Norwegian Financial Mechanism 2014-2021

PROGRAMME AGREEMENT

between

The Norwegian Ministry of Foreign Affairs

and

The Ministry of Finance,
hereinafter referred to as the "National Focal Point",
representing Latvia,
hereinafter referred to as the "Beneficiary State"

together hereinafter referred to as the "Parties"

for the financing of the Programme "Climate Change Mitigation, Adaptation and Environment"

hereinafter referred to as the "Programme"

Chapter 1
Scope, Legal Framework, and Definitions

Article 1.1
Scope

This programme agreement between the Norwegian Ministry of Foreign Affairs (hereinafter referred to as the NMFA) and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the Norwegian Financial Mechanism 2014-2021 to the Programme.

Article 1.2
Legal Framework

1. This programme agreement shall be read in conjunction with the following documents which, together with this programme agreement, constitute the legal framework of the Norwegian Financial Mechanism 2014-2021:

(a) 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 Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as the "MoU"), entered into between Norway and the Beneficiary State; and

(d) any guidelines adopted by the NMFA in accordance with the Regulation.

2. In case of an inconsistency between this programme agreement and the Regulation, the Regulation shall prevail.

3. The legal framework is binding for the Parties. An act or omission by a Party to this programme agreement that is incompatible with the legal framework constitutes a breach of this programme agreement by that Party.

Article 1.3
Definitions

Terms used and institutions and documents referred to in this programme agreement shall be understood in accordance with the Regulation, in particular Article 1.6 thereof, and the legal framework referred to in Article 1.2 of this programme agreement.

Article 1.4
Annexes and hierarchy of documents

1. Annexes attached hereto form an integral part of this programme agreement. Any reference to this programme agreement includes a reference to its annexes unless otherwise stated or clear from the context.

2. The provisions of the annexes shall be interpreted in a manner consistent with this programme agreement. Should the meaning of any provision of the said annexes, so interpreted, remain inconsistent with this programme agreement, the provisions of the annexes shall prevail, provided that these provisions are compatible with the Regulation.

3. Commitments, statements and guarantees, explicit as well as implicit, made in the preparation of the programme are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

Chapter 2
The Programme

Article 2.1
Co-operation

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this programme agreement.

2. The Parties agree to provide all information necessary for the good functioning of this programme agreement and to apply the principles of implementation as set out in the Regulation.

3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.

4. In executing this programme agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this programme agreement.

Article 2.2
Main responsibilities of the Parties

1. The National Focal Point is responsible and accountable for the overall management of the Norwegian Financial Mechanism 2014-2021 in the Beneficiary State and for the full and correct

implementation of this programme agreement. In particular, the National Focal Point undertakes to:

(a) comply with its obligations stipulated in the Regulation and this programme agreement;

(b) ensure that the Certifying Authority, the Audit Authority, the Irregularities Authority and the Programme Operator properly perform the tasks assigned to them in the Regulation, this programme agreement and the programme implementation agreement;

(c) take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;

(d) take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;

(e) make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

2. The NMFA shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this programme agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as "the programme grant") to be used exclusively to finance the eligible cost of the Programme.

Article 2.3
Objective and outcomes of the Programme

1. This programme agreement sets out the objective, outcome(s), outputs, indicators and targets for the Programme.

2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective, outcome(s), outputs, indicators and targets set for the Programme.

Article 2.4
Programme grant

1. The maximum amount of the programme grant, the programme grant rate, and the estimated eligible cost of the Programme shall be as specified in this programme agreement.

2. In case the Programme is also supported by the EEA Financial Mechanism, this programme agreement shall be interpreted in conjunction with the agreement regulating that support.

3. The financial plan annexed to this programme agreement shall:

(a) contain a breakdown between the Programme's budget headings;

(b) indicate the agreed advance payment, if any.

4. The management cost of the Programme Operator shall not exceed the amount specified in this programme agreement.

Article 2.5
Special conditions and programme specific rules

1. This programme agreement shall list any conditions set by the NMFA with reference to paragraph 2 of Article 6.3 of the Regulation. The National Focal Point shall ensure compliance with these conditions and take the necessary steps to ensure their fulfilment.

2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in this programme agreement.

Article 2.6
Programme implementation agreement

With reference to Article 6.8 of the Regulation and without prejudice to paragraph 2 thereof, the National Focal Point shall, before any payment is made to the Programme, sign a programme implementation agreement with the Programme Operator. The National Focal Point shall notify the NMFA of such signing.

