MEMORANDUM OF UNDERSTANDING

ON THE IMPLEMENTATION OF THE EEA FINANCIAL MECHANISM

2014-2021

Between

ICELAND,

THE PRINCIPALITY OF LIECHTENSTEIN,

THE KINGDOM OF NORWAY,

hereinafter referred to as the “Donor States”

and

THE REPUBLIC OF POLAND,

hereinafter referred to as the “Beneficiary State”

together hereinafter referred to as the “Parties”,

WHEREAS Protocol 38c 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 2014-2021, establishes a financial mechanism (hereinafter referred to as the "EEA Financial Mechanism 2014-2021") 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 2014-2021 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. 2/2016/SC of 2 June 2016 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 2014-2021;

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 2014-2021;

HAVE AGREED on the following:

Article 1
Objectives

1. The overall objectives of the EEA 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 the Donor States 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 EEA Financial Mechanism 2014-2021:

(a) Protocol 38c to the EEA Agreement on the EEA Financial Mechanism 2014-2021;

(b) the Regulation on the implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the "Regulation") issued by the Donor States in accordance with Article 10.5 of Protocol 38c;

(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 2.1 of Protocol 38c, the total amount of the financial contribution is € 1,548,150,000 in annual tranches of € 221,160,000 over the period running from 01/05/2014 to 30/04/2021, inclusive.

2. In accordance with Article 6 of Protocol 38c, a total of € 397,800,000 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 Protocol 38c, 10.00 % of the total amount referred to in paragraph 2 shall be set aside for a fund for civil society.

4. In accordance with Article 10.4 of Protocol 38c 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 € 367,965,000.

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 priority sectors listed in Article 3.1 of Protocol 38c and the programme areas listed in the Annex to Protocol 38c. 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 2014-2021 in accordance with Annex B and the programme agreements.

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

4. The Committee 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 EEA 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 EEA Financial Mechanism 2014-2021 as well as for the implementation of the EEA 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 EEA 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 the Donor States 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 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 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 FMC and the National Focal Point.

Article 10
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 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 EEA Financial Mechanism 2014-2021 shall be pursued in the framework of close co-operation between the Donor States 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 EEA 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 EEA 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.

Signed in Warsaw on 20/12/2017
For Iceland

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Signed in Warsaw on 20/12/2017
For the Republic of Poland

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Signed in Brussels on 18/12/2017
For the Principality of Liechtenstein

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Signed in Warsaw on 20/12/2017
For the Kingdom of Norway

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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

