

National Focal Points

Brussels, 13 September 2024

Subject: Consultation on the Regulation on the implementation of the EEA Financial Mechanism 2021-2028

Dear Colleagues at the National Focal Points,

The agreements between Iceland, Liechtenstein and Norway and the EU on the EEA and Norway Grants 2021-2028 were signed on 12 September 2024. We are consequently very pleased to send you this invitation to participate in the consultation on the Regulation on the implementation of the EEA Financial Mechanism 2021-2028.

Protocol 38D on the EEA Financial Mechanism 2021-2028 states that 'Further provisions for the implementation of the EEA Financial Mechanism, including simplification measures aimed at securing efficiency and effectiveness in implementation, will be issued by the EFTA States after consultations with the Beneficiary States which may be assisted by the European Commission. The EFTA States shall endeavour to issue these provisions before the signing of the Memoranda of Understanding.' (Article 9.4). The Agreement on the Norwegian Financial Mechanism 2021-2028 contains identical requirements.

Protocol 38D and the Agreement between Norway and the European Union on the Norwegian Financial Mechanism 2021-2028 both state in Article 8 that the EEA and Norwegian Financial Mechanisms shall be closely coordinated and that the procedures and implementation modalities shall be essentially the same for both financial mechanisms. Given that there shall be no substantive difference between the Regulation for the EEA Grants and the Regulation for the Norway Grants, only the Regulation on the implementation of the EEA Financial Mechanism 2021-2028 is attached, however any responses received will be considered by the Donor States as applying also to the Norwegian Financial Mechanism.

Proposed changes to the Regulation

The draft Regulation reflects the Donor States' ambition to simplify processes and reduce administrative burden, to maximize programme implementation time and to safeguard the common values and principles expressed in Protocol 38D. Annexed to this letter you will find a detailed description of all changes. We think that the highlights are as follows:

Project promoters and partners deliver the results for the Grants and we aim to remove unnecessary administrative burdens on them. Accordingly, requirements related to visibility for smaller projects have been reduced. Widespread use of simplified cost options can significantly reduce the complexity and volume of reporting requirements and the revised Regulation allows for a broad use of this modality, closely modelled on the EU cohesion policy model. Where cost recovery remains the approach, requirements for the submission of proof of expenditure have been reduced and limits have been placed to reduce the frequency of financial reporting.

Programme Operators are at the centre of the administration of the grants and will benefit from a lighter reporting burden as the Annual Programme Report and the Strategic Report are merged and the number of annual forecasts is halved and incorporated into the Interim Financial Reports. In addition, a flexibility to transfer funds across measures within programmes without prior approval will be available from the outset, reducing the need for Programme Agreement modifications.

Technical Assistance grants to cover the work of the National Focal Points, Certifying, and Audit Authorities shall be paid in the form of a lump sum. The threshold for the submission of irregularity reports to the donors is raised in line with the equivalent threshold under the EU Structural Funds, allowing a focus on the more serious cases. Agreement management is simplified so that Programme Agreements, Bilateral Fund Agreements and Technical assistance agreements can be updated without formal modification where changes follow an MoU modification. The requirement for a reserve at national level and for a mid-term review to allocate this reserve, have been removed. Financial Instruments as a separate modality have been removed. The separate Irregularities Authority has been removed and replaced by a function to be carried out by the Certifying Authority, or another national entity where needed.

We would also like to further explore with you our proposal for a 'multisite' web environment, to be established by the FMO in order to host all Beneficiary States' websites in a harmonised manner.

Improved efficiency and the potential for processes to be carried out in parallel where possible are essential to maximising the time for programme implementation and rely on all parties collaborating effectively.

Management and Control System descriptions will no longer be reviewed by the FMO, which will rely on the national Audit Authorities' opinions and there will no longer be a requirement for National Focal Points to review dedicated descriptions of the management systems of each Programme Operator. This reflects the Donor States' confidence that the national systems developed over the past years can continue to perform their essential functions.

Deadlines for the development and review of the concept note and for the conclusion of the Programme Agreement have been introduced that are intended to limit the time needed for approval of each programme to twelve months from MoU signature. To support this, stakeholder consultation is no longer mandatory in all cases during concept note development and the concept note template has been simplified.

The routine appraisal and notification to the FMO of each pre-defined project has been removed, so that pre-defined projects can start as soon as their programme has been approved. Input will be given in the early stages of the development of calls for projects so as to align expectations as early as possible.

Bilateral Funds are proposed to be deployed in a more flexible manner, with the total amount to be set aside in the MoUs ranging between 2% and 5% of the total (gross) allocation to the Beneficiary State. There will be a clear split between national and programme level Bilateral Funds to simplify their management and reporting.

The common values on which the Financial Mechanisms are based are mainstreamed and provisions have been added to different parts of the draft Regulation. Concept notes and programme agreements will be scrutinised for compliance with the common values. Beneficiary States will be responsible to grant funding only to applicants that respect the principles of implementation and ensure that the common values are respected in all projects and activities. Additional grounds for the suspension of payments or financial corrections have been foreseen to specifically address non-compliance with the common values.

Practicalities

Your comments on the draft Regulation and Annexes should be provided in writing to consultation2021-28@efta.int (with a copy to the relevant Country Officer). Each National Focal Point should prepare and send one set of comments. When addressing specific provisions, please insert your comments into the template attached to this letter.

Any questions regarding the consultation process may be directed to Legal Officers Kristin Bjarnadottir (kristin.bjarnadottir@efta.int) and Johannes Giske (johannes.giske@efta.int).

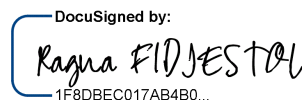
The FMO would hereby like to invite you to Brussels on 25 September 2024 for a workshop dedicated to clarifying the new Regulation. We hope that this can be of use to you in formulating your responses to the consultation process. Preliminary invitations have already been sent and we are at your disposal for any practical questions.

Responses to the consultation process should be sent to the FMO no later than 18 October 2024.

Following the end of the consultation period the final versions of the Regulations will be notified to all Beneficiary States as soon as they are adopted by the Donor States.

We look forward to hearing all your feedback and to a swift launch of the new programming period.

Yours sincerely,

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