

EEA Financial Mechanism 2014-2021

PROGRAMME AGREEMENT

between

The Financial Mechanism Committee  
established by Iceland, Liechtenstein and Norway

and

The [name of the National Focal point],  
hereinafter referred to as the “National Focal Point”,  
representing [name of Beneficiary State],  
hereinafter referred to as the “Beneficiary State”

together hereinafter referred to as the “Parties”

for the financing of the Programme “[name of Programme]”

hereinafter referred to as the “Programme”

## **Chapter 1**

### **Scope, Legal Framework, and Definitions**

#### Article 1.1

##### Scope

This programme agreement between the Financial Mechanism Committee (hereinafter referred to as the FMC) and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the EEA Financial Mechanism 2014-2021 to the Programme.

#### Article 1.2

##### Legal Framework

1. This programme agreement shall be read in conjunction with the following documents which, together with this programme agreement, constitute the legal framework of the EEA Financial Mechanism 2014-2021:

- (a) Protocol 38c to the EEA Agreement on the EEA Financial Mechanism 2014-2021;
- (b) the Regulation on the implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the “Regulation”) issued by the Donor States in accordance with Article 10(5) of Protocol 38c;
- (c) the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the “MoU”), entered into between the Donor States and the Beneficiary State; and
- (d) any guidelines adopted by the FMC in accordance with the Regulation.

2. In case of an inconsistency between this programme agreement and the Regulation, the Regulation shall prevail.

3. The legal framework is binding for the Parties. An act or omission by a Party to this

programme agreement that is incompatible with the legal framework constitutes a breach of this programme agreement by that Party.

#### Article 1.3

##### Definitions

Terms used and institutions and documents referred to in this programme agreement shall be understood in accordance with the Regulation, in particular Article 1.6 thereof, and the legal framework referred to in Article 1.2 of this programme agreement.

#### Article 1.4

##### Annexes and hierarchy of documents

1. Annexes attached hereto form an integral part of this programme agreement. Any reference to this programme agreement includes a reference to its annexes unless otherwise stated or clear from the context.
2. The provisions of the annexes shall be interpreted in a manner consistent with this programme agreement. Should the meaning of any provision of the said annexes, so interpreted, remain inconsistent with this programme agreement, the provisions of the annexes shall prevail, provided that these provisions are compatible with the Regulation.
3. Commitments, statements and guarantees, explicit as well as implicit, made in the preparation of the programme are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

## **Chapter 2**

### **The Programme**

#### Article 2.1

##### Co-operation

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this programme agreement.

2. The Parties agree to provide all information necessary for the good functioning of this programme agreement and to apply the principles of implementation as set out in the Regulation.

3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.

4. In executing this programme agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this programme agreement.

#### Article 2.2

##### Main responsibilities of the Parties

1. The National Focal Point is responsible and accountable for the overall management of the EEA Financial Mechanism 2014-2021 in the Beneficiary State and for the full and correct implementation of this programme agreement. In particular, the National Focal Point undertakes to:

(a) comply with its obligations stipulated in the Regulation and this programme agreement;

(b) ensure that the Certifying Authority, the Audit Authority, the Irregularities Authority

and the Programme Operator properly perform the tasks assigned to them in the Regulation, this programme agreement and the programme implementation agreement;

(c) take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;

(d) take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;

(e) make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

2. The FMC shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this programme agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as “the programme grant”) to be used exclusively to finance the eligible cost of the Programme.

#### Article 2.3

##### Objective and outcomes of the Programme

1. This programme agreement sets out the objective, outcome(s), outputs, indicators and targets for the Programme.

2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective, outcome(s), outputs, indicators and targets set for the Programme.

Article 2.4  
Programme grant

1. The maximum amount of the programme grant, the programme grant rate, and the estimated eligible cost of the Programme shall be as specified in this programme agreement.
2. In case the Programme is also supported by the Norwegian Financial Mechanism, this programme agreement shall be interpreted in conjunction with the agreement regulating that support.
3. The financial plan annexed to this programme agreement shall:
  - (a) contain a breakdown between the Programme's budget headings;
  - (b) indicate the agreed advance payment, if any.
4. The management cost of the Programme Operator shall not exceed the amount specified in this programme agreement.

