

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 BULGARIA  
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 € 48 million shall be made available to the Beneficiary State over the period referred to in Paragraph 1.
3. In accordance with Article 8.7 of the Agreement and Article 1.8 of the Regulation, the management costs of Norway shall be covered by the overall amount referred to above. Further provisions to this effect are set out in the Regulation. The net amount of the allocation to be made available to the Beneficiary State is € 44,400,000.

### **Article 4 Roles and responsibilities**

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

### **Article 5 Designation of authorities**

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

**Article 6**  
**Multi-annual Programming Framework**

1. In accordance with Article 2.1 of the Regulation, the Parties have agreed on an implementation framework consisting of the following financial and substantive parameters:
  - (a) a list of agreed programme areas, the financial contribution from the Norwegian Financial Mechanism 2009-2014 by programme area;
  - (b) identification of programmes, their main focus and outcomes, as appropriate, as well as any specific concerns relating to target groups, geographical areas or other issues;
  - (c) identification of programme operators, if appropriate;
  - (d) initiatives to strengthening the bilateral relations between Norway and the Beneficiary State, including the identification of programme areas in which donor partnership programmes as referred to in Article 3.2 shall be prepared, the designation of donor programme partners, the allocation of funds for such programmes, and programmes, or component thereof, that are dedicated exclusively to donor partnership projects;
  - (e) in specific cases, the identification of pre-defined projects to be included in relevant programmes;
  - (f) identification of small grant schemes, as appropriate.
2. The implementation framework is outlined in Annex B.

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

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

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

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

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

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

**Article 10**  
**Governing Principles**

1. The implementation of this Memorandum of Understanding shall in all aspects be governed by the Regulation and subsequent amendments thereof.
2. The objectives of the Norwegian Financial Mechanism 2009-2014 shall be pursued in the framework of close co-operation between Norway and the Beneficiary State. The Parties agree to apply the highest degree of transparency, accountability and cost efficiency as well as the principles of good governance, sustainable development, gender equality and equal opportunities in all implementation phases of the Norwegian Financial Mechanism 2009-2014.
3. The Beneficiary State shall take proactive steps in order to ensure adherence to these principles at all levels involved in the implementation of the Norwegian Financial Mechanism 2009-2014.

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

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

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

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

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

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## **National management and control structures**

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

The Monitoring of EU Funds Directorate shall act as the National Focal Point. The National Focal Point shall have the overall responsibility for reaching the objective of the Norwegian Financial Mechanism 2009-2014.

The Monitoring of EU Funds Directorate is an administrative unit within the administration of the Council of Ministers. The Director of the Monitoring of EU Funds Directorate shall perform the functions of Head of the National Focal Point. The Monitoring of EU Funds Directorate reports directly to the Deputy Prime Minister responsible for EU Funds Management.

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

- Ensure overall coordination of the Norwegian Financial Mechanism 2009-2014 and complementarities with EU Funds and other donors, in cooperation with the relevant national authorities;
- Provide methodological guidance on the preparation and implementation of the programmes under the Norwegian Financial Mechanism 2009-2014 in the Beneficiary State;
- Encourage partnerships between the Programme Operators and the relevant institutions from the Donor States, including through management of the fund for bilateral relations at national level;
- Provide guidance on the implementation of horizontal policies related to the implementation of the Norwegian Financial Mechanism 2009-2014;
- Perform the functions of a national public entity responsible for the preparation and submission of the irregularities reports in accordance with Art. 11.3 of the Regulation.

### **2. Certifying Authority**

The National Fund Directorate (NF) shall act as the Certifying Authority.

The National Fund Directorate is an administrative unit within the Ministry of Finance. The NF is placed under the responsibility of a Deputy-Minister of Finance responsible for the financial management of the EU Funds. The Director of the NF shall be 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 Audit of European Union Funds Executive Agency (AEUFEA) to the Minister of Finance of Republic of Bulgaria shall act as the Audit Authority.

