Norwegian Financial Mechanism 2021-2028

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 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 for the period May 2021–April 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 to promote 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 to promote 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 for the period May 2021–April 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 9.4 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 the "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 €1,463 million in annual tranches of €209 million over the period running from 1 May 2021 to 30 April 2028, inclusive.

2. In accordance with Article 6 of the Agreement, a total of €114,084,255 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 €106,098,357.

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 thematic priorities 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 NMFA 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
Funds 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 NMFA 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 not 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 annexes

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.

Signed in …… on …….	Signed in……on… ……
For the Kingdom of Norway	For the Republic of Bulgaria
…….	……

ANNEX A

National management and control structures

1. National Focal Point

The Central Coordination Unit Directorate shall act as the National Focal Point (NFP). The Head of the National Focal Point shall be the Director of the Central Coordination Unit Directorate.

The Central Coordination Unit Directorate is an administrative unit within the administration of the Council of Ministers. The Central Co-ordination Unit reports directly to the Head of the NFP. The NFP supports the Deputy Prime-Minister (and Minister of Innovation and Growth) in all activities related to the coordination of EU Funds, including other donors, but the decisions related to the Norwegian Financial Mechanism and the NFP are taken at the level of Head of the NFP.

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 Republic of Bulgaria in line with Art. 12.3 of the Regulation.

2. Certifying Authority

The National Fund Directorate (NF) shall act as the Certifying Authority. The Head of the Certifying Authority shall be the Director of National Fund Directorate.

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.

