Framework Co-operation Agreement

between

the Financial Mechanism Office
European Free Trade Association (EFTA)
Rue Joseph II 12-16
B-1000 Brussels
Belgium

hereinafter referred to as “FMO”

and

The International Secretariat of Transparency
International
Alt-Moabit 96
10559 Berlin
Germany

Hereinafter referred to as TI-S

together hereinafter referred to as “the Parties”

Preamble

Within the framework of the European Economic Area (EEA) and Norwegian Financial Mechanisms 2009-2014, the EEA EFTA states Iceland, Liechtenstein and Norway will provide € 1.79 billion to reduce economic and social disparities within the EEA and also to strengthen bilateral relations between the Donor and Beneficiary States. The funds will be channelled through two financial mechanisms, namely the EEA Financial Mechanism and the Norwegian Financial Mechanism, the latter being financed exclusively by Norway. The day-to-day management of the financial mechanisms has been delegated to the FMO. The EEA Financial Mechanism and the Norwegian Financial Mechanism will fund various projects in 32 different programme areas in the Beneficiary States: Bulgaria, Cyprus, the Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia and Spain. Each Beneficiary State will implement a number of programmes to be agreed with the Donor States in a Memorandum of Understanding (MoU). A national focal point within the Beneficiary State’s government is responsible for reaching the overall objectives and will report to the Donor States.
Programme Operators in the Beneficiary States will design and implement the programmes.

With the adoption of the Financial Mechanisms 2009-2014 a different approach was agreed, based on results-based management. This called for aborting the former project driven grant scheme and adoption of a programme driven grant scheme, moving the day to day control of the grants from the Donors to the Programme Operators. This changed structure calls for a changed management technique and the need to integrate to a further extent risk assessment. A policy of zero tolerance against corruption has been the guiding principle of the Financial Mechanisms which has been further emphasized in the mechanisms’ new legal framework.

The core objective of Transparency International (TI) is to fight corruption. Transparency International is a global network including more than 90 locally established national chapters and chapters-in-formation which fight corruption in the national arena in a number of ways. They bring together relevant players from government, civil society, business and the media to promote transparency in various fields such as elections, public administration, in procurement and in business. Transparency International has the skills, tools, experience, expertise and broad participation to fight corruption on the ground, as well as through global and regional initiatives. TI publishes indices and reports such as the Corruption Perceptions Index (CPI), the Global Corruption Barometer, etc. which are widely used by governments and other actors of the international society. TI has further developed a methodology to assess integrity at national level. The National Integrity System (NIS) assessment approach provides a framework which anti-corruption organisations can use to analyse both the extent and causes of corruption in a given country as well as the effectiveness of national anti-corruption efforts.

The FMO wishes to call on the expertise of Transparency International to advise the Beneficiary States and the Donor States within the framework of the EEA Financial Mechanism and the Norwegian Financial Mechanism and therefore intends to conclude a framework co-operation agreement with the international secretariat of TI (TI-S). Where appropriate and feasible, TI-S will draw on the experience of the local partners, the TI National Chapters.

Article 1 Scope and objective

Co-operation between the FMO and TI-S is based on shared aims and values, having regard to the objectives of the EEA Financial Mechanism and the Norwegian Financial Mechanism of reducing economic and social disparities in the EEA and bearing in mind its zero tolerance against corruption as well as Transparency International’s core objective, the fight against corruption. This partnership will support TI’s aim to promote the values of integrity, transparency and accountability. By supporting the analysis of the integrity system in 13 EU member states ¹, it will further provide a basis for the robust enforcement of comprehensive, effective and fair legal frameworks.

¹ Namely Bulgaria, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia, Spain. Cyprus and Malta are not covered by the project.
The purpose of this agreement is to address corruption risks in the EEA and Norwegian Financial Mechanisms 2009-2014. To this end the parties will co-operate in three main areas:

1) Assessment of level of integrity in Beneficiary States and corruption risks affecting the Financial Mechanisms,
2) Professional input for annual seminars,
3) Provision of tools and solutions to address corruption risks in management, including procurement and in other priority areas identified through the risk assessment carried out under 1).

