MEMORANDUM OF UNDERSTANDING
ON THE IMPLEMENTATION OF THE NORWEGIAN FINANCIAL MECHANISM
2014-2021

between

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

and

THE REPUBLIC OF SLOVENIA,
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 2014-2021 establishes a financial mechanism (hereinafter referred to as the “Norwegian Financial Mechanism 2014-2021”) through which Norway will contribute to the reduction of economic and social disparities in the European Economic Area;

WHEREAS the Norwegian Financial Mechanism 2014-2021 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 2014-2021;

HAVE AGREED on the following:

**Article 1**

**Objectives**

1. The overall objectives of Norwegian Financial Mechanism 2014-2021 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) Innovation, research, education and competitiveness;

   (b) Social inclusion, youth employment and poverty reduction;

   (c) Environment, energy, climate change and low carbon economy;

   (d) Culture, civil society, good governance, fundamental rights and freedoms; and

   (e) Justice and home affairs.

**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 2014-2021:

(a) the Agreement between the Kingdom of Norway and the European Union on the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as “the Agreement”);

(b) the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021 (hereinafter referred to as the “Regulation”) issued by Norway in accordance with Article 10.5 of Protocol 38c;

(c) the programme agreements that will be concluded for each programme; and

(d) any guidelines adopted by the Norwegian Ministry of Foreign Affairs (hereinafter referred to as “NMFA”) in accordance with the Regulation.
Article 3
Financial Framework

1. In accordance with Article 2.1 of the Agreement, the total amount of the financial contribution is € 1253.7 million in annual tranches of € 179.1 million over the period running from 1 May 2014 to 30 April 2021, inclusive.

2. In accordance with Article 6 of the Agreement, a total of € 17,800,000 shall be made available to the Beneficiary State over the period referred to in Paragraph 1.

3. In accordance with Article 3.2.b) of the Agreement, 1% of the total amount referred to in paragraph 2 shall be set aside for a fund for the Promotion of Decent Work and Tripartite Dialogue.

4. In accordance with Article 10.4 of the Agreement and Article 1.9 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 € 16,465,000.

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 3.1 of Agreement and the programme areas listed in the Annex to the Agreement. Norway and the Beneficiary State shall cooperate on the preparation of concept notes defining the scope and planned results for each programme.

2. The Beneficiary State shall assure the full co-financing of programmes that benefit from support from the Norwegian Financial Mechanism 2014-2021 in accordance with Annex B and the programme agreements.

3. The NMFA shall manage the Norwegian Financial Mechanism 2014-2021 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 2014-2021 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 2014-2021 as well as for the implementation of the Norwegian Financial Mechanism 2014-2021 in the Beneficiary State in accordance with the Regulation. In accordance with Article 5.2 of the Regulation, the National Focal Point, the Certifying Authority, the Audit Authority, and the Irregularities Authority are designated in Annex A.

Article 6
Multi-annual Programming Framework

1. In accordance with Article 2.5 of the Regulation, the Parties have agreed on an implementation framework consisting of the following financial and substantive parameters:
(a) a list of agreed programmes and the financial contribution from the Norwegian Financial Mechanism 2014-2021 by programme;
(b) identification of programmes, their objective, their main focus, as appropriate, the grant rate by programme, the bilateral ambitions as well as any specific concerns relating to target groups, geographical areas or other issues;
(c) identification of programme operators, as appropriate;
(d) identification of Donor Programme Partners, as appropriate;
(e) identification of International Partner Organisations, as appropriate;
(f) identification of pre-defined projects to be included in relevant programmes.

2. The implementation framework is outlined in Annex B.

**Article 7**

**Fund for bilateral relations**

In accordance with Article 4.6 of the Regulation the Beneficiary State shall set aside funds to strengthen bilateral relations between Norway and the Beneficiary State. The National Focal Point shall manage the use of the fund for bilateral relations and shall establish a Joint Committee for Bilateral Funds in accordance with Article 4.2 of the Regulation.

