MEMORANDUM OF UNDERSTANDING

ON THE IMPLEMENTATION OF THE NORWEGIAN FINANCIAL MECHANISM

2014-2021

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 between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2014-2021 establishes a financial mechanism (hereinafter referred to as the "Norwegian Financial Mechanism 2014-2021") through which Norway will contribute to the reduction of economic and social disparities in the European Economic Area;

WHEREAS the Norwegian Financial Mechanism 2014-2021 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 2014-2021;

HAVE AGREED on the following:

Article 1
Objectives

1. The overall objectives of the Norwegian Financial Mechanism 2014-2021 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) Innovation, research, education and competitiveness;

(b) Social inclusion, youth employment and poverty reduction;

(c) Environment, energy, climate change and low carbon economy;

(d) Culture, civil society, good governance, fundamental rights and freedoms; and

(e) Justice and home affairs.

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 2014-2021:

(a) the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as "the Agreement");

(b) the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021 (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 2.1 of the Agreement, the total amount of the financial contribution is € 1,253,650,000 in annual tranches of € 179,100,000 over the period running from 01/05/2014 to 30/04/2021, inclusive.

2. In accordance with Article 6 of the Agreement, a total of € 411,500,000 shall be made available to the Beneficiary State over the period referred to in Paragraph 1.

3. In accordance with Article 3.2.b) of the Agreement, 1.00 % of the total amount referred to in paragraph 2 shall be set aside for a fund for the Promotion of Decent Work and Tripartite Dialogue.

4. In accordance with Article 10.4 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 € 380,637,500.

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 2014-2021 in accordance with Annex B and the programme agreements.

3. The NMFA shall manage the Norwegian Financial Mechanism 2014-2021 and take decisions on the granting of financial assistance in accordance with the Regulation.

4. The NFMA 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 2014-2021 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 2014-2021 as well as for the implementation of the Norwegian Financial Mechanism 2014-2021 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, and the Irregularities 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 and the financial contribution from the Norwegian Financial Mechanism 2014-2021 by programme;

(b) identification of programmes, their objective, their main focus, as appropriate, the grant rate by programme, the bilateral ambitions as well as any specific concerns relating to target groups, geographical areas or other issues;

(c) identification of programme operators, as appropriate;

(d) identification of Donor Programme Partners, as appropriate;

(e) identification of International Partner Organisations, as appropriate;

(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 of the Regulation the Beneficiary State shall set aside funds to strengthen bilateral relations between Norway and the Beneficiary State. The National Focal Point shall manage the use of the fund for bilateral relations and shall establish a Joint Committee for Bilateral Funds in accordance with Article 4.2 of the Regulation.

Article 8
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 period and agree on any necessary measures to be taken. The annual meeting shall provide a forum for discussion of issues of bilateral interest.

Article 9
Modification of the annexes

Annex A and B may be amended through an exchange of letters between the NMFA and the National Focal Point.

Article 10
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 11
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 2014-2021 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, partnership and multi-level governance, sustainable development, gender equality and equal opportunities in all implementation phases of the Norwegian Financial Mechanism 2014-2021.

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 2014-2021.

4. No later than 31/12/2020, the Parties to this Memorandum of Understanding shall review progress in the implementation of this Memorandum of Understanding and thereafter agree on reallocations within and between the programmes, where appropriate. The conclusion of this review shall be taken into account by the National Focal Point when submitting the proposal on the reallocation of the reserve referred to in Article 1.11 of the Regulation.

Article 12
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.

For the Kingdom of Norway	For the Republic of Poland
Signed in ..... on 20/12/2017	Signed in ..... on 20/12/2017
.....	.....

ANNEX A

National management and control structures

1. National Focal Point

The Department of Assistance Programmes of the Ministry of Development Funds and Regional Policy of the Republic of Poland shall act as the National Focal Point. The Director of the Department of Assistance Programmes shall act as the Head of the National Focal Point.
The Department of Assistance Programmes is directly subordinated to the Secretary of State responsible for EEA and Norwegian Financial Mechanisms' implementation. The Secretary of State reports directly to the Minister of Finance, Development Funds and Regional Policy.
The roles and responsibilities of the National Focal Point are stipulated in the Regulation, in particular Article 5.3 thereof.