Article 2.7
Reporting

The National Focal Point shall ensure that the Programme Operator provides financial reports, annual programme reports and a final programme report in accordance with Chapter 9 and Articles 6.11 and 6.12 of the Regulation as well as statistical reporting in accordance with guidelines adopted by the NMFA.

Article 2.8
External monitoring

The external monitoring and audit referred to in Articles 11.1, 11.2, 11.3 and 11.4 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of their obligations under the legal framework regarding monitoring of

the Programme and/or its projects, financial control and audit.

Article 2.9
Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the NMFA.

2. Programme specific exceptions from paragraph 1, if any, are set in the annexes to this programme agreement.

3. Expenditures incurred in breach of this article are not eligible.

4. Should there be a doubt as to whether the proposed modifications require approval by the NMFA, the National Focal Point shall consult the NMFA before such modifications take effect.

5. Requests for modifications shall be submitted and assessed in accordance with Article 6.9 of the Regulation.

Article 2.10
Communication

1. All communication to the NMFA regarding this programme agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the NMFA towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

Article 2.11
Contact information

1. The contact information of the Programme Operator is as specified in this programme agreement.

2. The contact information for the NMFA and the Financial Mechanism Office are:

Financial Mechanism Office
Att: Director
EFTA Secretariat
Rue Joseph II, 12-16
1000 Brussels
Telephone: +32 (0)2 286 1701
Telefax (general): +32 (0)2 211 1889
E-mail: fmo@efta.int

3. Changes of or corrections to the contact information referred to in this article shall be given in writing without undue delay by the Parties to this programme agreement.

Article 2.12
Representations and Warranties

1. This programme agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the NMFA prior to the signing of this programme agreement.

2. The National Focal Point represents and warrants that the information provided by, through, or on behalf of the National Focal Point, in connection with the implementation or conclusion of this programme agreement are authentic, accurate and complete.

Chapter 3
Projects

Article 3.1
Selection of projects and award of grants

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 7 of the Regulation and this programme agreement.

2. Eligibility of project promoters and project partners is stipulated in Article 7.2 of the Regulation and, in accordance with paragraph 4 thereof, subject only to the limitations stipulated in this programme agreement.

3. Pre-defined projects shall be outlined in this programme agreement.

4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 7.5 of the Regulation.

Article 3.2
Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.

2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.

3. The content and form or the project contract shall comply with Article 7.6 of the Regulation.

4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project contract are valid and enforceable under the applicable law of the Beneficiary State.

Article 3.3
Project partners and partnership agreements

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in paragraph 1(w) of Article 1.6 of the Regulation. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 7.7 of the Regulation.

2. The partnership agreement shall be in English if one of the parties to the agreement is an entity from Norway.

3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

4. The creation and implementation of the relationship between the Project Promoter and the project partner shall comply with the applicable national and European Union law on public procurement as well as Article 8.15 of the Regulation.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article. A draft partnership agreement or letter of intent shall be submitted to the Programme Operator before the signing of the project contract.

Chapter 4
Finance

Article 4.1
Eligible expenditures

1. Subject to Article 8.7 of the Regulation, eligible expenditures of this Programme are:

(a) management costs of the Programme Operator in accordance with the detailed budget in the financial plan;

(b) payments to projects within this Programme in accordance with the Regulation, this programme agreement and the project contract.

2. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 8.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 8.3 of the Regulation, the conditions regarding the use of standard scales of unit costs set in Article 8.4 of the Regulation as well as indirect costs in accordance with Article 8.5 of the Regulation.

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 8.13 of the Regulation. The first date of eligibility of any pre-defined projects shall be no earlier than the date on which the National Focal Point notifies the NMFA of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 6.5 of the Regulation.

5. The maximum eligible costs of the categories referred to in paragraph 1 are set in this programme agreement. Programme specific rules on the eligibility of expenditure set in this programme agreement shall be complied with.

Article 4.2
Proof of expenditure

Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by documentary evidence as required in Article 8.12 of the Regulation.

Article 4.3
Payments

1. Payments to the Programme shall be made when all relevant conditions for payments stipulated in this programme agreement and the Regulation have been fulfilled.

2. Payments to the Programme shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 9.2, 9.3 and 9.4 of the Regulation.

3. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism is set in this programme agreement.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 9.1 of the Regulation.