**Article 8**

**Annual meetings**

In accordance with Article 2.7 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. The annual meeting shall provide a forum for discussion of issues of bilateral interest.

**Article 9**

**Modification of the annexes**

Annex A and B may be amended through an exchange of letters between the NMFA and the National Focal Point.

**Article 10**

**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 11**

**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 2014-2021 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, partnership and multi-level governance, sustainable development, gender equality and equal opportunities in all implementation phases of the Norwegian Financial Mechanism 2014-2021.

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 2014-2021.

4. No later than 31 December 2020, the Parties to this Memorandum of Understanding shall review progress in the implementation of this Memorandum of Understanding and thereafter agree on reallocations within and between the programmes, where appropriate. The conclusion of this review shall be taken into account by the National Focal Point when submitting the proposal on the allocation of the reserve referred to in Article 1.11 of the Regulation.

Article 12
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 the Kingdom of Norway

..............................................

Signed in ................................. on ............

For the Republic of Slovenia

..............................................
National management and control structures

1. National Focal Point

The Financial Mechanisms Division, within the European Territorial Cooperation and Financial Mechanisms Office, within the Government Office for Development and European Cohesion Policy (hereinafter GODC), shall act as the National Focal Point.

The GODC is an administrative body fully funded from the State Budget, under the supervision of the Minister without portfolio responsible for Development, Strategic Projects and Cohesion. The Director of the European Territorial Cooperation and Financial Mechanisms Office 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 5.3 thereof.

2. Certifying Authority

The Public Fund of the Republic of Slovenia for Regional Development and Development of Rural Areas (hereinafter Slovenian Regional Development Fund) shall act as the Certifying Authority.

The Slovenian Regional Development Fund is a public financial fund controlled and guided by the Regional Development Directorate within the Ministry of Economic Development and Technology.

The Head of Finance Division and Certifying Authority of the Slovenian Regional Development Fund shall act as the Head of the Certifying Authority.

The roles and responsibilities of the Certifying Authority are stipulated in the Regulation, in particular Article 5.4 thereof.

3. Audit Authority

The Budget Supervision Office of The Republic of Slovenia (hereinafter BSO) shall act as the Audit Authority. The performance of the tasks of the Audit Authority has been assigned to the Sector for Auditing Other Funds under Shared Management.

The BSO is an autonomous body under the umbrella of the Ministry of Finance. The BSO Director reports on the execution of the budget of the BSO directly to the Minister of Finance.

The Director of the BSO shall act as the Head of the Audit Authority.

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 5.5 thereof.
4. Irregularities Authority

The EU funds management Department within the Budget Directorate of the Ministry of Finance shall be responsible for the preparation and submission of irregularities reports.

The Head of the EU funds management Department shall act as the Head of the Irregularities Authority.

The roles and responsibilities of the EU funds management Department are stipulated in the Regulation, in particular Article 12.3 thereof.

5. Strategic Report

In accordance with Article 2.6 of the Regulation, the National Focal Point shall annually submit to the NMFA a Strategic Report on the implementation of the Norwegian Financial Mechanism 2014-2021 in the Beneficiary State. The Strategic Report shall be submitted to the NMFA at least two months before the annual meeting unless otherwise agreed.

6. Organigram

![Organigram Diagram]
ANNEX B

Implementation framework

In accordance with Article 2.5 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

<table>
<thead>
<tr>
<th>Programs</th>
<th>NO FM contribution</th>
<th>National contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education, Scholarships, Apprenticeship and Youth Entrepreneurship</td>
<td>€12,000,000</td>
<td>€2,117,647</td>
</tr>
<tr>
<td>Climate Change Mitigation and Adaptation</td>
<td>€2,500,000</td>
<td>€441,176</td>
</tr>
<tr>
<td>Social Dialogue – Decent Work</td>
<td>€178,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Other allocations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical assistance to the Beneficiary State (Art. 1.10)</td>
<td>€534,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Reserve (Art. 1.11)</td>
<td>€897,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Reserve for completion of projects under FM 2009-2014 (Art. 1.12)</td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Fund for bilateral relations (Art. 4.6.1)</td>
<td>€356,000</td>
<td>N/A</td>
</tr>
<tr>
<td>Net allocation to Slovenia</td>
<td>€16,465,000</td>
<td>2,558,823€</td>
</tr>
</tbody>
</table>

