

EEA Financial Mechanism 2021-2028 Regulation for Beneficiary State Consultation – All chapters and annexes

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Current text	New text (with track changes)	Comments
Chapter 1 General provisions	Chapter 1 General provisions	
Article 1.1 Subject matter	Article 1.1 Subject matter	
1. This Regulation applies to the implementation of the EEA Financial Mechanism 2014-2021 and was adopted in accordance with Article 10 of Protocol 38c to the EEA Agreement.	1. This Regulation applies to the implementation of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> and was adopted in accordance with Article 10-9 of Protocol 38e <u>38d</u> to the EEA Agreement.	
2. This Regulation lays down the general rules governing the EEA Financial Mechanism 2014-2021 without prejudice to the provisions laid down in Protocol 38c to the EEA Agreement.	2. This Regulation lays down the general rules <u>provisions for implementation of</u> the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> without prejudice to the provisions laid down in Protocol 38e <u>38d</u> to the EEA Agreement.	Language clarification
Article 1.2 Objectives	Article 1.2 Objectives	
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 strengthen bilateral relations between the Donor States and the Beneficiary States through financial contributions in the priority sectors listed in paragraph 1 of Article 2.1.	The overall objectives of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> are to contribute to the reduction of economic and social disparities in the European Economic Area and to strengthen bilateral relations between the Donor States and the Beneficiary States through financial contributions in the priority sectors <u>thematic priorities</u> listed in paragraph 1 of Article 2.1.	Text aligned with the Protocol
Article 1.3 Principles of implementation	Article 1.3 Principles of implementation	
1. All programmes and activities funded by the EEA Financial Mechanism 2014-2021 shall be based on the common values of respect for human dignity, freedom, democracy, equality, the rule of law and the respect for human rights, including the rights of persons belonging to minorities.	1. All programmes and activities funded by the EEA Financial Mechanism 2014-2021 <u>shall be based on the common values and principles of respect for human dignity, freedom, democracy, equality, the rule of law and the respect for human rights, including the rights of persons belonging to minorities. All programmes and activities funded by the EEA</u>	Text aligned with the Protocol

Current text	New text (with track changes)	Comments
	<u>Financial Mechanism 2021-2028 shall be consistent with respect for these values and principles and abstain from supporting operations that may fail to do so. Their implementation shall comply with the fundamental rights and obligations enshrined in relevant instruments and standards.</u>	
2. All programmes and activities funded by the EEA Financial Mechanism 2014-2021 shall follow the principles of good governance; they shall be participatory and inclusive, accountable, transparent, responsive, effective and efficient. There shall be zero-tolerance towards corruption.	2. All programmes and activities funded by <u>The implementation of</u> the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> shall follow the principles of good governance; they shall be participatory and inclusive, accountable, transparent, responsive, effective and efficient. There shall be zero-tolerance towards corruption.	Text aligned with the Protocol
3. All programmes and activities funded by the EEA Financial Mechanism 2014-2021 shall be consistent with sustainable development, long-term economic growth, social cohesion and environmental protection.	3. All programmes and activities funded by <u>The implementation of</u> the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> shall be consistent with sustainable development, long-term economic growth, social cohesion and environmental protection.	Text aligned with the Protocol
4. All programmes and activities funded by the EEA Financial Mechanism 2014-2021 shall follow a results and risk management approach.	4. All programmes and activities funded by <u>The implementation of</u> the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> shall follow a results and risk management approach.	Text aligned with the Protocol
Article 1.4 Principle of co-operation	Article 1.4 Principle of co-operation	
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 States.	The objectives of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> shall be pursued in the <u>a</u> framework of close co-operation between the Donor States and the Beneficiary States, <u>respecting the values and principles and complying with the rights and obligations referred to in Article 1.3.</u>	Text aligned with the Protocol

Current text	New text (with track changes)	Comments
<p>Article 1.5 The legal framework</p>	<p>Article 1.5 The legal framework</p>	
<p>1. This Regulation shall be read in conjunction with the following documents which, together with the Regulation and its annexes, constitute the legal framework of the EEA Financial Mechanism 2014-2021:</p> <p>(a) Protocol 38c to the EEA Agreement on the EEA Financial Mechanism 2014-2021;</p> <p>(b) 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;</p> <p>(c) the programme agreements; and</p> <p>(d) any guidelines adopted by the FMC after consultation with the Beneficiary States.</p>	<p>1. This Regulation shall be read in conjunction with the following documents which, together with the Regulation and its annexes, constitute the legal framework of the EEA Financial Mechanism 2014-2021<u>2021-2028</u>:</p> <p>(a) Protocol 38c<u>38d</u> to the EEA Agreement on the EEA Financial Mechanism 2014-2021<u>2021-2028</u>;</p> <p>(b) the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> (hereinafter referred to as the MoU), entered into between the Donor States and the Beneficiary State;</p> <p>(c) the programme agreements; and</p> <p>(d) any guidelines adopted by the FMC after consultation with the Beneficiary States.</p>	
<p>2. The Beneficiary State shall ensure that any additional provisions applicable to the implementation of the EEA Financial Mechanism 2014-2021 are kept to a minimum. The legal framework mentioned in paragraph 1 takes precedence over any such provisions.</p>	<p>2. The Beneficiary State shall ensure that any additional provisions applicable to the implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> are kept to a minimum. The legal framework mentioned in paragraph 1 takes precedence over any such provisions.</p>	
<p>Article 1.6 Definitions</p>	<p>Article 1.6 Definitions</p>	
<p>For the purposes of this Regulation, the following terms shall have the meanings assigned to them here:</p> <p>(a) “Audit Authority”: a national public entity, functionally independent of the National Focal Point, the Certifying Authority and the</p>	<p>For the purposes of this Regulation, the following terms shall have the meanings assigned to them here:</p> <p>(a) “Audit Authority”: a national public entity, functionally independent of the National Focal Point, the Certifying Authority, —and—the</p>	<p>Added definitions on:</p> <p>Beneficiary State</p> <p>Conflict of Interest</p> <p>International Organisation</p>

