

Norwegian Financial Mechanism 2009-2014

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

between

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

and

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

together hereinafter referred to as the “Parties”,

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

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

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

WHEREAS the Parties agree to establish a framework for cooperation in order to ensure the effective implementation of the Norwegian Financial Mechanism 2009-2014;

the Parties HAVE AGREED on the following:

Article 1 Objectives

1. The overall objectives of the Norwegian Financial Mechanism 2009-2014 are to contribute to the reduction of economic and social disparities in the European Economic Area and to the strengthening of bilateral relations between Norway and the Beneficiary States through financial contributions in the priority sectors listed in paragraph 2. Accordingly, the Parties to this Memorandum of Understanding shall endeavour to select for funding programmes that contribute to the achievement of these objectives.

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

- (a) Carbon capture and storage;
- (b) Green industry innovation;
- (c) Research and scholarship;
- (d) Human and social development;
- (e) Justice and home affairs;
- (f) Promotion of decent work and tripartite dialogue.

Article 2 Legal Framework

This Memorandum of Understanding shall be read in conjunction with the following documents which, together with this Memorandum of Understanding, constitute the legal framework of the Norwegian Financial Mechanism 2009-2014:

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

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

Article 3
Financial Framework

1. In accordance with Article 2 of the Agreement, the total amount of the financial contribution is € 800 million in annual tranches of € 160 million over the period running from 1 May 2009 to 30 April 2014, inclusive.
2. In accordance with Article 5 of the Agreement, a total of € 1,600,000 shall be made available to the Beneficiary State over the period referred to in Paragraph 1.
3. In accordance with Article 8.7 of the Agreement and Article 1.8 of the Regulation, the management costs of Norway shall be covered by the overall amount referred to above. Further provisions to this effect are set out in the Regulation. The net amount of the allocation to be made available to the Beneficiary State is € 1,480,000.

Article 4
Roles and responsibilities

1. Norway shall make funds available in support of eligible programmes proposed by the Beneficiary State and agreed on by the NMFA within the priority sectors listed in Article 3 of the Agreement and the programme areas identified in Annex B of this Memorandum of Understanding. Norway and the Beneficiary State may consult on possible and specific programmes before a formal programme proposal is submitted to the NMFA.
2. The Beneficiary State shall assure the full co-financing of programmes that benefit from support from the Norwegian Financial Mechanism 2009-2014 in accordance with Annex B and the programme agreements.
3. The NMFA shall manage the Norwegian Financial Mechanism 2009-2014 and take decisions on the granting of financial assistance in accordance with the Regulation.
4. The NMFA shall be assisted by the Financial Mechanism Office (hereinafter referred to as the "FMO"). The FMO shall be responsible for the day-to-day operations of the Norwegian Financial Mechanism 2009-2014 and shall serve as a contact point.

Article 5
Designation of authorities

The Beneficiary State has authorised a National Focal Point to act on its behalf. The National Focal Point shall have the overall responsibility for reaching the objectives of the Norwegian Financial Mechanism 2009-2014 as well as for the implementation of the Norwegian Financial Mechanism 2009-2014 in the Beneficiary State in accordance with the Regulation. In accordance with Article 4.2 of the Regulation, the National Focal Point, the Certifying Authority, the Audit Authority, and an appropriate national entity responsible for the preparation and submission of irregularities reports are designated in Annex A.

Article 6
Multi-annual Programming Framework

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

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

Article 7 Annual meetings

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

Article 8 Modification of the annexes

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

Article 9 Control and Access to Information

The NMFA, the Office of the Auditor General of Norway and their representatives have the right to carry out any technical or financial mission or review they consider necessary to follow the planning, implementation and monitoring of programmes and projects as well as the use of funds. The Beneficiary State shall provide all necessary assistance, information and documentation.

Article 10 Governing Principles

1. The implementation of this Memorandum of Understanding shall in all aspects be governed by the Regulation and subsequent amendments thereof.
2. The objectives of the Norwegian Financial Mechanism 2009-2014 shall be pursued in the framework of close co-operation between Norway and the Beneficiary State. The Parties agree to

apply the highest degree of transparency, accountability and cost efficiency as well as the principles of good governance, sustainable development, gender equality and equal opportunities in all implementation phases of the Norwegian Financial Mechanism 2009-2014.

