

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 LITHUANIA
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 € 45.6 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 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 € 42.18 million.

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 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:

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- (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.

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

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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.

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 Lithuania

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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, 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 Vice-minister responsible for the certification of expenditure of the EU structural and cohesion funds. The Ministry of Finance shall ensure adequate functional separation of tasks performed by the Certifying Authority from the National Focal Point through the subordination of the National Fund Department to a different Vice-minister than the Vice-minister acting as the Head of the National Focal Point during the implementation period of the Norwegian Financial Mechanism 2009-2014.

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 in 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 National Focal Point and the NMFA shall agree through exchange of letters on the appointment of the Audit Authority.

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

The National Focal Point shall provide the NMFA with copies of any audit report that is made by the National Audit Office of the Republic of Lithuania regarding the implementation of the Norwegian 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)

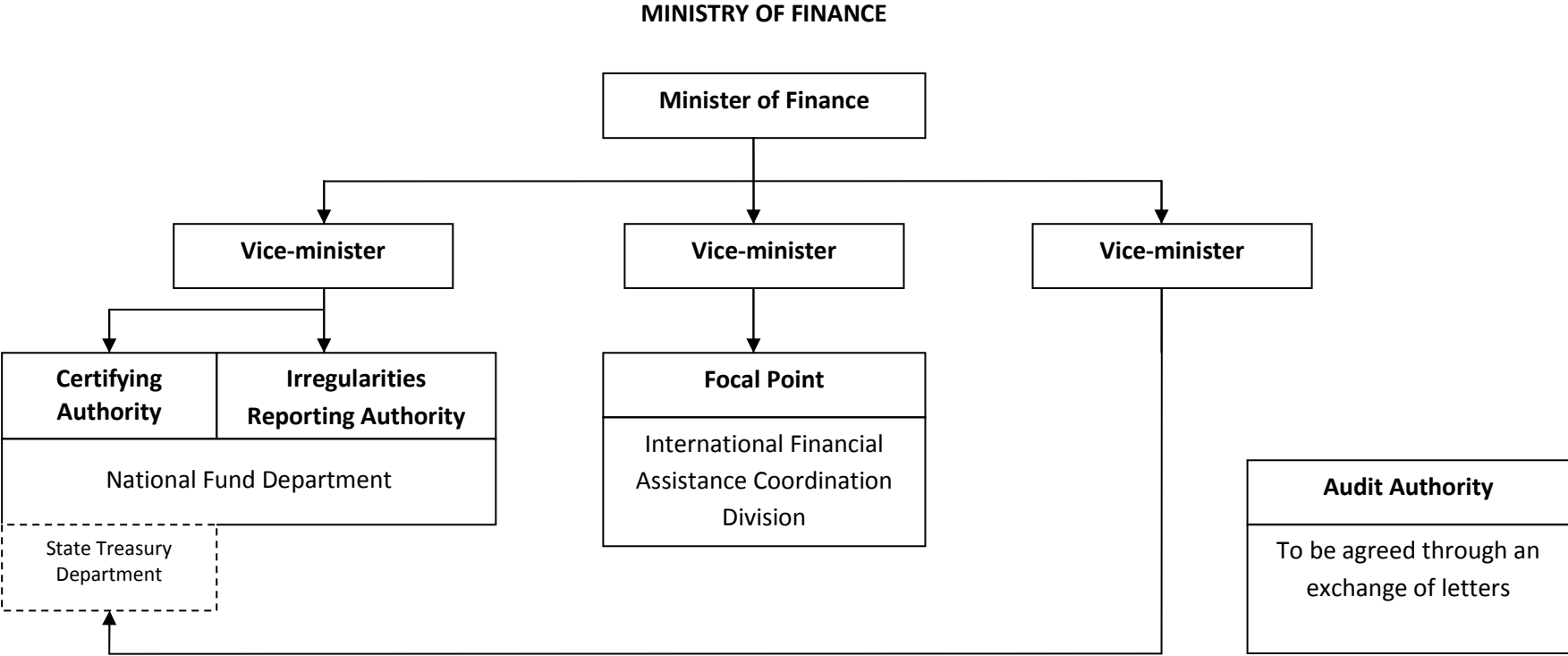
The National Focal Point shall assign to the CPMA certain responsibilities given to the Programme Operator under the Regulation. Such assignment shall be stipulated in the programme agreement, be identical to all relevant programmes and be detailed in the programme implementation agreement. In such cases, 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. 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 NMFA a Strategic Report on the implementation of the Norwegian Financial Mechanism 2009-2014 in the Beneficiary State. The Parties shall endeavour to hold the annual meeting in the month of April every year.