Article 2.5  
Special conditions and programme specific rules

1. This programme agreement shall list any conditions set by the FMC with reference to paragraph 2 of Article 6.3 of the Regulation. The National Focal Point shall ensure compliance with these conditions and take the necessary steps to ensure their fulfilment.
2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in this programme agreement.

Article 2.6  
Programme implementation agreement

With reference to Article 6.8 of the Regulation and without prejudice to paragraph 2 thereof, the National Focal Point shall, before any payment is made to the Programme, sign a

programme implementation agreement with the Programme Operator. The National Focal Point shall notify the FMC of such signing.

Article 2.7  
Reporting

The National Focal Point shall ensure that the Programme Operator provides financial reports, annual programme reports and a final programme report in accordance with Chapter 9 and Articles 6.11 and 6.12 of the Regulation as well as statistical reporting in accordance with guidelines adopted by the FMC.

Article 2.8  
External monitoring

The external monitoring and audit referred to in Articles 11.1, 11.2, 11.3 and 11.4 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of their obligations under the legal framework regarding monitoring of the Programme and/or its projects, financial control and audit.

Article 2.9  
Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the FMC.
2. Programme specific exceptions from paragraph 1, if any, are set in the annexes to this programme agreement.
3. Expenditures incurred in breach of this article are not eligible.
4. Should there be a doubt as to whether the proposed modifications require approval by the FMC, the National Focal Point shall

consult the FMC before such modifications take effect.

5. Requests for modifications shall be submitted and assessed in accordance with Article 6.9 of the Regulation.

#### Article 2.10 Communication

1. All communication to the FMC regarding this programme agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the FMC towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

#### Article 2.11 Contact information

1. The contact information of the Programme Operator is as specified in this programme agreement.

2. The contact information for the FMC and the Financial Mechanism Office are:

Financial Mechanism Office

Att: Director

EFTA Secretariat

Rue Joseph II, 12-16

1000 Brussels

Telephone: +32 (0)2 286 1701

Telefax (general): +32 (0)2 211 1889

E-mail: fmo@efta.int

3. Changes of or corrections to the contact information referred to in this article shall be given in writing without undue delay by the Parties to this programme agreement.

#### Article 2.12 Representations and Warranties

1. This programme agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the FMC prior to the signing of this programme agreement.

2. The National Focal Point represents and warrants that the information provided by, through, or on behalf of the National Focal Point, in connection with the implementation or conclusion of this programme agreement are authentic, accurate and complete.

### Chapter 3 Projects

#### Article 3.1

##### Selection of projects and award of grants

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 7 of the Regulation and this programme agreement.

2. Eligibility of project promoters and project partners is stipulated in Article 7.2 of the Regulation and, in accordance with paragraph 4 thereof, subject only to the limitations stipulated in this programme agreement.

3. Pre-defined projects shall be outlined in this programme agreement.

4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 7.5 of the Regulation.

### Article 3.2

#### Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.
2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.
3. The content and form of the project contract shall comply with Article 7.6 of the Regulation.
4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project contract are valid and enforceable under the applicable law of the Beneficiary State.

### Article 3.3

#### Project partners and partnership agreements

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in paragraph 1(w) of Article 1.6 of the Regulation. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 7.7 of the Regulation.
2. The partnership agreement shall be in English if one of the parties to the agreement is an entity from the Donor States.
3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.
4. The creation and implementation of the relationship between the Project Promoter and

the project partner shall comply with the applicable national and European Union law on public procurement as well as Article 8.15 of the Regulation.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article. A draft partnership agreement or letter of intent shall be submitted to the Programme Operator before the signing of the project contract.

