

Norwegian Financial Mechanism
Memorandum of Understanding - Hungary

MEMORANDUM OF UNDERSTANDING
ON THE IMPLEMENTATION OF THE NORWEGIAN FINANCIAL MECHANISM
2009-2014

between

THE REPUBLIC OF HUNGARY
hereinafter referred to as the “Beneficiary State”

and

THE KINGDOM OF NORWAY,
hereinafter referred to as “Norway”

together hereinafter referred to as the “Parties”,

Norwegian Financial Mechanism
Memorandum of Understanding - Hungary

WHEREAS the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2009-2014 establishes a financial mechanism (hereinafter referred to as the “Norwegian Financial Mechanism 2009-2014”) through which Norway will contribute to the reduction of economic and social disparities in the European Economic Area;

WHEREAS the Norwegian Financial Mechanism 2009-2014 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 2009-2014;

HAVE AGREED on the following:

Article 1
Objectives

1. The overall objectives of the Norwegian Financial Mechanism 2009-2014 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) Carbon capture and storage;
- (b) Green industry innovation;
- (c) Research and scholarship;
- (d) Human and social development;
- (e) Justice and home affairs;
- (f) Promotion of decent work and tripartite dialogue.

Norwegian Financial Mechanism
Memorandum of Understanding - Hungary

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 2009-2014:

- (a) the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as “the Agreement”);
- (b) the Regulation on the implementation of the Norwegian Financial Mechanism 2009-2014 (hereinafter referred to as the “Regulation”) issued by Norway in accordance with Article 8.8 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 (NMFA) in accordance with the Regulation.

Article 3

Financial Framework

1. In accordance with Article 2 of the Agreement, the total amount of the financial contribution is € 800 million in annual tranches of € 160 million over the period running from 1 May 2009 to 30 April 2014, inclusive.
2. In accordance with Article 5 of the Agreement, a total of € 83.200.000 shall be made available to the Beneficiary State over the period referred to in Paragraph 1.
3. In accordance with Article 8.7 of the Agreement and Article 1.8 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 € 76.960.000.

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 of the Agreement and the programme areas identified in Annex B of this Memorandum of Understanding. Norway and the Beneficiary State may consult on possible and specific programmes before a formal programme proposal is submitted to the NMFA.
2. The Beneficiary State shall assure the full co-financing of programmes that benefit from support from the Norwegian Financial Mechanism 2009-2014 in accordance with Annex B and the programme agreements.

Norwegian Financial Mechanism
Memorandum of Understanding - Hungary

3. The NMFA shall manage the Norwegian Financial Mechanism 2009-2014 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 2009-2014 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 2009-2014 as well as for the implementation of the Norwegian Financial Mechanism 2009-2014 in the Beneficiary State in accordance with the Regulation. In accordance with Article 4.2 of the Regulation, the National Focal Point, the Certifying Authority, the Audit Authority, and an appropriate national entity responsible for the preparation and submission of irregularities reports are designated in Annex A.

Article 6
Multi-annual Programming Framework

1. In accordance with Article 2.1 of the Regulation, the Parties have agreed on an implementation framework consisting of the following financial and substantive parameters:
 - (a) a list of agreed programme areas, the financial contribution from the Norwegian Financial Mechanism 2009-2014 by programme area;
 - (b) identification of programmes, their main focus and outcomes, as appropriate, as well as any specific concerns relating to target groups, geographical areas or other issues;
 - (c) identification of programme operators, if appropriate;
 - (d) initiatives to strengthening the bilateral relations between Norway and the Beneficiary State, including the identification of programme areas in which donor partnership programmes as referred to in Article 3.2 shall be prepared, the designation of donor programme partners, the allocation of funds for such programmes, and programmes, or component thereof, that are dedicated exclusively to donor partnership projects;
 - (e) in specific cases, the identification of pre-defined projects to be included in relevant programmes;
 - (f) identification of small grant schemes, as appropriate.
2. The implementation framework is outlined in Annex B.

Norwegian Financial Mechanism
Memorandum of Understanding - Hungary

Article 7
Annual meetings

In accordance with Article 2.3 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.

Article 8
Modification of the annexes

1. Annex A may be subject to review at the annual meetings. Amendments to Annex A agreed upon at the annual meetings do not require a formal change to this Memorandum of Understanding. Such amendments shall be confirmed through an exchange of letters between the NMFA and the National Focal Point.
2. Annex B may be changed through an exchange of letters between the NMFA and the National Focal Point.