2. Certifying Authority

The Monitoring Unit in the Department of Assistance Programmes of the Ministry of Development Funds and Regional Policy of the Republic of Poland (National Focal Point) shall act as the Certifying Authority.
The Head of the Monitoring Unit in the Department of Assistance Programmes shall act as the Head of the Certifying Authority.
The Monitoring Unit acting as the Certifying Authority is directly subordinated to the Secretary of State responsible for EEA and Norwegian Financial Mechanisms' implementation. The Secretary of State reports directly to the Minister of Finance, Development Funds and Regional Policy.
When the National Focal Point takes the role of Programme Operator for one or more programmes, the Department of Certification and Designation of the Ministry of Development Funds and Regional Policy of the Republic of Poland shall act as the Certifying Authority.
The Head of the Certifying Authority is the Director of the Department of Certification and Designation.
The Director of the Department of Certification and Designation reports directly to the Director General of the Ministry of Development Funds and Regional Policy of the Republic of Poland.
The National Focal Point shall ensure the adequate functional separation of tasks related to payments from other tasks within the National Focal Point and that the certification carried out in relation to its responsibility as the Certifying Authority shall be in full compliance with Article 5.4.1 of the Regulation.

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

3. Audit Authority

The Department of Audit of Public Funds of the Ministry of Finance shall act as Audit Authority. The Department of Audit of Public Funds is a separate organizational unit under the National Revenue Administration (KAS). The Head of the Audit Authority is the Director General of the National Revenue Administration (KAS). The Director General of the National Revenue Administration (KAS) is directly subordinated to the Minister of Finance, Development Funds and Regional Policy.
The roles and responsibilities of the Audit Authority are stipulated in the Regulation, in particular Article 5.5 thereof.
The Audit Authority is functionally independent of the National Focal Point and the Certifying Authority.

4. Irregularities Authority

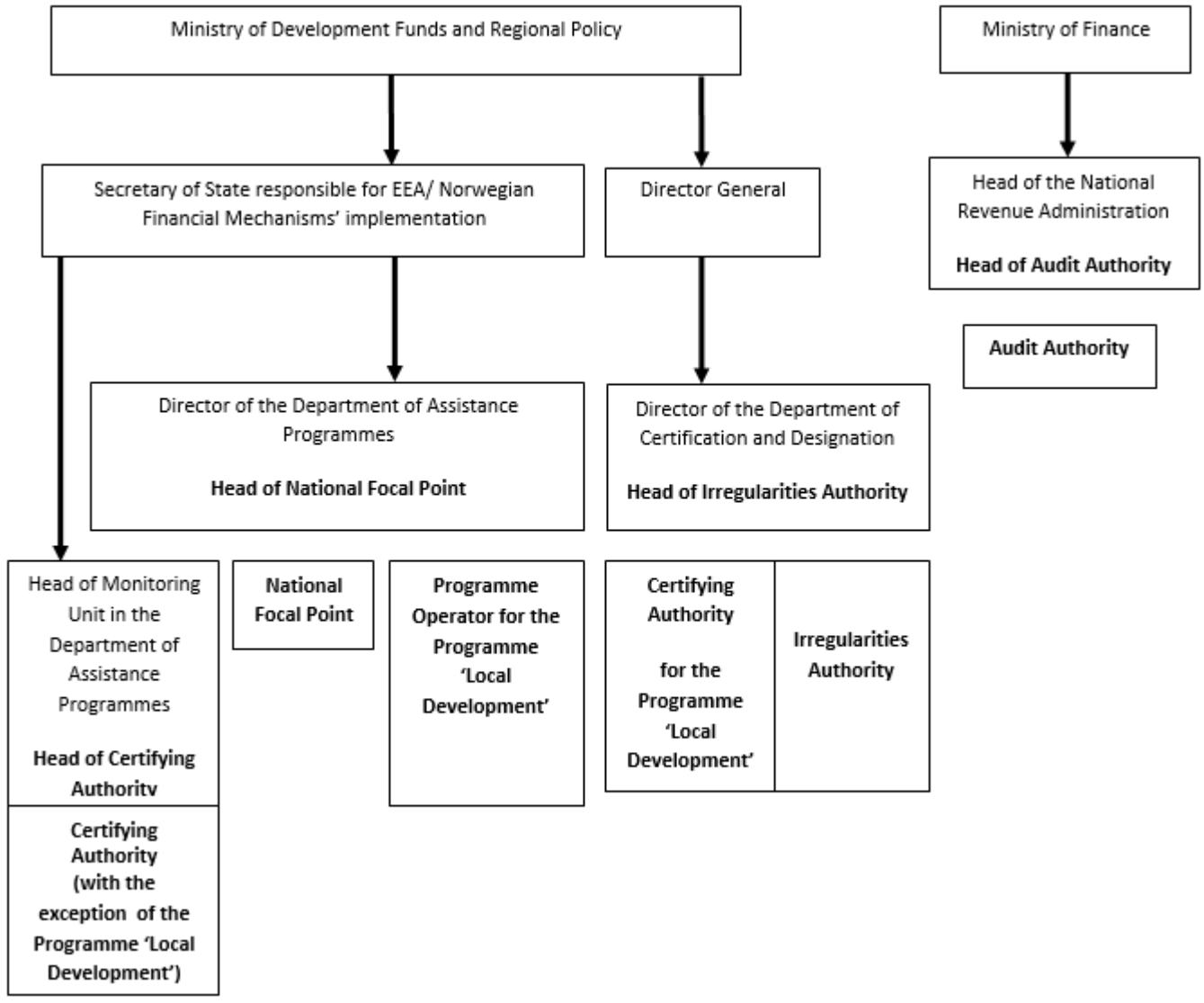
The Department of Certification and Designation of the Ministry of Development Funds and Regional Policy of the Republic of Poland (Certifying Authority) shall be responsible for the preparation and submission of irregularities reports.
The Head of the Irregularities Authority is the Director of the Department of Certification and Designation. The Director of the Department of Certification and Designation reports directly to the Director General of the Ministry of Development Funds and Regional Policy of the Republic of Poland.