3. The Beneficiary State shall take proactive steps in order to ensure adherence to these principles at all levels involved in the implementation of the Norwegian Financial Mechanism 2009-2014.

Article 11
Entry into Force

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

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

Signed in on
For the Kingdom of Norway

Signed in on
For the Republic of Malta

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National management and control structures

1. National Focal Point

The Funds and Programmes Division (FPD) in the Office of the Parliamentary Secretary for the EU Presidency 2017 and EU Funds within the Ministry for European Affairs and Implementation of the Electoral Manifesto shall act as the National Focal Point. The Director General of FPD shall act as the head of the National Focal Point. The FPD reports to the Permanent Secretary of the Ministry for European Affairs and Implementation of the Electoral Manifesto.

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

2. Certifying Authority

The EU Paying Authority Directorate within the Ministry for Finance (MFIN) shall act as the Certifying Authority. The Director of the EU Paying Authority Directorate shall act as the head of the Certifying Authority.

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

3. Audit Authority

The Bilateral and Other Funding Audit Unit within the Internal Audit and Investigations Department (IAID) shall act as the Audit Authority. The Director General of IAID shall act as the head of the Audit Authority. The IAID is an independent unit within the Office of the Prime Minister established by Legal Act. The IAID reports to the Internal Audit and Investigations Board (IAIB), which is appointed by the Prime Minister of Malta. The Secretary to Cabinet is the Chairperson of the IAIB.

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

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

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

The Investigations and OLAF Matters Unit within IAID shall be responsible for the preparation and submission of irregularities reports.

The roles and responsibilities of the Investigations and OLAF Matters Unit in relation to the preparation and submission of irregularities reports are stipulated in the Regulation, in particular Article 11.3 thereof.

5. Monitoring Committee

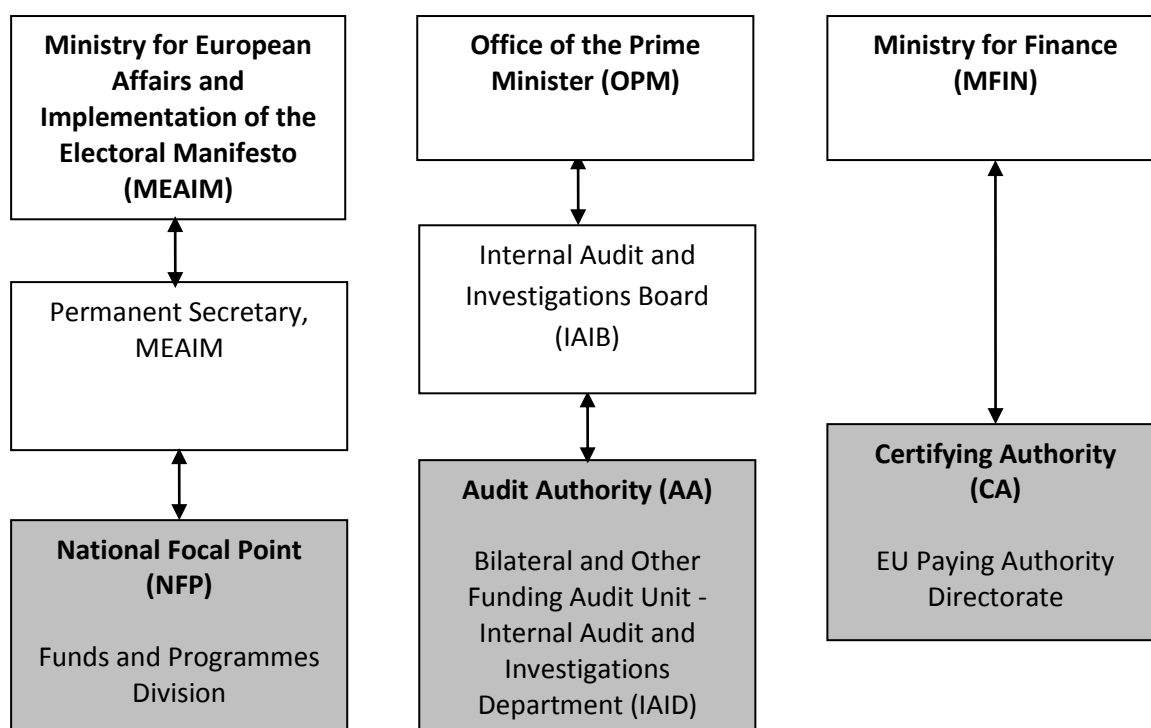
The Monitoring Committee shall be established within six months of the signing of the Memorandum of Understanding. Its role is stipulated in the Regulation, in particular Article 4.4 thereof.

