

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

between

ICELAND,
THE PRINCIPALITY OF LIECHTENSTEIN,
THE KINGDOM OF NORWAY,
hereinafter referred to as the “Donor States”

and

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

together hereinafter referred to as the “Parties”,

WHEREAS Protocol 38b to the EEA Agreement, incorporated into the EEA Agreement by the Agreement between the European Union, Iceland, the Principality of Liechtenstein and the Kingdom of Norway on the EEA Financial Mechanism 2009-2014, establishes a financial mechanism (hereinafter referred to as the “EEA Financial Mechanism 2009-2014”) through which the Donor States will contribute to the reduction of economic and social disparities in the European Economic Area;

WHEREAS the EEA Financial Mechanism 2009-2014 aims to strengthen relations between the Donor States and the Beneficiary State to the mutual benefit of their peoples;

WHEREAS by decision of the Standing Committee of the EFTA States No. 5/2010/SC of 9 December 2010 the Donor States have given the Financial Mechanism Committee, established by a decision of the Standing Committee of the EFTA States No. 4/2004/SC of 3 June 2004, a mandate to manage the EEA Financial Mechanism 2009-2014;

WHEREAS the enhanced co-operation between the Donor States and the Beneficiary State will contribute to securing a stable, peaceful and prosperous Europe, based on good governance, democratic institutions, the rule of law, respect for human rights and sustainable development;

WHEREAS the Parties agree to establish a framework for cooperation in order to ensure the effective implementation of the EEA Financial Mechanism 2009-2014;

the Parties HAVE AGREED on the following:

Article 1 **Objectives**

1. The overall objectives of the EEA 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 the Donor States and the Beneficiary States through financial contributions in the priority sectors listed in paragraph 2. Accordingly, the Parties to this Memorandum of Understanding shall endeavour to select for funding programmes that contribute to the achievement of these objectives.

2. The financial contributions shall be available in the following priority sectors:

- (a) Environmental protection and management;
- (b) Climate change and renewable energy;
- (c) Civil society;
- (d) Human and social development; and
- (e) Protecting cultural heritage.

Academic research may be eligible for funding in so far it is targeted at one or more of the priority sectors.

Article 2

Legal Framework

This Memorandum of Understanding shall be read in conjunction with the following documents which, together with this Memorandum of Understanding, constitute the legal framework of the EEA Financial Mechanism 2009-2014:

- (a) Protocol 38b to the EEA Agreement on the EEA Financial Mechanism 2009-2014;
- (b) the Regulation on the implementation of the EEA Financial Mechanism 2009-2014 (hereinafter referred to as the “Regulation”) issued by the Donor States in accordance with Article 8.8 of Protocol 38b;
- (c) the programme agreements that will be concluded for each programme; and
- (d) any guidelines adopted by the Financial Mechanism Committee in accordance with the Regulation.

Article 3

Financial Framework

1. In accordance with Article 2 of Protocol 38b, the total amount of the financial contribution is € 988.5 million in annual tranches of € 197.7 million over the period running from 1 May 2009 to 30 April 2014, inclusive.
2. In accordance with Article 5 of Protocol 38b, a total of € 78.6 million shall be made available to the Beneficiary State over the period referred to in Paragraph 1.
3. In accordance with Article 8.7 of Protocol 38b and Article 1.8 of the Regulation, the management costs of the Donor States shall be covered by the overall amount referred to above. Further provisions to this effect are set out in the Regulation. The net amount of the allocation to be made available to the Beneficiary State is € 72,705,000.

Article 4

Roles and responsibilities

1. The Donor States shall make funds available in support of eligible programmes proposed by the Beneficiary State and agreed on by the Financial Mechanism Committee within the priority sectors listed in Article 3.1 of Protocol 38b and the programme areas identified in Annex B of this Memorandum of Understanding. The Donor States and the Beneficiary State may consult on possible and specific programmes before a formal programme proposal is submitted to the Financial Mechanism Committee.
2. The Beneficiary State shall assure the full co-financing of programmes that benefit from support from the EEA Financial Mechanism 2009-2014 in accordance with Annex B and the programme agreements.
3. The Financial Mechanism Committee shall manage the EEA Financial Mechanism 2009-2014 and take decisions on the granting of financial assistance in accordance with the Regulation.
4. The Committee shall be assisted by the Financial Mechanism Office (hereinafter referred to as the “FMO”). The FMO shall be responsible for the day-to-day operations of the EEA Financial Mechanism 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 EEA Financial Mechanism 2009-2014 as well as for the implementation of the EEA 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 EEA 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 the Donor States 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.

