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 CZECH REPUBLIC,

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 € 1253.7 million in annual tranches of € 179.1 million 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 € 89,000,000 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 € 82,325,000.

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 NMFA 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 two originals in the English Language.

For the Kingdom of Norway	For the Czech Republic
Signed in Praha on 04/09/2017	Signed in Praha on 04/09/2017
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ANNEX A

National management and control structures

1. National Focal Point

The International Relations Department within the Ministry of Finance of the Czech Republic shall act as the National Focal Point.
The International Relations Department within Section 07 - European Union and International Relations of the Ministry of Finance is directly subordinated to the Director General of Section 07. The Director of International Relations Department shall act as the Head of the National Focal Point. The roles and responsibilities of the National Focal Point are stipulated in the Regulation, in particular Article 5.3 thereof.

2. Certifying Authority

The European Funds Department of the Ministry of Finance of the Czech Republic shall act as the Certifying Authority.
The European Funds Department within Section 07 – European Union and International Relations of the Ministry of Finance is directly subordinated to the Director General of Section 07.
The Director of the European Funds Department shall act as the Head of the Certifying Authority. The roles and responsibilities of the Certifying Authority are stipulated in the Regulation, in particular Article 5.4 thereof.

3. Audit Authority

The Audit Authority Department of the Ministry of Finance of the Czech Republic shall act as the Audit Authority.
The Audit Authority Department within Section 04 – Financial Management and Audit is directly subordinated to the Director General of Section 04.
The Director of the Audit Authority Department shall act as the Head of the Audit Authority.
The Audit Authority Department is independent and functionally separated from the Certifying Authority and the National Focal Point.
The roles and responsibilities of the Audit Authority are stipulated in the Regulation, in particular Article 5.5 thereof.

