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

THE REPUBLIC OF ESTONIA,

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 in 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 in 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 01 May 2021 to 30 April 2028, inclusive.

2. In accordance with Article 6 of Protocol 38d, a total of € 33,000,078 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 € 30,690,073.

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, 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
Fund 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 no 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 MoU

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.

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

Signed in Tallinn on 27/05/2025
For Iceland

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Iceland

Signed in Tallinn on 27/05/2025
For the Republic of Estonia

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Republic of Estonia

Signed in Brussels on 22/05/2025
For the Principality of Liechtenstein

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Principality of Liechtenstein

Signed in Tallinn on 27/05/2025
For the Kingdom of Norway

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Kingdom of Norway

ANNEX A

National management and control structures

1. National Focal Point

The Grants Development Department of the State Shared Service Centre (hereinafter SSSC) shall act as the National Focal Point. The SSSC is administered by the Ministry of Finance of the Republic of Estonia.
The Grants Development Department is directly subordinated to the Deputy Director General of the SSSC, who shall act as the Head of the National Focal Point. In its role as Head of the National Focal Point, the Deputy Director General of the SSSC is directly accountable to the Minister of Finance.

The Grants Development Department of the SSSC is also responsible for the coordination and management of the European Structural Investment Funds and other foreign assistance.
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 be responsible for the preparation and submission of irregularities reports on behalf of the Beneficiary State. The roles and responsibilities are stipulated in the Regulation, in particular Chapter 12 thereof.
The National Focal Point shall provide the FMC with copies of any audit report that is made by the National Audit Office of Estonia regarding the implementation of the EEA Financial Mechanism 2021-2028.

2. Certifying Authority

The Norwegian & EEA Certifying Unit of the Grants Payments Department of the SSSC shall act as the Certifying Authority. The SSSC is administered by the Ministry of Finance of the Republic of Estonia.

The Certifying Authority is directly subordinated to the Director General of the SSSC, who shall act as the Head of the Certifying Authority. The Certifying Authority shall be functionally independent of the National Focal Point. If the Director General of the SSSC is incapable of carrying out functions as Head of the Certifying Authority, these tasks cannot be delegated to the Head of the National Focal Point.

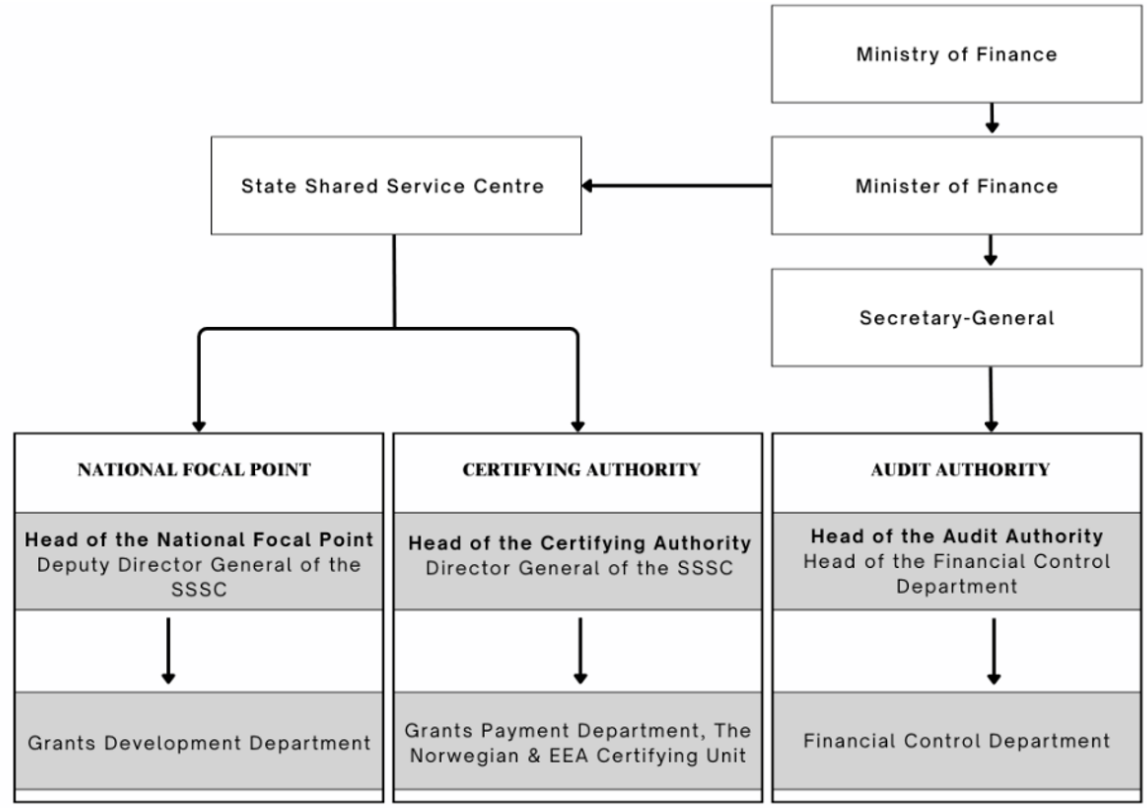
The roles and responsibilities of the Certifying Authority are stipulated in the Regulation, in particular Article 5.4 thereof.

