

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 LITHUANIA,
hereinafter referred to as the "Beneficiary State"

together hereinafter referred to as the "Parties",

EEA Financial Mechanism 2009-14
Memorandum of Understanding – Lithuania

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:

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- (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 € 38.4 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 € 35.52 million.

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.

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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 Republic of Lithuania

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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 Ministry of Finance of the Republic of Lithuania shall act as the National Focal Point.

Implementation of the National Focal Point's functions within the Ministry of Finance shall be performed by the International Financial Assistance Coordination Division (IFACD). The IFACD is a separate administrative unit of the Ministry of Finance directly subordinate to the Vice-minister responsible for the programming and management of the EU structural and cohesion funds and other international financial assistance, as well as for the certification of expenditure of the mentioned funds, who shall act 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 National Fund Department of the Ministry of Finance of the Republic of Lithuania shall act as the Certifying Authority.

The National Fund Department (NFD) is a separate administrative unit of the Ministry of Finance directly subordinate to the same Vice-minister as IFACD. The Ministry of Finance shall ensure adequate functional separation of tasks performed by the Certifying Authority from the National Focal Point. The Director of the NFD shall be authorised to sign financial as well as other documents related to the performance of the functions of the Certifying Authority.

The roles and responsibilities of the Certifying Authority are stipulated in the Regulation, in particular Article 4.5 thereof with the following exception: obligations related to the establishment and maintenance of the bank account referred to paragraph 2 of Article 4.5 of the Regulation shall be undertaken by the State Treasury Department of the Ministry of Finance. The State Treasury department shall have no discretion with regard to the financial transfers, which shall be made strictly according to the pre-defined procedures in compliance with the Regulation and relevant national law.

3. Audit Authority

The Internal Audit and Financial Control Methodology Department of the Ministry of Finance of the Republic of Lithuania shall act as the Audit Authority.

The Internal Audit and Financial Control Methodology Department is a separate administrative unit of the Ministry of Finance. Its functional independence of the National Focal Point and the Certifying Authority shall be ensured through the subordination of the Audit Authority to a different Vice-minister than the Vice-minister responsible for the supervision of the units implementing the functions 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.

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

The National Focal Point shall provide the FMC with copies of any audit report that is made by the National Audit Office of the Republic of Lithuania regarding the implementation of the EEA Financial Mechanism 2009-2014.

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

The National Fund Department in the Ministry of Finance 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 with 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 Central Project Management Agency (CPMA)

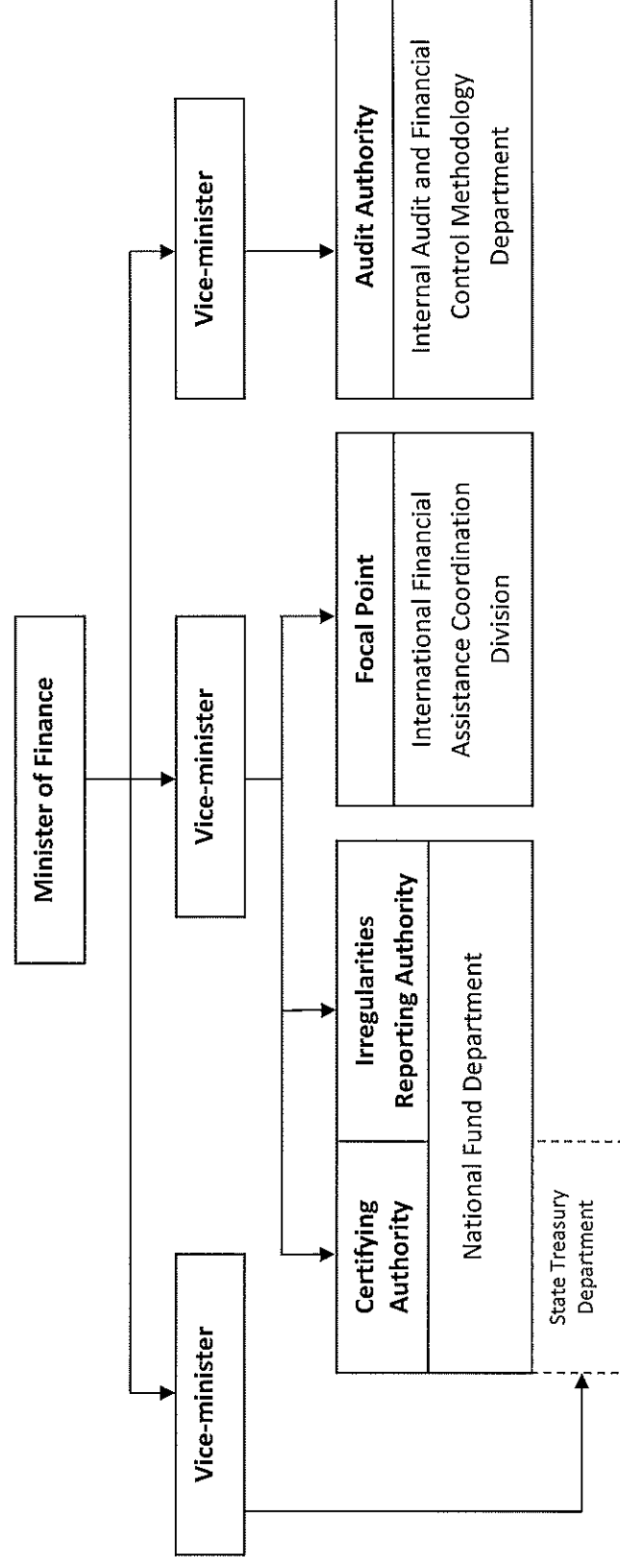
The National Focal Point shall assign to the CPMA certain responsibilities given to the Programme Operator under the Regulation. Such assignment shall be stipulated in the programme agreement, be identical to all relevant programmes and be detailed in the programme implementation agreement. In such cases, the CPMA shall be a party to the programme implementation agreement. The role of the CPMA shall not affect the responsibilities of the Programme Operator related to the policy, strategic and/or bilateral aspects of the implementation of the programme. This paragraph does not apply to the programme area "Funds for Non-governmental Organisations". The expenses incurred by the CPMA related to the implementation of the responsibilities of the Programme Operator shall be covered from the respective programme's preparation and management costs referred to in paragraph 1(e) of Article 7.9 and Article 7.10 of the Regulation in accordance with the programme agreement.