Article 7
Annual meetings

In accordance with Article 2.3 of the Regulation an annual meeting shall be held between the FMC and the National Focal Point. The annual meeting shall allow the FMC and the National Focal Point to examine progress achieved over the previous reporting period and agree on any necessary measures to be taken.

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 FMC and the National Focal Point.

2. Annex B may be changed through an exchange of letters between the FMC and the National Focal Point.

**Article 9
Control and Access to Information**

The Financial Mechanism Committee, the EFTA Board of Auditors and their representatives have the right to carry out any technical or financial mission or review they consider necessary to follow the planning, implementation and monitoring of programmes and projects as well as the use of funds. The Beneficiary State shall provide all necessary assistance, information and documentation.

**Article 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 EEA Financial Mechanism 2009-2014 shall be pursued in the framework of close co-operation between the Donor States and the Beneficiary State. The Parties agree to apply the highest degree of transparency, accountability and cost efficiency as well as the principles of good governance, sustainable development, gender equality and equal opportunities in all implementation phases of the EEA 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 EEA Financial Mechanism 2009-2014.

**Article 11
Entry into Force**

This Memorandum of Understanding shall enter into force on the day after the date of its last signature.

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

Signed in on
For Iceland

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Signed in on
For the Republic of Bulgaria

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Signed in on
For the Principality of Liechtenstein

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Signed in on
For the Kingdom of Norway

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National management and control structures

1. National Focal Point

The Central Coordination Unit Directorate shall act as the National Focal Point. The National Focal Point shall have the overall responsibility for reaching the objective of the EEA Financial Mechanism 2009-2014.

The Central Coordination Unit Directorate is an administrative unit within the administration of the Council of Ministers. The Director of the Central Coordination Unit Directorate shall perform the functions of Head of the National Focal Point. The Central Coordination Unit Directorate reports directly to the Deputy Prime Minister responsible for EU Funds Management and Economic Policy.

Within the structures of the Central Coordination Unit Directorate, the Bilateral Cooperation Programs and Financial Instruments Department shall coordinate the National Focal Point functions and perform the majority tasks 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. In addition, the National Focal Point shall:

- Ensure overall coordination of the EEA Financial Mechanism 2009-2014 and complementarities with EU Funds and other donors, in cooperation with the relevant national authorities;
- Provide methodological guidance on the preparation and implementation of the programmes under the EEA Financial Mechanism 2009-2014 in the Beneficiary State;
- Encourage partnerships between the Programme Operators and the relevant institutions from the Donor States, including through management of the fund for bilateral relations at national level;
- Provide guidance on the implementation of horizontal policies related to the implementation of the EEA Financial Mechanism 2009-2014;
- Perform the functions of a national public entity responsible for the preparation and submission of the irregularities reports in accordance with Art. 11.3 of the Regulation.

2. Certifying Authority

The National Fund Directorate (NF) shall act as the Certifying Authority.

The National Fund Directorate is an administrative unit within the Ministry of Finance. The NF is placed under the responsibility of a Deputy-Minister of Finance responsible for the financial management of the EU Funds. The Director of the NF shall be the Head of the Certifying Authority.

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

3. Audit Authority

The Audit of European Union Funds Executive Agency (AEUFEA) to the Minister of Finance of Republic of Bulgaria shall act as the Audit Authority.

AEUFEA is functionally independent from the other bodies involved in the management and control system of EEA Financial Mechanism 2009-2014 (e.g. National Focal Point, Certifying Authority, Programme Operators) in the Beneficiary State. It performs the audit activities according to internationally accepted auditing standards and requirements of the Regulation on the Implementation of the EEA Financial Mechanism 2009-2014. The Executive Director of AEUFEA shall be the Head of the Audit Authority.