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

5. Strategic Report

In accordance with Article 2.6 of the Regulation, the National Focal Point shall annually submit to the NMFA a Strategic Report on the implementation of the Norwegian Financial Mechanism 2014-2021 in the Beneficiary State. The Strategic Report shall be submitted to the NMFA at least two months before the annual meeting unless otherwise agreed

6. 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

	Poland	**Norway Grants contribution**	**National contribution**
	Programmes		
1	Applied Research	€ 63,183,666	€ 11,150,059
2	Basic Research	€ 44,767,247	€ 7,900,102
3	Local Development	€ 60,606,627	€ 10,695,287
4	Business Development and Innovation	€ 84,091,072	€ 14,839,601
5	Social dialogue - Decent work	€ 5,120,000	N/A
6	Health	€ 15,288,167	€ 2,697,912
7	Justice	€ 56,761,052	€ 10,016,656
8	Home Affairs	€ 19,243,500	€ 3,395,912
9	Civil Society	€ 7,142,500	N/A
	Other allocations		
	Technical Assistance to the Beneficiary State (Art. 1.10)	€ 4,901,340	N/A
	Reserve (Art. 1.11)	€ 0	N/A
	Reserve for completion of projects under FM 2009-2014 (Art. 1.12)	N/A	N/A
	Fund for bilateral relations (Art. 4.6.1)	€ 19,532,329	N/A
	Net allocation to Poland	**€ 380,637,500**	**€ 60,695,529**

2. Specific concerns

Bilateral relations between Norway and the Republic of Poland shall be strengthened with the aim of stimulating and developing long-term cooperation within all the areas listed in the Annex to the Agreement. It is also an ambition to strengthen bilateral cooperation at political level and European level in areas of common interest.

3. 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 Applied Research

Programme objective: Enhanced research-based knowledge development
Programme grant: € 63,183,666
Programme co-financing: € 11,150,059
Programme Operator: The National Centre for Research and Development

Donor Programme Partners(s): Research Council of Norway (RCN)

Programme area(s): Research

Special-concerns: The details of cooperation between the National Science Centre and the National Centre for Research and Development and the specific

	roles and responsibilities shall be defined during the concept note phase. The possibilities of pre-defining project(s) shall be explored during the concept note phase. The programme shall, inter alia, include support to research in the following areas: research on carbon capture and storage (CCS). The programme shall include a small grant scheme for female researchers. At least 10% of the total eligible expenditure shall be set aside for a separate open call for research in CCS.
Bilateral ambitions:	€ 360,000 shall be allocated to this programme from the fund for bilateral relations. This does not prevent the Joint Committee for Bilateral Funds from allocating additional funds to the programme.

The programme will be implemented in conjunction with the programme Applied Research implemented under the EEA Financial Mechanism 2014-2021.