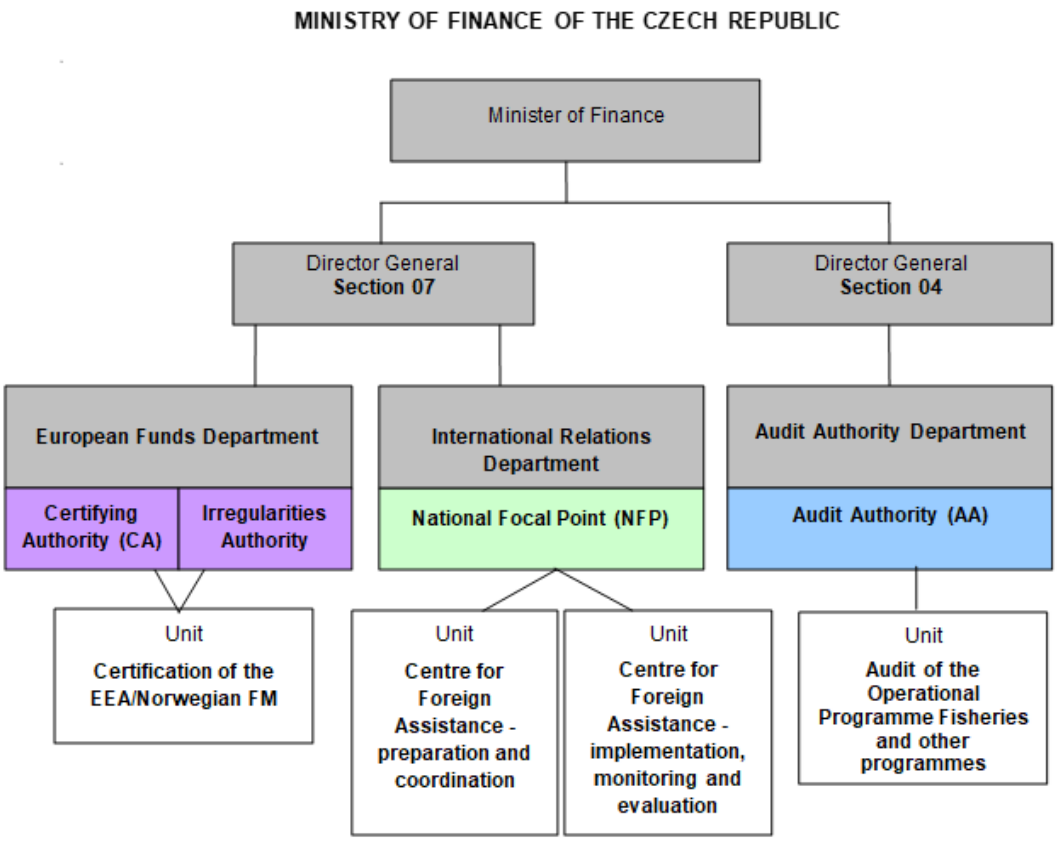
4. Irregularities Authority

The European Funds Department of the Ministry of Finance of the Czech Republic shall act as the Irregularities Authority.
The European Funds Department within Section 07 – European Union and International Relations of the Ministry of Finance is directly subordinated to the Director General of Section 07.
The Director of the European Funds Department shall act as the Head of the Irregularities Authority.
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

	Czech Republic	**Norway Grants contribution**	**National contribution**
	Programmes		
1	Research	€ 15,910,000	€ 2,807,647
2	Global fund for Decent Work and Tripartite Dialogue	€ 890,000	N/A
3	Environment, Ecosystem and Climate Change	€ 31,715,000	€ 5,596,765
4	Human Rights, Roma Inclusion and Domestic and Gender-based Violence	€ 17,930,000	€ 3,164,118
5	Justice	€ 5,900,000	€ 1,041,176
6	Home Affairs	€ 5,000,000	€ 882,353
	Other allocations		
	Technical Assistance to the Beneficiary State (Art. 1.10)	€ 1,335,000	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)	€ 3,645,000	N/A
	Net allocation to Czech Republic	**€ 82,325,000**	**€ 13,492,059**

2. Specific concerns

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

For programmes where the National Focal Point takes the role of Programme Operator, the National Focal Point and the Programme Operator shall at the latest by the submission of the programme concept note submit a plan to ensure adequate programme management capacity of the Programme Operator and guarantees of adequate functional separation between the National Focal Point and the Programme Operator.

The Parties of this Memorandum of Understanding agree that the programme 'Human Rights, Roma Inclusion and Domestic and Gender-based Violence' shall include concrete measures directly targeting Roma inclusion. The National Focal Point shall report on the overall progress made towards addressing this mainstream concern on a yearly basis.

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 Research

Programme objective: Enhanced research-based knowledge development

Programme grant:	€ 15,910,000
Programme co-financing:	€ 2,807,647
Programme Operator:	Technology Agency of the Czech Republic (TACR)
Donor Programme Partners(s):	Research Council of Norway (RCN)
Programme area(s):	Research
Special-concerns:	Cooperation between research institutions and SMEs in order to facilitate commercialization of innovative ideas, products and processes, shall be encouraged. The programme shall support applied research. Approximately 30% of the total eligible expenditure of the programme shall be allocated to support carbon capture and storage projects.
Bilateral ambitions:	€ 100,000 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 Research implemented under the EEA Financial Mechanism 2014-2021.

B. Programme Global fund for Decent Work and Tripartite Dialogue

Programme objective:	Strengthened tripartite cooperation between employer organisations, trade unions and public authorities and the promotion of decent work
Programme grant:	€ 890,000
Programme co-financing:	Not-applicable
Programme Operator:	The Financial Mechanism Office in accordance with Article 6.13 of the Regulation. Innovation Norway (IN) 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)
Special-concerns:	Not applicable

