

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 CZECH REPUBLIC
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;

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 € 61,400,000 shall be made available to the Beneficiary State over the period referred to in Paragraph 1.
3. In accordance with Article 8.7 of 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 € 56,795,000.

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

Signed in on
For the Czech Republic

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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

Ministry of Finance of the Czech Republic – Department of International Relations shall act as the National Focal Point. The Director of the Department of International Relations shall act as the head of the National Focal Point.

Ministry of Finance is a central authority of the state administration. Department of International Relations belongs to the Section 07 – International Relations and Financial Policies and reports to the Deputy Minister of the Section 07.

The roles and responsibilities of the National Focal Point are stipulated in the Regulation, in particular Article 4.3 thereof.

2. Certifying Authority

Ministry of Finance of the Czech Republic – National Fund Department shall act as the Certifying Authority. The Director of the National Fund Department shall act as the head of the Certifying Authority.

Ministry of Finance is a central authority of the state administration. National Fund Department belongs to the Section 06 – Public Budgets and reports to the Deputy Minister of the Section 06.

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

3. Audit Authority

Ministry of Finance of the Czech Republic – Audit Department – Central Harmonisation Unit shall act as the Audit Authority. The Director of the Audit Department – Central Harmonisation Unit shall act as the head of the Audit Authority.

Ministry of Finance is a central authority of the state administration. Audit Department – Central Harmonisation Unit belongs to the Section 04 – Finance, Audit and Operation and reports to the Deputy Minister of the Section 04.

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

The Audit Authority shall be functionally independent of the National Focal Point and the Certifying Authority.

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

Ministry of Finance of the Czech Republic – National Fund Department (Certifying Authority) shall be responsible for the preparation and submission of irregularities reports.

The roles and responsibilities of the National Fund Department related to the preparation and submission of irregularities reports are stipulated in the Regulation, in particular Article 11.3 thereof.

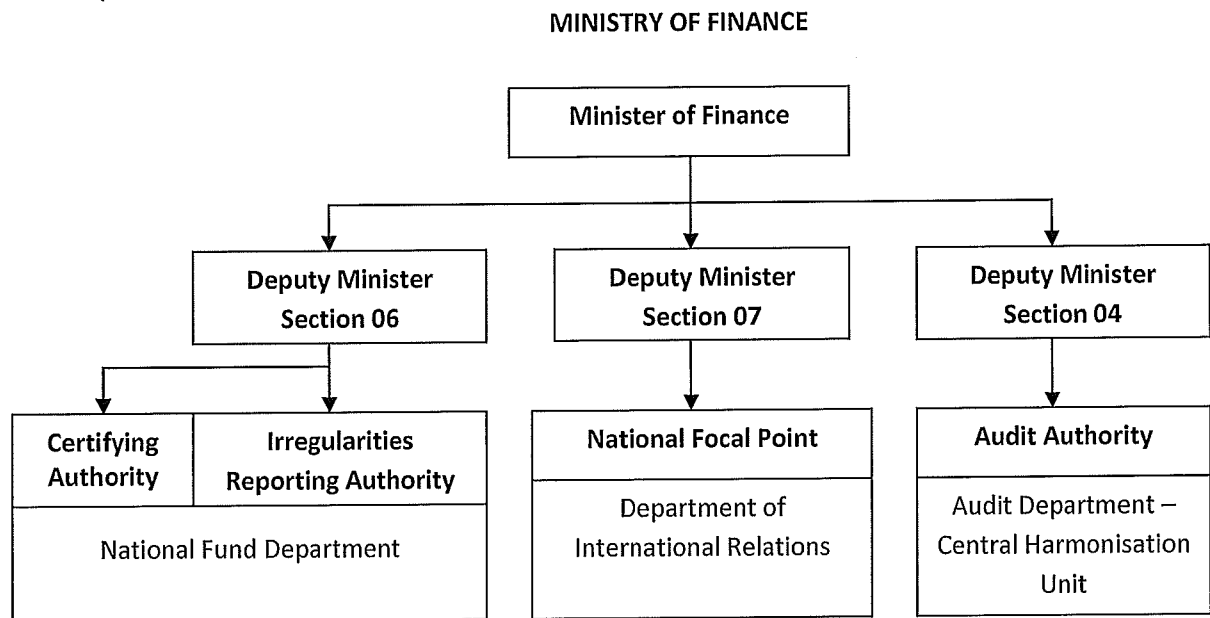
5. Monitoring Committee

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. Strategic Report and annual programme reports

In accordance with Article 2.2 of the Regulation, the National Focal Point shall annually submit to the FMC 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 September every year.

