

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

between

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

and

THE REPUBLIC OF CYPRUS  
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 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;

the Parties 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.

### **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 € 4,000,000 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 € 3,700,000.

### **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/or 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.
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.
3. Annex C outlines certain specific concerns relating to the Republic of Cyprus

#### **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.

**Article 11**  
**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.

Signed in ..... on .....  
For the Kingdom of Norway

Signed in ..... on .....  
For the Republic of Cyprus

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## **National management and control structures**

### **1. National Focal Point**

The Directorate General for European Programmes, Coordination and Development shall act as the National Focal Point. The Directorate General for European Programmes, Coordination and Development is an independent service in the public sector, functionally and operationally responsible to the Minister of Finance, who is the political head of the Directorate General for European Programmes, Coordination and Development.

The Permanent Secretary of the Directorate General for European Programmes, Coordination and Development is the Head of the National Focal Point. The Permanent Secretary of the Directorate General for European Programmes, Coordination and Development is administratively accountable to the Council of Ministers.

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

### **2. Certifying Authority**

The Directorate for European Funds and Financial Control of the Treasury of the Republic shall act as the Certifying Authority. The Directorate for European Funds and Financial Control is one of the four Directorates of the Treasury and acts as the Certifying Authority for the EU's Structural and Cohesion Funds in the 2007-2013 programming period. The Treasury is an independent service in the public sector headed by the Accountant General who is appointed by the President of the Republic.

The Head of the Certifying Authority is the Chief Accountant in charge of the Directorate for European Funds and Financial Control of the Treasury of the Republic.

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

### **3. Audit Authority**

The Internal Audit Service of the Republic of Cyprus shall act as the Audit Authority.

The Internal Audit Service is an independent Service established by Law. The Internal Audit Service acts as Audit Authority for the EU's Structural and Cohesion Funds in the 2007-2013 Programming Period.

The Internal Audit Service is headed by the Commissioner of Internal Audit, appointed by the Council of Ministers. The Commissioner of Internal Audit is the Head of the Audit Authority.

The Internal Audit Service reports to the Internal Audit Board. The Internal Audit Board acts as the conduit between the Council of Ministers and the Internal Audit Service. It comprises of five members and is chaired by the Minister of Finance.

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

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

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

The Directorate for European Funds and Financial Control of the Treasury of the Republic (Certifying Authority) shall act as the national public entity responsible for the preparation and submission of irregularity reports.

The roles and responsibilities of the Treasury of the Republic of Cyprus are stipulated in the Regulation, in particular Article 11.3 thereof.