Current text	New text (with track changes)	Comments
<p>Programme Operator, designated by the Beneficiary State and responsible for verifying the effective functioning of the management and control system.</p> <p>(b) “Certifying Authority”: a national public entity, functionally independent of the Audit Authority and the Programme Operator, designated by the Beneficiary State to certify financial information.</p> <p>(c) “Donor partnership project”: a project implemented in close cooperation with a project partner whose primary location is in one of the Donor States.</p> <p>(d) “Donor Programme Partner”: a public entity in a Donor State designated by the FMC advising on the preparation and/or implementation of a programme, and/or participating in the implementation of a programme.</p> <p>(e) “Donor States”: Iceland, Liechtenstein and Norway.</p> <p>(f) “EEA Financial Mechanism Committee” (hereinafter referred to as the FMC): The committee established by the Standing Committee of the EFTA States to manage the EEA Financial Mechanism 2014-2021.</p> <p>(g) “Evaluation”: a systematic, objective and independent assessment of the design, implementation and/or results achieved in programmes and projects with the aim of determining the relevance, coherence and consistency effectiveness, efficiency, impacts and sustainability of the financial contribution.</p>	<p>Programme Operator and the auditees, designated identified in the MoU by the Beneficiary State and responsible for verifying the effective functioning of the management and control system.</p> <p><u>(b) “Beneficiary State”: An EU Member State to which an allocation has been made in Article 6 of Protocol 38D to the EEA Agreement.</u></p> <p><u>(c) “Certifying Authority”: a national public entity, functionally independent of the Audit Authority and the Programme Operator, designated by the Beneficiary State identified in the MoU and responsible for certifying to certify financial information.</u></p> <p><u>(b)(d) “Conflict of Interest”: a situation where a person or entity involved in the implementation of the EEA Financial Mechanism has direct or indirect interests that are or appear to be incompatible with the impartial and/or objective exercise of their function(s). Such interests may be related to economic interests, political or national affinities, family or emotional ties, or any other shared interests.</u></p> <p><u>(e)(c) “Donor partnership project”: a project implemented in close cooperation with a project partner whose primary location is in one of the Donor States.</u></p> <p><u>(d)(f) “Donor Programme Partner”: a public entity in a Donor State designated by the FMC advising on the preparation and/or implementation of a programme, and/or— participating in the implementation of a programme.</u></p>	

Current text	New text (with track changes)	Comments
<p>(h) “Financial Mechanism Office” (hereinafter referred to as the FMO): the office assisting the FMC in managing the EEA Financial Mechanism 2014-2021. The FMO, which is administratively a part of the European Free Trade Association, is responsible for the day-to-day implementation of the EEA Financial Mechanism 2014-2021 on behalf of the FMC and serves as a contact point.</p> <p>(i) “International Partner Organisation” (hereinafter referred to as IPO): international organisation or body or an agency thereof, involved in the implementation of the EEA Financial Mechanism 2014-2021, designated by the FMC.</p> <p>(j) “Irregularities Authority”: a national public entity designated by the Beneficiary State to be responsible for the preparation and submission of irregularities reports on behalf of the Beneficiary State.</p> <p>(k) “Joint Committee for Bilateral Funds”: a committee established by the Beneficiary State to discuss matters of bilateral interest, decide on the use of the fund for bilateral relations and review progress in the implementation of the EEA Financial Mechanism 2014-2021 towards reaching the objective of strengthened bilateral relations.</p> <p>(l) “Monitoring”: the observation of programme and project implementation in order to ensure that agreed procedures are followed, to verify progress towards agreed outcomes and outputs and to identify potential problems in a timely manner so as to allow for corrective action.</p>	<p>(e)(g) “Donor States”: Iceland, Liechtenstein and Norway.</p> <p>(f)(h) “EEA Financial Mechanism Committee” (hereinafter referred to as the FMC): The committee established by the Standing Committee of the EFTA States to manage the EEA Financial Mechanism 2014-2021<u>2021-2028</u>.</p> <p>(g)(i) “Evaluation”: a systematic, objective and independent assessment of the design, implementation and/or results achieved in programmes and projects with the aim of determining the relevance, coherence, and consistency—effectiveness, efficiency, impacts and/or sustainability of the financial contribution.</p> <p>(j) “Financial Mechanism Office” (hereinafter referred to as the FMO): the office assisting the FMC in managing the EEA Financial Mechanism 2014-2021<u>2021-2028</u>. The FMO, which is administratively a part of the European Free Trade Association, is responsible for the day-to-day implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> on behalf of the FMC and serves as a contact point.</p> <p>(h)(k) “<u>International Organisation</u>”: <u>an international intergovernmental organisation</u>.</p> <p>(i)(l) “International Partner Organisation” (hereinafter referred to as IPO): international organisation or body or an agency thereof, involved in the implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u>, designated by the FMC.</p>	

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<p>(m) “National Focal Point”: a national public entity designated by the Beneficiary State to have the overall responsibility for reaching the objectives of the EEA Financial Mechanism 2014-2021 and implementing the MoU.</p> <p>(n) “Non-governmental organisation” (hereinafter referred to as NGO): a non-profit voluntary organisation established as a legal entity, having a non-commercial purpose, independent of local, regional and central government, public entities, political parties and commercial organisations. Religious institutions and political parties are not considered NGOs.</p> <p>(o) “Programme”: a structure setting out a development strategy with a coherent set of measures to be carried out through projects with the support of the EEA Financial Mechanism 2014-2021 and aimed at achieving agreed objectives and outcomes.</p> <p>(p) “Programme agreement”: an agreement between the FMC and the National Focal Point regulating the implementation of a particular programme.</p> <p>(q) “Programme grant”: the financial contribution from the Donor States to a programme.</p> <p>(r) “Programme Operator”: a public or private entity, commercial or non-commercial, as well as non-governmental organisations, having the responsibility for preparing and implementing a programme.</p> <p>(s) “Programme partner”: a public or private entity, commercial or non-commercial, as well as non-governmental organisations, international</p>	<p>(j) “Irregularities Authority”: a national public entity designated by the Beneficiary State to be responsible for the preparation and submission of irregularities reports on behalf of the Beneficiary State.</p> <p>(k)<u>(m)</u> “Joint Committee for <u>the</u> Bilateral Funds”: a committee established by the Beneficiary State to discuss matters of bilateral interest <u>beyond the programmes</u>, decide on the use of the funds for bilateral relations <u>at national level</u> and review progress in the implementation of the EEA Financial Mechanism <u>2014-2021-2028</u> towards reaching the objective of strengthened bilateral relations.</p> <p><u>(n)</u> “Monitoring”: the observation of programme and project implementation in order to ensure that agreed procedures are followed, to verify progress towards agreed outcomes and outputs and to identify potential problems in a timely manner so as to allow for corrective action.</p> <p>(l)<u>(o)</u> “National Focal Point”: a national public entity designated by the Beneficiary State identified in the MoU, to have<u>holding</u> the overall responsibility for reaching the objectives of the EEA Financial Mechanism <u>2014-2021-2028</u> and implementing the MoU.</p> <p>(m)<u>(p)</u> “Non-governmental organisation” (hereinafter referred to as NGO): a non-profit voluntary organisation established as a legal entity, having a non-commercial purpose, independent of local, regional and central government, public entities, political parties and</p>	

