AGREEMENT


Article 1

The Kingdom of Norway undertakes to contribute for a five year period to the reduction of economic and social disparities in the European Economic Area, and to the strengthening of its relations with the Beneficiary States, through a separate Norwegian Financial Mechanism 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 800 million, to be made available for commitment in annual tranches of EUR 160 million over the period running from 1 May 2009 to 30 April 2014, inclusive.

Article 3

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.

The allocation target for priority sector (a) shall be at least 20 per cent. Due account will be taken of the different needs and the size of each Beneficiary State.
One per cent of the allocation to each Beneficiary State shall be set aside for a fund for the Promotion of Decent Work and Tripartite Dialogue, to be operated by an entity designated by the Kingdom of Norway, and in accordance with the distribution key referred to in Article 5.

**Article 4**

The contribution from the Kingdom of Norway shall not exceed 85 per cent of programme cost. It may in special cases be up to 100 per cent of programme cost.

The applicable rules on state aid shall be complied with.

The European Commission shall screen all programmes and any substantial change in a programme for their compatibility with the European Union’s objectives.

The responsibility of the Kingdom of Norway 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 Beneficiary States, Bulgaria, Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Romania, Slovenia and Slovakia, in accordance with the following distribution key:

<table>
<thead>
<tr>
<th>Beneficiary State</th>
<th>Percentage</th>
<th>Fund (million EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>6,0%</td>
<td>48,00</td>
</tr>
<tr>
<td>Cyprus</td>
<td>0,5 %</td>
<td>4,00</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>8,8%</td>
<td>70,40</td>
</tr>
<tr>
<td>Estonia</td>
<td>3,2%</td>
<td>25,60</td>
</tr>
<tr>
<td>Hungary</td>
<td>10,4%</td>
<td>83,20</td>
</tr>
<tr>
<td>Latvia</td>
<td>4,8%</td>
<td>38,40</td>
</tr>
<tr>
<td>Lithuania</td>
<td>5,7%</td>
<td>45,60</td>
</tr>
<tr>
<td>Malta</td>
<td>0,2%</td>
<td>1,60</td>
</tr>
<tr>
<td>Poland</td>
<td>38,9%</td>
<td>311,20</td>
</tr>
<tr>
<td>Romania</td>
<td>14,4%</td>
<td>115,20</td>
</tr>
<tr>
<td>Slovenia</td>
<td>1,8%</td>
<td>14,40</td>
</tr>
<tr>
<td>Slovakia</td>
<td>5,3%</td>
<td>42,40</td>
</tr>
</tbody>
</table>

**Article 6**

With a view to reallocate any non-committed available funds for high priority projects from any Beneficiary State, a review shall be carried out in November 2011 and again in November 2013.
Article 7

The financial contribution provided for in Article 1 shall be closely co-ordinated with the contribution from the EFTA States provided for by the EEA Financial Mechanism.

In particular, the Kingdom of Norway shall ensure that the application procedures and implementation modalities are essentially the same for both financial mechanisms referred to in the previous paragraph.

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 Norwegian Financial Mechanism:

1. The highest degree of transparency, accountability and cost efficiency shall be applied in all implementation phases, as well as objectives and principles of good governance, sustainable development and gender equality. The objectives of the Norwegian Financial Mechanism shall be pursued in the framework of close co-operation between the Beneficiary States and The Kingdom of Norway.

2. In order to ensure efficient and targeted implementation, and taking into account national priorities, the Kingdom of Norway 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 States shall submit programme proposals. The Kingdom of Norway 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. The Beneficiary State and the Kingdom of Norway may agree, in specific circumstances, that programmes be operated by any entity appointed by them.

4. Partnerships shall, where appropriate, be applied in the preparation, implementation, monitoring and evaluation of the financial contributions 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 Kingdom of Norway.

5. The control system provided for the management of the Norwegian Financial Mechanism shall ensure the respect of the principle of sound financial management. The Kingdom of Norway may carry out controls according to internal requirements. The Beneficiary States shall provide all necessary assistance, information and documentation to this effect. The Kingdom of Norway 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 Kingdom of Norway and in accordance with the applicable rules on public procurement.

7. The management costs of the Kingdom of Norway 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 Kingdom of Norway, or an entity appointed by it, shall be responsible for the overall management of the Norwegian Financial Mechanism. Further provisions for the implementation of the Norwegian Financial Mechanism will be issued by the Kingdom of Norway after consultation with the Beneficiary States. The Kingdom of Norway shall endeavour to issue these provisions before the signing of the Memoranda of Understanding.

Article 9

This Agreement shall be ratified or approved by the Parties in accordance with their own procedures. The instruments of ratification or approval shall be deposited with the General Secretariat of the Council of the European Union.

It shall enter into force on the first day of the third month after the last instrument of ratification or approval has been deposited.

Done at Brussels [...]