this Programme are:

- (a) management costs of the Programme Operator in accordance with the detailed budget in the financial plan;
- (b) payments to projects within this Programme in accordance with the Regulation, this Programme Agreement and the project contract; and
- (c) payments to activities funded by the bilateral funds allocated to the programme.

2. Expenditures of Project Promoters and project partners are eligible provided that they are in accordance with the provisions of Chapter 8 of the Regulation and any further provisions contained in this Programme Agreement.

3. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 8.14 of the Regulation. The first date of eligibility of any pre-

defined project shall be no earlier than the date of entry into force of the Programme Agreement.

4. The maximum eligible costs of the categories referred to in paragraph 1 are set in this Programme Agreement. Programme specific rules on the eligibility of expenditure set in this Programme Agreement shall be complied with.

### **Article 4.2**

#### **Proof of expenditure**

Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by documentary evidence as required in Article 8.12 of the Regulation.

### **Article 4.3**

#### **Proof of conditions fulfilled for simplified cost options**

Costs of the Programme Operators, Project Promoters and project partners that are covered by simplified cost options shall be supported by the proof of conditions fulfilled in accordance with Article 8.13 of the Regulation.

### **Article 4.4**

#### **Payments**

1. Payments to the Programme shall be made when all relevant conditions for payments stipulated in this Programme Agreement and the Regulation have been fulfilled.

2. Payments to the Programme shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 9.2, 9.3 and 9.5 of the Regulation.

3. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism is set in this Programme Agreement.

4. The National Focal Point shall ensure that payments are transferred in accordance with Article 9.1.2 of the Regulation.

5. Chapter 9 of the Regulation shall apply to all aspects related to payments, including currency exchange rules and handling of interests on bank accounts.

#### **Article 4.5**

##### **Transparency and availability of documents**

The National Focal Point shall ensure an audit trail for financial contributions from the EEA Financial Mechanism 2021-2028 to the Programme in accordance with Article 9.8 of the Regulation.

#### **Article 4.6**

##### **Irregularities, suspension and reimbursements**

The FMC has the right to make use of the remedies provided in the Regulation, in particular Chapter 13 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 12 and 13 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

### **Chapter 5**

#### **Final provisions**

##### **Article 5.1**

##### **Dispute settlement**

1. The Parties waive their rights to bring any dispute related to the Programme Agreement before any national or international court and agree to settle such a dispute in an amicable manner.
2. If a demand for reimbursement to the FMC is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

##### **Article 5.2**

##### **Termination**

1. The FMC may, after consultation with the National Focal Point, terminate this Programme Agreement if:
  - (a) a general suspension decision according to Article 13.6 of the Regulation or a decision to suspend payments according to point (h) of Article 13.1.1 of the Regulation has not been lifted within 6 months of such a decision;
  - (b) a suspension of payments according to Article 13.1 of the Regulation, other than under point (h) of Article 13.1.1, has not been lifted within one year of such a decision;
  - (c) a request for reimbursement according to Article 13.2 of the Regulation has not been complied with within one year from such a decision;

- (d) the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or
- (e) the Programme Operator has, in the opinion of the FMC, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

2. This Programme Agreement can be terminated by mutual agreement between the Parties.

3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 5.1 or the right of the FMC to make use of the remedies provided in Chapter 13 of the Regulation.

#### **Article 5.3**

##### **Waiver of responsibility**

1. Any appraisal of the Programme undertaken before or after its approval by the FMC, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the Programme Agreement.
2. Nothing contained in the Programme Agreement shall be construed as imposing upon the FMC or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.
3. The FMC does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the National Focal Point and the Programme Operator to satisfactorily address such issues.
4. Neither the National Focal Point, the Programme Operator, entities involved in the implementation of projects, nor any other party shall have recourse to the FMC for further financial support or assistance to the Programme in whatsoever form over and above what has been provided for in the Programme Agreement.
5. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the FMC, its members or alternate members, nor the EFTA States, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point or the Beneficiary State, the Programme Operator, Project

Promoters or any other third person, in connection, be it direct or indirect, with this Programme Agreement.

6. Nothing in this Programme Agreement shall be construed as a waiver of diplomatic immunities and privileges awarded to the European Free Trade Association, its assets, officials or employees.