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<p>organisations or agencies or bodies thereof, actively involved in, and effectively contributing to, the implementation of a programme.</p> <p>(t) “Project”: an economically indivisible series of works fulfilling a precise technical function and with clearly identifiable aims related to the programme under which it falls. A project may include one or more sub-projects. Without prejudice to Article 6.5, projects are selected by the Programme Operator.</p> <p>(u) “Project contract”: an agreement between the Programme Operator and the Project Promoter regulating the implementation of a particular project.</p> <p>(v) “Project grant”: a grant awarded by a Programme Operator to a Project Promoter to implement a project.</p> <p>(w) “Project partner”: a natural or legal person actively involved in, and effectively contributing to, the implementation of a project. It shares with the Project Promoter a common economic or social goal which is to be realised through the implementation of that project.</p> <p>(x) “Project Promoter”: a natural or legal person having the responsibility for initiating, preparing and implementing a project.</p> <p>(y) “Social partners”: representatives of employers' organisations and trade unions.</p>	<p>commercial organisations. Religious institutions and political parties are not considered NGOs.</p> <p>(n)<u>(q)</u> “Programme”: a structure setting out a development strategy with a coherent set of measures to be carried out through projects with the support of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> and aimed at achieving agreed objectives and outcomes.</p> <p>(o)<u>(r)</u> “Programme agreement”: an agreement between the FMC and the National Focal Point regulating the implementation of a particular programme.</p> <p>(p)<u>(s)</u> “Programme grant”: the financial contribution from the Donor States to a programme.</p> <p>(q)<u>(t)</u> “Programme Operator”: a public or private entity, commercial or non-commercial, as well as non-governmental organisations, having the responsibility for preparing and implementing a programme.</p> <p>(r)<u>(u)</u> “Programme partner”: a public or private entity, commercial or non-commercial, as well as non-governmental organisations, international organisations or agencies or bodies thereof, actively involved in, and effectively contributing to, the implementation of a programme.</p> <p>(s)<u>(v)</u> “Project”: an economically indivisible series of works fulfilling a precise technical function and with clearly identifiable aims related to the programme under which it falls. A project may include one or more sub-projects. Without</p>	

Current text	New text (with track changes)	Comments
	<p>prejudice to Article 6.5, projects are selected by the Programme Operator.</p> <p>(t)(w) “Project contract”: an agreement between the Programme Operator and the Project Promoter regulating the implementation of a particular project.</p> <p>(u)(x) “Project grant”: a grant awarded by a Programme Operator to a Project Promoter to implement a project.</p> <p>(v)(y) “Project partner”: a natural or legal person actively involved in, and effectively contributing to, the implementation of a project. It shares with the Project Promoter a common economic or social goal which is to be realised through the implementation of that project.</p> <p>(w)(z) “Project Promoter”: a natural or legal person having the responsibility for initiating, preparing and implementing a project.</p> <p>(x)(aa) “Social partners”: representatives of employers' organisations and trade unions.</p>	
<p>Article 1.7 Visibility</p>	<p>Article 1.7 Visibility</p>	
<p>The contribution of the EEA Financial Mechanism 2014-2021 to the overall objectives set out in Article 1.2 shall be brought to the attention of the general public of the European Economic Area. All entities involved in the implementation of the EEA Financial Mechanism 2014-2021 share responsibility for carrying out information and communication activities, in accordance with the principle of proportionality, to ensure the widest possible dissemination of information, raise awareness and</p>	<p>The contribution of <u>Iceland, Liechtenstein and Norway through</u> the EEA Financial Mechanism 2014-2021<u>2021-2028</u> to the overall objectives set out in Article 1.2 shall be brought to the attention of the general public of the European Economic Area. All entities involved in the implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> share responsibility for carrying out information and communication activities, in accordance with the principle of proportionality, to ensure the widest possible dissemination of information, raise awareness</p>	

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strengthen transparency of information about funding opportunities, beneficiaries and achievements.	and strengthen transparency of information about funding opportunities, beneficiaries and achievements.	
Article 1.8 Financial contribution	Article 1.8 Financial contribution	
1. In accordance with Article 2 of Protocol 38c, the financial contribution from the EEA Financial Mechanism 2014-2021 shall be € 1,548.1 million, to be made available for commitment in annual tranches of € 221.16 million over the period running from 1 May 2014 to 30 April 2021, inclusive.	1. In accordance with Article 2 of Protocol 38c ^{38d} , the financial contribution from the EEA Financial Mechanism 2014-2021 ²⁰¹⁴⁻²⁰²¹⁻²⁰²⁸ shall be € 1,548.705+ million. <u>An additional € 100 million shall be made available for projects related to challenges experienced as a result of the invasion of Ukraine. These contributions shall</u> to be made available for commitment in annual tranches of € 221.16 ^{257.86} million over the period running from 1 May 2014-2021 to 30 April 2021 ²⁰²⁸ , inclusive.	Text aligned with the Protocol
2. Annual commitment tranches refers to funds that may during its respective year and onwards be made available for projects, management costs, technical assistance, and other costs related to the implementation of the EEA Financial Mechanism 2014-2021.	2. Annual commitment tranches refers to funds that may during its respective year and onwards be made available for projects, management costs, technical assistance, and other costs related to the implementation of the EEA Financial Mechanism 2014-2021-2028. <u>2. The additional financial contribution of EUR 100 million made available for projects related to challenges experienced as a result of the invasion of Ukraine, as referred to in paragraph 1, shall be divided pro rata over the country specific allocations for Beneficiary States as referred to in Article 6 of Protocol 38d and the funds referred to in Article 2.3 and Article 2.4.</u>	Clarification on how the additional allocation to Ukraine should be dealt with.
Article 1.9 Costs of the Donor States	Article 1.9 Costs of the Donor States	
1. The following costs of the Donor States shall be covered by the financial contribution: (a) the costs of running the FMO;	1. The following costs of the Donor States shall be covered by the financial contribution: (a) the costs of running the FMO;	