AEUFEA is functionally independent from the other bodies involved in the management and control system of Norwegian Financial Mechanism 2009-2014 (e.g. National Focal Point, Certifying Authority, Programme Operators) in the Beneficiary State. It performs the audit activities according to internationally accepted auditing standards and requirements of the Regulation on the Implementation of the Norwegian Financial Mechanism 2009-2014. The Executive Director of AEUFEA shall be the Head of the Audit Authority.

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

The National Focal Point shall provide the NMFA with copies of any audit report that is made by the Bulgarian National Audit Office (Сметна палата на Република България) regarding the implementation of the Norwegian Financial Mechanism 2009-2014.

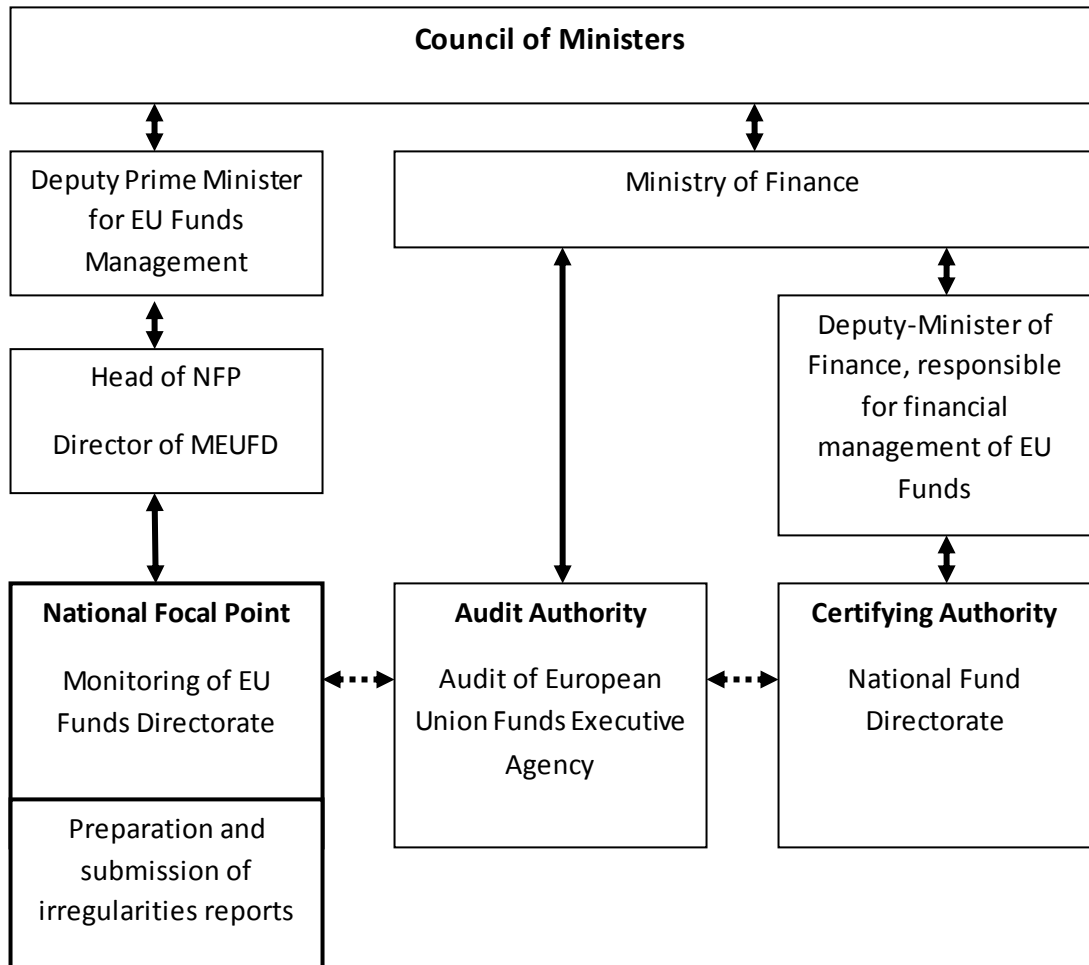
### **4. Monitoring Committee**

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

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

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

6. Organigram





## ANNEX B

### Implementation framework

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

#### 1. Financial parameters of the implementation framework

<b>Bulgaria</b>	<b>Norwegian FM contribution</b>
<b>Programme area</b>	
Green Innovation	€ 13,699,000
Global fund for Decent Work and Tripartite Dialogue	€ 480,000
Capacity-building and Institutional Co-operation	€ 2,016,000
Public Health Initiatives	€ 7,765,000
Domestic and Gender-based Violence	€ 2,000,000
Schengen Cooperation and Combating Cross-border and Organised Crime, including Trafficking and Itinerant Criminal Groups	€ 6,000,000
Judicial Capacity-building and Cooperation	€ 3,091,000
Correctional Services, including Non-custodial Sanctions	€ 8,604,400
<b>Other allocations</b>	
Technical assistance to the Beneficiary State (Art. 1.9)	€ 424,600
Reserve for projects under FMs 2004-09 (Art. 1.10.2)	€ 80,000
Fund for bilateral relations at national level (Art. 3.5.1)	€ 240,000
<b>Net allocation to Bulgaria</b>	<b>€ 44,400,000</b>

#### 2. Specific concerns

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

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

Specific concern will be ensured in respect of issues related to the Roma population across the programme areas. The target is for 10% of the allocation to go towards improvement of the situation for the Roma population.

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

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

**A. Programme Area: Green Innovation**

<i>Programme:</i>	Green Innovation
<i>Programme grant:</i>	€ 13,699,000
<i>Objective:</i>	Increased competitiveness of green enterprises, including greening of existing industries, green innovation and green entrepreneurship
<i>Outcome(s):</i>	Realisation of the business opportunities of greening of the European economy;
