

**MEMORANDUM OF UNDERSTANDING
ON THE IMPLEMENTATION OF THE NORWEGIAN FINANCIAL
MECHANISM 2004-2009 ESTABLISHED IN ACCORDANCE WITH THE
AGREEMENT OF 14.10.2003 BETWEEN THE KINGDOM OF NORWAY AND THE
EUROPEAN COMMUNITY ON A NORWEGIAN FINANCIAL MECHANISM FOR
THE PERIOD 2004-2009**

between

THE KINGDOM OF NORWAY,

hereinafter referred to as “Norway”

and

THE REPUBLIC OF POLAND,

hereinafter referred to as the “Beneficiary State”

together hereinafter referred to as “the Parties”,

WHEREAS the Agreement of 14 October 2003 on the participation of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia and the Slovak Republic in the European Economic Area (hereinafter referred to as “the EEA Enlargement Agreement”) is applicable as of 1 May 2004;

WHEREAS the Agreement of 14 October 2003 between the Kingdom of Norway and the European Community on a Norwegian Financial Mechanism for the period 2004-2009 (hereinafter referred to as “the Agreement”), establishes a financial mechanism through which Norway will contribute to the reduction of economic and social disparities in the European Economic Area (hereinafter referred to as “the Norwegian Financial Mechanism”);

WHEREAS the EEA Enlargement Agreement and the Norwegian Financial Mechanism will strengthen relations between Norway and the Republic of Poland to the mutual benefit of their peoples;

WHEREAS the enhanced co-operation between Norway and the Republic of Poland 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;

HAVE DECIDED to conclude the following Memorandum of Understanding (hereinafter referred to as the “MoU”):

Article 1

(Objectives)

In accordance with Article 1 of the Norwegian Financial Mechanism Agreement, Norway has established the Norwegian Financial Mechanism in order to contribute to the reduction of economic and social disparities in the European Economic Area. Accordingly, the parties to this MoU shall endeavour to select projects for funding which contribute to the achievement of that objective.

Article 2

(Legal Framework)

This MoU between Norway and the Republic of Poland shall be read in conjunction with and be subject to the conditions in the following documents, which constitute the legal framework of the Norwegian Financial Mechanism.

- The Agreement of 14 October 2003 between the Kingdom of Norway and the European Community on a Norwegian Financial Mechanism for the period 2004-2009 (hereinafter referred to as “the Agreement”),
- The Rules and Procedures for the implementation of the Norwegian Financial Mechanism (hereinafter referred to as the Rules and Procedures) and subsequent amendments thereof. The Rules and Procedures are adopted by Norway in accordance with Article 8 of the Norwegian Financial Mechanism Agreement,
- The Grant Agreements, which will be concluded between Norway and the Beneficiary State for each project.

Article 3

(Financial Framework)

1. In accordance with Article 2 of the Agreement, Norway shall make available € 567 million for the Norwegian Financial Mechanism in annual tranches of € 113,4 million over the period running from 1 May 2004 to 30 April 2009, inclusive.
2. In accordance with Article 5 of the Agreement a total of € 277.830.000 shall be made available to the Republic of Poland over the period referred to in Paragraph 1.
3. In accordance with Article 8 of the Agreement, the management costs of the Norwegian Financial Mechanism shall be covered by the amounts referred to above. Further provisions to this effect are set out in the Rules and Procedures.
4. In accordance with Article 6 of the Agreement, a review will be carried out in November 2006 and again in November 2008 with a view to reallocating any non-committed available funds for high priority projects from any Beneficiary State.

Article 4

(Roles and Responsibilities)