Current text	New text (with track changes)	Comments
<p>(b) the costs linked to the functions of the FMC;</p> <p>(c) the costs of audits performed by or on behalf of the EFTA Board of Auditors;</p> <p>(d) the costs related to appraisal, monitoring, evaluation, reporting, and auditing performed by or on behalf of the FMC;</p> <p>(e) costs related to communication activities and events;</p> <p>(f) funding for Donor Programme Partners, as referred to in Article 2.2;</p> <p>(g) funding for IPOs, as referred to in Article 2.3;</p> <p>(h) Any other costs decided by the FMC.</p>	<p>(b) the costs linked to the functions of the FMC;</p> <p>(c) the costs of audits performed by or on behalf of the EFTA Board of Auditors;</p> <p>(d) the costs related to appraisal, monitoring, evaluation, reporting, and auditing performed by or on behalf of the FMC;</p> <p>(e) costs related to communication activities and events <u>performed by or on behalf of the FMC</u>;</p> <p>(f) funding for Donor Programme Partners, as referred to in Article 2.2;</p> <p>(g) funding for IPOs, as referred to in Article 2.3;</p> <p>(h)<u>(g)</u> any other costs decided by the FMC.</p>	
2. The costs referred to in paragraph 1 are fixed at 7.5% of the total amount of the financial contribution.	2. The costs referred to in paragraph 1 are fixed at 7.5 % of the total amount of the financial contribution.	Donor State cost percentage reduced
Article 1.10 Management costs of the Beneficiary State	Article 1.10 Management costs of the Beneficiary State	
General administrative costs incurred by the Beneficiary State in relation to the implementation of the EEA Financial Mechanism 2014-2021 shall not be covered by the EEA Financial Mechanism 2014-2021. Specific costs which are necessary, clearly identifiable, and directly and exclusively related to the management of the EEA Financial Mechanism 2014-2021 can be covered through technical assistance. The eligibility of such costs is set in Article 8.11.	General administrative costs incurred by the Beneficiary State in relation to the implementation of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> shall not be covered by the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> . Specific costs which are necessary, clearly identifiable, and directly and exclusively related to the management of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> can be covered through technical assistance. The eligibility of such costs is set in Article 8.11 <u>Chapter 8</u> .	
Article 1.11 Resources for the reserve	Article 1.11 Resources for the reserve	
The Donor States and the Beneficiary States shall in the MoU set aside a reserve, consisting of a minimum of 5% of the Beneficiary State's total allocation. Not later than 31 December 2020, the Beneficiary State	The Donor States and the Beneficiary States shall in the MoU set aside a reserve, consisting of a minimum of 5% of the Beneficiary State's total allocation. Not later than 31 December 2020, the Beneficiary State	Reserve is deleted

Current text	New text (with track changes)	Comments
shall submit to the FMC a proposal on the allocation of the reserve within the framework of the EEA Financial Mechanism 2014-2021, either in the form of a new programme or as an addition to an existing programme or programmes. The FMC shall decide on the allocation of the reserve in accordance with Article 6.3 or paragraph 6 of Article 6.9, as appropriate. The Donor States may waive the requirement for a reserve according to this paragraph.	shall submit to the FMC a proposal on the allocation of the reserve within the framework of the EEA Financial Mechanism 2014-2021-2028, either in the form of a new programme or as an addition to an existing programme or programmes. The FMC shall decide on the allocation of the reserve in accordance with Article 6.3 or paragraph 6 of Article 6.9, as appropriate. The Donor States may waive the requirement for a reserve according to this paragraph.	
Article 1.12 Completion of specific projects selected within the EEA Financial Mechanism 2009-2014	Article 1.1¹² Completion of specific projects selected within the EEA Financial Mechanism 20092014- 20142021	
The Donor States and the Beneficiary States may agree to set aside a maximum of 10% of the total contribution from the EEA Financial Mechanism 2014-2021 to fund the completion of specific projects selected within the framework of the EEA Financial Mechanism 2009-2014. The total amount of such a reserve and the projects to be funded from this reserve shall be confirmed in the MoU. The rules of the EEA Financial Mechanism 2009-2014 shall apply to the implementation of such projects and the final date of eligibility shall be no later than 30 April 2017.	The Donor States and the Beneficiary States may agree to set aside a maximum of 10% of the total contribution from the EEA Financial Mechanism 2014-2021 2021-2028 to fund the completion of specific projects selected within the framework of the EEA Financial Mechanism 2009 2014-2014 2021 . The total amount of such a reserve and the projects to be funded from this reserve shall be confirmed in the MoU. The rules of the EEA Financial Mechanism 2009 2014-2014—2021 shall apply to the implementation of such projects and the final date of eligibility shall be no later than 30 April 2017 2025.	

Current text	New text (with track changes)	Comments
Chapter 2 Strategic approach	Chapter 2 Strategic approach	
Article 2.1 Priority sectors	Article 2.1 Priority sectors <u>Thematic priorities</u>	
<p>1. With the view of achieving the objectives set out in Article 1.2, the financial contributions are available in the following priority sectors:</p> <p>(a) Innovation, research, education and competitiveness;</p> <p>(b) Social inclusion, youth employment and poverty reduction;</p> <p>(c) Environment, energy, climate change and low carbon economy;</p> <p>(d) Culture, civil society, good governance, and fundamental rights and freedoms;</p> <p>(e) Justice and home affairs.</p>	<p>1. With the view of achieving the objectives set out in Article 1.2, the financial contributions are available in the following priority sectors<u>thematic priorities</u>:</p> <p>(a) Innovation, research, education and competitiveness<u>European green transition</u>;</p> <p>(b) Social inclusion, youth employment and poverty reduction<u>Democracy, rule of law and human rights</u>;</p> <p>(c) Environment, energy, climate change and low carbon economy<u>Social inclusion and resilience</u>;</p> <p>(d) Culture, civil society, good governance, and fundamental rights and freedoms;</p> <p>Justice and home affairs.</p>	Text aligned with the Protocol
<p>2. In order to ensure efficient and targeted use of the financial contribution from the EEA Financial Mechanism 2014-2021, its implementation shall be in line with Annex 1.</p>	<p>2. In order to ensure efficient and targeted use of the financial contribution from the EEA Financial Mechanism 2014-2021<u>2021-2028</u>, its implementation shall be in line with Annex 1.</p>	
Article 2.2 Funding for Donor Programme Partners	Article 2.2 Funding for Donor Programme Partners	
<p>Funding shall be made available for the involvement of Donor Programme Partners in the implementation of the EEA Financial Mechanism 2014-2021. The FMO shall manage the funding.</p>	<p>Funding shall be made available for the involvement of Donor Programme Partners in the implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u>. The FMO shall manage the funding.</p>	

Current text	New text (with track changes)	Comments
Article 2.3 Funding for International Partner Organisations	Article 2.3 <u>Funding for capacity building and cooperation with international organisations and institutions</u>for International Partner Organisations	
Funding shall be made available for the involvement of IPOs in the implementation of the EEA Financial Mechanism 2014-2021. The FMO shall manage the funding.	<u>The fund for capacity building and cooperation with international organisations and institutions referred to in Protocol 38d shall be operated by the FMO in accordance with rules adopted by the FMC.</u> Funding shall be made available for the involvement of IPOs in the implementation of the EEA Financial Mechanism 2014-2021 <u>2021-2028.</u> The FMO shall manage the funding.	Text aligned with the Protocol
	Article 2.4 <u>Fund for Civil Society</u>	
	<u>The fund for civil society referred to in Protocol 38d shall be operated by the FMO in accordance with rules adopted by the FMC.</u>	Text aligned with the Protocol
Article 2.4 Fund for regional cooperation	Article 2.4 Fund for regional cooperation	
The global fund for regional cooperation as referred to in Protocol 38c shall be operated by the FMO in accordance with rules adopted by the FMC.	The global fund for regional cooperation as referred to in Protocol 38c shall be operated by the FMO in accordance with rules adopted by the FMC.	Deleted
Article 2.5 Memorandum of Understanding	Article 2.5 Memorandum of Understanding	
1. In order to ensure efficient and targeted implementation the Donor States shall conclude an MoU with each Beneficiary State.	1. In order to ensure <u>concentration and to ensure</u> efficient and targeted implementation the Donor States shall conclude an MoU with each Beneficiary State.	Text aligned with the Protocol
2. The MoU shall establish a framework for cooperation and contain the following elements:	2. The MoU shall establish a framework for cooperation and contain the following elements:	