<i>Programme Operator:</i>	Innovation Norway
<i>Specific concerns:</i>	With reference to Article 5.13 of the Regulation, the National Focal Point and the NMFA shall in the programme agreement specify the obligations of the Programme Operator to the National Focal Point, which shall, as a minimum, include reporting obligations according to Articles 5.11 and 5.12 of the Regulation.

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

<i>Programme:</i>	Global fund for Decent Work and Tripartite Dialogue
<i>Programme grant:</i>	€ 480,000
<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>Outcomes:</i>	To be discussed between Norway and Bulgaria
<i>Programme Operator:</i>	Innovation Norway

**C. Programme Area: Capacity-building and Institutional Co-operation**

<i>Programme:</i>	Capacity-building and Institutional Co-operation
<i>Programme grant:</i>	€ 2,016,000
<i>Objective:</i>	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
<i>Outcome(s):</i>	Enhanced institutional capacity and human resources development in public institutions, local and regional authorities in the Beneficiary States.
<i>Programme Operator:</i>	Technical Assistance' Directorate within the Council of Ministers of the Republic of Bulgaria
<i>Donor Programme Partner</i>	Norwegian Association of Local Municipalities (KS) and Norwegian Barents Secretariat (BS)
<i>Pre-defined projects:</i>	Pre-defined project with the Norwegian Association of Local Municipalities (KS) and the National Association of Local

Municipalities in the Republic of Bulgaria (NAMRB). The allocation to this project from the Programme shall not exceed € 1,016,000

Pre-defined project on a cross-border cooperation index as well as exchange of experience on cross-border issues with the Norwegian Barents Secretariat (BS) and the Ministry of Regional Development and Public Works. The allocation to this project from the Programme shall not exceed € 1,000,000

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

<i>Programme:</i>	Public Health Initiatives
<i>Programme grant:</i>	€ 7,765,000
<i>Objective:</i>	Improved public health and reduced health inequalities
<i>Outcome(s):</i>	Improved governance in health care; Improved access to and quality of health services including reproductive and preventive child health care; Improved mental health services; Reduced inequalities between user groups.
<i>Programme Operator:</i>	Ministry of Health, supported by the “Operational Programme ‘Technical Assistance’ Directorate” within the Council of Ministers of the Republic of Bulgaria
<i>Specific concerns:</i>	<p>The Programme should focus on reproductive health, childcare, mental health, improvement of governance in healthcare and specific health challenges for the Roma.</p> <p>The programme shall be implemented jointly with the Programme under Programme area ‘Public Health Initiatives’ in the EEA Financial Mechanism.</p>