The roles and responsibilities of the Audit Authority are stipulated in the Regulation, in particular Article 4.6 thereof.

The National Focal Point shall provide the NMFA with copies of any audit report that is made by the Bulgarian National Audit Office (Сметна палата на Република България) regarding the implementation of the EEA Financial Mechanism 2009-2014.

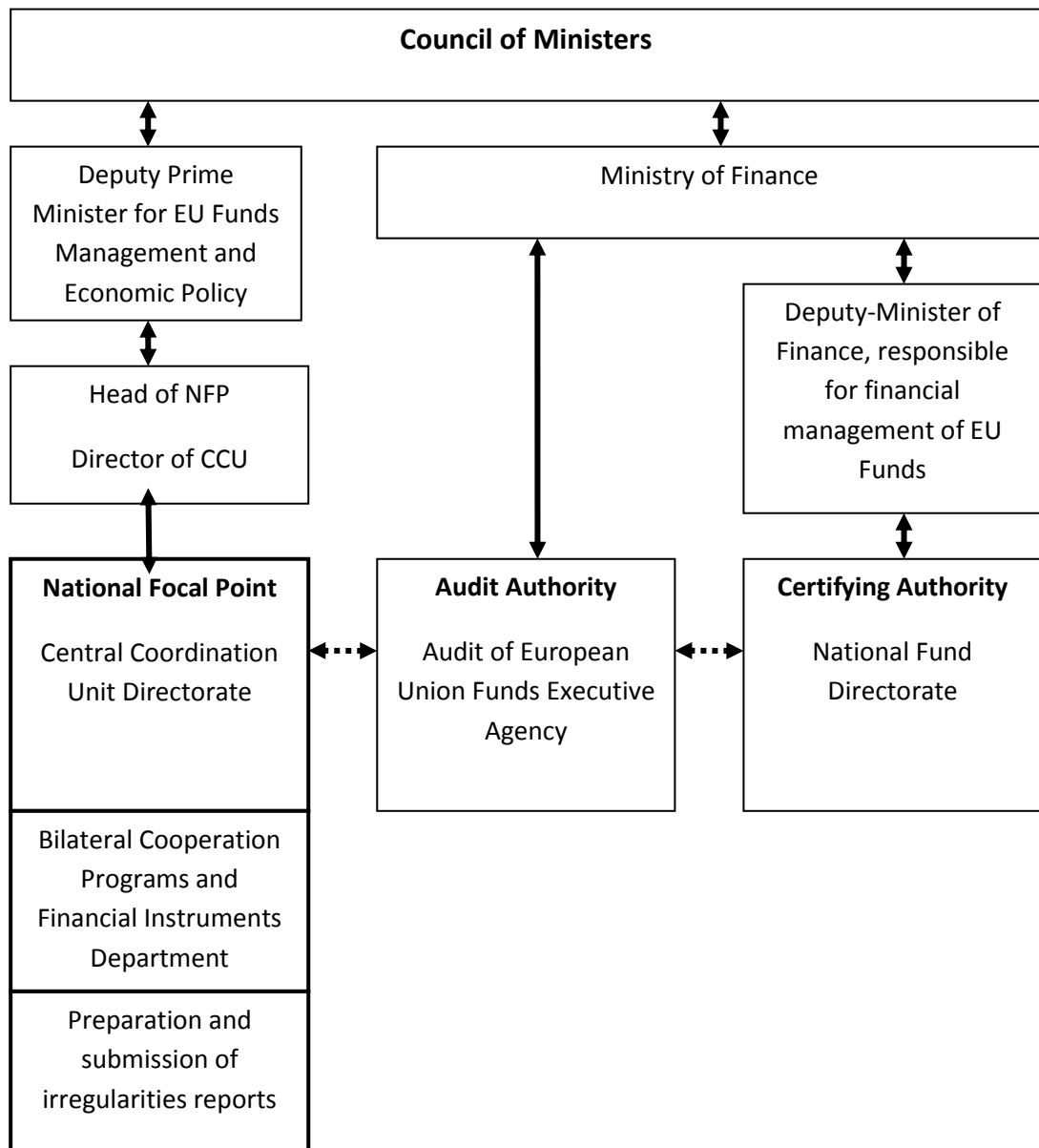
4. Monitoring Committee

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

5. Strategic Report and annual meetings

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

6. 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

| Bulgaria | EEA FM contribution |
|--|----------------------------|
| Programme area | |
| Integrated Marine and Inland Water Management | € 8,000,000 |
| Biodiversity and Ecosystem Services | € 8,000,000 |
| Energy Efficiency & Renewable Energy | € 13,260,245 |
| Funds for Non-Governmental Organisations | € 11,790,000 |
| Children and Youth at Risk | € 8,630,113 |
| Public Health Initiatives | € 5,650,000 |
| Conservation and Revitalisation of Cultural and Natural Heritage | € 14,000,000 |
| Scholarships | € 1,500,000 |
| Other allocations | |
| Technical assistance to the Beneficiary State (Art. 1.9) | € 979,000 |
| Reserve for projects under FMs 2004-09 (Art. 1.10.2) | € 502,642 |
| Fund for bilateral relations at national level (Art. 3.5.1) | € 393,000 |
| Net allocation to Bulgaria | € 72,705,000 |

2. Specific concerns

Bilateral relations between the Donor States and Bulgaria 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.

Specific concern will be ensured in respect of issues related to the Roma population across the programme areas. The target is for 10% of the allocation to go towards improvement of the situation for the Roma population.

3. Substantive parameters of the implementation framework

The programmes described below are to be prepared and, subject to FMC approval, implemented in the Bulgaria.

A. Programme Area: Integrated Marine and Inland Water Management

| | |
|---------------------------------|--|
| <i>Programme:</i> | Integrated Marine and Inland Water Management |
| <i>Programme grant:</i> | € 8,000,000 |
