MEMORANDUM OF UNDERSTANDING

ON THE IMPLEMENTATION OF THE NORWEGIAN FINANCIAL MECHANISM

2021-2028

between

THE KINGDOM OF NORWAY,

hereinafter referred to as “Norway”

and

THE REPUBLIC OF LATVIA,

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 2021-2028 establishes a financial mechanism (hereinafter referred to as the "Norwegian Financial Mechanism 2021-2028") through which Norway will contribute to the reduction of economic and social disparities in the European Economic Area;

WHEREAS the Norwegian Financial Mechanism 2021-2028 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 2021-2028;

HAVE AGREED on the following:

Article 1
Objectives

1. The overall objectives of the Norwegian 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 Norway 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 Norwegian Financial Mechanism 2021-2028:

(a) the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2021-2028 (hereinafter referred to as "the Agreement");

(b) the Regulation on the implementation of the Norwegian Financial Mechanism 2021-2028 (hereinafter referred to as the "Regulation") issued by Norway in accordance with Article 10.5 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 (hereinafter referred to as "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 € 1463 million in annual tranches of € 209 million over the period running from 01 May 2021 to 30 April 2028, inclusive.

2. In accordance with Article 6 of the Agreement, a total of € 48,010,991 shall be made available to the Beneficiary State over the period referred to in Paragraph 1.

3. In accordance with Article 9.7 of the Agreement and Article 1.9 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 € 44,650,222.

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 3.1 of the Agreement and the programme areas listed in the Annex to the Agreement. Norway 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 Norwegian 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 NMFA shall manage the Norwegian Financial Mechanism 2021-2028 and take decisions on the granting of financial assistance in accordance with the Regulation.

5. The NFMA 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 Norwegian 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 Norwegian Financial Mechanism 2021-2028 as well as for the implementation of the Norwegian 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 Norwegian 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 Norway 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 NFMA an Annual Country Report on the implementation of the Norwegian Financial Mechanism 2021-2028 in the Beneficiary State. The Country Report shall be submitted to the NMFA 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 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 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 NMFA 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 NMFA 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 NMFA, 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 NMFA of such transfers without delay and the NMFA 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 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 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 Norwegian Financial Mechanism 2021-2028 shall be pursued in a framework of close co-operation between Norway 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 Norwegian Financial Mechanism 2021-2028.

3. All programmes and activities funded by the Norwegian 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 Norwegian 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 two originals in the English Language.

For the Kingdom of Norway	For the Republic of Latvia
Signed in Riga on 09/10/2025	Signed in Riga on 09/10/2025

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For the Kingdom of Norway	For the Republic of Latvia

ANNEX A

National management and control structures

1. National Focal Point

The following three departments of the Ministry of Finance of the Republic of Latvia shall act as the National Focal Point:
· EU Funds Strategy Department,
· EU Funds Investments Management Department; and
· EU Funds System Management Department.
EU Funds Strategy Department, EU Funds Investments Management Department and EU Funds System Management Department are directly subordinated to the Deputy State Secretary on EU Funds Issues, who shall be the head of the National Focal Point.

The roles and responsibilities of the National Focal Point are stipulated in the Regulation, in particular Article 5.3 thereof.

2. Certifying Authority

The Treasury of the Republic of Latvia shall act as the Certifying Authority. The Treasury is directly subordinated to the Ministry of Finance of the Republic of Latvia. The Treasury is managed by the Treasurer, who shall be the Head of the Certifying Authority and reports to the Deputy State Secretary on Budget Issues of the Ministry of Finance of the Republic of Latvia.

The functions of the Certifying Authority will be performed by the European Affairs Department of the Treasury. The Director of the European Affairs Department is subordinated and responsible for reporting to the Treasurer.

The roles and responsibilities of the Certifying Authority are stipulated in the Regulation, in particular Article 5.4 and Article 12.3 thereof.