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

<i>Programme:</i>	Domestic and Gender-based Violence
<i>Programme grant:</i>	€2,000,000
<i>Objective:</i>	Gender-based violence prevented and tackled
<i>Outcome(s):</i>	Gender based violence reduced Domestic violence reduced Victims of trafficking supported
<i>Programme Operator:</i>	Ministry of Interior
<i>Donor programme partners:</i>	Council of Europe (CoE)
<i>Specific concern:</i>	The programme should also address the specific needs of vulnerable groups such as Roma.

**F. Programme Area: Schengen Cooperation and Combating Cross-border and Organised Crime, including Trafficking and Itinerant Criminal Groups**

<i>Programme:</i>	Schengen Cooperation and Combating Cross-border and Organised Crime, including Trafficking and Itinerant Criminal Groups
<i>Programme grant:</i>	€6,000,000
<i>Objective:</i>	Increase citizen's security through improvement of cooperation between law enforcement authorities in the Schengen Member States and Bulgaria in fighting organised crime, including trafficking in human beings
<i>Outcomes:</i>	Development and improvement of structures, systems and technical equipment in order to improve the implementation of the Schengen acquis Strengthening of cooperation between the police in the Schengen Member States Improved capacity to combat cross-border and organized crime, including trafficking in human beings and itinerant criminal groups Improved coordination between the authorities and relevant stakeholders, including non-governmental organisation, in assisting victims of trafficking
<i>Programme Operator:</i>	Ministry of Interior
<i>Donor programme partners:</i>	The Norwegian Police Directorate (POD) with the support of the Council of Europe (CoE)
<i>Pre-defined project:</i>	A possible predefined project regarding matters related to proceeds of crime and assets forfeiture in partnership with the Council of Europe with a tentative allocation of € 1.0 million to this project from the programme.

**G. Programme Area: Judicial Capacity-building and Cooperation**

<i>Programme:</i>	Judicial Capacity-building and Cooperation/Improvement of the efficiency of justice
<i>Programme grant:</i>	€ 3,091,000
<i>Objective:</i>	A fairer and more efficient judicial system
<i>Outcomes:</i>	Improved access to justice, including for vulnerable persons (e.g. victims, minors, minorities) Improved efficiency of the court systems, including the development of systems for case handling Increased competence of actors within the judiciary
<i>Programme Operator:</i>	Ministry of Justice
<i>Donor programme partner:</i>	Council of Europe (CoE)

*Specific concern:* The programme should also address the specific needs of vulnerable groups such as Roma.

**H. Programme Area: Correctional Services including Non-custodial Sanctions**

*Programme:* Correctional Services including Non-custodial Sanctions  
*Programme grant:* € 8,604,400  
*Objective:* Improved correctional services system in compliance with relevant international human rights instruments  
*Outcomes:* Overcome challenges connected to growing prison populations and prison overcrowding  
 Increased application of alternatives to prisons  
 Increased focus on vulnerable groups in prison  
 Improved competence of both inmates and prison staff  
*Programme Operator:* Ministry of Justice  
*Donor programme partner:* Council of Europe (CoE)  
*Specific concern:* At least 30 % of the Programme allocation should be set aside for measures other than infrastructure investments or equipment purchase, such as training, the development of systems and procedures or capacity building.

**4. Projects under the Norwegian Financial Mechanism 2004-2009 funded through the reserve referred to in paragraph 2 of Article 1.10 of the Regulation**

Name and number of project	Amount from reserve
2008 / 112574 Enhancing the Bulgarian – Norwegian response to Human Trafficking in human beings	€ 80,000
Total amount	€ 80,000