3. Audit Authority

The Financial Control Department of the Ministry of Finance of the Republic of Estonia shall act as the Audit Authority. The Head of the Financial Control Department shall be the Head of the Audit Authority. The Financial Control Department is accountable to the Secretary-General of the Ministry of Finance of the Republic of Estonia, which again is accountable to the Minister of Finance concerning the responsibilities carried out by the Audit Authority.
The Financial Control Department’s main responsibilities are auditing the activities of authorities providing and beneficiaries using grants and external assistance, fulfilling the tasks of an official cooperation partner of the European Anti-Fraud Office and conducting external assessments of internal audit units. The Financial Control Department carries out the functions of the Audit Authority for the European Structural Investment Funds and other foreign assistance.
The roles and responsibilities of the Audit Authority are stipulated in the Regulation, in particular Article 5.5 thereof.

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

4. Organigram



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

	Estonia	EEA Grants contribution	National contribution
	Programmes		
1	Green Transition	€ 2,700,000	€ 476,471
2	Public Health	€ 12,180,000	€ 2,149,412
3	Crisis Preparedness	€ 13,896,000	€ 2,452,235
	Other allocations		
	Technical Assistance to the Beneficiary states (Art. 1.10)	€ 907,502	N/A
	Funds for bilateral relations at national level (Art. 4.7)	€ 806,571	N/A
	Reserve for completing projects under FM 2014-2021	N/A	N/A
	Funds for bilateral relations at programme level (Art. 4.10)	€ 200,000	N/A
	Net allocation to Estonia	**€ 30,690,073**	**€ 5,078,118**

2. Conditions

3. Specific concerns

The agreed allocations to the programmes and bilateral funds include the EEA Financial Mechanism contribution to Estonia related to the challenges experienced as a result of the invasion of Ukraine, which amounts to €1,828,259. The funding shall primarily be made available through the bilateral funds and to projects through the Crisis Preparedness programme, where the use of these funds shall be described in the concept note.

In accordance with Article 8.11.4 of the Regulation, the allocation to technical assistance is set at 2.75%, further to the request of the National Focal Point and the submission of justifications. The National Focal Point shall ensure that the entire allocation is necessary for the performance of the tasks of the National Focal Point, the Certifying Authority and the Audit Authority.

Gender equality and digitalisation will be mainstreamed and form part of all relevant programme areas. The concept notes shall describe how this shall be achieved.

The amount of funds for bilateral relations allocated to each programme shall be included in the respective programme agreements. Activities related to cybersecurity will be explored in the Bilateral Fund at national level.

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. Green Transition

Programme objective: Acceleration of the green transition towards a more sustainable society.
Programme grant: € 2,700,000
Programme co-financing: € 476,471
Programme Operator: Ministry of Climate

Programme area(s):	Green transition	
Programme specific concerns:	Enhanced biodiversity and stronger ecosystems.	
Pre-defined projects:	Name of project:	Genetic Mapping of Baltic Herring Subpopulations and Study of Marine Survival and Genetic Origin of Atlantic Salmon
	Description:	The project will research significant fish species in the Baltic Sea and analyze the optimal use of Estonia's fish resources to ensure sustainable fish stock management, address declining fish stocks, and adapt to societal and environmental demands.
	Project-Promoter:	Ministry of Regional Affairs and Agriculture
	Maximum-grant amount:	€ 3,176,471

The programme will be implemented in conjunction with the programme Green Transition implemented under the Norwegian Financial Mechanism 2021-2028.

B. Public Health

Programme objective:	More resilient and inclusive public health systems. Preventing and combating domestic and gender-based violence in line with international and European human rights standards
Programme grant:	€ 12,180,000
Programme co-financing:	€ 2,149,412
Programme Operator:	Ministry of Social Affairs
Donor Programme Partners(s):	Norwegian Directorate of Health (HDIR)
Programme area(s):	Public health Domestic and gender-based violence
Programme specific concerns:	The programme shall include projects addressing women's health. A pre-defined project with the University of Tartu on Genetic Medicine with a grant from the programme of approximately €2,750,000 shall be explored in the concept note. The Institute for Cancer Research at Oslo University Hospital and the Norwegian Directorate of Health shall participate as partners. Partnership with other Donor project partner(s) shall be explored when developing the concept note. Pre-defined project(s) establishing regional primary care networks, multidisciplinary teams and digital solutions to tackle the challenges of an aging population and increasing chronic disease burden and GP shortages in rural areas shall be explored in the concept note. The grant from the programme shall be approximately €2,122,000. A pre-defined project on evidence-based multi-disciplinary prevention systems shall be explored in the concept note. The project shall include cooperation with partners from the Donor States and the grant from the programme shall be approximately €3,820,000. Approximately €2,000,000 shall be made available for the programme area Domestic and gender-based violence.

C. Crisis Preparedness

Programme objective:	Improved disaster resilience.
Programme grant:	€ 13,896,000
Programme co-financing:	€ 2,452,235
Programme Operator:	Ministry of Interior
Donor Programme Partners(s):	Norwegian Directorate for Civil Protection (DSB)
Programme area(s):	Disaster prevention and preparedness
Programme specific concerns:	Approximately €3,200,000 shall be made available for the empowerment of civil society. Maximum €6,000,000 shall be made available for cooperation between the Estonian Ministry of Culture and the Norwegian Directorate of Cultural Heritage and Arts and Culture Norway on a pre-defined project to protect cultural heritage. A pre-defined project on crisis preparedness, societal resilience and rapid emergency response shall be explored in the concept note. The project shall include cooperation with partners from the Donor States and the grant from the programme shall be approximately €4,700,000. The programme shall address challenges experienced as a result of the invasion of Ukraine.