5. Chapter 9 of the Regulation shall apply to all aspects related to payments, including currency exchange rules and handling of interests on bank accounts.

Article 4.4
Transparency and availability of documents

The National Focal Point shall ensure an audit trail for financial contributions from the Norwegian Financial Mechanism 2014-2021 to the Programme in accordance with Article 9.8 of the Regulation.

Article 4.5
Irregularities, suspension and reimbursements

The NMFA has the right to make use of the remedies provided in the Regulation, in particular Chapter 13 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 12 and 13 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

Chapter 5
Final provisions

Article 5.1
Dispute settlement

1. The Parties waive their rights to bring any dispute related to the programme agreement before any national or international court, and agree to settle such a dispute in an amicable manner.

2. If a demand for reimbursement to the NMFA is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

Article 5.2
Termination

1. The NMFA may, after consultation with the National Focal Point, terminate this programme agreement if:

(a) a general suspension decision according to Article 13.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 13.1 of the Regulation has not been lifted within 6 months of such a decision;

(b) a suspension of payments according to Article 13.1 of the Regulation, other than under paragraph 1(h), has not been lifted within one year of such a decision;

(c) a request for reimbursement according to Article 13.2 of the Regulation has not been complied with within one year from such a decision;

(d) the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or

(e) the Programme Operator has, in the opinion of the NMFA, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

2. This programme agreement can be terminated by mutual agreement between the Parties.

3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 5.1 or the right of the NMFA to make use of the remedies provided in Chapter 13 of the Regulation.

Article 5.3
Waiver of responsibility

1. Any appraisal of the Programme undertaken before or after its approval by the NMFA, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the programme agreement.

2. Nothing contained in the programme agreement shall be construed as imposing upon the NMFA or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The NMFA does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the National Focal Point and the Programme Operator to satisfactorily address such issues.

4. Neither the National Focal Point, the Programme Operator, entities involved in the implementation of projects, nor any other party shall have recourse to the NMFA for further financial support or assistance to the Programme in whatsoever form over and above what has been provided for in the programme agreement.

5. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the NMFA, its officials or employees, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point or the Beneficiary State, the Programme Operator, Project Promoters or any other third

person, in connection, be it direct or indirect, with this programme agreement.

6. Nothing in this programme agreement shall be construed as a waiver of diplomatic immunities and privileges awarded to the European Free Trade Association, its assets, officials or employees.

Article 5.4
Entry into force and duration

1. This programme agreement shall enter into force on the date of the last signature of the Parties.

2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.

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This programme agreement is drawn up in two originals in the English language.

For the Donors	For the National Focal Point
Signed in Brussels on 10/04/2019	Signed in Riga on 23/04/2019
.....	.....
Niels Engelschiøn Director General, Norwegian Ministry of Foreign Affairs	Armands Eberhards Deputy State Secretary on EU Structural Funds and Cohesion Fund Issues, Ministry of Finance of the Republic of Latvia

Annex I to the Programme Agreement

Programme Operators and Partners	
Programme Operator:	Ministry of Smart Administration and Regional Development – Latvia
Donor Programme Partner:	Norwegian Environment Agency (NEA)
IPO:	-
Other Programme Partner(s):	-

Programme Objective	Climate change mitigated and vulnerability to climate change reduced

PA	Outcome/Output	Expected programme results	Indicator	Disaggregation	Unit of measurement	Source of verification	Frequency of reporting	Baseline values	Baseline year	Target value
PA13	Outcome 1	Improved climate change policy developed and implemented at all levels	Number of public institutions with improved capacity to develop and apply climate change policy[1]	N/A	Cumulative number	Project Promoters' records, Attendance sheets	Annually (APR)	0	N/A	16
			Overall positive score on the EU Adaptation Preparedness scoreboard[2]	N/A	Percentage	The EU Adaptation Preparedness scoreboard	2024	60 %	2018	80 %
			Improved national GHG inventory system according to Paris Agreement[3]	N/A	Percentage	The Report on the individual review of the annual submission of Latvia, decrease of additional findings	2024	50 %	2016	75 %
	Output 1.1	Additional national	Number of tools for improving climate change	N/A	Cumulative number	Project Promoters'	Semi-annually	0	N/A	3

[1] National and local level institutions.