Current text	New text (with track changes)	Comments
<p>(a) the designation of national entities involved in the implementation of the EEA Financial Mechanism 2014-2021 and identification of their functions in the national management and control structures (Annex A to the MoU).</p> <p>(b) an implementation framework (Annex B to the MoU) consisting of the following financial and substantive parameters:</p> <ul style="list-style-type: none"> (i) a list of agreed programmes, the financial contribution from the EEA Financial Mechanism 2014-2021 and from the Beneficiary State; (ii) identification of programmes, their objective, their main focus, as appropriate, the grant amount and amount of co-financing by programme, the bilateral ambitions as well as any specific concerns relating to target groups, geographical areas or other issues; (iii) identification of programme operators, as appropriate; (iv) identification of Donor Programme Partners, as appropriate; (v) identification of IPOs, as appropriate; (vi) identification of pre-defined projects to be included in relevant programmes. 	<p>(a) the designation of national entities involved in the implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> and identification of their functions in the national management and control structures (Annex A to the MoU).</p> <p>(b) an implementation framework (Annex B to the MoU) consisting of the following financial and substantive parameters:</p> <ul style="list-style-type: none"> <u>(i)</u> a list of agreed programmes, the financial contribution from the EEA Financial Mechanism 2014-2021<u>2021-2028</u> and from the Beneficiary State; <u>(ii)</u> identification of programmes, <u>the Programme Operators</u>, their objective(s), their main focus, as appropriate, the grant amount and amount of co-financing by programme, the bilateral ambitions as well as any specific concerns relating to target groups, geographical areas or other issues<u>the implementation of the programmes</u>; <u>(iii)</u> <u>conditions and/or specific concerns at Beneficiary State level relating to target groups, geographical areas or other issues;</u> (i) identification of programme operators, as appropriate; <u>(iv)</u> identification of Donor Programme Partners, as appropriate; <u>(v)</u> identification of IPOs, as appropriate; <u>(vi)</u> identification of pre-defined projects to be included in relevant programmes. 	<p>Reference to ‘conditions’ added, in line with Protocol. Text reordered to better align with template structure. Programme Operators should always be designated in the MoU. Some language rationalisations.</p>

Current text	New text (with track changes)	Comments
3. Annexes A and B may be amended through an exchange of letters between the FMC and the National Focal Point.	3. Annexes A and B may be amended through an exchange of letters between the FMC and the National Focal Point.	
4. The provisions of the MoU shall be interpreted in a manner consistent with this Regulation.	4. The provisions of the MoU shall be interpreted in a manner consistent with this Regulation.	
5. A template for the MoU is provided in Annex 2.	5. A template for the MoU is provided in Annex 2.	
Article 2.6 Strategic Report	Article 2.6 Strategic <u>Country</u> Report	The Annual Programme Report and the Strategic Report are merged into one Country Report, to alleviate the burden on Beneficiary State entities and allow them to organise their internal work more efficiently.
1. The National Focal Point shall submit to the FMC an annual strategic report on its implementation of the EEA Financial Mechanism 2014-2021 and Norwegian Financial Mechanism 2014-2021 covering all programmes and bilateral activities implemented in the Beneficiary State, except for programmes operated by the FMO, inter-governmental organisations or Donor State entities in accordance with Article 6.13. The Strategic Report shall form the basis of discussions at the annual meeting, and shall be subject to approval by the FMC.	1. The National Focal Point shall submit to the FMC an annual strategic <u>Country</u> Report on its implementation of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> and Norwegian Financial Mechanism 2014-2021 <u>2021-2028</u> covering all programmes and bilateral activities implemented in the Beneficiary State, except for programmes operated by the FMO, inter-governmental organisations or Donor State entities in accordance with Article 6.13. The Strategic <u>Country</u> Report shall form the basis of discussions at the annual meeting, and shall be subject to approval by the FMC.	
2. The Strategic Report shall follow the template provided by the FMC and provide an assessment of the contribution of the EEA Financial Mechanism 2014-2021 towards the achievement of the two overall objectives as described in Article 1.2, information on how common values as referred to in Article 1.3 have been addressed in the programmes, the main trends that may have affected the context where the programmes are implemented, and a summary of the main risks and mitigating actions taken to address these risks.	2. The Strategic <u>Country</u> Report shall follow the template provided by the FMC and provide an assessment of the contribution of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> towards the achievement of the two overall objectives as described in Article 1.2, information on how common values <u>and principles</u> as referred to in Article 1.3 have been addressed in the programmes, the main trends that may have affected <u>ing</u> the context where the programmes are implemented, <u>a presentation and assessment of the main results achieved at programme and country level,</u> and a summary of the main risks and mitigating actions taken to address these risks.	

Current text	New text (with track changes)	Comments
3. The Strategic Report shall be written in English and submitted to the FMC at least two months before the annual meeting unless otherwise agreed. The FMC may request additional information when the report submitted is incomplete or unclear. The National Focal Point shall provide the information requested within one month and, where appropriate, revise the report.	3. The <u>reporting period for the Country Report shall be the calendar year. The</u> Strategic R eport shall be written in English and submitted to the FMC at least two months before the annual meeting unless otherwise agreed <u>not later than the last day of February each year.</u> The FMC may request additional information when the report submitted is incomplete or unclear. The National Focal Point shall provide the information requested within one month and, where appropriate, revise the report.	
4. The final Strategic Report shall be submitted within six months of the submission of the last final programme report but not later than 31 August 2025.	4. The f Final Strategic Country Report shall be submitted within six months of the submission of the last final programme report but not later than 31 August 2025 <u>2032</u> .	
5. The approved Strategic Report shall be published on the website of the National Focal Point within one month of the approval by the FMC.	5. The approved Strategic Country Report shall be published on the website of the National Focal Point within one month of the approval by the FMC.	
Article 2.7 Annual meeting	Article 2.7 Annual meeting	
1. An annual meeting shall be held between the FMC and the National Focal Point. The National Focal Point is responsible for organising the meeting and shall, when appropriate, arrange for site visits.	1. An annual meeting shall be held between the FMC and the National Focal Point. The National Focal Point is responsible for organising the meeting and shall, when appropriate, arrange for site visits.	
2. By way of derogation from paragraph 1, the FMC and the National Focal Point may agree not to organise an annual meeting.	2. By way of derogation from paragraph 1, the FMC and the National Focal Point may agree not to organise an annual meeting.	
3. The annual meeting shall allow the FMC and the National Focal Point to examine progress achieved over the previous reporting periods and agree on any necessary measures to be taken. The annual meeting shall provide a forum for discussion of issues of bilateral interest.	3. The annual meeting shall allow the FMC and the National Focal Point to examine progress achieved over the previous reporting periods, <u>discuss risks</u> and agree on any necessary measures to be taken. The annual meeting shall provide a forum for discussion of issues of bilateral interest.	Discussion of 'risks' introduced into Annual Meeting