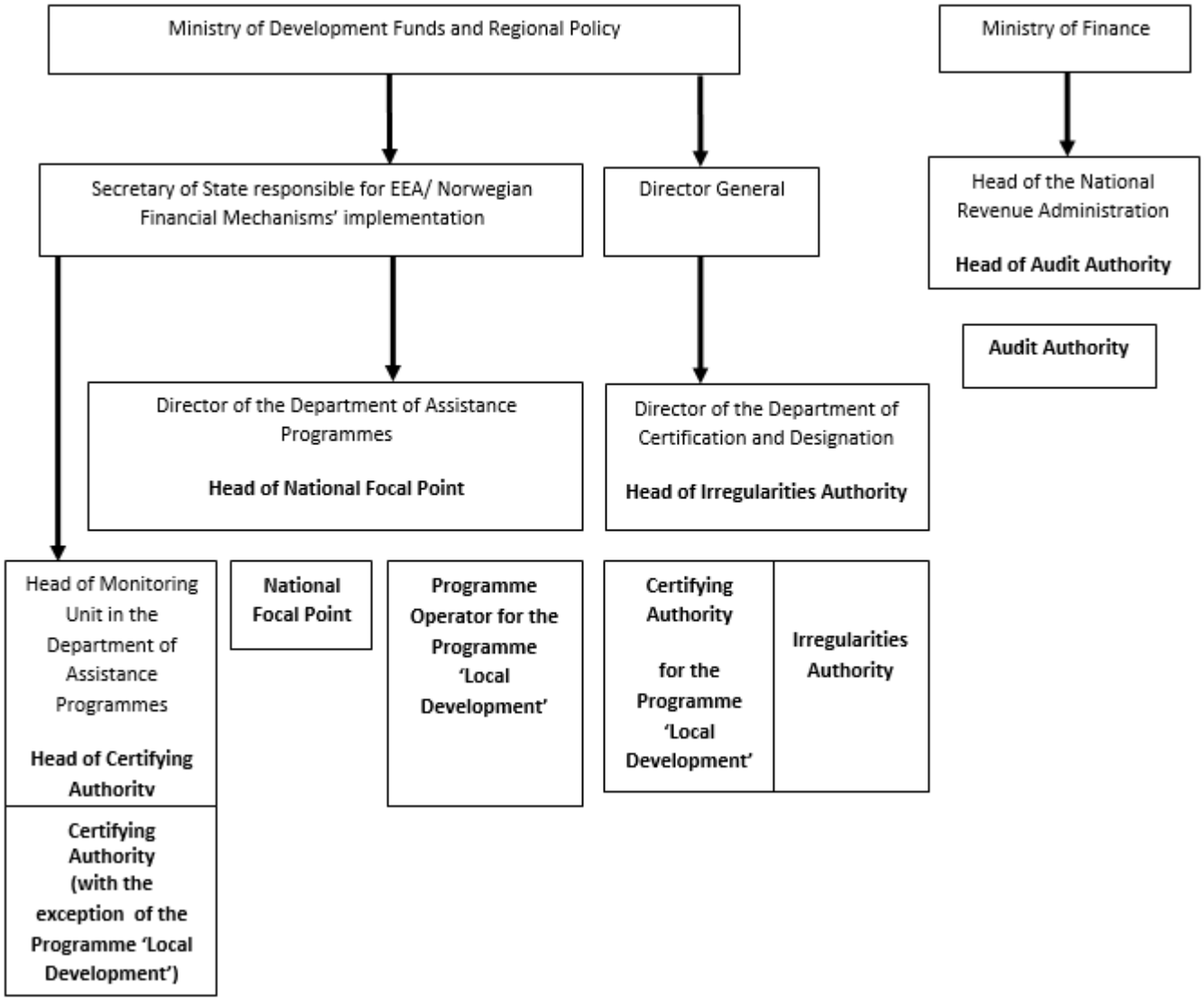
The Department of Certification and Designation of the Ministry of Development Funds and Regional Policy of the Republic of Poland (Certifying Authority) shall be responsible for the preparation and submission of irregularities reports.
The Head of the Irregularities Authority is the Director of the 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 FMC a Strategic Report on the implementation of the EEA Financial Mechanism 2014-2021 in the Beneficiary State. The Strategic Report shall be submitted to the FMC at least two months before the annual meeting unless otherwise agreed

6. Organigram


Ministry of Development Funds and Regional Policy
Ministry of Finance
Secretary of State responsible for EEA/ Norwegian Financial Mechanisms' implementation
Director General
Head of the National Revenue Administration
Head of Audit Authority
Audit Authority
Director of the Department of Assistance Programmes
Head of National Focal Point
Director of the Department of Certification and Designation
Head of Irregularities Authority
Head of Monitoring Unit in the Department of Assistance Programmes
Head of Certifying Authoritv
National Focal Point
Programme Operator for the Programme 'Local Development'
Certifying Authority for the Programme 'Local Development'
Irregularities Authority
Certifying Authority (with the exception of the Programme 'Local Development')

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	**EEA Grants contribution**	**National contribution**
	Programmes		
1	Applied Research	€ 6,000,000	€ 1,058,824
2	Basic Research	€ 4,000,000	€ 705,882
3	Education	€ 20,040,750	€ 3,536,603
4	Local Development	€ 48,600,000	€ 8,576,471
5	Environment, Energy and Climate Change	€ 146,042,000	€ 25,772,118
6	Culture	€ 74,404,240	€ 13,130,160
7	Civil Society	€ 53,000,000	N/A
	Other allocations		
	Technical Assistance to the Beneficiary State (Art. 1.10)	€ 4,738,160	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)	€ 11,139,850	N/A
	Net allocation to Poland	**€ 367,965,000**	**€ 52,780,057**

2. Specific concerns

Bilateral relations between the Donor States and the Republic of Poland shall be strengthened with the aim of stimulating and developing long-term cooperation within all areas listed in the Annex to Protocol 38c. 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 FMC, in accordance with Article 6.3 of the Regulation.

A. Programme Applied Research

Programme objective: Enhanced research-based knowledge development
Programme grant: € 6,000,000
Programme co-financing: € 1,058,824
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.
Bilateral ambitions:	€ 30,000 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 Norwegian Financial Mechanism 2014-2021.