#### **Article 5.4**

##### **Entry into force and duration**

1. This Programme Agreement shall enter into force on the date of the last signature of the Parties.

2. This Programme Agreement shall remain in force until five years have elapsed after the date of the acceptance of the Final Programme Report.



**Annex 5:**  
**Template for Technical Assistance Agreement**

European Economic Area Financial Mechanism 2021-2028  
Norwegian Financial Mechanism 2021-2028

AGREEMENT

Between

The Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs  
hereinafter referred to as the “Donors”,

and

The [name of the National Focal Point],  
hereinafter referred to as the “National Focal Point”,

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

together hereinafter referred to as the “Parties”

on the financing of Technical Assistance hereinafter referred to as the “agreement”

## **Chapter 1**

### **Scope, legal framework and definitions**

#### **Article 1.1**

##### **Scope**

This agreement between the Donors and the National Focal Point lays down the rights and obligations of the Parties regarding the use of technical assistance under the financial contribution from the EEA and the Norwegian Financial Mechanisms 2021-2028 (hereinafter referred to as the “Mechanisms”).

#### **Article 1.2**

##### **Legal framework**

1. This agreement shall be read in conjunction with the following documents, which constitute the legal framework of the EEA and Norwegian Financial Mechanisms 2021-2028:

- (a) the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2021-2028 and Protocol 38d to the EEA Agreement on the EEA Financial Mechanism (2021-2028);
- (b) the Regulation on the implementation of the Norwegian Financial Mechanism 2021-2028 and the Regulation on the implementation of the EEA Financial Mechanism 2021-2028 (hereinafter referred to as the “Regulations”);
- (c) the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2021-2028 and the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2021-2028 (hereinafter referred to as the “Memoranda of Understandings”), entered into between the Donor States and the Beneficiary State; and
- (d) any guidelines adopted by the Donors in accordance with the Regulations.

2. In case of an inconsistency between this agreement and the Regulations, the Regulations shall prevail.

3. The legal framework as set forth in paragraph 1 of this Article is binding for the Parties. An act or omission by a Party to this agreement that is incompatible with the legal framework constitutes a breach of this agreement by that Party.

#### **Article 1.3**

##### **Definitions**

Terms used and institutions and documents referred to in this agreement shall be understood in accordance with the Regulations, in particular Article 1.6 thereof, and the legal framework referred to in Article 1.2 of this agreement.

## **Chapter 2**

### **Rights, responsibilities and budgets**

#### **Article 2.1**

##### **Co-operation**

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this agreement.
2. The Parties agree to provide all information necessary for the good functioning of this agreement and to apply the principles of implementation as set out in the Regulations.
3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of this agreement.
4. In executing this agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice or giving rise to a conflict of interest. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this agreement.

#### **Article 2.2**

##### **Main responsibilities of the Parties**

1. The National Focal Point is responsible and accountable for the overall management of the Mechanisms in the Beneficiary State and for the full and correct implementation of this agreement. In particular, the National Focal Point undertakes to:

- (a) comply with its obligations stipulated in the Regulations and this agreement;
- (b) ensure that the Certifying Authority, the Audit Authority and all other entities receiving support under this agreement, properly perform the tasks assigned to them in the Regulations and this agreement;
- (c) coordinate the use of the technical assistance and ensure that all entities listed in point (b) receive a sufficient share of the contribution to perform their duties under the Regulations and this agreement.; and
- (d) take the necessary measures to remedy irregularities in the implementation of this agreement as well as the Mechanisms overall, including measures to recover misspent funds.

2. The Donors shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as “technical assistance”) towards the costs of the National Focal Point, Certifying Authority and the Audit Authority for the performance of their duties as described in the Regulations.

**Article 2.3**  
**Amount of technical assistance**

1. In accordance with Article 8.11.2 of the Regulations, the total amount for technical assistance is EUR[amount].
2. Technical assistance is supported jointly by the EEA Financial Mechanism and the Norwegian Financial Mechanism, in accordance with the allocations set in the respective Memoranda of Understanding.
3. The support from the EEA Financial Mechanism to technical assistance is EUR[amount]. The support from the Norwegian Financial Mechanism to technical assistance is EUR[amount].