B. Programme Basic Research

Programme objective:	Enhanced research-based knowledge development
Programme grant:	€ 44,767,247
Programme co-financing:	€ 7,900,102
Programme Operator:	National Science Centre (NCN)
Donor Programme Partners(s):	Research Council of Norway (RCN)
Programme area(s):	Research
Special-concerns:	The details of cooperation between the National Science Centre and the National Centre for Research and Development and the specific roles and responsibilities shall be defined during the concept note phase. The possibilities of pre-defining project(s) shall be explored during the concept note phase. The programme shall, inter alia, include support to research in the following areas: polar research and social sciences.
Bilateral ambitions:	€ 2,983,035 shall be allocated to this programme from the fund for bilateral relations. This does not prevent the Joint Committee for Bilateral Funds from allocating additional funds to the programme.

The programme will be implemented in conjunction with the programme Basic Research implemented under the EEA Financial Mechanism 2014-2021.

C. Programme Local Development

Programme objective:	Strengthened social and economic cohesion
Programme grant:	€ 60,606,627
Programme co-financing:	€ 10,695,287
Programme Operator:	Ministry of Development Funds and Regional Policy
Donor Programme Partners(s):	Norwegian Association of Local and Regional Authorities (KS)

International Partner Organisation(s):	Organisation for Economic Co-operation and Development (OECD)
Programme area(s):	Local Development and Poverty Reduction Good Governance, Accountable Institutions, Transparency
Special-concerns:	The programme shall ensure a systemic approach to local development and poverty reduction and may inter alia include measures in energy, environment, SMEs, business, education, housing improvement, employment, health components, transport management systems, public administration reform and support to local administration. There is an ambition that no less than 40% of the total eligible expenditure of the programme shall be available for soft measures. All projects selected under the open call should include soft measures. The possibility of pre-defining project(s) with the Association of Polish Cities, the Norwegian Association of Local and Regional Authorities (KS) and the Organisation for Economic Cooperation and Development (OECD) shall be explored when developing the concept note.
Bilateral ambitions:	€ 3,112,801 shall be allocated to the programme from the fund for bilateral relations. This does not prevent the Joint Committee for Bilateral Funds from allocating additional funds to the programme.

The programme will be implemented in conjunction with the programme Local Development implemented under the EEA Financial Mechanism 2014-2021.

D. Programme Business Development and Innovation

Programme objective:	Increased value creation and sustainable growth
Programme grant:	€ 84,091,072
Programme co-financing:	€ 14,839,601
Programme Operator:	Polish Agency for Enterprise Development (PARP)
Donor Programme Partners(s):	Innovation Norway (IN)
Programme area(s):	Business Development, Innovation and SMEs
Special-concerns:	The programme shall address Green Industry Innovation and Blue Growth. The programme shall also address Welfare Technology or Ambient Assisted Living to be further defined during the concept note phase. The programme shall include a small grant scheme targeting female entrepreneurs. The possibility of using financial instruments shall be explored when developing the concept note. The possibility of pre-defining project(s) shall be explored when developing the concept note including in areas related to research.
Bilateral ambitions:	€ 715,000 shall be allocated to the programme from the fund for bilateral relations. This does not prevent the Joint Committee for Bilateral Funds from allocating additional funds to the programme.

E. Programme Social dialogue - Decent work

Programme objective:	Strengthened tripartite cooperation between employer organisations, trade unions and public authorities and the promotion of decent work
Programme grant:	€ 5,120,000
Programme co-financing:	Not-applicable
Programme Operator:	FMO in accordance with Article 6.13 of the Regulation. Innovation Norway is appointed Fund Operator in accordance with paragraph 4 of Article 6.13 of the Regulation.
Programme area(s):	Social Dialogue – Decent Work (Norway Grants)

F. Programme Health

Programme objective:	Improved prevention and reduced inequalities in health
Programme grant:	€ 15,288,167
Programme co-financing:	€ 2,697,912
Programme Operator:	Ministry of Health
Donor Programme Partners(s):	Norwegian Directorate of Health (HDIR)
Programme area(s):	European Public Health Challenges
Special-concerns:	The programme shall focus on reducing social inequalities in health and include measures that address telemedicine and e-health policy, healthy lifestyle of children and youth and community based care for mental health. No more than 50% of the total eligible expenditure of the programme shall be available for infrastructure (hard measures). The possibility of pre-defining project(s) shall be explored during the concept note phase.
Bilateral ambitions:	€ 643,833 shall be allocated to the programme from the fund for bilateral relations. This does not prevent the Joint Committee for Bilateral Funds from allocating additional funds to the programme.

