

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

Between

ICELAND,  
THE PRINCIPALITY OF LIECHTENSTEIN,  
THE KINGDOM OF NORWAY,  
hereinafter referred to as the “Donor States”

and

THE PORTUGUESE REPUBLIC,  
hereinafter referred to as the “Beneficiary State”

together hereinafter referred to as the “Parties”,

WHEREAS Protocol 38c 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 2014-2021, establishes a financial mechanism (hereinafter referred to as the “EEA Financial Mechanism 2014-2021”) 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 2014-2021 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. 2/2016/SC of 2 June 2016 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 2014-2021;

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 2014-2021;

HAVE AGREED on the following:

## **Article 1 Objectives**

1. The overall objectives of the EEA 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 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) 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 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 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 2.1 of Protocol 38c, the total amount of the financial contribution is € 1,548,150,000 in annual tranches of € 221,160,000 over the period running from 01/05/2014 to 30/04/2021, inclusive.
2. In accordance with Article 6 of Protocol 38c, a total of € 102,700,000 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 Protocol 38c, 10.00 % of the total amount referred to in paragraph 2 shall be set aside for a fund for civil society.
4. In accordance with Article 10.4 of Protocol 38c 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 € 94,997,500.

### **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 38c and the programme areas listed in the Annex to Protocol 38c. The Donor States 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 EEA Financial Mechanism 2014-2021 in accordance with Annex B and the programme agreements.
3. The Financial Mechanism Committee shall manage the EEA Financial Mechanism 2014-2021 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 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 EEA Financial Mechanism 2014-2021 as well as for the implementation of the EEA 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 EEA 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 the Donor States 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 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. 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 FMC and the National Focal Point.

## **Article 10**

### **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.

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

4. No later than 31/12/2020, 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 reallocation 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.

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This Memorandum of Understanding is signed in four originals in the English Language.

Signed in Brussels on 18/05/2017  
For Iceland

Signed in Lisbon on 22/05/2017  
For the Portuguese Republic

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Signed in Brussels on 19/05/2017  
For the Principality of Liechtenstein

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Signed in Lisbon on 22/05/2017  
For the Kingdom of Norway

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## **National management and control structures**

### **1. National Focal Point**

The National Management Unit (Unidade Nacional de Gestão, UNG) shall act as the National Focal Point.

The UNG is a specific managing structure within the Ministry for Planning reporting directly to the Minister for Planning, or to the respective State Secretary by delegated powers, that appoints a Coordinator responsible for the management of the National Focal Point. The Coordinator 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 Cohesion and Development Agency, P.I. (Agência para o Desenvolvimento e Coesão, I.P., ADC) shall act as the Certifying Authority.

The ADC is a Public Institute within the Ministry for Planning that has the overall coordination of European Structural and Investment Funds and the Regional Development policy and acts under the coordination of the Minister for Planning, or of the respective State Secretary by delegated powers.

The President of the Agency 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 General Inspectorate of Finance (Inspeção Geral de Finanças, IGF) shall act as the Audit Authority. IGF is an entity belonging to the Ministry of Finance that covers the strategic state finance administration and the specialised technical support for the public administration.

The Inspector General of IGF shall act as the head of the Audit Authority.

The roles and responsibilities of the Audit Authority are stipulated in the Regulation, in particular Article 5.5 thereof.