Current text	New text (with track changes)	Comments
4. The timing of the annual meeting shall be agreed by FMC and the National Focal Point at least four months prior to the meeting.	4. The timing of the annual meeting shall be agreed by <u>the</u> FMC and the National Focal Point at least four months prior to the meeting.	
5. Representatives of the Audit Authority, Certifying Authority, Programme Operators, programme partners and members of the Joint Committee for Bilateral Funds, may be invited to attend the meeting.	5. Representatives of the Audit Authority, and the Certifying Authority <u>shall be invited to attend the meeting.</u> ; Programme Operators, programme partners and members of the Joint Committee for Bilateral Funds, may be invited to attend the meeting <u>participate as appropriate.</u>	
6. The National Focal Point is responsible for preparing the draft agenda, which shall reflect the main issues set out in the Strategic Report. The agenda's final version shall be agreed upon between the FMC and the National Focal Point at least one week before the meeting.	6. The National Focal Point is responsible for preparing the draft agenda, which shall reflect the main issues set out in the Strategic <u>Country</u> Report. The agenda's final version shall be agreed upon between the FMC and the National Focal Point at least one week before the meeting.	
7. Decisions taken at the annual meeting shall be set out in the agreed minutes. The National Focal Point is responsible for the drafting of the minutes from the meeting, summarising the main points and the action points discussed at the meeting and following the structure of the agenda. These minutes shall be decision oriented, follow-up oriented and task oriented.	7. Decisions taken at the annual meeting shall be set out in the agreed minutes. The National Focal Point is responsible for the drafting of the minutes, <u>following the structure of the agenda from of the meeting. The minutes shall summarise main messages, the decisions taken and any agreed follow-up measures.</u> ; summarising the main points and the action points discussed at the meeting and following the structure of the agenda. These minutes shall be decision oriented, follow up oriented and task oriented. <u>The National Focal Point shall share the draft minutes with the FMC for comments no later than two weeks following the date of the meeting.</u>	To simplify and shorten the minutes from the AM.
8. The minutes shall be published on the website of the National Focal Point within one month of the agreement of the final version of the minutes between the FMC and the National Focal Point.	8. The minutes shall be published on the website of the National Focal Point within one month of the agreement of the final version of the minutes between the FMC and the National Focal Point.	

Current text	New text (with track changes)	Comments
Chapter 3 Information and Communication	Chapter 3 Information and Communication	
Article 3.1 General provisions	Article 3.1 General provisions	
1. Beneficiary States, Programme Operators, Project Promoters and entities acting as partners in the preparation and/or implementation of the EEA Financial Mechanism 2014-2021, shall widely and effectively disseminate to the public information on the EEA Financial Mechanism 2014-2021, its programmes and projects using tools and communication methods at the appropriate level.	1. Beneficiary States, Programme Operators, Project Promoters and entities acting as partners in the preparation and/or implementation of the EEA Financial Mechanism 2014-2021-2021-2028 , shall <u>through their information and communication activities</u> widely and effectively disseminate to the public information on the EEA Financial Mechanism 2014-2021-2021-2028 , its programmes and projects using tools and communication methods at the appropriate level.	The public is not considered a mandatory audience for communication about the Grants. Instead, the entities communicating should define their audiences in their strategies.
2. Information and communication measures shall be implemented in accordance with this Regulation and the Information and Communication Requirements in Annex 3.	2. Information and communication measures shall be implemented in accordance with this Regulation and the Information and Communication Requirements in Annex 3.	In order to create a clearer and more coherent set of rules regarding communication, the Regulation will no longer have an annex containing rules on Communication. Most of the content of the current Annex 3 has been reformulated and moved to this chapter or deleted, while a few topics, such as technical requirements for websites and social media will be moved to the Communication and Design Manual referred to in paragraph 3.
	<u>2. Information and communication activities relating to the EEA Financial Mechanism 2021-2028 shall aim to:</u> <ul style="list-style-type: none"> (a) <u>increase public awareness and inform relevant audiences about the contribution and role played by the Donor States;</u> (b) <u>ensure transparency and legitimacy of the contribution from the Donor States;</u> (c) <u>create a coherent picture of the EEA Financial Mechanism in the Beneficiary and Donor States;</u> 	This section was previously in Annex 3, under point 1.2 Aims. Some minor changes have been made to the wording.

Current text	New text (with track changes)	Comments
	<p><u>(d) inform potential and actual beneficiaries and partners about the EEA Financial Mechanism; and</u></p> <p><u>(a)(c) communicate the results of the contribution from the EEA Financial Mechanism to the Beneficiary States.</u></p>	
	<p><u>3. In addition to the rules contained in this Regulation, the FMC shall provide a Communication and Design Manual, which shall provide guidance, and contain rules regarding:</u></p> <p><u>(a) the design and correct usage of logos;</u> <u>(b) visual identity;</u> <u>(c) branding and key messages; and</u> <u>(d) websites and social media.</u></p> <p><u>All communication and information activities and physical or digital communication materials relating to the implementation of the EEA Financial Mechanism 2021-2028 shall comply with these rules.</u></p>	Compared to point 5 of Annex 3 of the 14-21 Regulation, this paragraph clarifies the purpose of the Communication and Design Manual provided by the FMC. It should be generally regarded as a guidance document, except where it formulates obligations regarding the topics listed in this paragraph.
	<p><u>4. Organisers of information and communication events in connection with the implementation of the EEA Financial Mechanism 2021-2028, its programmes and projects, shall make the contribution of the Donor States explicit and visible.</u></p>	This is a continuation of the rule currently repeated in Annex 3 Points 2.1.3, 2.2.3 and 2.3.3
Article 3.2 Responsibilities of the National Focal Point	Article 3.2 Responsibilities of the National Focal Point	
1. The National Focal Point shall provide information to the public on the existence in the Beneficiary State of the EEA Financial Mechanism 2014-2021, its objectives, its implementation and overall impact, as well as on cooperation with, <i>inter alia</i> , Donor State entities. This will be provided in accordance with the Information and Communication Requirements in Annex 3.	1. The National Focal Point shall provide information to the public <u>potential and existing beneficiaries and partners, as well as relevant audiences and stakeholders,</u> on the existence in the Beneficiary State of the EEA Financial Mechanism 2014-2021-2028 and its programmes in the Beneficiary State, its objectives, its implementation and overall impact, <u>achievements and results,</u> as well as on cooperation with, <i>inter alia</i> , Donor State entities. This will be	The mandatory target groups for communication activities performed by the NFP have been specified, and the general public has been replaced with a reference to relevant audiences and stakeholders. In addition, the words used about the different topics that the entities should communicate about have been streamlined.