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

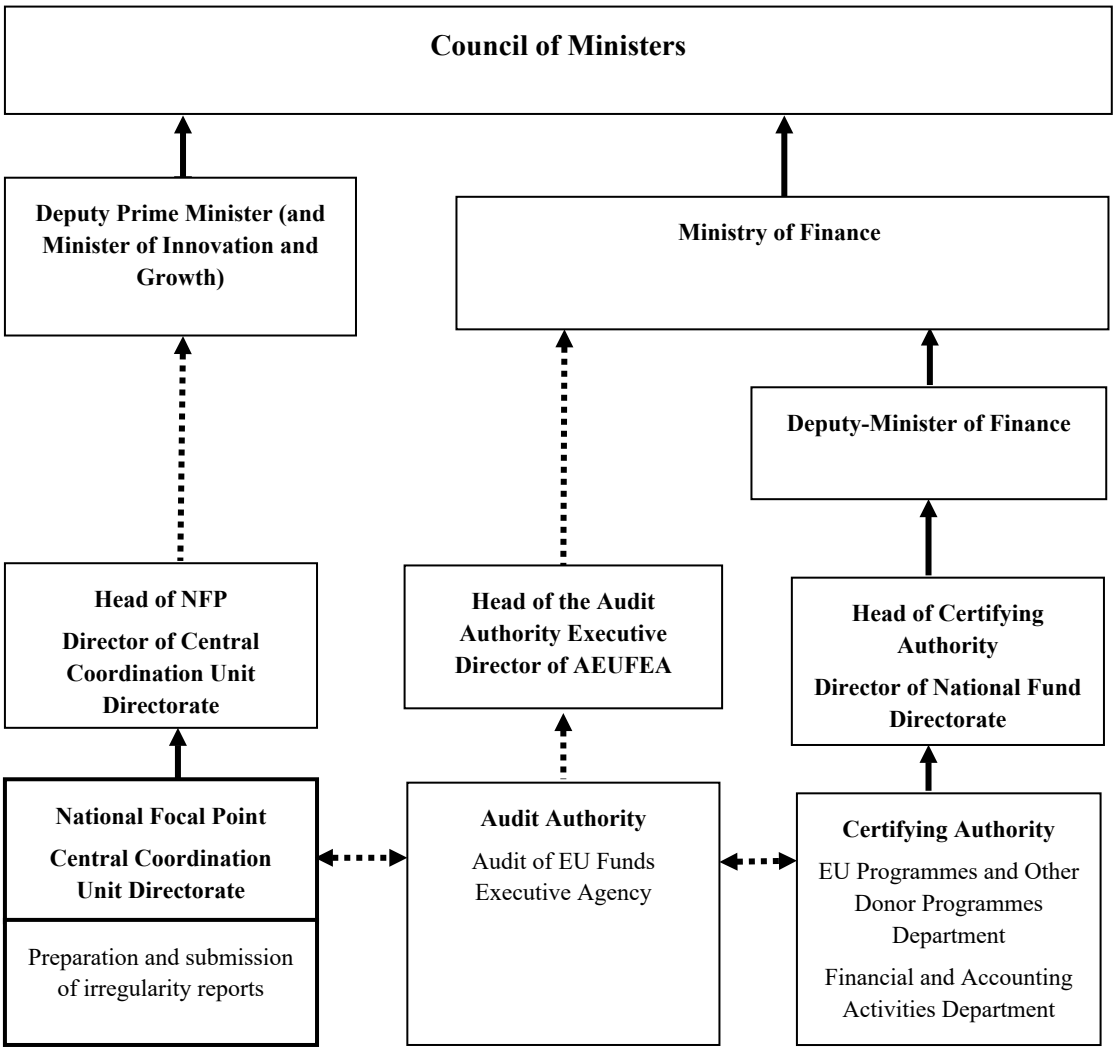
3. Audit Authority

The Audit of European Union Funds Executive Agency (AEUFEA) to the Minister of Finance of the Republic of Bulgaria shall act as the Audit Authority. The Head of the Audit Authority shall be the Executive Director of the Audit of European Union Funds Executive Agency (AEUFEA).

The Audit Authority is functionally independent from the other bodies involved in the management and control system of the Norwegian Financial Mechanism 2021-28 (e.g. the National Focal Point, the Certifying Authority, the Programme Operators) in Bulgaria. It performs the audit activities according to internationally accepted auditing standards and requirements of the Regulation on the implementation of the Norwegian Financial Mechanism 2021-28.

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

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

	Bulgaria	**NO FM contribution**	**National contribution**
	Programmes		
1	Water Resilience	€8,000,000	€1,411,765
2	Innovation	€30,000,000	N/A
3	Justice	€36,616,761	€6,461,781
4	Home Affairs	€25,000,000	€4,411,765
	Other allocations		
	Technical assistance to the Beneficiary State (Art. 1.10)	€1,711,263	N/A
	Reserve for completion of projects under FM 2014-21 (Art. 1.11)	€2,386,348	N/A
	Funds for bilateral relations at national level (Art. 4.7)	€1,583,985	N/A
	Funds for bilateral relations at programme level (Art. 4.10)	€800,000	N/A
	Net allocation to Bulgaria	€106,098,357	€12,285,311

2. Conditions

N/A

3. Specific concerns

The amount of funds for bilateral relations allocated to each programme shall be included in the respective programme agreements.

Under the funds for bilateral relations at national level, cooperation on information integrity shall be explored.

The agreed allocations to the programmes and bilateral funds include the Norwegian Financial Mechanism contribution to Bulgaria related to the challenges experienced as a result of the invasion of Ukraine, which amounts to €6,472,363. The funding shall be made available through the bilateral funds and to projects across all programmes. The planned use of these funds shall be described in the Concept Notes for the programmes.

The Parties to this Memorandum of Understanding agree that at least 10% of the total eligible expenditure of each of the programmes "Justice" and "Home Affairs" shall target the inclusion and empowerment of Roma in line with international and European human rights standards. The Parties shall agree on how to reach this target through a plan to be coordinated and submitted by the National Focal Point prior to the signature of the first Programme Agreement(s). The plan shall be based on consultation with relevant stakeholders.

Gender equality and digitalization will be mainstreamed and form part of all relevant programme areas. 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. Water Resilience

Programme objective(s):	Acceleration of the green transition towards a more sustainable society
Programme grant:	€8,000,000
Programme co-financing:	€1,411,765
Programme Operator:	Ministry of Environment and Waters
Donor Programme Partner(s):	Norwegian Environment Agency
International Partner Organisation(s):	OECD
Programme area(s):	Green Transition
Programme specific conditions:	N/A
Programme specific concerns:	The programme aims to contribute to the areas of support: "air, water and soil pollution", "climate change adaptation", "biodiversity and ecosystems", "circular economy" and "green governance". A pre-defined project on acquiring and making operational a research vessel with the aim of carrying out scientific research and environmental monitoring of the Black Sea shall be developed in the Concept Note. The grant amount for the research vessel shall be identified in the Programme Agreement. The research vessel shall be owned and operated by the competent Bulgarian public authorities. The pre-defined project shall be implemented with the Norwegian Institute for Marine Research (IMR) as a donor project partner. Dedicated resources shall be allocated to design, manage, and closely monitor the implementation of the project at project and programme level. Milestones shall be defined in the Concept Note and set in the Programme Agreement to monitor the progress of the project and to allow for timely implementation of alternative measures, primarily within the programme, if the milestones are not met.

	The possibility of predefining a project on diffuse pollution of inland waters in collaboration with a Norwegian donor project partner shall be explored in the Concept Note. A pre-defined project with the OECD with a grant from the programme of at least €1.6 million that contributes to the area of support "green governance" shall be developed in the Concept Note.

The programme will be implemented in conjunction with the Water Resilience Programme implemented under the EEA Financial Mechanism 2021-2028.