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

### **4. Irregularities Authority**

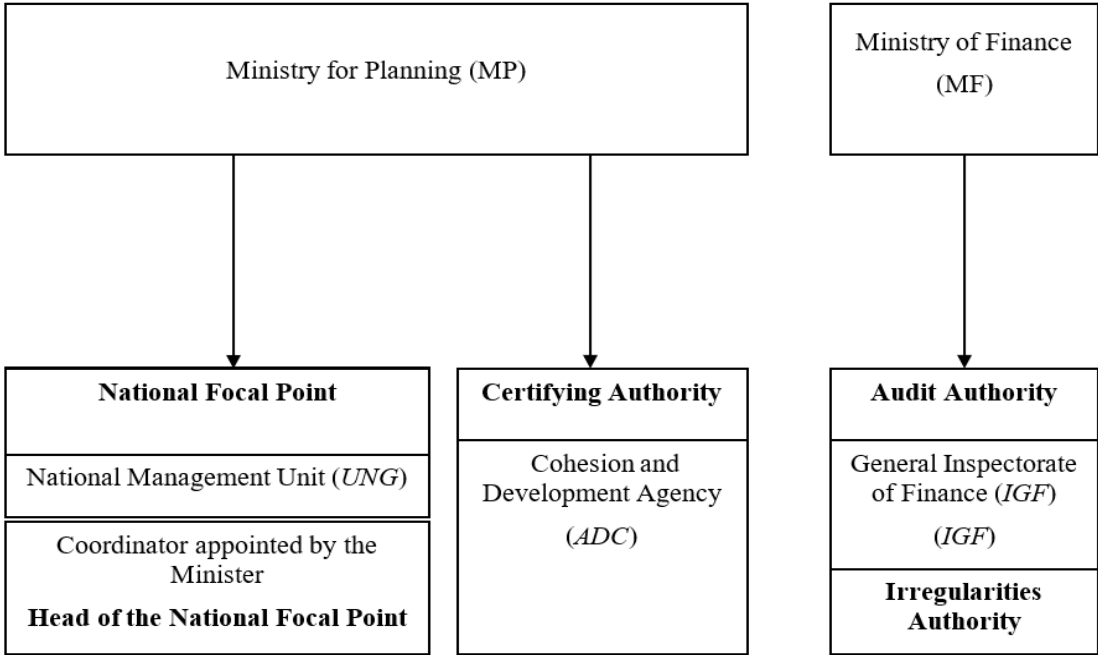
The General Inspectorate of Finance (Inspeção Geral de Finanças, IGF) (Audit Authority) shall be responsible for the preparation and submission of irregularities reports.

The roles and responsibilities of the Irregularities Authority 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 FMC a Strategic Report on the implementation of the EEA Financial Mechanism 2014-2021 in the Beneficiary State. The Strategic Report shall be submitted to the FMC at least two months before the annual meeting unless otherwise agreed

**6. Organigram**



## 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

	<b>Portugal Programmes</b>	<b>EEA Grants contribution</b>	<b>National contribution</b>
1	Blue Growth Innovation and SMEs	€ 39,000,000	€ 6,882,353
2	Work-life Balance and Gender Equality	€ 6,000,000	€ 1,058,824
3	Environment, Climate Change and Low Carbon Economy	€ 25,000,000	€ 4,411,765
4	Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation	€ 9,000,000	€ 1,588,235
5	Civil Society	€ 11,500,000	N/A
	<b>Other allocations</b>		
	Technical Assistance to the Beneficiary State (Art. 1.10)	€ 1,540,500	N/A
	Reserve (Art. 1.11)	€ 0	N/A
	Reserve for completion of projects under FM 2009-2014 (Art. 1.12)	N/A	N/A
	Fund for bilateral relations (Art. 4.6.1)	€ 2,957,000	N/A
	<b>Net allocation to Portugal</b>	<b>€ 94,997,500</b>	<b>€ 13,941,177</b>

### 2. Specific concerns

Bilateral relations between the Donor States and the Portuguese Republic shall be strengthened with the aim of stimulating and developing long-term cooperation within all areas listed in the Annex to Protocol 38c. 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 FMC, in accordance with Article 6.3 of the Regulation.

#### A. Programme Blue Growth Innovation and SMEs

*Programme objective:* Increased value creation and sustainable growth

*Programme grant:* € 39,000,000

*Programme co-financing:* € 6,882,353

*Programme Operator:* Directorate General for Maritime Policy

*Donor Programme Partners(s):* Innovation Norway (IN)  
Icelandic Centre for Research (RANNIS)  
Research Council of Norway (RCN)  
Norwegian Agency for International Cooperation and Quality  
Enhancement in Higher Education (DIKU)

*Programme area(s):* Business Development, Innovation and SMEs  
Research  
Education, Scholarships, Apprenticeships and Youth  
Entrepreneurship



*Special-concerns:* Approximately 70% of the total eligible expenditure of the programme shall be allocated to the programme area Business Development, Innovation and SMEs with a focus on blue growth.

Approximately 30% of the total eligible expenditure of the programme shall be allocated to component(s) addressing a) Research and b) Education, Scholarships, Apprenticeships and Youth Entrepreneurship.

Cooperation between research institutions and SMEs in order to facilitate commercialization of innovative ideas, products and processes, shall be encouraged.

The requirement to allocate at least 50% of the funding to green industry innovation under the Programme Area “Business Development, Innovation and SMEs” shall not apply.

A pre-defined project in the area of capacity building in maritime education and training will be developed in the concept note phase.

Dedicated financial instruments may be explored in the concept note development phase.