| <i>Objective:</i> | Good environmental status in European marine and inland waters |
| <i>Outcome(s):</i> | More integrated management of marine and inland water resources; Improved monitoring of marine waters; Increased capacity for assessing and predicting environmental status in marine and inland waters. |
| <i>Programme Operator:</i> | Ministry of Environment and Waters |
| <i>Donor programme partner:</i> | The Norwegian Environment Agency |
| <i>Specific concern:</i> | The Programme should also include Black Sea initiatives. |

B. Programme Area: Biodiversity and Ecosystem Services

| | |
|---------------------------------|---|
| <i>Programme:</i> | Biodiversity and Ecosystem Services |
| <i>Programme grant:</i> | € 8,000,000 |
| <i>Objective:</i> | Halt loss of biodiversity |
| <i>Outcome(s):</i> | Increased awareness of and education in biodiversity and ecosystem services, including awareness of and education in the linkage between biodiversity and climate change, and economic valuation of ecosystems; Increased protection of native ecosystems against invasive alien species; Improved integration of biodiversity considerations in sectoral policies and legislation. |
| <i>Programme Operator:</i> | Ministry of Environment and Waters |
| <i>Donor Programme Partner:</i> | The Norwegian Environment Agency |

C. Programme Areas: Energy Efficiency and Renewable Energy

| | |
|----------------------------|---|
| <i>Programme:</i> | Energy Efficiency and Renewable Energy |
| <i>Programme grant:</i> | € 13,260,245 |
| <i>Objective:</i> | Increased share of renewable energy in energy use |
| <i>Outcome(s):</i> | Improved energy efficiency in buildings; Increased awareness of and education in energy efficiency; Increased renewable energy production; Increased awareness of and education in renewable energy solutions; Improved capacity at national, regional and local level on renewable energy solutions. |
| <i>Programme Operator:</i> | Ministry of Economy and Energy |

Donor programme partner: The Norwegian Water Resources and Energy Directorate (NVE)
Pre-defined project: Implementation of the Euro-electricity market (with NVE as project partner), with an allocation from the Programme not exceeding € 1.3 million.