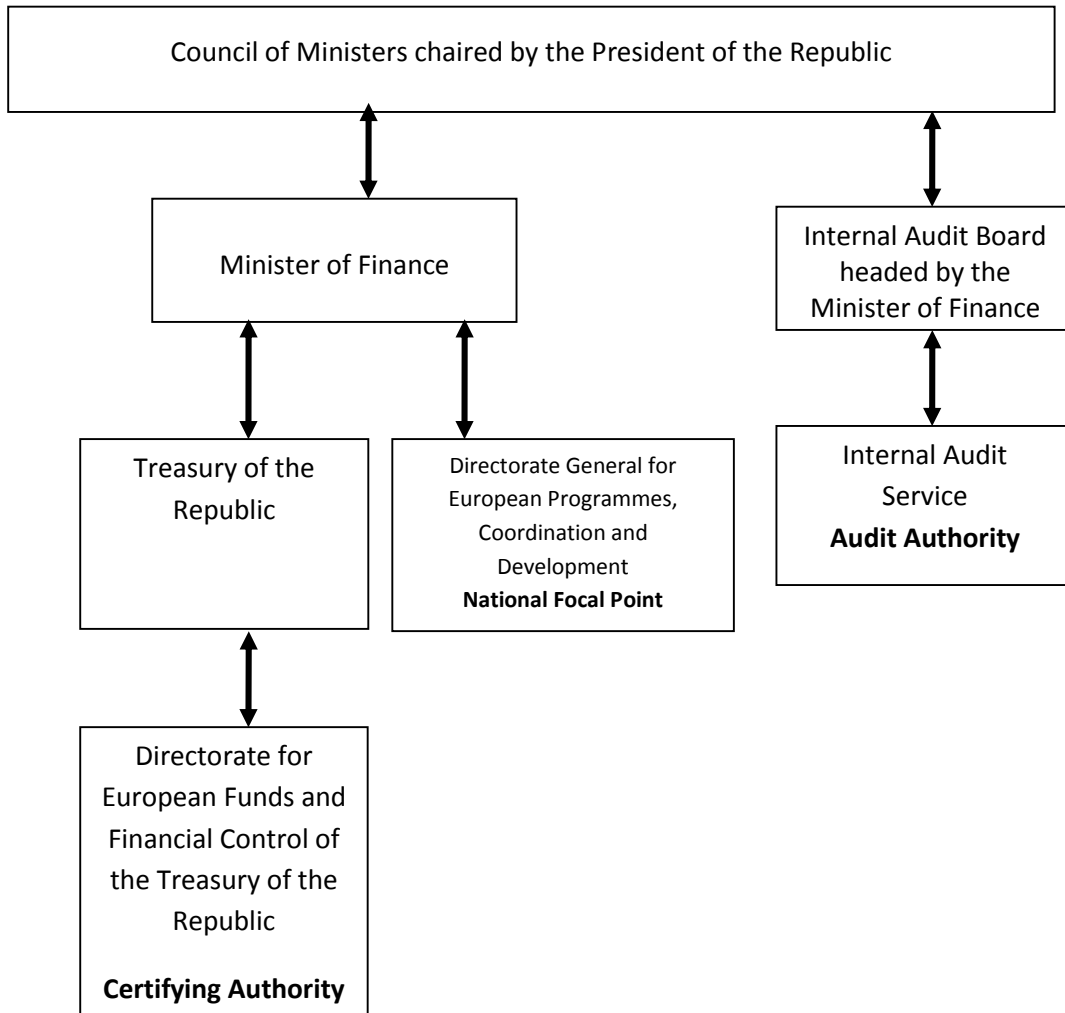
#### **5. Monitoring Committee**

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**

With reference to Articles 2.2 and 5.11 of the Regulation, and in light of the role of the National Focal Point as Programme Operator, the National Focal Point shall submit to the NMFA a combined Strategic Report and annual programme report. The combined report shall be submitted to the NMFA no later than 31 January each year. The Parties shall endeavour to hold the annual meeting in the month of February every year.

## 7. Organigram





## ANNEX B

### 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

<b>Cyprus</b>	<b>Norwegian FM contribution</b>
<b>Programme area / area of intervention</b>	
Decent Work and Tripartite Dialogue	€ 40,000
Public Health Initiatives	€ 1,235,500
Domestic and Gender-Based Violence	€ 753,500
Justice and Home Affairs	€ 906,000
Civil Society Support	€ 685,000
<b>Other allocations</b>	
Technical assistance to the Beneficiary State (Art. 1.9)	€ 60,000
Fund for bilateral relations at national level (Art. 3.5.1)	€ 20,000
<b>Net allocation to Cyprus</b>	<b>€ 3,700,000</b>

#### 2. Specific concerns

Bilateral relations between Norway and Cyprus shall be strengthened with the aim of stimulating long-term cooperation, including through 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.

The Parties agree that with respect to the small size of the allocation, the support will be provided through two programmes: The Global Fund for Decent Work and Tripartite Dialogue, and a programme operated by the Directorate General for European Programmes, Coordination and Development (National Focal Point) consisting of five pre-defined projects.

Any pre-defined project shall be approved jointly by the NMFA and the National Focal Point prior to the signing of the project contract.

The amounts allocated to Programme Areas: 'Public Health Initiatives', 'Domestic and Gender-Based Violence'; the Priority Sector 'Justice and Home Affairs'; and to the pre-defined project 'Civil Society Support' are subject to a deduction to meet management costs of the Programme Operator and costs related to bilateral funds, referred to in Articles 7.10 and 3.6 of the Regulation, respectively. The amount of the deduction shall be agreed upon in the programme agreement.

### 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:

#### A. Programme Area: Decent Work and Tripartite Dialogue

<i>Programme:</i>	Decent Work and Tripartite Dialogue
<i>Objective:</i>	Decent work promoted and tripartite cooperation improved between employer's organisations, trade unions and public authorities in supporting equitable and sustainable economic and social development
<i>Expected outcomes:</i>	Improved social dialogue and tripartite dialogue structures and practices
<i>Programme Operator:</i>	Innovation Norway
<i>Programme grant:</i>	€ 40,000