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8. Organigramme



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	Norwegian FM contribution
Programme area	
Green Industry Innovation	€ 8,000,000
Global fund for Decent Work and Tripartite Dialogue	€ 456,000
Capacity-building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities	€ 8,000,000
Public Health Initiatives	€ 6,000,000
Schengen Cooperation and Combating Cross-border and Organised Crime, including Trafficking and Itinerant Criminal Groups	€ 3,412,000
Judicial Capacity-building and Cooperation	€ 7,700,000
Correctional Services, including Non-custodial Sanctions	€ 7,700,000
Other allocations	
Technical assistance to the Beneficiary State (Art. 1.9)	€ 684,000
Fund for bilateral relations at national level (Art. 3.5.1)	€ 228,000
Net allocation to Lithuania	€ 42,180,000

2. Specific concerns

Bilateral relations between Norway 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 NMFA approval, implemented in the Beneficiary State.

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A. Programme Area: Green Industry Innovation

Programme: Green Industry Innovation
Programme grant: € 8,000,000
Programme Operator: Ministry of Economy of the Republic of Lithuania
Donor Programme Partner: Innovation Norway

B. Programme Area: Global Fund for Decent Work and Tripartite Dialogue

Programme: Decent work
Programme grant: € 456,000
Programme Operator: Innovation Norway

C. Programme Area: Capacity-Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities

Programme: Capacity-Building and Institutional Cooperation between Beneficiary State and Norwegian Public Institutions, Local and Regional Authorities

Programme grant: € 8,000,000
Programme Operator: Ministry of the Interior of the Republic of Lithuania

Main focus: 1. Increased and strengthened cooperation between municipalities and regional authorities in Lithuania and Norway

Donor Programme Partner: Norwegian Association of Local and Regional Authorities (KS)

2. Capacity-building and exchange of experience in the management of state owned enterprises

Donor Programme Partner: tbd

3. Cooperation on a climate-change inventory

Donor Programme Partner: Norwegian Climate and Pollution Agency (KLIF)

4. Cooperation and capacity building with regard to domestic and gender-based violence

Donor Programme Partner: tbd

Specific concerns: The Parties will also explore the possibilities to finance projects in the area of anti-corruption measures.

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D. Programme Area: Public Health Initiatives

Programme: Public Health Initiatives
Programme grant: € 6,000,000
Programme Operator: Ministry of Health of the Republic of Lithuania
Main focus: Capacity building, health information systems, health monitoring, improvement of equipment of youth health centres

E. Programme Area: Schengen Cooperation and Combating Cross-border and Organised Crime, including Trafficking and Itinerant Criminal Groups

Programme: Schengen Cooperation and Combating Cross-border and Organised Crime, including Trafficking and Itinerant Criminal Groups
Programme grant: € 3,412,000
Programme Operator: Ministry of the Interior of the Republic of Lithuania
Specific concerns: The Programme shall also include support to Customs of the Republic of Lithuania.

F. Programme Area: Judicial Capacity-building and Cooperation

Programme: Efficiency, quality and transparency in Lithuanian courts
Programme grant: € 7,700,000
Programme Operator: National Courts Administration
Donor programme partner: Norwegian Court Administration
Main focus: Capacity building, improvement of security in courts and victim's rights

G. Programme Area: Correctional Services including Non-custodial Sanctions

Programme: Correctional Services including Non-custodial Sanctions
Programme grant: € 7,700,000
Programme Operator: Ministry of Justice of the Republic of Lithuania
Donor programme partner: The Norwegian Correctional Services