Current text	New text (with track changes)	Comments
	provided in accordance with the Information and Communication Requirements in Annex 3.	
<p>2.The National Focal Point shall as a minimum:</p> <p>(a) draw up and implement a communication strategy for the EEA Financial Mechanism 2014-2021;</p> <p>(b) organise at least three major information activities on the implementation of the EEA Financial Mechanism 2014-2021;</p> <p>(c) establish a dedicated website on the EEA and Norwegian Financial Mechanisms 2014-2021 in the language(s) of the Beneficiary State and in English; and</p> <p>(d) designate one person to be responsible for information and communication who shall coordinate the implementation of the information and communication activities in the Beneficiary State. This person shall support and act as coordinator for the Programme Operators' information and communication activities.</p>	<p>2.The National Focal Point shall as a minimum:</p> <p>(a) draw up and implement a communication strategy for the EEA Financial Mechanism 2014-2021;</p> <p>(b) organise at least three major information activities on the implementation of the EEA Financial Mechanism 2014-2021;</p> <p>(c) establish a dedicated website on the EEA and Norwegian Financial Mechanisms 2014-2021 in the language(s) of the Beneficiary State and in English; and</p> <p>(d) designate one person to be responsible for information and communication who shall coordinate the implementation of the information and communication activities in the Beneficiary State. This person shall support and act as coordinator for the Programme Operators' information and communication activities.</p>	<p>The provisions in this paragraph have been expanded and given separate paragraphs, in order to incorporate the provisions in Annex 3.</p>
	<p><u>2. The National Focal Point shall carry out its information and communication activities in accordance with the communication strategy developed in accordance with Article 3.6. The National Focal Point shall report on the implementation of the communication strategy and submit a plan for the activities over the next year in the Country Report.</u></p>	<p>This reflects existing rules in Article 3.2.2.a and Annex 3 points 2.1.2 and 2.1.3</p>
	<p><u>3. The National Focal Point shall organise at least two major information activities on the progress and results of the implementation of the EEA Financial Mechanism 2021-2028, including</u></p> <p><u>(a) a major launching event, publicising the contribution of the Donor States and</u></p>	<p>This is a somewhat shortened version of an existing rule in Annex 3 point 2.1.1. With a view to simplification and streamlining, the number of major information activities that the NFP is required to organise has been reduced from 3 to 2.</p>

Current text	New text (with track changes)	Comments
	<u>encouraging cooperation with entities in the Donor States; and</u> (a) (b) <u>a major closing event publicising the achievements and results of the contribution of the Donor States and highlighting the bilateral cooperation with Donor State entities.</u>	
	<u>4. The National Focal Point shall establish a communication network of Programme Operators to support and coordinate the information and communication activities of the Programmes. Through regular meetings with the network, the National Focal Point shall provide guidance and training to the Programme Operators. The National Focal Point shall arrange at least one communication workshop for Programme Operators per year. Embassies of the Donor States shall be invited to participate in the network.</u>	<p>The obligation to establish a communication network for POs is currently an obligation bestowed on the “designated person” at the NFP in Annex 3 point 2.1.</p> <p>The obligation to arrange at least one annual communication workshop is new, intended to facilitate the spread of information and coordination of communication between the NFP, Donor State embassies, and the POs and PPs.</p>
	<u>5. The National Focal Point shall name a dedicated communications coordinator to coordinate the implementation of information and communication activities in the Beneficiary States. This person shall:</u> <u>(a) facilitate the network described in paragraph 4;</u> <u>(b) participate in a communication network established by the FMO with all national communication coordinators; and</u> (a) (c) <u>cooperate with the Embassies of the Donor States and the Joint Committee for Bilateral Funds, and coordinate communication on bilateral cooperation.</u>	<p>This paragraph is a development on the provision in Annex 3 point 2.1. “Person” has been replaced with “dedicated communications coordinator”, to emphasise the need for continuity in the role.</p> <p>The participation in a network established by the FMO is a new obligation, intended to facilitate the spread of information and coordination of communication between the FMO and the NFPs, and through the NFPs to POs and PPs.</p>
	<u>6. The National Focal Point shall, within six months of the date of the last signature of the Memorandum of Understanding, establish a dedicated website within the web environment hosted by the FMC in the</u>	<p>While most of the web requirements will be reflected in the Communication and Design Manual, some of them have been kept here. Additionally, some requirements are new, such as the six-month deadline and the requirement for a social media presence through dedicated social</p>

Current text	New text (with track changes)	Comments
	<u>language(s) of the Beneficiary State and in English. It shall by the same deadline establish a social media presence through a dedicated channel or channels for the EEA and, where applicable, Norwegian Financial Mechanisms 2021-2028. The website and social media presence shall comply with the web requirements established by the FMC in the Communication and Design Manual referred to in Article 3.1.3. The website shall contain webpages for all the Programmes in the Beneficiary State. The National Focal Point shall make sure sufficient resources are allocated to regularly update the website, including the webpages for all Programmes, in the language(s) of the Beneficiary State and in English.</u>	media channels. The requirement to set up the website within the “web environment hosted by the FMC” is new. The plan is to establish a multisite system for the management of all EEA and Norway Grants websites, to increase cost-efficiency and consistency. The development of the multisite system will be done in consultation with the NFPs. The requirement for the NFPs website to contain pages for all programmes is new, and is intended to ensure that all information is available in one place for those seeking information about the grants in the Beneficiary State. Several NFPs do this already, and POs will still be encouraged to use their websites and/or other channels to spread information about their programmes and calls.
	<u>7. The National Focal Point shall inform the FMC in advance of any major information activities in order to provide the FMC the opportunity of participating.</u>	This reflects the existing rule in Annex 3 point 2.1.3.
3. The National Focal Point shall ensure that the Programme Operators fulfil their information and communication obligations in accordance with this Regulation and the Information and Communication Requirements in Annex 3.	<u>83. The National Focal Point shall ensure that the Programme Operators fulfil their information and communication obligations in accordance with this Regulation and the Information and Communication Requirements in Annex 3, and that all entities involved in the preparation and/or implementation of the EEA Financial Mechanism 2021-2028 in the Beneficiary State, contribute, as appropriate, to the dissemination of the information referred to in paragraph 1.</u>	The current paragraphs 3 and 4 have been combined, as they are closely related
4. The National Focal Point shall ensure that all entities involved in the preparation and/or implementation of the EEA Financial Mechanism 2014-2021 in the Beneficiary State, contribute, as appropriate, to the dissemination of the information referred to in paragraph 1.	<u>4. The National Focal Point shall ensure that all entities involved in the preparation and/or implementation of the EEA Financial Mechanism 2014-2021 in the Beneficiary State, contribute, as appropriate, to the dissemination of the information referred to in paragraph 1.</u>	