2. Specific concerns

Bilateral relations between the Kingdom of Norway and Slovenia shall be strengthened with the aim of stimulating and developing long-term cooperation within all areas listed in the Annex to the Agreement between the Kingdom of Norway and the European Union. It is also an ambition to strengthen bilateral cooperation at political level and European level in areas of common interest.
3. Substantive parameters of the implementation framework

The programmes described below are to be implemented subject to the approval of the NMFA, in accordance with Article 6.3 of the Regulation.

A. Education, Scholarships, Apprenticeship and Youth Entrepreneurship

Programme objective: Enhanced human capital and knowledge base
Programme grant: €12,000,000
Programme co-financing: €2,117,647
Programme Operator: Government Office for Development and European Cohesion Policy
Donor Programme Partner(s): Norwegian Centre for International Cooperation in Education (SIU)
Programme area(s): Education, Scholarships, Apprenticeships and Youth Entrepreneurship
Work-life Balance
Good Governance, Accountable Institutions, Transparency

Special concerns: The programme shall support, inter alia:
- Pilots and models for developing systematic solutions in enhancing competences of teachers, professors and other academic staff
- Improved cooperation of stakeholders on local, regional and national level
- Measures for easing the transition of pupils from schools to the labour market
- The programme shall include measures to improve work-life balance, with an emphasis on women’s economic empowerment
- Cooperation with Norwegian entities and international organisations at project level shall be encouraged

Bilateral ambitions: €50,000 shall be allocated to the programme from the fund for bilateral relations. This does not prevent the Joint Committee for Bilateral Funds from allocating additional funds to the programme.

The programme will be implemented in conjunction with the programme Education, Scholarships, Apprenticeship and Youth Entrepreneurship implemented under the EEA Financial Mechanism 2014-2021.
B. Climate Change Mitigation and Adaptation

Programme objective: Climate change mitigated and vulnerability to climate change reduced

Programme grant: €2,500,000

Programme co-financing: €441,176

Programme Operator: Government Office for Development and European Cohesion Policy

Donor Programme Partner(s): Norwegian Environment Agency (NEA)

Programme area(s): Renewable Energy, Energy Efficiency, Energy Security
Good Governance, Accountable Institutions, Transparency
Climate Change Mitigation and Adaptation

Special concerns: The programme shall contribute to increased public awareness of climate change processes and their impact, and improved planning and management competencies among key stakeholders in Slovenia. Pilot and demonstration activities shall be supported.

Special concern shall be given to reduction of greenhouse gas emissions. The following activities shall be explored in the preparation of the Concept Note: restoration of ecosystems with a potential to contribute to climate change mitigation and adaptation; sustainable mobility; circular economy; and less established renewable energy sources.

The possibility of including measures under PA11 ‘Environment and Ecosystems’ shall be explored in the preparation of the Concept Note.

Cooperation with Norwegian entities and international organisations at project level shall be encouraged.

Bilateral ambitions: €50,000 shall be allocated to the programme from the fund for bilateral relations. This does not prevent the Joint Committee for Bilateral Funds from allocating additional funds to the programme.
C. Programme: Social Dialogue – Decent Work

Programme objective: Strengthened tripartite cooperation between employer organisations, trade unions and public authorities and the promotion of decent work

Programme grant: € 178,000

Programme co-financing: Not applicable

Programme Operator: FMO in accordance with Article 6.13 of the Regulation. Innovation Norway is appointed Fund Operator in accordance with paragraph 4 of Article 6.13 of the Regulation.

Programme area(s): Social Dialogue – Decent Work

Special Concerns: Not applicable