**Article 2 Work Areas and Obligations and Responsibilities of the Parties**

(1) **Assessment of level of integrity in Beneficiary States and corruption risks affecting the Financial Mechanisms**

TI-S is currently undertaking an assessment of the overall integrity system in 13 of the 15 Beneficiary States. The “Evidence Based Action against Corruption: The European Integrity Systems Project” will be a key information source for assessing the overall integrity and corruption risks in these countries. The results will be available by the end of 2011 and will inform the FMO and the Focal Points about the integrity of key sectors and institutions in the respective countries. This agreement will contribute to funding the project, thus providing a foundation upon which an assessment of corruption risks in the Financial Mechanisms can be developed.

In addition, TI-S will develop a methodology for risk assessment affecting the Financial Mechanisms that can be applied to all Beneficiary States. The purpose of the risk assessment will be to identify priority risks affecting the Financial Mechanisms. It will draw on desk review and stakeholder input and will be developed in close collaboration with the relevant actors in the FMO and consulted with representatives from the Beneficiary States’ Focal Points.

The methodology can then be applied in each Beneficiary State. The risk assessment for the EEA and Norwegian Financial Mechanisms 2009-2014 will be carried out at national level by independent experts. These could be TI National Chapters or other qualified organisations, to be identified by TI-S and agreed with the FMO and the Focal Points.

(2) **Professional input for annual seminars**

TI-S will support the FMO annual seminars focusing on transparency and good governance. The overall aim of these seminars will be to shape awareness about corruption risks affecting the Financial Mechanisms and in providing tools and solutions to address these risks. TI-S will advise and assist the FMO on the programme, content and help to identify suitable speakers for these annual events, prepare related background material where relevant and participate in the event where appropriate.
(3) Provision of tools and solutions to address corruption risks in management, including procurement, and in other priority areas identified through the risk assessment
Management, including procurement, is an area particularly prone to corrupt practices and has been highlighted as an area of high risk within the framework of the EEA and Norwegian Financial Mechanisms 2009-2014. TI-S will provide information about existing tools and solutions to address corruption risks in management, including procurement, such as Integrity Pacts (IPs). TI-S aims at identifying up to two TI National Chapters who are interested in piloting IPs or other solutions in the Financial Mechanism. The results will be presented at the national seminar in 2012.
Building on the results of the risk assessment, a similar pilot will be carried out addressing corruption risks in priority areas as identified in the national risk assessments.

(4) Other obligations of the parties
The Parties agree to provide all information necessary for the good functioning of this Agreement and to apply the highest degree of transparency and accountability as well as to promote the principles of good governance, sustainable development and gender equality.

The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of this Agreement. In particular, TI-S shall immediately inform the FMO of any cases of suspected or actual fraud, corruption or other illegal activity that come to its attention, at any level or any stage of implementation of the EEA Financial Mechanism and/or the Norwegian Financial Mechanism.

TI-S shall assign qualified and experienced staff to perform the tasks set out in this Article. In order to compensate TI-S for this commitment of human resources and in order to cover any costs and expenses expected to be incurred, the FMO will make contributions to TI-S in respect of each assignment, commensurate with TI-S’s commitment. This contribution is estimated to reach 500,000 EUR during the in force period of the Agreement as demonstrated in the attached cost estimate in Annex 1 to this Agreement. The assignment and contributions under the three main areas shall be further defined in an exchange of letter between the Parties.

Article 3 Duration and termination of the Agreement
This agreement shall come into effect on the date of the later signature of the Agreement and shall remain in force until December 2014.

This Agreement may be terminated by either Party by written notice of six months.

Either Party may terminate the Agreement if the other Party is in breach of the provisions of this Agreement, in particular in the cases listed under Article 4.
Article 4  Code of conduct and conflict of interest

(1) Ethical standards
The Parties shall observe the highest ethical standards during the implementation of the Agreement, and shall ensure the application of adequate and effective means to prevent illegal or corrupt practices.