## Chapter 4 Finance

### Article 4.1

#### Eligible expenditures

1. Subject to Article 8.7 of the Regulation, eligible expenditures of this Programme are:
  - (a) management costs of the Programme Operator in accordance with the detailed budget in the financial plan;
  - (b) payments to projects within this Programme in accordance with the Regulation, this programme agreement and the project contract.
2. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 8.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 8.3 of the Regulation, the conditions regarding the use of standard scales of unit costs set in Article 8.4 of the Regulation as well as indirect costs in accordance with Article 8.5 of the Regulation.
4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 8.13 of the Regulation. The first date of eligibility of any pre-defined projects shall be no earlier than the date on which the National Focal Point notifies

the FMC of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 6.5 of the Regulation.

5. The maximum eligible costs of the categories referred to in paragraph 1 are set in this programme agreement. Programme specific rules on the eligibility of expenditure set in this programme agreement shall be complied with.

#### Article 4.2

##### Proof of expenditure

Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by documentary evidence as required in Article 8.12 of the Regulation.

#### Article 4.3

##### Payments

1. Payments to the Programme shall be made when all relevant conditions for payments stipulated in this programme agreement and the Regulation have been fulfilled.

2. Payments to the Programme shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 9.2, 9.3 and 9.4 of the Regulation.

3. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism is set in this programme agreement.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 9.1 of the Regulation.

5. Chapter 9 of the Regulation shall apply to all aspects related to payments, including

currency exchange rules and handling of interests on bank accounts.

#### Article 4.4

##### Transparency and availability of documents

The National Focal Point shall ensure an audit trail for financial contributions from the EEA Financial Mechanism 2014-2021 to the Programme in accordance with Article 9.8 of the Regulation.

#### Article 4.5

##### Irregularities, suspension and reimbursements

The FMC has the right to make use of the remedies provided in the Regulation, in particular Chapter 13 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 12 and 13 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

### Chapter 5

#### Final provisions

##### Article 5.1

##### Dispute settlement

1. The Parties waive their rights to bring any dispute related to the programme agreement before any national or international court, and agree to settle such a dispute in an amicable manner.

2. If a demand for reimbursement to the FMC is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

## Article 5.2 Termination

1. The FMC may, after consultation with the National Focal Point, terminate this programme agreement if:

(a) a general suspension decision according to Article 13.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 13.1 of the Regulation has not been lifted within 6 months of such a decision;

(b) a suspension of payments according to Article 13.1 of the Regulation, other than under paragraph 1(h), has not been lifted within one year of such a decision;

(c) a request for reimbursement according to Article 13.2 of the Regulation has not been complied with within one year from such a decision;

(d) the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or

(e) the Programme Operator has, in the opinion of the FMC, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

2. This programme agreement can be terminated by mutual agreement between the Parties.

3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 5.1 or the right of the FMC to make use of the remedies provided in Chapter 13 of the Regulation.

## Article 5.3 Waiver of responsibility

1. Any appraisal of the Programme undertaken before or after its approval by the FMC, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the programme agreement.

2. Nothing contained in the programme agreement shall be construed as imposing upon the FMC or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The FMC does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the National Focal Point and the Programme Operator to satisfactorily address such issues.

4. Neither the National Focal Point, the Programme Operator, entities involved in the implementation of projects, nor any other party shall have recourse to the FMC for further financial support or assistance to the Programme in whatsoever form over and above what has been provided for in the programme agreement.

5. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the FMC, its members or alternate members, nor the EFTA States, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point or the Beneficiary State, the Programme Operator, Project Promoters or any other third person, in

connection, be it direct or indirect, with this programme agreement.

6. Nothing in this programme agreement shall be construed as a waiver of diplomatic immunities and privileges awarded to the European Free Trade Association, its assets, officials or employees.

Article 5.4  
Entry into force and duration

1. This programme agreement shall enter into force on the date of the last signature of the Parties.
2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.

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This programme agreement is drawn up in two originals in the English language.

For the FMC

For the National Focal Point

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

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

.....  
[name]

[function]

.....  
[name]

[function]