#### B. Programme Area: Public Health Initiatives:

<i>Programme:</i>	Norwegian Financial Mechanism
<i>Objective:</i>	Improved public health and reduced health inequalities
<i>Programme Operator:</i>	The Directorate General for European Programmes, Coordination and Development – National Focal Point
<i>Project grants:</i>	€ 1,235,500
<i>Pre-defined projects:</i>	(1) The Cyprus Bone Marrow Registry <i>Description:</i> Organisational and technological improvements with a view to enhance the capacity and ensure the sustainability of the Cyprus Bone Marrow Donor Registry. <i>Project Promoter:</i> The Karaiskakio Foundation <i>Co-financing:</i> 10.32% of the eligible project cost shall be provided by the Project Promoter <i>Specific concerns:</i> The project shall contribute to strengthening bi-communal cooperation.
	(2) Establishment of a Translational Facility at the Cyprus Institute of Neurology and Genetics (CING) <i>Description:</i> CING as a bi-communal organisation will establish a National Proteomics and Genomics Facility for Greek and Turkish Cypriots, in order to identify more effective markers for screening, early diagnosis, prognosis and therapy, starting with the most common types of cancer (breast, prostate and colorectal cancer), that affect not only Cypriots, but also the population worldwide. <i>Project Promoter:</i> The Cyprus Institute of Neurology and Genetics (CING)

*Co-financing:* 15 % of the eligible project cost shall be provided by the Project Promoter

### **C. Programme Area: Domestic and Gender Based Violence**

*Programme:* Norwegian Financial Mechanism  
*Objective:* Gender-based violence prevented and tackled  
*Programme Operator:* The Directorate General for European Programmes, Coordination and Development – National Focal Point  
*Project grant:* € 753,500  
*Pre-defined project:* Construction of a new shelter for the victims of domestic violence.  
*Description:* The establishment of a purpose-built shelter for battered women and children.  
*Project Promoter:* The Association for the Prevention and Handling of Violence in the Family (SPAVO)  
*Donor Programme Partner:* The Norwegian Secretariat of the Shelter Movement  
*Co-financing:* 10% of the eligible project cost shall be provided by the Project Promoter  
*Specific concerns:* The project shall also contribute to the achievement of the aim to foster bi-communal cooperation

### **D. Justice and Home Affairs**

*Programme:* Norwegian Financial Mechanism  
*Programme Operator:* The Directorate General for European Programmes, Coordination and Development – National Focal Point  
*Project grant:* €906,000  
*Pre-defined project:* Strengthening MOKAS capacities and improve efficiency to detect money laundering and the financing of terrorism.  
*Description:* Automate the investigation and analysis procedure of MOKAS by implementing an IT system for supporting MOKAS core activities.  
*Project Promoter:* MOKAS (Unit for Combating Money Laundering in Cyprus)  
*Co-financing:* 15% of the eligible project cost shall be provided by the project promoter  
*Specific concern:* Bilateral study visit shall be included

### **E. Civil Society Support**

*Programme:* Norwegian Financial Mechanism  
*Programme Operator:* The Directorate General for European Programmes, Coordination and Development – National Focal Point

*Project grant:* € 685,000

*Pre-defined project:* The Home for Cooperation (H4C)

*Description:* Support to the strengthening of the sustainability of the Home for Cooperation. Funding activities of AHDR and capacity building in the Home for Cooperation located in the Buffer Zone in Nicosia.

The project should support (allocated amount):

(1) the operational expenses of the Home for Cooperation, (€200,000)

(2) activities of the AHDR to develop dialogue on history teaching (€200,000)

and contribute to

(3) outreach activities to strengthen the sustainability of the Home for Cooperation (€285,000).

*Project Promoter:* The Association for Historical Dialogue and Research.

*Donor Programme Partner:* The Council of Europe – to be confirmed

*Specific concerns:* The NMFA and the NFP will be in regular contact on issues related to this project.

## ANNEX C

The project promoters and end beneficiaries shall refrain from any acts or omissions that

- a) Are incompatible with the property rights of natural or legal persons protected under the applicable law of the Republic of Cyprus, the Convention for the Protection of Human Rights and Fundamental Freedoms or the case law of the European Court of Human Rights;
- b) Imply acceptance of entry or exit points of the Republic of Cyprus beyond those that are compatible with international law.

Payments to project promoters shall only be made through legally operating banking institutions in the Republic of Cyprus.

The overall objective and guiding principle of the bi-communal projects is to contribute to an enduring, comprehensive and just settlement of the Cyprus issue based on a bi-communal, bi-zonal federation with political equality, as set out in the relevant UN Security Council resolutions.