If one of the Parties or any of its sub-contractors or staff members offer to give or agree to offer or to give or give to any person, any bribe, gift, gratuity or commission as an inducement or reward for doing or forbearing to do any act in relation to this Agreement, or for showing favour or disfavour to any person in relation to this Agreement the other Party may terminate this Agreement forthwith, without prejudice to any accrued rights of the Institution under the Agreement.

(2) Other income
The contributions to TI-S under this Agreement shall constitute the only financing it may receive in connection with the Agreement and neither it nor its staff shall accept any commission, discount, allowance, indirect payment or other consideration in connection with, or in relation to, or in discharge of, its obligations under this Agreement. This paragraph shall not apply to the contributions by the FMO to the Evidence Based Action against Corruption project, as defined in Article 2 (1).

(3) Conflict of interest
The Parties shall take all necessary measures to prevent or end any situation that could compromise the impartial and objective execution of the Agreement. Such conflict of interests could arise in particular as a result of economic interest, political or national affinity, family or emotional ties, or any other relevant connection or shared interest. Any conflict of interests, which could arise during the execution of the Agreement, must be notified in writing to the other Party without delay.

The Parties shall refrain from any contract, which would compromise their independence or that of their staff. If one of the Parties fails to maintain such independence, the other Party may, without prejudice to compensation for any damage, which it may have suffered on this account, terminate this Agreement forthwith, without giving formal notice thereof.

Article 5  Health and Social Cover

TI-S will arrange for health, social and travel insurance for its staff members carrying out the activities described under Article 2. It shall cover any risks concerning illness, maternity and accident which might occur during the implementation of this Agreement.
Article 6 Audits and controls

The activities performed by TI-S under this Agreement shall be subject to the same audits and controls to which the organisation is subject in connection with its normal activities.

In addition, TI-S is subject to any audit and control done by the FMO, the Financial Mechanism Committee and/or the EFTA Board of Auditors. TI-S shall be notified in writing at least two working days before any such audits or controls.

TI-S shall, upon request, ensure that the authorised representatives carrying out such audits and controls are accompanied by relevant personnel and provide them with the necessary assistance.

TI shall give the FMO, the Financial Mechanisms Committee or the EFTA Board of Auditors prompt, full, and unimpeded access to all information, documents, persons, locations and facilities, relevant to the costs covered by the FMO under this Agreement.

It is understood that the audits and controls will be carried out in consultation and liaison with the External Auditor of TI-S.

Article 7 Public Access to Information

All finalised information arising out of this agreement, subject to considerations related to privacy, will be made available to the Parties. Such information may be supplied to third parties in accordance with the FMO’s policy on Public Access to Information.

The Parties shall make their best efforts to communicate results and experiences arising out of this Agreement to the public, including in their annual reporting and other relevant publications.

Article 8 Force Majeure

In the event of force majeure, both parties shall be released from the application of this Agreement. Force majeure is defined as any event that can neither be anticipated nor controlled by either Party. In the event of such circumstances, each Party shall notify the other Party accordingly in writing within a period of seven calendar days.

Article 9 Dispute settlement

The Parties waive their rights to bring any dispute related to this Agreement before any national or international court, and agree to settle such a dispute in an amicable manner. Nothing in this Agreement shall be deemed as a waiver of any of the privileges and immunities of the European Free Trade Association.

Article 10 Language

All communication between the Parties shall take place in English.
Article 11 Modifications

The provisions of this agreement cannot be modified without a written agreement between both parties.

Article 12 Contact Details

All communication related to the implementation of this agreement should be directed to the relevant contact persons.

Contact person for Transparency International
Anja Osterhaus
Acting Regional Director
Europe and Central Asia Department
International Secretariat
Alt-Moabit 96
10559 Berlin, Germany
Tel +49-30-34-38 20 722
aosterhaus@transparency.org

Contact person for the Financial Mechanism Office:
Dis Sigurgeirsdottir
Legal Officer
Boulevard du Régent 47-48
1000 Brussels, Belgium
Tel: +32-2- 211 1807
dsi@efta.int

This Agreement has been prepared in two originals, of which each Party has received one.

Brussels, 7 July 2011

For the Financial Mechanism Office For TI-S

Ms Stine Andresen Mr Pascal Fabie
Director Group Director
Chapter Network and Programmes