[2] Positive scores = 'In place'/Yes or 'In progress' on the EU Adaptation preparedness scoreboard https://ec.europa.eu/clima/sites/clima/files/consultations/docs/0035/lv_en.pdf

[3] Positive score = decrease in % of additional findings on the Report on the individual review of the annual submission of Latvia submitted in 2016 (https://unfccc.int/sites/default/files/resource/docs/2017/arr/lva.pdf) (Baseline) and the latest Report on the individual review of the annual submission of Latvia (Target)

		climate change policy planning tools developed	policy planning and implementation developed			records, tools developed	(APR and September IFR)			
	Output 1.2	Enhanced national warning systems developed	Number of new meteorological warning criteria for meteorological phenomena developed	N/A	Cumulative number	Project Promoters' records, number of warning criteria developed	Semi-annually (APR and September IFR)	0	N/A	5
	Output 1.3	Climate change policy integrated into sectoral and regional policies and activities	Number of regulatory recommendations to integrate climate change mitigation and adaptation aspects into sectoral and regional policies and activities[4]	N/A	Cumulative number	Project Promoters' records, recommendations developed	Semi-annually (APR and September IFR)	0	N/A	6
			Number of experts trained regarding integration of climate change mitigation and adaptation aspects into sectoral and regional policies and activities	Gender	Cumulative number	Project Promoters' records, Attendance sheets	Semi-annually (APR and September IFR)	0	N/A	100
	Output 1.4	Competence base for combatting coastal erosion improved	National up to date coastal erosion assessment completed	N/A	Binary	Project Promoters' records	Semi-annually (APR and September IFR)	No	N/A	Yes
			Set of possible solutions to abate coastal erosion developed	N/A	Binary	Project Promoters' records	Semi-annually (APR and September IFR)	No	N/A	Yes
PA13	Outcome 2	National soil data for climate change policy	Number of public institutions with improved capacity in sustainable soil management	N/A	Cumulative number	Project Promoters' records, Attendance sheets	Annually (APR)	0	N/A	5

[4] The mandatory requirement will be identified sector by sector.

		planning updated	Climate-related soil information improved	N/A	Binary	Project Promoters' records	2024	No	N/A	Yes
			Number of stakeholder organisations benefitting from the updated database and maps[5]	N/A	Cumulative number	Project Promoters' records	Annually (APR)	0	N/A	8
	Output 2.1	Availability of reliable, country-specific soil information in agricultural land improved	Number of soil profile data updated in the historical soil database	N/A	Cumulative number	Project Promoters' records, Soil profile data units in the soil database	Semi-annually (APR and September IFR)	0	N/A	15,000
			National soil classification system updated	N/A	Binary	Project Promoters' records, soil classification system	Semi-annually (APR and September IFR)	No	N/A	Yes
			Soil mapping methodology developed	N/A	Binary	Project Promoters' records	Semi-annually (APR and September IFR)	No	N/A	Yes
			Number of experts trained to perform soil description and mapping according to the national and international FAO World Reference Base soil classification	N/A	Cumulative number	Project Promoters' records, attendance sheets	Semi-annually (APR and September IFR)	0	N/A	10
			Map on peat soil distribution in agricultural land developed	N/A	Binary	Project Promoters' records	Semi-annually (APR and September IFR)	No	N/A	Yes

[5] The stakeholder organisations include governmental bodies, sector interest organisations, municipalities/municipality association and scientific institutions.

	Output 2.2	Soil carbon monitoring system on agricultural land established	Number of soil carbon monitoring sites in agricultural land established	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	200
	Output 2.3	GHG emission calculation system improved	Number of GHG emission factors calculated[6]	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	3
PA11	Outcome 3	Reduced risk of pollution from polluted sites	Number of inhabitants benefitting from reduced risk of polluted sites	N/A	Cumulative number	Project Promoters' records, calculations based on reliable statistics	2024	0	N/A	30,000
			Contaminated sites' management system improved	N/A	Binary	Project Promoters' records	2024	No	N/A	Yes
	Output 3.1	Improved environmental conditions of polluted sites	Number of sites remediated	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	3
			Number of awareness raising campaigns carried out	N/A	Cumulative number	Project Promoters' records, Audio/video/print material produced as part of the campaign	Semi-annually (APR and September IFR)	0	N/A	3
	Output 3.2	Establishment of an integrated	National register of contaminated and	N/A	Binary	Project Promoters' records,	Semi-annually (APR and	No	N/A	Yes

