

## PROTOCOL 38B<sup>{1}</sup>

### *ON THE EEA FINANCIAL MECHANISM (2009-2014)*

#### *Article 1*

Iceland, Liechtenstein and Norway ("the EFTA States") shall contribute to the reduction of economic and social disparities in the European Economic Area and to the strengthening of their relations with the Beneficiary States, through financial contributions in the priority sectors listed in Article 3.

#### *Article 2*

The total amount of the financial contribution provided for in Article 1 shall be EUR 988,5 million, to be made available for commitment in annual tranches of EUR 197,7 million over the period running from 1 May 2009 to 30 April 2014, inclusive.

#### *Article 3*

1. 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;
  - (e) Protecting cultural heritage.
2. Academic research may be eligible for funding in so far as it is targeted at one or more of the priority sectors.
3. The indicative allocation target for each Beneficiary State is at least 30 percent for priority sectors (a) and (b) combined, and 10 per cent for priority sector (c). The priority sectors shall, in accordance with the

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<sup>{1}</sup> Protocol inserted by the Agreement between the European Union, Iceland, Liechtenstein and Norway on an EEA Financial Mechanism for the period 2009-2014 (OJ No L 291, 9.11.2010, p. 4), e.i.f. 1.2.2011.

procedure referred to in Article 8 paragraph 2, be chosen, concentrated and adapted in a flexible manner, according to the different needs in each Beneficiary State, taking into account its size and the amount of the contribution.

#### *Article 4*

1. The EFTA contribution shall not exceed 85 percent of programme cost. It may in special cases be up to 100 per cent of programme cost.
2. The applicable rules on state aid shall be complied with.
3. The European Commission shall screen all programmes and any substantial change in a programme for their compatibility with the European Union's objectives.
4. The responsibility of the EFTA States for the projects is limited to providing funds according to the agreed plan. No liability to third parties will be assumed.

#### *Article 5*

The funds shall be made available to the following Beneficiary States: Bulgaria, Czech Republic, Estonia, Greece, Spain, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovenia and Slovakia.

EUR 45,85 million shall be allocated to Spain for transitional support for the period 1 May 2009 – 31 December 2013. While taking into account transitional adjustments, the remaining funds shall be made available in accordance with the following distribution:

	Funds (million EUR)
Bulgaria	78,60
Czech Republic	61,40
Estonia	23,00
Greece	63,40
Cyprus	3,85
Latvia	34,55
Lithuania	38,40
Hungary	70,10
Malta	2,90

Poland	266,90
Portugal	57,95
Romania	190,75
Slovenia	12,50
Slovakia	38,35

#### *Article 6*

With a view to reallocating any non-committed available funds to high priority projects of any Beneficiary State, a review shall be carried out in November 2011 and again in November 2013.

#### *Article 7*

1. The financial contribution provided for in this Protocol shall be closely coordinated with the bilateral contribution from Norway provided for by the Norwegian Financial Mechanism.
2. In particular, the EFTA States shall ensure that the application procedures and implementation modalities are essentially the same for both financial mechanisms referred to in the previous paragraph.
3. Any relevant changes in the European Union's cohesion policies shall be taken into account, as appropriate.

#### *Article 8*

The following shall apply to the implementation of the EEA Financial Mechanism:

1. The highest degree of transparency, accountability and cost efficiency shall be applied in all implementation phases, as well as principles of good governance, sustainable development and gender equality.  
The objectives of the EEA Financial Mechanism shall be pursued in the framework of close cooperation between the Beneficiary States and the EFTA States.
2. In order to ensure efficient and targeted implementation, and taking into account national priorities, the EFTA States shall conclude with each Beneficiary State a Memorandum of Understanding that shall set out the multi-annual programming framework and the structures for management and control.
3. After having concluded the Memorandum of Understanding, the Beneficiary State shall submit programme proposals. The EFTA States will appraise and approve the proposals and conclude grant agreements with the Beneficiary States for each programme. The level of detail in the programme shall take into account the size of the contribution. Within programmes, projects may in exceptional cases be specified, including conditions

for their selection, approval and control, in accordance with the provisions for implementation referred to in paragraph 8.

The implementation of the agreed programmes shall be the responsibility of the Beneficiary States. The Beneficiary States shall provide for an appropriate management and control system in order to ensure a sound implementation and management system.

4. Partnerships shall, where appropriate, be applied in the preparation, implementation, monitoring and evaluation of the financial contribution in order to ensure broad participation. Partners may include, inter alia, local, regional and national levels, as well as the private sector, civil society and social partners in the Beneficiary States and the EFTA States.
5. The control system provided for the management of the EEA Financial Mechanism shall ensure the respect of the principle of sound financial management. The EFTA States may carry out controls according to their internal requirements. The Beneficiary States shall provide all necessary assistance, information and documentation to this effect. The EFTA States may suspend financing and require recovery of funds in the case of irregularities.
6. Any project under the multi-annual programming framework in the Beneficiary States may be implemented in cooperation between entities based in the Beneficiary States and in the EFTA States, in accordance with the applicable rules on public procurement.
7. The management costs of the EFTA States shall be covered by the overall amount referred to in Article 2 and will be specified in the provisions for the implementation referred to in paragraph 8.
8. The EFTA States shall establish a Committee for the overall management of the EEA Financial Mechanism. Further provisions for the implementation of the EEA Financial Mechanism will be issued by the EFTA States after consultation with the Beneficiary States. The EFTA States shall endeavour to issue these provisions before the signing of the Memoranda of Understanding.

#### *Article 9*

At the end of the five-year period and without prejudice to the rights and obligations under the Agreement, the Contracting Parties will, in the light of Article 115 of the Agreement, review the need to address economic and social disparities within the European Economic Area.

## **Addendum to Protocol 38B<sup>{2}</sup>**

### ***ON THE EEA FINANCIAL MECHANISM FOR THE REPUBLIC OF CROATIA***

#### *Article 1*

1. Protocol 38b shall apply mutatis mutandis to the Republic of Croatia.
2. Notwithstanding paragraph 1, the first sentence of paragraph 3 of Article 3 of Protocol 38b shall not apply.
3. Notwithstanding paragraph 1, Article 6 of Protocol 38b shall not apply. No reallocation to any other Beneficiary State shall be applicable in case of available non-committed funds of Croatia.

#### *Article 2*

The additional amounts of the financial contribution shall be EUR 5 million for the Republic of Croatia over the period running from 1 July 2013 to 30 April 2014, inclusive; they shall be made available for commitment in a single tranche as from the date of entry into force of the Agreement on the Participation of the Republic of Croatia in the European Economic Area or of an agreement to apply the Agreement provisionally.

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<sup>{2}</sup> Addendum inserted by the 2014 EEA Enlargement Agreement (OJ No L 170, 11.6.2014, p. 5 and EEA Supplement No 58, 9.10.2014, p.1), provisionally applicable as of 12.4.2014, e.i.f. pending.