B. Programme Basic Research

Programme objective:	Enhanced research-based knowledge development
Programme grant:	€ 4,000,000
Programme co-financing:	€ 705,882
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.
Bilateral ambitions:	€ 20,000 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 Basic Research implemented under the Norwegian Financial Mechanism 2014-2021.

C. Programme Education

Programme objective:	Enhanced human capital and knowledge base
Programme grant:	€ 20,040,750
Programme co-financing:	€ 3,536,603
Programme Operator:	Foundation for the Development of the Education System
Donor Programme Partners(s):	Directorate for Higher Education and Skills (HK-DIR) National Agency for International Education Affairs (AIBA) Icelandic Centre for Research (RANNIS)
Programme area(s):	Education, Scholarships, Apprenticeships and Youth Entrepreneurship
Special-concerns:	The programme shall include, inter alia, mobility in higher education, apprenticeships, institutional cooperation, and inclusive education (for e.g. disabled and intercultural students).

Bilateral ambitions:	€ 452,000 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.

D. Programme Local Development

Programme objective:	Strengthened social and economic cohesion
Programme grant:	€ 48,600,000
Programme co-financing:	€ 8,576,471
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:	€ 300,000 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.

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

E. Programme Environment, Energy and Climate Change

Programme objective:	Climate change mitigated and vulnerability to climate change reduced
Programme grant:	€ 146,042,000
Programme co-financing:	€ 25,772,118
Programme Operator:	Ministry of Climate and Environment with support from the National Fund for Environmental Protection and Water Management
Donor Programme Partners(s):	Norwegian Environment Agency (NEA) Norwegian Water Resources and Energy Directorate (NVE) National Energy Authority (OS)

Programme area(s):	Climate Change Mitigation and Adaptation Renewable Energy, Energy Efficiency, Energy Security Environment and Ecosystems
Special-concerns:	The possibility for the use of financial instruments shall be explored when developing the concept note. Special concern shall be given to achieving significant and cost-efficient reductions of greenhouse gas emissions. Special concern shall be given to hydroelectric power and geothermal energy as sources of renewable energy. The National Fund for Environmental Protection and Water Management shall be actively involved in and effectively contributing to the development and implementation of the programme. The details of cooperation between the Ministry of Climate and Environment (Programme Operator) and the National Fund for Environmental Protection and Water Management shall be defined during the concept note phase. The possibility of predefining project(s) shall be explored when developing the concept note. The funding shall be allocated to the programme areas 'Renewable Energy, Energy Efficiency, Energy Security', 'Climate Change Mitigation and Adaptation' and 'Environment and Ecosystems'. 'Renewable Energy, Energy Efficiency, Energy Security' shall receive the largest share of the allocation'
Bilateral ambitions:	€ 900,000 € 900,000 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.

F. Programme Culture

Programme objective:	Social and economic development strengthened through cultural cooperation, cultural entrepreneurship and cultural heritage management
Programme grant:	€ 74,404,240
Programme co-financing:	€ 13,130,160
Programme Operator:	Ministry of Culture and National Heritage
Donor Programme Partners(s):	Arts and Culture Norway (ACN) Norwegian Directorate for Cultural Heritage (RA)
Programme area(s):	Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation
Special-concerns:	The programme shall focus on the role that culture and cultural heritage play in local and regional development including emphasis on employment, cultural entrepreneurship and vocational training. No more than 60% of the total eligible expenditure or the programme shall be available for infrastructure (hard measures).

At least 14% of the total eligible expenditure shall be set aside for cultural cooperation and exchange between the Donor States and Poland

The Programme shall include activities and initiatives in arts and culture that explicitly encourage the inclusion of ethnic and national minorities.

The possibility of pre-defining further project(s) could be explored when developing the concept note.

Bilateral ambitions: € 953,010 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:	Jewish Cultural Heritage
Description:	Activities in the area of Jewish cultural heritage and bilateral cooperation related to Jewish Cultural Heritage
Project-Promoter:	Museum of the History of Polish Jews (POLIN)
Donor Project Partner:	The Norwegian Center for Holocaust and Minority Studies Jewish Museum Oslo (JMO) Jewish Museum Trondheim Falstad Centre European Wergeland Centre
Project Partner(s):	Jewish Historical Institute in Warsaw
Maximum-grant:	€ 10,000,000

G. Programme Civil Society

Programme objective: Civil society and active citizenship strengthened and vulnerable groups empowered

Programme grant: € 53,000,000

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 €30,000,000 and the regional fund shall amount to €23,000,000