6. Strategic Report and annual meetings

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

7. Organigram

The following organigram describes the position of the main public authorities involved in the implementation of the Norwegian Financial Mechanism 2009-2014:



Implementation framework

In accordance with Article 2.1 of the Regulation, the Parties to this Memorandum of Understanding have agreed on an implementation framework outlined in this annex.

1. Financial parameters of the implementation framework

| Malta Programme area | Norwegian FM contribution |
|---|------------------------------|
| Global fund for Decent Work and Tripartite Dialogue | € 16,000 |
| Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities | € 300,000 |
| Correctional Services, including Non-custodial Sanctions | € 1,140,000 |
| Other allocations | |
| Technical assistance to the Beneficiary State (Art. 1.9) | € 16,000 |
| Fund for bilateral relations at national level (Art. 3.5.1) | € 8,000 |
| Net allocation to Malta | €1,480,000 |

2. Specific concerns

Bilateral relations between Norway and Malta shall be strengthened with the aim of stimulating long-term cooperation, including through partnership at project level in all programme areas supported.

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

The Parties agree that with respect to the small size of the allocation, the support will be provided through a flexible funding set-up:

- A. The Global Fund for Decent Work and Tripartite Dialogue will be implemented separately.
- B. The Norwegian Financial Mechanism Programme, will include the Programme Areas "Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities" and "Correctional Services, including Non-custodial Sanctions". The implementation of the Programme shall involve the competent line ministries and other relevant stakeholders in respect of programming and implementation.

Any pre-defined project shall be approved jointly by the NMFA and the National Focal Point prior to the signing of the project contract.

With reference to Articles 2.2 and 5.11 of the Regulation, and in light of the role of the National Focal Point as Programme Operator, the National Focal Point shall submit to the NMFA a combined Strategic Report and annual programme report. The combined report shall be submitted to the NMFA no later than 31 January each year.

3. Substantive parameters of the implementation framework

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

A. Programme Area: Global fund for decent work and tripartite dialogue

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|----------------------------|--|
| <i>Programme:</i> | Decent Work and Tripartite Dialogue |
| <i>Objective:</i> | Decent work promoted and tripartite cooperation improved between employers' organisations, trade unions and public authorities in supporting equitable and sustainable economic and social development |
| <i>Programme Grant:</i> | € 16,000 |
| <i>Programme Operator:</i> | Innovation Norway |

B. Norwegian Financial Mechanism Programme

Programme grant: € 1,440,000

Programme Area: Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities

Objectives: Strengthened institutional capacity and human resource development in public institutions, local and regional authorities in the Beneficiary States within the agreed priority sectors through cooperation and transfer of knowledge with similar institutions and authorities in Norway

Outcome: Increased and strengthened cooperation between public institutions, local and regional authorities in the Beneficiary States and similar institutions and authorities in Norway

Programme Operator: Funds and Programmes Division in the Office of the Parliamentary Secretary for the EU Presidency 2017 and EU Funds within the Ministry for European Affairs and Implementation of the Electoral Manifesto

Pre-defined project: Name of project: A Partnership for Creative Governance
Project Grant: € 273,680
Project Partners: The Norwegian Association of Local and Regional Authorities (KS); Council of Europe; and Local Councils' Association (Malta).

Programme Area: Correctional Services, including Non-custodial Sanctions

Objectives: Improved correctional services system in compliance with relevant international human rights instruments

Outcome: Increased focus on vulnerable groups in prison

Programme Operator: Funds and Programmes Division in the Office of the Parliamentary Secretary for the EU Presidency 2017 and EU Funds within the Ministry for European Affairs and Implementation of the Electoral Manifesto

Pre-defined project: Name of project: Renewing the Centre of Residential Restorative Services (CoRRs).
Project Grant: € 1,092,720
Project Partner: Directorate of Norwegian Correctional Services