[6] National emission factors for CO2, CH4 and direct N2O emission/removal for drained organic soils (cropland drained, grassland deep drained, nutrient rich). Method: closed-chamber method for collection of gas samples. Gas sampling once a month in 5 replicates from each study site for 24 months study period. Content of the gasses in the samples is going to be determined by gas chromothographic system.

		pollution management system	potentially contaminated sites updated			classification system	September IFR)			
			Contaminated site assessment and registration methodology developed	N/A	Binary	Project Promoters' records	Semi-annually (APR and September IFR)	No	N/A	Yes
			Number of contaminated and potentially contaminated sites on which information has been updated	N/A	Cumulative number	Project Promoters' records	Semi-annually (APR and September IFR)	0	N/A	250
PA13	Bilateral Outcome	Enhanced collaboration between beneficiary and donor state entities involved in the programme	Level of trust between cooperating entities in Beneficiary States and Donor States	N/A	Scale 1-7	Survey results	Annually (APR)	5.87[7]	2022[8]	4.5[9]
			Level of satisfaction with the partnership	N/A	Scale 1-7	Survey results	Annually (APR)	5.9[10]	2022[11]	4.5[12]
			Share of cooperating organisations that apply the knowledge acquired from bilateral partnership	N/A	Percentage	Survey results	Annually (APR)	N/A	N/A	50 %[13]
	Bilateral Output 1	Maintained partnerships between Beneficiary States and Donor States institutions	Number of training courses co-organised by donor state and beneficiary state entities	N/A	Cumulative number	Project Promoter's records	Semi-annually (APR and September IFR)	0	N/A	8
			Number of projects involving cooperation with a donor project partner	N/A	Cumulative number	Copies of contracts concluded with	Semi-annually (APR and	0	N/A	2

[7] Based on the survey carried out on behalf of the FMO
[8] Survey carried out on behalf of the FMO
[9] Target is ≥4.5, and an increase on the baseline value
[10] Based on the survey carried out on behalf of the FMO
[11] Survey carried out on behalf of the FMO
[12] Target is ≥4.5, and an increase on the baseline value
[13] Target is minimum 50 %

						Project Promoters, Partnership agreements between Project Promoters and project partners	September IFR)			

Conditions

General

1. The National Focal Point shall ensure that the Programme Operator ensures that projects selected through the call for proposals contain an awareness-raising component targeted at civil society and the general public. The awareness-raising component should preferably be implemented by a relevant civil society organisation as a partner to the Project Promoter.

Pre-eligibility

1. No costs shall be eligible under pre-defined project 1 (number under Section 5.1 of Annex II to the programme agreement) before a detailed description and budget for the pre-defined project has been submitted and the NMFA has confirmed the grant to the project as described in Annex II to this programme agreement.

Pre-payment

Not applicable

Pre-completion

Not applicable

Post-completion

Not applicable

Eligibility of costs - period	**First date**	**Final date**
Eligibility of costs	15/12/2017	30/04/2025
Grant rate and co-financing		
Programme eligible expenditure (€)		€ 15,633,633
Programme grant rate (%)		85.00 %
Maximum amount of Programme grant - EEA Financial Mechanism (€)		-
Maximum amount of Programme grant - Norwegian Financial Mechanism (€)		€ 13,288,588
Maximum amount of Programme grant - Total (€)		€ 13,288,588

PA	Budget Heading	Norway Grants	Total grant	Programme grant rate	Programme co-financing	Programme eligible expenditure	Advance payment
PA13	Programme management[14]	€ 1,040,086	€ 1,040,086	85.00 %	€ 183,545	€ 1,223,631	€ 0
PA13	Outcome 1 (Norway Grants)	€ 1,692,533	€ 1,692,533	85.00 %	€ 298,682	€ 1,991,215	€ 0
PA13	Outcome 2 (Norway Grants)	€ 1,413,735	€ 1,413,735	85.00 %	€ 249,483	€ 1,663,218	€ 0
PA11	Outcome 3 (Norway Grants)	€ 9,142,234	€ 9,142,234	85.00 %	€ 1,613,335	€ 10,755,569	€ 0
Total		**€ 13,288,588**	**€ 13,288,588**	**85.00 %**	**€ 2,345,045**	**€ 15,633,633**	**€ 0**

Retention of management costs	
Retention of management costs - Percentage of the management costs	10.00 %
Retention of management costs - Planned Euro value	€ 122,363

[14] The programme co-financing rounded to 2 decimal places is 183,544,59. The above discrepancy appears because of displaying numbers rounded to the whole amount. The programme eligible expenditure rounded to 2 decimal places is 1,223,630.59. The above discrepancy appears because of displaying numbers rounded to the whole amount.