**Article 2.4**  
**Reporting**

The National Focal Point shall, in accordance with Articles 9.4 and 2.6, report on the use of the technical assistance in Interim Reports and the Annual and Final Country Reports.

**Article 2.5**  
**Modification of the agreement**

1. Unless otherwise explicitly stipulated in this agreement, any modification of this agreement is subject to prior approval by the Donors.
2. Requests for modifications shall be submitted and assessed in accordance with the relevant provisions of Article 6.7 of the Regulation.
3. Changes which have been agreed in their entirety in a Memorandum of Understanding modification do not require a modification to this agreement. In such a case, the agreement shall be updated by the FMC.

**Article 2.6**  
**Communication**

1. All communication to the Donors regarding this agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the "FMO"), which represents the Donors towards the National Focal Point in relation to the implementation of this agreement.
2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English.
3. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

**Article 2.7**  
**Contact information**

1. The contact information of the National Focal is:  
[details]
2. The contact information for the Donors and the FMO is:

Financial Mechanism Office

Att: Managing Director

EFTA House

Avenue des Arts 19H

1000 Brussels

Telephone: +32 (0)2 286 1701

E-mail: [fmo@efta.int](mailto:fmo@efta.int)

3. Changes of or corrections to the contact information referred to in this article shall be given in writing without undue delay by the Parties to this agreement.

**Article 2.9**  
**Representations and warranties**

1. This agreement is based on information provided by, through, or on behalf of the National Focal Point to the Donors.
2. The National Focal Point represents and warrants that all information provided by, through, or on behalf of the National Focal Point in connection with this agreement is authentic, accurate and complete.

**Chapter 3**  
**Finance**

**Article 3.1**  
**Technical assistance disbursements**

Technical assistance shall take the form of a fixed amount disbursed in equal instalments twice a year. The disbursements shall be based on the Interim Reports for technical assistance in accordance with Article 9.4 of the Regulations and shall be contingent on the conditions described in Article 8.11 of the Regulations.

**Article 3.2**  
**Irregularities, suspension and reimbursements**

The Donors have the right to make use of the remedies provided in the Regulations, in particular Chapter 13 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 12 and 13 of the Regulations regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

## **Chapter 4**

### **Final provisions**

#### **Article 4.1**

##### **Dispute settlement**

1. The Parties waive their rights to bring any dispute related to the agreement before any national or international court and agree to settle such a dispute in an amicable manner.
2. If a demand for reimbursement to the Donors is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

#### **Article 4.2**

##### **Termination**

1. The Donors may, after consultation with the National Focal Point, terminate this agreement if:
  - (a) a general suspension decision according to Article 13.6 of the Regulations or a decision to suspend payments according to point (h) of Article 13.1.1 of the Regulations has not been lifted within 6 months of such a decision;
  - (b) a suspension of payments according to Article 13.1 of the Regulations, other than under point (h) of Article 13.1.1, has not been lifted within one year of such a decision;
  - (c) a request for reimbursement according to Article 13.2 of the Regulations has not been complied with within one year from such a decision;
2. This agreement can be terminated by mutual agreement between the Parties.
3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 4.1 or the right of the Donors to make use of the remedies provided in Chapter 13 of the Regulations.

#### **Article 4.3**

##### **Waiver of responsibility**

1. Nothing contained in this agreement shall be construed as imposing upon the Donors or the FMO any responsibility of any kind to any third party for the supervision, execution, completion, or operation of any actions or obligations entered into pursuant to this agreement.
2. The Donors do not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused as a result of actions entered into pursuant to this agreement. It is the full and sole responsibility of the National Focal Point to satisfactorily address such issues.
3. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the Donors, their officials or employees, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point, the Certifying Authority, the Audit Authority or the Beneficiary State, Programme Operators,

Project Promoters or any other third person, in connection, be it direct or indirect, with this agreement.

#### **Article 4.4**

##### **Entry into force and duration**

1. This agreement shall enter into force on the day following the date of the last signature of the Parties.
2. This agreement shall remain in force until five years have elapsed after the date of the acceptance of the final Country Report