3. Audit Authority

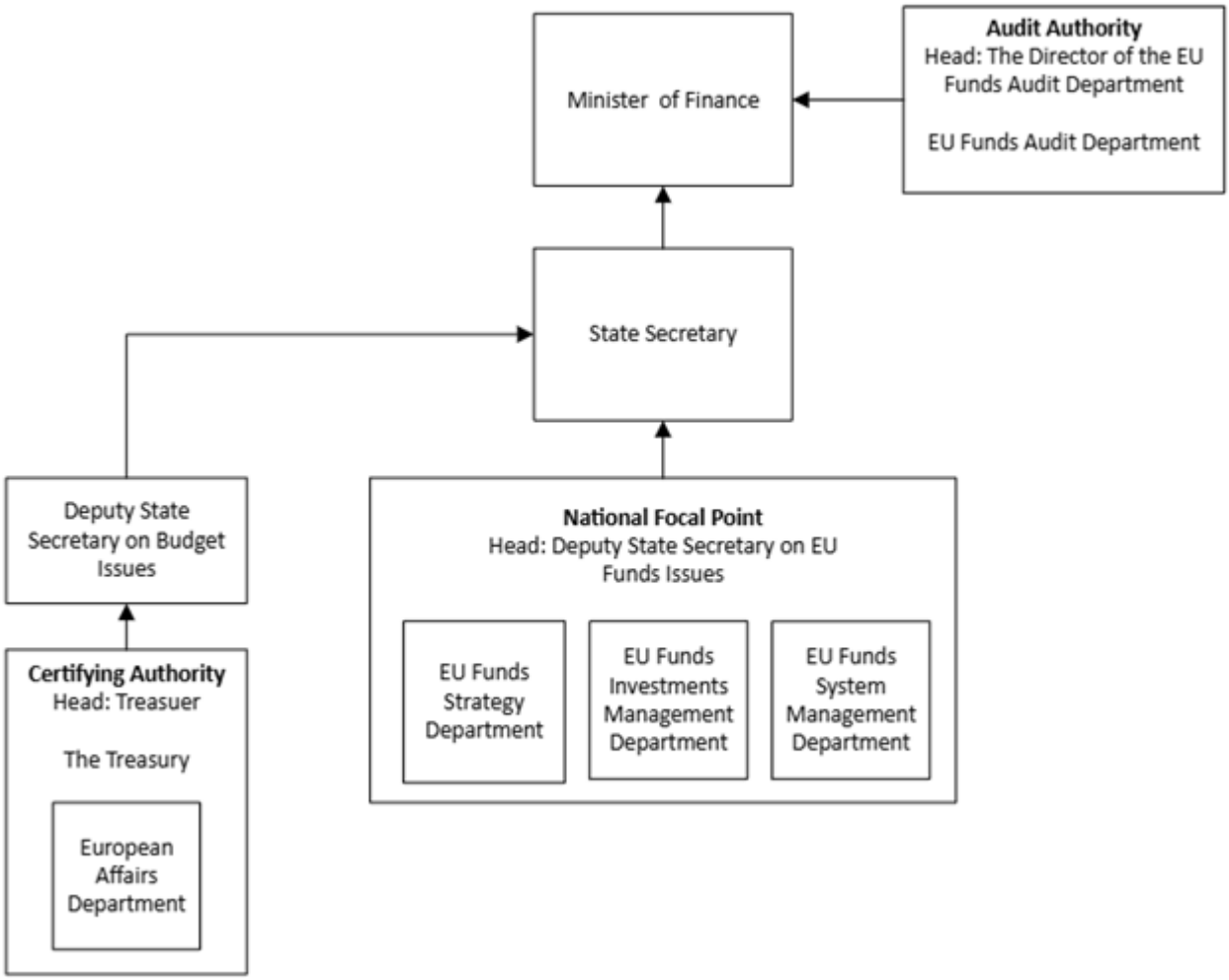
The EU Funds Audit Department of the Ministry of Finance of the Republic of Latvia shall act as the Audit Authority. The Director of the EU Funds Audit Department, who is directly subordinated and reporting to the Minister of Finance of the Republic of Latvia, shall be the Head of the Audit Authority.

The roles and responsibilities of the Audit Authority are stipulated in the Regulation, in particular Article 5.5 thereof.

The Audit Authority shall act in compliance with the International Standards on Auditing, International Standard on Assurance Engagements and Code of Ethics.