In developing the concept note and during the implementation of the programme, the Programme Operator shall seek to ensure synergies with the programme “Environment, Climate Change and Low Carbon Economy”.

Innovation Norway (IN) will be the lead Donor Programme Partner.

*Bilateral ambitions:* €200,000 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.

## **B. Programme Work-life Balance and Gender Equality**

*Programme objective:* Work-life balance improved

*Programme grant:* € 6,000,000

*Programme co-financing:* € 1,058,824

*Programme Operator:* Commission for Citizenship and Gender Equality

*Donor Programme Partners(s):* The Equality and Anti-discrimination Ombud (LDO)

*Programme area(s):* Work-life Balance  
Domestic and Gender-based Violence  
Good Governance, Accountable Institutions, Transparency

*Special-concerns:* The programme shall focus on gender equality and work-life balance, with a special concern on research, local development and social cohesion. Pre-defined projects with relevant donor project partners in the areas of gender equality and work-life balance, especially on 1) gender pay gap; 2) national data systems to promote work-life balance and gender equality; 3) gender mainstreaming in education and vocational training, may be explored in the concept note phase.

No more than 50% of the total eligible expenditure of the programme areas “Work-life Balance” and “Domestic and Gender-based Violence” shall be available for infrastructure (hard measures).

*Bilateral ambitions:* €100,000 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 Environment, Climate Change and Low Carbon Economy**

*Programme objective:* Improved environmental status in ecosystems and reduced adverse effects of pollution and other human activities  
*Programme grant:* € 25,000,000  
*Programme co-financing:* € 4,411,765  
*Programme Operator:* General Secretariat of the Ministry for Environment and Energy Transition

*Donor Programme Partners(s):* Innovation Norway (IN)

*Programme area(s):* Environment and Ecosystems  
Climate Change Mitigation and Adaptation

*Special-concerns:* Special concern shall be given to a) Circular Economy with particular relevance to the building sector; b) Portugal Living Labs for low carbon cities with over 200,000 inhabitants; c) National Network of Biosphere Reserves.

The programme shall contain small grant scheme(s) targeting, among others, civil society including non-governmental organisations (NGOs).

In developing the concept note and during the implementation of the programme, the Programme Operator shall seek to ensure synergies with the programme “Blue Growth Innovation and SMEs”.

*Bilateral ambitions:* €100,000 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.

*Pre-defined projects:* “Rio Ceira” – The History, the Environment and the Populations - Green infrastructures recovery, climate change awareness and vulnerability to climate change reduced in Ceira’s River Basin.

Project promoter: Portuguese Environment Agency (APA).

Project partners: Municipality of Arganil, Municipality of Gois, Municipality of Pampilhosa da Serra, Municipality of Lousã, and Faculdade de Engenharia da Universidade do Porto (FEUP)

Donor project partner: Norwegian Directorate for Civil protection and Emergency Planning (DSB)

Maximum grant amount: €2,600,000.

### **D. Programme Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation**

*Programme objective:* Social and economic development strengthened through cultural cooperation, cultural entrepreneurship and cultural heritage management

*Programme grant:* € 9,000,000

*Programme co-financing:* € 1,588,235

*Programme Operator:* General Directorate for Cultural Heritage of the Ministry of Culture

*Donor Programme Partners(s):* Norwegian Directorate for Cultural Heritage (RA)

*Programme area(s):* Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation

*Special-concerns:* The programme shall focus on the role that arts, culture and cultural heritage play in local and regional development with emphasis on employment, social inclusion and cohesion, on cultural entrepreneurship, on cultural heritage management, preservation and conservation and on audience development and cultural activities in education. Coastal cultural heritage shall be taken into account.

A maximum level of funding available from the total eligible expenditure of the programme for infrastructure (hard measures) shall be identified in the concept note.

Approximately 20% of the total eligible expenditure of the programme shall be set aside for cultural cooperation and exchange between the Donor States and Portugal.

The National Focal Point and the Programme Operator shall at the latest by the submission of the concept note, submit a plan to ensure adequate programme management capacity of the Programme Operator.

The Arts Council of Norway (ACN) shall be actively involved in the preparation of the programme.

*Bilateral ambitions:* €100,000 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.

## **E. Programme Civil Society**

*Programme objective:* Civil society and active citizenship strengthened and vulnerable groups empowered

*Programme grant:* € 11,500,000

*Programme co-financing:* Not-applicable

*Programme Operator:* The Financial Mechanism Office in accordance with Article 6.13 of the Regulation.

*Programme area(s):* Civil Society