C. Programme Environment, Ecosystem and Climate Change

Programme objective:	Improved environmental status in ecosystems and reduced adverse effects of pollution and other human activities
Programme grant:	€ 31,715,000
Programme co-financing:	€ 5,596,765
Programme Operator:	State Environmental Fund of Czech Republic
Donor Programme Partners(s):	Norwegian Environment Agency (NEA)
Programme area(s):	Environment and Ecosystems Climate Change Mitigation and Adaptation

Special-concerns:	The programme shall primarily focus on the programme area 'Environment and Ecosystems'. Ministry of the Environment of the Czech Republic shall act as Programme Partner and shall be actively involved in and effectively contributing to the development and implementation of the programme.
Bilateral ambitions:	€ 355,000 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 Human Rights, Roma Inclusion and Domestic and Gender-based Violence

Programme objective:	Human rights situation improved and discrimination and extremism combatted at national level
Programme grant:	€ 17,930,000
Programme co-financing:	€ 3,164,118
Programme Operator:	Ministry of Finance
International Partner Organisation(s):	Council of Europe (CoE) European Union Agency for Fundamental Rights (FRA)
Programme area(s):	Human Rights – National Implementation Roma Inclusion and Empowerment Domestic and Gender-based Violence
Special-concerns:	The programme shall foster the implementation of human rights standards in the Czech Republic. It shall also directly target vulnerable groups at high risk of discrimination and exclusion, such as Roma. Victims and witnesses of domestic and gender-based violence, especially children and vulnerable groups, including migrants and Roma women shall be addressed. The programme shall aim at combatting all forms of discrimination and exclusion. It shall also enhance the capacities of the relevant national institutions. Emerging forms of gender-based violence, such as online harassment, bullying or stalking will be also addressed within the programme. Approximately 30% of the total eligible expenditure shall be allocated to the programme area 'Domestic and Gender-based Violence'. The remaining 70% of the total eligible expenditure shall be allocated between the programme areas 'Human Rights - National Implementation' and 'Roma Inclusion and Empowerment'. At least 45% of this amount shall be allocated to the programme area 'Roma Inclusion and Empowerment'. No more than 50% of the total eligible expenditure of the programme area 'Domestic and Gender-based Violence' shall be available for infrastructure (hard measures).

	The maximum level of funding available for infrastructure (hard measures) from the total eligible expenditure of the programme area "Roma Inclusion and Empowerment" shall be identified in the concept note. The implementation modalities including the possibility of a small grant schemes and the programme administrative structures may be further explored during the concept note phase. The CoE shall be involved in the programme area 'Human Rights – National Implementation', while FRA shall be involved in the programme area 'Roma Inclusion and Empowerment'.
Bilateral ambitions:	€ 650,000 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 Justice

Programme objective:	Improved correctional system
Programme grant:	€ 5,900,000
Programme co-financing:	€ 1,041,176
Programme Operator:	Ministry of Finance
Donor Programme Partners(s):	Directorate of Norwegian Correctional Service (KDI)
International Partner Organisation(s):	Council of Europe (CoE)
Programme area(s):	Correctional Services and Pre-trial Detention Effectiveness and Efficiency of the Judicial System, Strengthening Rule of Law
Special-concerns:	The programme shall support systemic measures in penitentiary and post-penitentiary care, implementation of reintegration programmes and education activities. The activities shall include focus on alternative measures to prison. No more than 30% of the total eligible expenditure of the programme shall be available for infrastructure (hard measures). Ministry of Justice of the Czech Republic shall act as Programme Partner and shall be actively involved in and effectively contributing to the development and implementation of the Programme.
Bilateral ambitions:	€ 330,000 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 Home Affairs

Programme objective:	Improved crime prevention and investigation

Programme grant:	€ 5,000,000
Programme co-financing:	€ 882,353
Programme Operator:	Ministry of Interior
Programme area(s):	International Police Cooperation and Combating Crime
Special-concerns:	No more than 60% of the total eligible expenditure of the programme shall be available for infrastructure (hard measures). The programme shall support reinforcement of information exchange and police training.
Bilateral ambitions:	€ 50,000 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.