7. 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

| Czech Republic | EEA FM contribution |
|--|----------------------------|
| Programme area | |
| Biodiversity and Ecosystem Services | € 12,280,000 |
| Environmental Monitoring and Integrated Planning and Control | € 3,070,000 |
| Adaptation to Climate Change | € 3,070,000 |
| Funds for Non-Governmental Organisations | € 11,369,191 |
| Children and Youth at Risk | € 2,738,809 |
| Local and Regional Initiatives to Reduce National Inequalities and to Promote Social Inclusion | € 1,242,000 |
| Conservation and Revitalisation of Cultural and Natural Heritage | € 18,704,057 |
| Promotion of Diversity in Culture and Arts within European Cultural Heritage | € 2,785,943 |
| Scholarships | € 307,000 |
| Other allocations | |
| Technical assistance to the Beneficiary State (Art. 1.9) | € 921,000 |
| Fund for bilateral relations at national level (Art. 3.5.1) | € 307,000 |
| Net allocation to the Czech Republic | € 56,795,000 |

2. Specific concerns

Bilateral relations between the Donor States and the Czech Republic 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 Beneficiary State shall ensure that the co-financing to programmes or projects from national sources is in a close proximity to 15 % of the total eligible costs to programme areas in the Beneficiary State unless otherwise is agreed and specified in the Programme Agreement.

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 FMC approval, implemented in the Beneficiary State.

| | |
|---|---|
| A. Programme Area no 2, 3 & 7: | Biodiversity and Ecosystem Services & Environmental Monitoring and Integrated Planning Control & Adaptation to Climate Change |
| <i>Programme:</i> | Biodiversity and Ecosystem Services & Environmental Monitoring and Integrated Planning Control & Adaptation to Climate Change |
| <i>Objective:</i> | Halt loss of biodiversity |
| <i>Outcome(s):</i> | Increased capacity to manage and monitor Natura 2000 sites effectively 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 Improved integration of biodiversity considerations in sectoral policies and legislation Avoid fragmentation of ecosystems Improved environmental information on impact, status and trends Developed systems for information exchange on climate change adaptation Developed strategies and measures for adapting to a changing climate |
| <i>Programme grant:</i> | € 18,420,000 |

Programme operator: National Focal Point – Ministry of Finance
Donor programme partner(s): The Directorate of Nature Management (DN)
Special concern(s): The projects under the programme may fall under PA2 (Biodiversity and Ecosystem Services), PA3 (Environmental monitoring and Integrated Planning and Control) or PA7 (Adaptation to Climate Change), in support of the expected outcomes listed above.

The cooperation committee shall include as member representatives from the relevant public authority or institution in charge of the policy area in question.

B. Programme Area no 10:

Funds for Non-Governmental Organisations

Programme:

NGO Programme

Objective:

Strengthened civil society development and enhanced contribution to social justice, democracy and sustainable development

Programme grant:

€ 11,369,191

Programme operator:

The Programme Operator(s) shall be selected through competitive tendering procedures. The Donor States shall be invited to attend as an observer to these procedures. The terms of reference for the Programme Operator shall be developed in close cooperation with the FMC.

Specific concern(s):

Minimum 10 % of the total eligible expenditures of the programme shall be dedicated to support children and youth at risk.

Minimum 50 % of the total eligible expenditures of the programme shall be dedicated to the core areas of support.

The programme shall address the specific needs of minority groups including Roma. The programme shall in addition address environmental protection and climate change.

€ 600,000 shall be dedicated to NGOs supporting efforts in reducing inequalities and promoting social inclusion.

C. Programme Area no 11:

Children and Youth at Risk

Programme:

Children and Youth at Risk

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

Laws, policies and measures in the field of children's and youth rights as enshrined in relevant international instruments effectively implemented

Quality of child welfare systems and protection measures effectively improved, relaying the views of relevant stakeholders and society at large through high quality and participatory debate

Programme grant: € 2,738,809

Programme operator: National Focal Point – Ministry of Finance

Specific concern(s): The programme should also address the specific needs of minority groups.

D. Programme Area no 12:

Local and Regional Initiatives to Reduce National Inequalities and to Promote Social Inclusion

Programme: **National, Regional, Local Initiatives to Reduce Inter-group Inequalities and to Promote Social Inclusion**

Objective: Strengthened social and economic cohesion at national, regional and local levels

Outcome(s): Local and regional authorities, as well as private and civil society actors, are developing initiatives to strengthen anti-discriminatory measures for groups vulnerable to social and economic exclusion

Programme grant: € 1,242,000

Programme operator: The National Focal Point, Ministry of Finance

Specific concern(s): The programme should also address the specific needs of the Roma population.

Pre-defined project(s) The pre-defined project shall be a governmental project. The Project Promoter shall be the Office of the Government of the Czech Republic.

The total project grant shall be € 1.2 mill euro.

E. Programme Area no 16 & 17:

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**

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

Programme grant: € 21,490,000

Programme operator: National Focal Point – Ministry of Finance

Donor programme partner: Arts Council Norway (for small grants scheme)

Pre-defined project(s): Possible pre-defined project(s) with the Directorate for Cultural Heritage (RA).

Small grants scheme: A small grant scheme for cultural exchange covering programme area 17.

Specific concern(s): The programme should also support the cultural diversity and cultural expression of minority groups.

The cooperation committee shall include as member representatives from the relevant public authority or institution in charge of the policy area in question.

F. Programme Area no 19: Scholarships

Programme: **EEA Scholarship programme**

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

Programme grant: € 307,000

Programme operator: The National Agency for European Educational Programmes, within the Centre for International Services.

Donor programme partner(s): 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.

Specific concern(s): The programme shall be implemented jointly with PA 24 in the Norwegian Financial Mechanism.