Climate Change Mitigation, Adaptation and Environment

Operational rules (Annex II)

1. Programme summary

This Annex sets out the operational rules for the programme. The programme agreement is based on the MoU, the concept note and comments made by the NMFA. Commitments, statements and guarantees, explicit as well as implicit, made in the concept note, are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

The Programme Operator is the Ministry of Smart Administration and Regional Development of the Republic of Latvia (MoSARD). The Donor Programme Partner is the Norwegian Environment Agency (NEA).

The programme covers programme area 11 'Environment and Ecosystems' and 13 'Climate Change

Mitigation and Adaptation' with PA 13 as the host programme area. It has a total allocation of €13,288,588 from the NO FM. Including national co-financing, the total programme eligible expenditure is €15,633,633.

The main objective of the programme is to mitigate climate change and reduce the vulnerability to climate change. The programme consists of three outcomes.

- Outcome 1 'Improved climate change policy developed and implemented at all levels'. The outcome has an allocation of €1,991,215 and will be implemented by way of a pre-defined project (PDP-1).
- Outcome 2 'National soil data for climate change policy planning updated' has an allocation of €1,663,218. The outcome will be implemented by way of a pre-defined project (PDP-2).
- Outcome 3 'Reduced risk of pollution from polluted sites'. The outcome has an allocation of €10,755,570 and will be implemented by way of an open call for proposals on remediation of polluted sites and a pre-defined project (PDP-3).

2. Eligibility

2.1 Eligible applicants:

The rules on eligibility of project promoters and project partners are set in Article 7.2 of the

Regulation. In accordance with Article 7.2.4 of the Regulation, the following entities shall be eligible as project promoters within the call for proposals:

- state and local government institutions:

- port authorities:

- special economic zone administrations.

2.2 Special rules on eligibility of costs:

Costs are eligible in accordance with chapter 8 of the Regulation.

In accordance with Article 8.5.4 of the Regulation, indirect costs shall be identified in accordance with paragraphs 1(a) or 1(c) of Article 8.5 of the Regulation. The following exception is made:

- Norwegian Institute of Bioeconomy Research as donor project partner of the pre-defined project ‘Enhancement of sustainable soil resource management in agriculture‘ (under Section

5.1 of Annex II to the programme agreement) and donor project partner under Outcome 3 classed as 'Research Institute' (under Section 4.1 of Annex II to the programme agreement) may use standard scales of unit costs in accordance with Article 8.4.1 (b) of the Regulation. According to the Research Council of Norway's procedure for 'Payroll and indirect costs', the Norwegian entities classed as 'Research Institutes' calculate their payroll and indirect costs together, as hourly rates for the staff participating in the project.

3. Bilateral relations

3.1 Bilateral relations

The Programme shall contribute to strengthening bilateral relations between Latvia and Norway.

The Programme shall as appropriate facilitate donor partnership projects by carrying out, inter alia, match-making events and activities in conjunction with launching calls for proposals, as well as by encouraging donor partnership projects in call texts.

The further use of the funds for bilateral relations allocated to the programme shall be agreed in the Cooperation Committee.

4. Selection of projects and financial parameters

4.1 Open calls and availability of funds (including number of calls, duration of calls, and estimated size):

Outcome	Modality	Indicative timing.	Total available amount	Maximum/ Minimum grant applied for
Outcome 3 "Reduced risk of pollution from polluted sites"	**Open call**	2020	€ 9,725,796	€ 4,350,000 / € 1,000,000

4.2 Selection procedures:

The project evaluation and award of grants shall be in accordance with Article 7.4 of the Regulation.

The Programme Operator shall be responsible for project evaluation, selection and the award of grants.

The Programme Operator shall review the applications for compliance with administrative and eligibility criteria. Applicants whose applications are rejected at this stage shall be informed and given a reasonable time to appeal that decision.

Each application that meets the administrative and eligibility criteria shall be reviewed by at least two independent experts appointed by the Programme Operator. The experts shall separately score the project according to the selection criteria published with the call for proposals. For the purposes of ranking the projects, the average of the scores awarded by the experts shall be used. If the difference between the scores given by the two experts is more than 30% of the higher score, a third expert, shall be commissioned by the Programme Operator to score the project independently. In such cases, the average score of the two closest scores shall be used for the ranking of the projects.