B. Green Business and Innovation

Programme objective(s):	Green value creation and competitiveness
Programme grant:	€30,000,000
Programme co-financing:	N/A
Programme Operator:	The Financial Mechanism Office in accordance with Article 6.9 of the Regulation. Innovation Norway is appointed Fund Operator in accordance with paragraph 3 of Article 6.9 of the Regulation.
Programme area(s):	Green Business and Innovation
Programme specific concerns:	The programme shall support the development and investment in innovative green and digital products and services. The promotion of start-ups and female entrepreneurs shall be included in the programme. Projects with bilateral partnerships shall be given priority.

C. Justice

Programme objective(s):	Increased access to an independent, accountable, and efficient justice system of high quality in line with international and European human rights standards Improved correctional services in line with international and European human rights standards Preventing and combatting of domestic and gender-based violence in line with international and European human rights standards
Programme grant:	€36,616,761
Programme co-financing:	€6,461,781
Programme Operator:	Ministry of Justice
Donor Programme Partner(s):	Norwegian Ministry of Justice and Public Security Directorate of the Norwegian Correctional Service

	Norwegian Courts Administration
International Partner Organisation(s):	Council of Europe
Programme area(s):	Access to Justice Correctional Services Domestic and Gender-Based Violence
Programme specific concerns:	Indicative allocation to programme areas is in line with the following guiding principles: approximately 45% to the programme area "Access to Justice"; approximately 40% to the programme area "Correctional Services"; and approximately 15% to the programme area "Domestic and Gender-Based Violence". The final allocations shall be agreed and set in the Programme Agreement. Cooperation with Civil Society Organisations through calls for proposals shall be explored when developing the Concept Note. Within the programme area "Access to Justice" activities supporting an independent and accountable court system in line with European human rights standards shall be prioritised. Within the programme area "Correctional Services", capacity building measures in the Samoranovo prison complex with participation of Norwegian partners shall be developed in the Concept Note. Within the programme area "Domestic and Gender-Based Violence" measures in line with human rights standards shall be explored during the Concept Note. In addition, participation in the Synergy Network against gender-based and domestic violence shall be supported. The programme shall contribute to the inclusion and empowerment of Roma and meet the target set in section 3 "Specific concerns" of this Annex, building on successful projects from Financial Mechanism 2014-2021. The maximum level of funding for investment in infrastructure and equipment (hard measures) shall be 60% of the total eligible expenditure of the programme.

D. Home Affairs

Programme objective(s):	Preventing and combating serious and organised crime in line with international and European human rights standards Well-functioning national systems for asylum, migration, and integration in line with international and European human rights standards
Programme grant:	€25,000,000
Programme co-financing:	€4,411,765
Programme Operator:	Ministry of Interior
Donor Programme Partner(s):	Norwegian Directorate for Immigration National Police Directorate

International Partner Organisation(s):	N/A
Programme area(s):	Serious and Organised Crime Asylum, Migration and Integration
Programme specific concerns:	Indicative allocation to programme areas is in line with the following guiding principles: approximately 80% to the programme area "Serious and Organised Crime" and approximately 20% to the programme area "Asylum, Migration and Integration". The final allocations shall be agreed and set in the programme agreement. Within the programme area "Serious and Organised Crime", a pre-defined project with measures supporting operational cooperation between the Norwegian and Bulgarian police shall be developed in the Concept Note. In addition, participation in the Synergy Network against gender based and domestic violence shall be supported. Within the programme area "Asylum, migration and integration" measures supporting the following priority areas shall be explored when developing the Concept Note: handling of asylum seekers in vulnerable situations, national systems for interpretation and return of third country nationals without a legal residence status. The programme shall contribute to the inclusion and empowerment of Roma and shall meet the target set in section 3 "Specific concerns" of this Annex, building on successful projects from the Financial Mechanism 2014-2021. The maximum level of funding for investment in infrastructure and equipment (hard measures) shall be approximately 60% of the total eligible expenditure of the programme.

E. Projects under the Norwegian Financial Mechanism 2014-2021 funded through the reserve referred to in Article 1.11 of the Regulation

Name and number of project	Amount from reserve
BG-JUSTICE-0002 (Enhancing the capacity of the prison staff, building a pilot prison facility connected to a training centre and improving the rehabilitation of prisoners).	€2,386,348 This amount shall be used to cover the Programme Operator's payments to the project promoter covering expenditures incurred in the project between 1 May 2024 and 30 April 2025, in line with the eligibility rules applicable to the Norwegian Financial Mechanism 2014 – 2021. No national contribution shall be required. In case the full amount is not needed for the aforementioned purpose, any leftover funds shall be committed to the Justice programme under the Norwegian Financial Mechanism 2021-2028, without a formal modification of the MoU.
Total amount	€2,386,348