1. Norway shall make funds available in support of eligible projects proposed by the Republic of Poland and agreed by the Norwegian Financial Mechanism within the priority sectors listed in Article 6 of this MoU.
2. The Beneficiary State shall assure the full co-financing of projects that benefit from support from the Norwegian Financial Mechanism.
3. The Norwegian Ministry of Foreign Affairs shall manage the Norwegian Financial Mechanism. Decisions on the granting of financial assistance from the Norwegian Financial Mechanism shall be taken by the Norwegian Ministry of Foreign Affairs.
4. The Norwegian Ministry of Foreign Affairs shall be assisted by the “Office for the EEA Financial Mechanism and the Norwegian Financial Mechanism, (hereinafter referred to as the “FMO”). The FMO shall be responsible for the day-to-day operations of the EEA Financial Mechanism and the Norwegian Financial Mechanism, and shall serve as a contact point.
5. The Republic of Poland has authorized a National Focal Point, designated in Annex A, to act on its behalf. The National Focal Point shall have the overall responsibility for the management of the Norwegian Financial Mechanism’s activities in the Republic of Poland, including financial control and audit, and serve as a contact point. Its managerial setup is contained in Annex A.
6. The National Focal Point shall be responsible and accountable for the identification, planning, implementation and monitoring of projects as well as the use of funds under the Norwegian Financial Mechanism in accordance with the Rules and Procedures. It shall report on these activities to the FMO. Any irregularities shall be reported to the FMO without delay.
7. As a general rule and based on the nature of the project, the gathering of applications shall be carried out by open calls for proposals.
8. The National Focal Point shall ensure that the project promoters are fully committed and equipped to ensure successful project implementation.

Article 5

(Annual Meetings and reporting)

1. In order to ensure effective implementation of the Norwegian Financial Mechanism, the Parties agree to hold annual meetings between the Norwegian Ministry of Foreign Affairs and the National Focal Point. The National Focal Point shall at the meeting present an annual report, which shall amongst other things address:
 - The progress made towards the achievement of the overall objective of the Norwegian Financial Mechanism,
 - The progress of project identification in the Beneficiary State,
 - The reporting of ongoing project implementation against established criteria,

- Financial progress pertaining to commitments and disbursements,
 - Fields of intervention and measures for the following year.
2. The National Focal Point shall organise the meetings in cooperation with the FMO. The Commission of the European Communities may be invited to observe the meetings.
 3. Annexes A, B, and C may be subject to review in the annual meetings. Amendments to the Annexes agreed upon at such meetings do not require a formal change to this MoU. Such amendments shall be confirmed through an exchange of letters between the Norwegian Ministry of Foreign Affairs and the National Focal Point.
 4. Minutes of the discussions in the meeting shall be drafted by the National Focal Point.
 5. The first meeting shall be held no later than one year after the entry into force of this MoU.

Article 6

(Priority Sectors)

1. In accordance with Article 3 of the Agreement, grants shall be available for projects in the same sectors as under the EEA Financial Mechanism, but with priority for projects in the areas of:
 - Implementation of Schengen acquis, support of National Schengen Action Plans as well as strengthening the judiciary,
 - Environment, i. a. with emphasis on strengthening the administrative capacity to implement relevant acquis and investments in infrastructure and technology with priority given to municipal waste management,
 - Regional policy and cross-border activities,
 - Technical assistance relating to implementation of acquis communautaire.
2. Academic research may be eligible for funding in so far as it is targeted at one or more of the priority sectors.

Article 7

(Programming Framework)

With a view to ensuring effective use of the Norwegian Financial Mechanism funding and without prejudice to Article 6 above, particular attention will be given to the fields of intervention outlined in the programming framework listed in Annex B to this MoU.

Article 8

(Specific Forms of Grant Assistance)

1. In accordance with the Priority Sectors referred to in Article 6 and with particular attention given to the fields of intervention outlined in the Programming Framework referred to in Article 7, the parties have agreed to establish, within the overall amount referred to in Article 3, the Specific Forms of Grant Assistance listed in Annex C.
2. The Parties shall conclude Grant Agreements laying down the terms and conditions of each grant commitment.

Article 9

(Control and Access to Information)

The Norwegian Ministry of Foreign Affairs, 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 projects as well as the use of the funds. The Republic of Poland shall provide all necessary assistance, information and documentation.

Article 10

(Coordination)

The Republic of Poland and the FMO shall closely coordinate the use of the Norwegian Financial Mechanism with the use of the EEA Financial Mechanism. All projects submitted to the mechanisms shall be consistent with the Republic of Poland's national priorities and relevant arrangements with the European Union.

Article 11

(Governing Principles)

1. The implementation of this MoU shall in all aspects be governed by the Rules and Procedures of the Norwegian Financial Mechanism and subsequent amendments thereof.
2. The Parties agree to apply the highest degree of transparency and accountability in the implementation of the Norwegian Financial Mechanism, as well as objectives and principles of good governance, sustainable development and gender equality.

Article 12

(Entry into Force)

This MoU shall enter into force on the day of signature.

The present Memorandum of Understanding is signed in two originals in the English language.

Done in Warsaw on 14 October 2004

For the Kingdom of Norway,

For the Republic of Poland