The Programme Operator shall establish a Selection Committee. The Selection Committee shall be chaired by the Programme Operator and consist of at least three voting members, including the chairperson. At least one of the voting members in the Selection Committee will be an expert on remediation projects. The Donor Programme Partner shall be involved in the Selection Committee as a non-voting member.

The National Focal Point and the NMFA shall be invited to participate in the Selection Committee meetings as observers.

The Programme Operator shall provide the Selection Committee with a list of the ranked projects. The Selection Committee shall review the ranked lists of projects. The decision of the Selection Committee shall be taken by consensus of all voting members. The Selection Committee may modify the ranking of the project applications in justified cases based on transparent criteria, in such cases the detailed justification will be included in the minutes of the meeting.

The Selection Committee shall prepare a list of projects recommended for support or to be approved with conditions. The Programme Operator, based on the recommendation of the Selection Committee, shall make the decision on which projects shall be supported. The Programme Operator may modify the decision of the Selection Committee in justified cases. The decision will be documented, in particular, if the decision does not fully reflect the recommendations of the Selection Committee.

4.3 Project grant rate:
Grants from the programme may be up to 85% of total eligible expenditure of the project. The grant rates for the pre-defined projects are set in section 5.1. The project grant rate shall in all cases be set at a level that complies with the State Aid rules in force and takes into account any and all other forms of public support granted to projects. Any remaining costs of the project shall be provided or obtained by the project promoter.

5. Additional mechanisms within the Programme

5.1 Pre-defined projects
There will be three pre-defined projects implemented under the programme:

1) "Integration of climate change policy in sectoral and regional policies"

Project Promoter:	Ministry of Climate and Energy of the Republic of Latvia
Donor project partner(s):	Norwegian Environment Agency (NEA)
Other project partner(s):	Central Statistical Bureau of the Republic of Latvia Latvian Environment, Geology and Meteorology Centre
Total maximum eligible costs:	€ 1,991,215
Project grant rate:	100.00 %
Maximum project grant amount:	€ 1,991,215

In accordance with the 23 December 2022 Cabinet of Ministers order Nr. 968 “On the reorganization of the Ministry of Economics and the Ministry of Environmental Protection and Regional Development and the establishment of the Ministry of Climate and Energy” as of 1 January 2023 responsibilities and functions of the Climate Change Department of the Ministry of Environmental Protection and Regional Development of the Republic of Latvia are fully taken over by the Ministry of Climate and Energy of the Republic of Latvia.

Programme outcome the project contributes to: 'Improved climate change policy developed and implemented at all levels'

The project combines capacity building on climate change in relevant state institutions with development of specific methodologies and proposals for legislation on climate change. The aim of both sets of activities is to ensure enhanced implementation of climate change policies at regional/local level and in particular sectors.

The pre-defined project will include, *inter alia*, the following activities:

- Development of additional climate change policy planning tools, including:
    - Framework for collection and provision of regional data to supply regional climate change policy planning and implementation;

  - Electronic database on ozone depleting substances and F-gases;
  - Updated Latvia's climate change scenarios for 2100;
  - Enhancement of national warning system regarding meteorological phenomena;
  - Updated national coastal erosion assessment considering climate change scenarios.
- Integration of climate change policy into sectoral and regional policies and activities:
  - Assessment of current practices and development of recommendations to integrate climate change mitigation and adaptation aspects into policies of sectors such as financial activities, insurance, construction of buildings, roads and railroads, land use planning/re-planning;
  - Development and implementation of study course for municipalities and cities on climate change mitigation and adaptation.

The programme agreement shall be amended following the submission of the detailed description and budget for this project to the NMFA.

2) "Enhancement of sustainable soil resource management in agriculture"

Project Promoter:	Ministry of Agriculture of the Republic of Latvia
Donor project partner(s):	Norwegian Institute of Bioeconomy Research (NIBIO)
Other project partner(s):	University of Latvia State Plant Protection Service State Forest Research Institute (SILAVA)
Total maximum eligible costs:	€ 1,663,218
Project grant rate:	100.00 %
Maximum project grant amount:	€ 1,663,218

Programme outcome the project contributes to: 'National soil data for climate change policy planning updated'

The project aims to improve national soil data for the development and implementation of climate change policy. Currently it is not possible to provide qualitative soil information to various stakeholders. Lack of comprehensive and updated soil information complicates adoption of sustainable resource management decisions, especially in land management planning.