Article 9
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 10
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 2009-2014 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, sustainable development, gender equality and equal opportunities in all implementation phases of the Norwegian Financial Mechanism 2009-2014.
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 2009-2014.

Norwegian Financial Mechanism
Memorandum of Understanding - Hungary

Article 11
Entry into Force

Due to the constitutional requirements of the Republic of Hungary, this Memorandum of Understanding shall enter into force on the thirtieth (30th) day after the date of its last signature.

This Memorandum of Understanding is signed in two originals in the English Language.

Signed in on
For the Republic of Hungary

Signed in on
For the Kingdom of Norway

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National management and control structures

1. National Focal Point

The National Development Agency (NDA) shall act as the National Focal Point. The NDA is a central state administration body, operating under the direction of the Minister of National Development.

The NDA is responsible for ensuring the effective use of EU and other national and international funds. Its tasks include the preparation of long- and mid-term development plans and operational programmes, as well as the establishment of the institutional, financial and procedural rules necessary for the implementation of the different funding programmes.

The Managing Authority for International Co-Operation Programmes (MAICP) of the NDA shall be responsible for implementing the tasks of the National Focal Point. The President of the NDA appoints the Director General of the MAICP 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 4.3 thereof.

2. Certifying Authority

The Hungarian State Treasury (Treasury) shall act as the Certifying Authority. The Treasury is an independent legal entity within the central state administration, established by Legal Act. The Treasury is responsible for keeping a register of the implementation of the State Budget Act and exercises financial control.

The President of the Treasury shall act as the Head of the Certifying Authority. Within the Treasury, the Compliance Department and the Financial and Irregularity Reporting Department operating under the supervision of the Director for EU Funds shall be responsible for implementing the tasks of the Certifying Authority.

The President of the Treasury reports to the Minister for National Economy. The relationship of the Treasury with the Ministry for National Economy is coordinated by the Deputy State Secretary responsible for the Treasury who reports to the State Secretary for Public Finances of the Ministry for National Economy.

Norwegian Financial Mechanism
Memorandum of Understanding - Hungary

The roles and responsibilities of the Certifying Authority are stipulated in the Regulation, in particular Article 4.5 thereof.

3. Audit Authority

The Directorate General for Audit of European Funds (DGAEF) shall act as the Audit Authority. The DGAEF is an independent legal entity within the central state administration, established by Legal Act.

The DGAEF's activities include the performance of audit authority tasks regarding the support from the European Regional Development Fund, the European Social Fund and the Cohesion Fund, and also the audit tasks defined by the Government regarding other European Union and international funds, including the EEA and Norwegian Financial Mechanisms. The Audit Authority performs its tasks in line with international audit standards and relevant provisions of European legislation.

The Director General of the DGAEF shall act as the head of the Audit Authority. The Director General of the DGAEF reports to the Minister for National Economy. The relationship of the DGAEF with the Ministry for National Economy is coordinated by the Deputy State Secretary responsible for the Treasury who reports to the State Secretary for Public Finances of the Ministry for National Economy.

The roles and responsibilities of the Audit Authority in respect of funding from the Norwegian FM are stipulated in the Regulation, in particular Article 4.6 thereof.

The Audit Authority is functionally independent of the National Focal Point and the Certifying Authority and all other institutions participating in the management and control of the Norwegian Financial Mechanism 2009-2014.

4. National public entity responsible for the preparation and submission of irregularities reports.

The National Focal Point shall be responsible for the preparation and submission of irregularities reports.

The roles and responsibilities of the National Focal Point in relation to preparation and submission of irregularities reports are stipulated in the Regulation, in particular Article 11.3 thereof.

Norwegian Financial Mechanism
Memorandum of Understanding - Hungary

5. Monitoring Committee

The Monitoring Committee shall be established within six months of the signing of the Memorandum of Understanding. Its role is stipulated in the Regulation, in particular Article 4.4 thereof.

6. The Role of the Implementing Agency

The National Focal Point shall assign certain responsibilities given to the Programme Operator under the Regulation to a single Implementing Agency. Such assignment shall be stipulated in the programme agreement, and be detailed in the programme implementation agreement. The Implementing Agency shall be a party to the programme implementation agreement. The role of the Implementing Agency shall not affect the responsibilities of the Programme Operator related to the policy, strategic and/or bilateral aspects of the implementation of the programme. In order to establish transparent, cost-efficient and harmonized management and control systems of the different programmes, the National Focal Point will endeavor to ensure that responsibilities assigned to the Implementing Agency are identical for all programmes. The expenditures incurred by the Implementing Agency related to the implementation of the assigned responsibilities shall be covered from the respective programme's management cost referred to in Article 7.1 of the Regulation, in accordance with the programme agreement. Activities fulfilled and expenditures incurred by the Implementing Agency shall be clearly attributable to the programme to which they relate.