7. Strategic Report and annual meetings

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 April every year.

8. Organigramme

MINISTRY OF FINANCE



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

Lithuania Programme area	EEA FM contribution
Integrated Marine and Inland Water Management	€ 4,674,048
Biodiversity and Ecosystem Services	€6,845,952
Funds for Non-Governmental Organisations	€ 5,500,000
Children and Youth at Risk	€ 6,312,000
Conservation and Revitalisation of Cultural and Natural Heritage	€ 9,000,000
Promotion of Diversity in Culture and Arts within European Cultural Heritage	€1,000,000
Scholarships	€ 1,420,000
Other allocations	
Technical assistance to the Beneficiary State (Art. 1.9)	€ 576,000
Fund for bilateral relations at national level (Art. 3.5.1)	€ 192,000
Net allocation to Lithuania	€35,520,000

2. Specific concerns

Bilateral relations between the Donor States and Lithuania 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 monitored by CPT, GRECO, GRETA, etc.), including the European Convention on Human Rights.

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: Integrated marine and inland water management

<i>Programme:</i>	Integrated marine and inland water management
<i>Expected outcomes:</i>	Increased capacity for assessing and predicting environmental status in marine and inland waters Improved environmental information impact, status and trends
<i>Programme grant:</i>	€ 4,674,048
<i>Programme Operator:</i>	Ministry of Environment of the Republic of Lithuania
<i>Donor programme partner:</i>	Norwegian Environment Agency (NEA)

B. Programme Area: Biodiversity and ecosystem services

<i>Programme:</i>	Biodiversity and ecosystem services
<i>Expected outcomes:</i>	Increased capacity to manage and monitor Natura 2000 sites effectively Avoided fragmentation of ecosystems Developed strategies and measures for adapting to a changing climate
<i>Programme grant:</i>	€ 6,845,952
<i>Programme Operator:</i>	Ministry of Environment of the Republic of Lithuania
<i>Donor programme partner:</i>	Norwegian Environment Agency (NEA)
<i>Specific concerns:</i>	The Programme shall also address the involvement of local communities in the protection of biodiversity in order to promote new approaches that support economically sustainable livelihoods.

C. Programme Area: Funds for Non-Governmental Organisations

<i>Programme:</i>	NGO Fund
<i>Programme grant:</i>	€ 5,500,000
<i>Programme Operator:</i>	The Financial Mechanism Office is entrusted with operating the programme in line with Article 5.13 of the Regulation
<i>Specific concerns:</i>	The Fund shall also support projects that assist cooperation with municipalities and local communities to address the issue of domestic and gender-based violence. Cooperation with civil society in Belarus shall also be eligible.

D. Programme Area: Children and Youth at Risk

Programme: Children and Youth at Risk
Programme grant: € 6,312,000
Programme Operator: Ministry of Social Security and Labour of the Republic of Lithuania

E. Programme Area: Conservation and Revitalisation of Cultural and Natural Heritage

Programme: Conservation and Revitalisation of Cultural and Natural Heritage
Programme grant: € 9,000,000
Programme Operator: Ministry of Culture of the Republic of Lithuania
Donor programme partner: Norwegian Directorate for Cultural Heritage (RA)
Main focus: Wooden heritage

F. Programme Area: Promotion of Diversity in Culture and Arts within European Cultural Heritage

Programme: Promotion of Diversity in Culture and Arts within European Cultural Heritage
Programme grant: € 1,000,000
Programme Operator: Ministry of Culture of the Republic of Lithuania
Donor programme partner:: Arts Council Norway

G. Programme Area: Scholarships

Programme: EEA Scholarship Programme
Programme grant: € 1,420,000
Programme Operator: Ministry of Education and Science of the Republic of Lithuania
Donor programme partner: The Norwegian Centre for International Cooperation in Higher Education (SIU)