The pre-defined project will include, *inter alia*, the following activities:

- Improvement of reliable, country-specific soil information in agricultural land:
  - Update of historical soil database;
  - Development of national soil classification system;
  - Development of soil mapping methodology;
  - Mapping of peat soil distribution;
- Establishment of national soil carbon monitoring system;
- Improvement of national GHG emission calculation system.

3) "Digital transformation of the contaminated site management model"

Project Promoter:	The State Environmental Service of the Republic of Latvia
Other project partner(s):	Latvian Environment, Geology and Meteorology Centre
Total maximum eligible costs:	€ 1,029,774
Project grant rate:	100.00 %

Maximum project grant amount: € 1,029,774

Programme outcome the project contributes to: 'Reduced risk of pollution from polluted sites'

The project aims to establish an improved model/system for the management of contaminated sites, replacing the current contaminated site registration and paper information flow with a comprehensive digitization of the contaminated site register, including information and data submission, verification and acceptance process.

The pre-defined project will include, *inter alia*, the following activities:

- Establishment of an integrated pollution management system:
  - digitization of the contaminated site register, including information and data submission, verification and acceptance process;
  - development of open data solutions, ensuring system integration with data of other state information systems;
- Inventory and updating of the existing register of contaminated and potentially contaminated sites:
  - inventory of geo-ecological research reports in the Geological Fund archive;
  - evaluation of data available in research reports;
  - supplementation of data for the contaminated site register.
- Exchange of experience on management model of contaminated sites in Norway and Beneficiary states.

5.2 Financial Instruments
Not applicable

6. Programme Management
6.1 Payment flows
The Programme Operator shall ensure that payments to projects are made in a timely manner. Interim and final payments to the projects shall be based on approved project reports.

Payments of the project grant shall take the form of advance payments, if any, interim payments and a final payment. The level of advance payment to projects shall be set out in the project contract. The maximum level of advance payment shall be linked to the project budget and the type of Project Promoter as follows:

Project Promoter	Advance payment	Interim payments	Final balance payment
Not State budget institution	Up to 20 %	Up to 90% (including advance payment)	No less than 10%
State budget institution	-	Up to 90%	No less than 10%

The advance payment, if any, shall be paid following the signature of the project contract. Subsequent payments shall be paid after the approval of project interim reports. The final payment will be paid after approval of the final report.

An advance payment, if any, of a percentage of the total grant amount shall be paid within 20 working days after signature of the project contract. The interim payments shall be paid within 20 working days after the approval of project interim reports.

Upon approval of the final project report a final balance payment, if applicable, shall be made within 20 working days.

The approval of project interim and final reports shall take place within the terms and deadlines determined in national regulations.

The periodicity of reporting periods, and deadlines for reporting will be further detailed in the description of the Programme Operator's management and control systems.

6.2 Verification of payment claims

Verifications to be carried out by the Programme Operator shall cover administrative, financial, technical and physical aspects of the project, as appropriate and be in accordance with the principle of proportionality.

Verifications shall include the following procedures:

- administrative verifications in respect of incurred expenditures reported by Project Promoter to be carried out before approval of each interim and final project report;

- on-the-spot verifications.

The requirements for proof of expenditures shall be set out in the project contract.

The procedures for administrative and on-the-spot verifications shall be further detailed in the description of the Programme Operator's management and control systems.

6.3 Monitoring and reporting

The Programme Operator shall monitor, record and report on progress towards the programme's outcomes in accordance with the provisions contained in the legal framework. The Programme Operator shall ensure that suitable and sufficient monitoring and reporting arrangements are made with the project promoters in order to enable the Programme Operator and the NFP to meet its obligations to the donors.

When reporting on progress achieved in Annual and Final Programme Reports, the Programme Operator shall disaggregate results achieved as appropriate and in accordance with instructions and templates received from the FMO.

6.4 Programme administrative structures

The tasks of the Programme Operator shall be carried out by the Development Instruments Department and the Investment Supervision Department within the Ministry of Ministry of Smart Administration and Regional Development.

7. Communication

The Programme Operator shall comply with Article 3.3 of the Regulation, the Information and Communication Requirements in Annex 3 of the Regulation and the Communication plan for the programme.

8. Miscellaneous

Not applicable