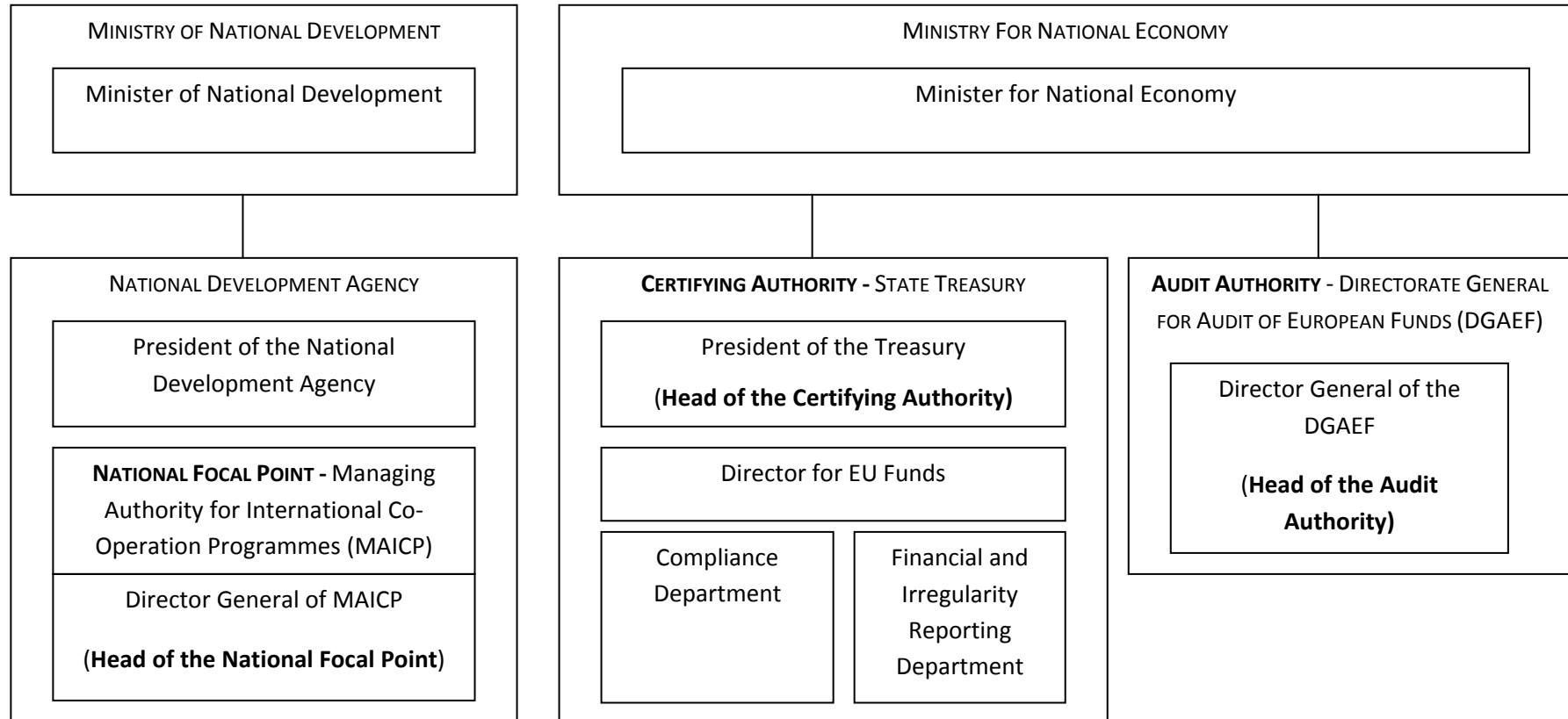
The National Focal Point shall select the Implementing Agency through a competitive tender procedure. Result of the selection shall be subject to approval by the NMFA.

7. Strategic Report and annual meetings

In accordance with Article 2.2 of the Regulation, the National Focal Point shall annually submit to the NMFA a Strategic Report on the implementation of the Norwegian Financial Mechanism 2009-2014 in the Beneficiary State. The Parties shall endeavor to hold the annual meeting in the month of April every year.