G. Programme Justice

Programme objective:	Strengthened rule of law
Programme grant:	€ 56,761,052
Programme co-financing:	€ 10,016,656
Programme Operator:	Ministry of Justice
Donor Programme Partners(s):	Norwegian Ministry of Justice and Public Security (NMOJ) Directorate of Norwegian Correctional Service (KDI)
Programme area(s):	Correctional Services and Pre-trial Detention Domestic and Gender-based Violence
Special-concerns:	The programme will strenghten the implementation of agreements on the transfer of sentenced persons and EU framework decisions.

Under the programme area 'Domestic and Gender-based Violence' a pre-defined project shall focus on implementation of relevant international conventions, agreements and standards.

International organisations with special competence shall be involved in the preparation of the programme. The role of such organisations in the pre-defined projects shall be defined in the concept note.

In developing the concept note and during the implementation of the programme, the Programme Operator shall seek to ensure synergies within this programme, and with the programme Home Affairs in order to strengthen the justice chain.

No more than 85% of the total eligible expenditure of the programme may be available for infrastructure (hard measures). The maximum level of funding available for infrastructure (hard measures) shall be identified in the concept note.

The possibility of pre-defining project(s) focused on inter alia mediation, legal education and human rights shall be explored during the concept note phase.

Bilateral ambitions: € 1,860,000 shall be allocated to the programme from the fund for bilateral relations. This does not prevent the Joint Committee for Bilateral Funds from allocating additional funds to the programme.

Pre-defined projects:

Name of project:	Improved correctional services
Description:	Establish up to 4 pilot correctional complexes, each consisting of a pilot prison, production hall and half way house for the rehabilitation of inmates. The objective will be achieved through training of staff, work experience and implementation of reintegration programmes and inter-institutional co-operation i.e. focusing on alternative measures to prison.
Project-Promoter:	Central Board of Prison Service
Donor Project Partner:	Directorate for Norwegian Correctional Service (KDI) The University College of the Norwegian Correctional Service (KRUS) Bergen prison Bjørgvin prison Lyderhorn Halfway House Sogn og Fjordane Probation Office Hordaland Probation Office
Project Partner(s):	The Academy of Justice
Maximum-grant:	€ 57,770,588

H. Programme Home Affairs

Programme objective:	Strengthened rule of law
Programme grant:	€ 19,243,500
Programme co-financing:	€ 3,395,912

Programme Operator:	Ministry of Interior and Administration with support from the European Projects Implementation Centre
Donor Programme Partners(s):	Norwegian Directorate for Civil Protection (DSB) Norwegian Ministry of Justice and Public Security (NMOJ)
Programme area(s):	Asylum and Migration International Police Cooperation and Combating Crime Disaster Prevention and Preparedness
Special-concerns:	The programme shall include measures which focus on support to voluntary returns and support and services to unaccompanied minor asylum seekers and other vulnerable groups. The programme shall include measures to improve investigation capacity and to enhance the capacity to work with international organizations as Europol, Eurojust, Interpol and Frontex. No more than 60% of the total eligible expenditure of the programme shall be available for infrastructure (hard measures). A pre-defined project on strengthening CBRNE safety and security (and combatting hybrid threats), with DSB as donor project partner, shall be explored during the concept note phase. The details of cooperation between the Ministry of Interior and Administration (Programme Operator) and the European Projects Implementation Centre and the specific roles and responsibilities shall be defined during the concept note phase. In developing the concept note and during the implementation of the programme, the Programme Operator shall seek to ensure synergies with the programme Justice in order to strengthen the justice chain.
Bilateral ambitions:	€ 1,006,500 shall be allocated to the programme from the fund for bilateral relations. This does not prevent the Joint Committee for Bilateral Funds from allocating additional funds to the programme. Bilateral activities related to the improvement of road safety shall be explored.

I. Programme Civil Society

Programme objective:	Civil society and active citizenship strengthened and vulnerable groups empowered
Programme grant:	€ 7,142,500
Programme co-financing:	Not-applicable
Programme Operator:	The Financial Mechanism Office in accordance with Article 6.13 of the Regulation.
Programme area(s):	Civil Society
Special-concerns:	There shall be two Funds operated by the FMO under this programme, one national and one regional. The national fund shall amount to €3,727,500 and the regional fund shall amount to €3,415,000.

The programme will be implemented in conjunction with the programme Civil Society implemented under the EEA Financial Mechanism 2014-2021.