D. Programme Area: Funds for Non-Governmental Organisations

Programme: NGO Fund
Programme grant: € 11,790,000
Objective: Strengthened civil society development and enhanced contribution to social justice, democracy and sustainable development
Outcome(s): Active citizenship fostered; Increased involvement of NGOs in policy and decision-making processes with local, regional and national governments; Democratic values, including human rights, promoted.
Programme Operator: The Financial Mechanism Office is entrusted with operating the programme in line with Article 5.13 of the Regulation. The Focal Point is to be consulted in the selection of the Programme Operator.
Specific concern: The programme should focus on issues such as social inclusion, anti-discrimination, active citizenship, good governance and transparency.
The programme should also address the specific needs of vulnerable groups including Roma.

E. Programme Area: Children and Youth at Risk

Programme: Children and Youth at Risk
Programme grant: € 8,630,113
Objective: Improved well-being of children and young people at risk
Outcome(s): Effective and efficient measures addressing vulnerable groups of children and youth facing particular risks implemented;
Programme Operator: Ministry of Education and Sciences
Donor programme partner: Council of Europe
Specific concerns: The Programme should focus on school attendance, including specific needs of Roma children.

F. Programme Area: Public Health Initiatives

Programme: Public Health Initiatives
Programme grant: € 5,650,000
Objective: Improved public health and reduced health inequalities
Outcome(s): Improved governance in health care; Improved access to and quality of health services including reproductive and preventive child health care; Improved mental health services; Reduced inequalities between user groups.

Programme Operator: Ministry of Health, supported by the “Operational Programme ‘Technical Assistance’ Directorate” within the Council of Ministers of the Republic of Bulgaria

Specific concerns: The Programme should focus on reproductive health, childcare, mental health, improvement of governance in healthcare and specific health challenges for the Roma.

The programme shall be implemented jointly with the Programme under the programme area ‘Public Health Initiatives’ in the Norwegian Financial Mechanism.

G. Programme Area: Conservation and Revitalisation of Cultural and Natural Heritage & Promotion of Diversity in Culture and Arts within European Cultural Heritage

Programme: Cultural Heritage and Contemporary Arts

Programme grant: € 14,000,000

Objective: Cultural and natural heritage for future generations safeguarded and conserved and made publicly accessible

Outcome(s): Cultural heritage restored, renovated and protected; Contemporary art and culture presented and reaching a broader audience; Cultural heritage made accessible to the public; Cultural history documented.

Programme Operator: Ministry of Culture

Small grants scheme: Not less than € 500,000 shall be set aside for a small grants scheme to cover the scope of Programme area ‘Promotion of Diversity in Culture and Arts within European Cultural Heritage’, including cultural diversity and contemporary arts and culture projects and cultural exchange between the Donor States and Bulgaria.

Pre-defined project: Sofia Arsenal Museum for Contemporary Arts – Second Stage, with an allocation from the Programme not exceeding € 2.5 million.

H. Programme Area: Scholarships

Programme: EEA Scholarship Programme

Programme grant: € 1,500,000

Objective: Enhanced human capital and knowledge base in the Beneficiary States

Outcome(s): Increased higher education student and staff mobility between Beneficiary and EEA EFTA States; Increased and strengthened institutional cooperation at all levels of the education sector (school education, higher education, vocational training/education and adult education) between Beneficiary and EEA EFTA States.

Programme Operator: Ministry of Education and Sciences

Donor programme partners: The Icelandic Centre for Research – RANNIS (Iceland), the National Agency for International Education Affairs – AIBA (Liechtenstein), and the Norwegian Centre for International

Cooperation in Higher Education – SIU (Norway). SIU will function as lead Donor Programme Partner.

4. Projects under the EEA Financial Mechanism 2004-2009 funded through the reserve referred to in paragraph 2 of Article 1.10 of the Regulation

| Name and number of project | Amount from reserve |
|---|---------------------|
| BG0021 – Together for children at risk – a model for prevention and reintegration in Kyustendil Municipality | € 56,080 |
| BG 0025 – Development of a Digital map and a Geographical Information Database for the underground public infrastructure of Russe | € 128,664 |
| BG 0036 – Towards better surrounding environment – investigation and forecasting of the potential environmental pollutions from landfills | € 157,060 |
| BG 0052 - Development of Information System within the National System for Monitoring of the Biodiversity in Bulgaria | € 27,122 |
| BG 0057 – Scholarship Fund | € 133,716 |
| Total amount | € 502,642 |