Norwegian Financial Mechanism
Memorandum of Understanding - Hungary

8. Organigram



Implementation framework

In accordance with Article 2.1 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

Hungary	Norwegian FM contribution
Programme area	
Green Industry Innovation	€ 21,216,000
Global fund for Decent Work and Tripartite Dialogue	€ 832,000
Bilateral Research Cooperation	€ 24,128,000
Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities	€ 8,320,000
Public Health Initiatives	€ 16,640,000
Other allocations	
Technical assistance to the Beneficiary State (Art. 1.9)	€ 1,248,000
Reserve for unforeseen developments (Art. 1.10.1)	€ 4,160,000
Fund for bilateral relations at national level (Art. 3.5.1)	€ 416,000
Net allocation to Hungary	€ 76,960,000

2. Specific concerns

Bilateral relations between Norway and Hungary shall be strengthened with the aim of stimulating long-term cooperation, in particular in the programme areas listed below with donor programme partners, as well as through other means such as partnership at project level in all programme areas supported.

The appraisal of Programme Proposals will take due account of relevant human rights- and governance-related standards of the Council of Europe (such as those monitored by CPT, GRECO, GRETA, ECRI etc.), including the Convention for the Protection of Human Rights and Fundamental Freedoms.

3. Substantive parameters of the implementation framework

The programmes described below are to be prepared and, subject to NMFA approval, implemented in the Beneficiary State

Norwegian Financial Mechanism
Memorandum of Understanding - Hungary

A. Programme Area: Green Industry Innovation

<i>Programme:</i>	Green Industry Innovation
<i>Objective:</i>	Increased competitiveness of green enterprises, including greening of existing industries, green innovation and green entrepreneurship
<i>Outcomes:</i>	Reduced production of waste and reduced emissions to air, water and ground More use of environmentally friendly technologies Increased green job creation and entrepreneurship
<i>Programme grant:</i>	€ 21,216,000
<i>Programme Operator:</i>	Szent István University
<i>Donor programme partner:</i>	Innovation Norway

B. Programme Area: Global Fund for Decent Work and Tripartite Dialogue

<i>Programme:</i>	Decent work
<i>Objective:</i>	Decent work promoted and tripartite cooperation improved between employers' organisations, trade unions and public authorities in supporting equitable and sustainable economic and social development
<i>Programme grant:</i>	€ 832,000
<i>Programme Operator:</i>	Innovation Norway

C. Programme Area: Bilateral research cooperation

<i>Programme:</i>	Norwegian-Hungarian Research Programme
<i>Objective:</i>	Enhanced research-based knowledge development in the Beneficiary States through enhanced research cooperation between Norway and the Beneficiary States
<i>Programme grant:</i>	€ 24,128,000
<i>Programme Operator:</i>	National Innovation Office
<i>Donor programme partner:</i>	The Research Council of Norway
<i>Specific concerns:</i>	The main focus of the programme should be on environment and health. Research in the field of social sciences and humanities shall also be eligible for support. The programme shall include an allocation of € 1.0 million for gender-related research.

Norwegian Financial Mechanism
Memorandum of Understanding - Hungary

D. Programme Area: Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities

<i>Programme:</i>	Capacity-Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities
<i>Objective:</i>	Strengthened institutional capacity and human resource development in public institutions, local and regional authorities in the Beneficiary States within the agreed priority sectors through cooperation and transfer of knowledge with similar institutions and authorities in Norway
<i>Programme grant:</i>	€ 8,320,000
<i>Programme Operator:</i>	National Focal Point
<i>Specific concerns:</i>	At least 30 % of the allocation shall be targeted towards local and regional institutional development. 10% of the allocation will target gender issues. Lifelong learning will be included. Pre-defined project(s) shall be approved jointly by the NMFA and the National Focal Point and each pre-defined project will involve partnership with one or more institutions from Norway.

E. Programme Area: Public Health Initiatives

<i>Programme:</i>	Public Health Initiatives
<i>Objective:</i>	Improved public health and reduced health inequalities
<i>Outcomes:</i>	Reduced inequalities between user groups Improved access to and quality of health services, including reproductive and preventive child health care Life-style-related diseases prevented or reduced Improved mental health services
<i>Programme grant:</i>	€ 16,640,000
<i>Programme Operator:</i>	Managing Authority for Human Resources Programmes of the National Development Agency
<i>Donor programme partner:</i>	Norwegian Institute of Public Health
<i>Specific concerns:</i>	The most vulnerable groups, including the Roma population, shall be targeted within this programme. The Cooperation Committee shall include member(s) representing the relevant public institution(s) in charge of the policy area in question.