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

4. Organigram


Minister of Finance
Audit Authority
Head: The Director of the EU Funds Audit Department
EU Funds Audit Department
State Secretary
Deputy State Secretary on Budget Issues
National Focal Point
Head: Deputy State Secretary on EU Funds Issues
EU Funds Strategy Department
EU Funds Investments Management Department
EU Funds System Management Department
Certifying Authority
Head: Treasuer
The Treasury
European Affairs Department

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

	Latvia	Norway Grants contribution	National contribution
	Programmes		
1	Green Business and Innovation	€ 27,500,000	€ 4,852,941
2	Correctional Services	€ 15,000,000	€ 2,647,059
	Other allocations		
	Technical Assistance to the Beneficiary states (Art. 1.10)	€ 1,324,715	N/A
	Funds for bilateral relations at national level (Art. 4.7)	€ 535,507	N/A
	Reserve for completing projects under FM 2014-2021	N/A	N/A
	Funds for bilateral relations at programme level (Art. 4.10)	€ 290,000	N/A
	Net allocation to Latvia	**€ 44,650,222**	**€ 7,500,000**

2. Conditions
Not applicable.

3. Specific concerns
The amount of funds for bilateral relations allocated to the programmes shall be included in the Programme Agreements.

The agreed allocations to the programmes and bilateral funds include the Norwegian Financial Mechanism contribution to Latvia related to the challenges experienced as a result of the invasion of Ukraine, which amounts to €2,723,817. The planned use of these funds shall be described in the Concept Note for the Green Business and Innovation programme.

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 in the programmes. The Concept Notes shall describe how this shall be achieved.

4. Substantive parameters of the implementation framework
The programmes described below are to be implemented subject to the approval of the NMFA, in accordance with Article 6.3 of the Regulation.

A. Programme Green Business and Innovation

Programme objective: Green value creation and competitiveness.
Programme grant: € 27,500,000
Programme co-financing: € 4,852,941
Programme Operator: Investment and Development Agency of Latvia

Donor Programme Partners(s): Innovation Norway (IN)

Programme area(s): Green Business and Innovation

Programme specific concerns:	The Ministry of Economics of the Republic of Latvia, together with the Investment and Development Agency of Latvia, is responsible for the preparation of the programme. The programme shall increase green value creation and competitiveness in the economy. The programme shall support the development and investment in innovative green and digital products and services. The programme shall also aim to support investments in renewable energy, biofuels and hydrogen development. The programme shall also include support to start-ups and female entrepreneurs. The possibility of pre-defining a project, with a maximum grant from the programme of €5,000,000, for the remediation and returning to economic use of contaminated site(s) shall be explored in the Concept Note development phase. The Ministry of Climate and Energy of the Republic of Latvia shall be actively involved in the development of the project and cooperation with Donor project partners shall be explored.

B. Programme Correctional Services

Programme objective:	Improved correctional services in line with international and European human rights standards.
Programme grant:	€ 15,000,000
Programme co-financing:	€ 2,647,059
Programme Operator:	Ministry of Justice of the Republic of Latvia
Donor Programme Partners(s):	Directorate of Norwegian Correctional Service (KDI)
International Partner Organisation(s):	Council of Europe (CoE)
Programme area(s):	Correctional Services
Programme specific concerns:	The Ministry of Welfare of the Republic of Latvia and the Ministry of Health of the Republic of Latvia shall be actively involved in the preparation of activities to create a rehabilitation programme for juveniles with addictions. Approximately €2,750,000 shall be made available for such activities. Approximately €8,675,000 shall be made available for developing new approaches for women prisoners. Approximately €950,000 shall be made available for the Latvian Prison Administration for capacity building in cooperation with Norwegian Donor Programme Partners and Donor project partners. The possibility of pre-defining a project, with a grant from the programme of approximately €1,400,000, to support the follow-up and development of the Latvian Prison Administration Training Centre and, if possible, the Addiction Centre, shall be explored in the Concept Note development phase. The maximum level of funding for investment in infrastructure and equipment (hard measures) shall be set in the Programme Agreement.