Current text	New text (with track changes)	Comments
Article 3.3 Responsibilities of the Programme Operator	Article 3.3 Responsibilities of the Programme Operator	
1. The Programme Operator shall comply with the Information and Communication Requirements in Annex 3. It shall provide information to the public on the existence, the objectives, the implementation and achievements of the programme, as well as on the cooperation with, <i>inter alia</i> , Donor State entities.	1. The Programme Operator shall comply with the Information and Communication Requirements in Annex 3. It shall provide information to the public <u>potential beneficiaries and partners as well as other relevant audiences and stakeholders</u> on the existence, the objectives, the implementation, and <u>achievements and results</u> of the programme, as well as on the cooperation with, <i>inter alia</i> , Donor State entities.	The general public has been replaced with a reference to relevant audiences and stakeholders. In addition, the words used about the different topics that the entities should communicate about have been streamlined.
2. The Programme Operator shall as a minimum: (a) draw up and implement a communication plan for the programme; (b) organise at least two major information activities on progress in the programme and its projects; and (c) establish a dedicated website or webpage in the programme in the language(s) of the Beneficiary State and in English.	2. The Programme Operator shall as a minimum: (a) draw up and implement a communication plan for the programme; (b) organise at least two major information activities on progress in the programme and its projects; and (c) establish a dedicated website or webpage in the programme in the language(s) of the Beneficiary State and in English.	The provisions in this paragraph have been expanded and given separate paragraphs, in order to incorporate the provisions in Annex 3.
	<u>2. The Programme Operator shall carry out its information and communication activities in accordance with a communication strategy developed alongside the Programme Agreement and submitted within two months of the signature of the Programme Agreement or before the launch of the first call, whichever is earlier. The Programme Operator shall annually report on the implementation of the communication strategy and submit a plan for the activities over the next year.</u>	This reflects existing rules in Article 3.3.2.a and Annex 3 points 2.2.2 and 2.2.3 The deadline to submit the communication strategy has been pushed back compared to the previous rule (submitted at the same time as the draft Programme Agreement), allowing for more time to finalise. However, it is important that communication planning is linked to the development of the programme. The requirement to report annually on communication activities is a continuation of the requirement to report on communication activities in the Annual Programme Report. Because there will no longer be an Annual Programme Report, the modality for the reporting has been removed. Additionally, the requirement for a plan for the activities over the next year is new, intended to give a better overview of communication activities to be carried out over the next year.

Current text	New text (with track changes)	Comments
	<u>3. The Programme Operator shall organise at least two major information activities on the progress, results and achievements of the programme and the contribution of the Donor States. Where appropriate, this can be combined with the information activities of the National Focal Point described in Article 3.2.3</u>	This is a somewhat shortened version of an existing rule in Annex 3 point 2.2.2 With a view to lessening the workload of Programme Operators the information activities of the PO can be combined with the information activities of the NFP (e.g. opening and/or closing events) where appropriate.
	<u>4. The Programme Operator shall name a dedicated person to take part in the communication network organised by the National Focal Point as described in Article 3.2.4.</u>	The participation by a dedicated person in a network established by the NFP is a new obligation, intended to facilitate the spread of information and coordination of communication from the FMO through the NFPs to POs and PPs.
	<u>5. The Programme Operator shall inform the FMC, NFP and Embassies of the Donor States in advance of any major information activities to allow for their participation.</u>	This is a slightly simplified version of the existing rule in Annex 3 point 2.2.3.
	<u>6. The Programme Operator shall include information about the EEA Financial Mechanism 2021-2028 and the programme on its own website. The Programme Operator shall ensure that the National Focal Point has all information required for the National Focal Point to fulfil the web requirements in Article 3.2.6.</u>	Most of the web requirements concerning the PO have been removed, as the NFP will be required to include all relevant programme information on the national website. However, this requires participation and cooperation from the POs, and the obligation to provide the NFP with the necessary information has therefore been added.
	<u>7. The Programme Operator shall ensure that photo and video material from a selection of projects is uploaded to the media library provided by the FMC. Guidance regarding the projects and material to select will be given in the Communication and Design Manual referred to in Article 3.1.3.</u>	This rule is new, and is intended to emphasise that collecting high quality photo and video material from key projects is important to the communication work done on all levels. Further guidance will be provided in the Communication Manual
3. The Programme Operator shall ensure that the Project Promoters and their partners fulfil their information and communication obligations in	83. The Programme Operator shall ensure that the Project Promoters and their partners fulfil their information and communication obligations in accordance with this Regulation <u>and provide them</u>	

Current text	New text (with track changes)	Comments
accordance with this Regulation and the Information and Communication Requirements in Annex 3.	<u>with training and support in order to enable them to meet their communication objectives.—and the Information and Communication Requirements in Annex 3.</u>	
	<u>Article 3.4</u> <u>Responsibilities of the Project Promoter and project partners</u>	
	<u>1. The Project Promoter and project partners shall provide information to relevant audiences and stakeholders on the existence of the project they are implementing, its objectives, achievements and results, as well as the support from the EEA Financial Mechanism 2021-2028 and any bilateral cooperation with entities from the Donor States. They shall ensure that those taking part in the project have been informed of the funding from the relevant programme and the Donor States.</u>	<p>This is a slight modification of the rules in Annex 3 point 2.3.1. Project partners have been included in the rule, “the widest possible audience” has been replaced with “relevant audiences and stakeholders”, and the words used about the different topics that the entities should communicate about have been streamlined.</p> <p>This is a reflection of the current rule in Annex 3 point 2.3.3.</p>
	<u>2. A Project Promoter implementing a pre-defined project or a project with a total project budget larger than € 500,000 shall carry out its information and communication activities in accordance with a communication strategy submitted prior to signature of the project contract. The implementation of the communication strategy shall be reported on to the Programme Operator.</u>	<p>This is a development on existing rules in Annex 3 points 2.3.2 and 2.3.3. The threshold for requiring a communication strategy only for PDPs and projects over € 500K is new, and intends to lessen the burden on small projects.</p>
	<u>3. A Project Promoter implementing a pre-defined project or a project with a total project budget larger than € 1,000,000 shall organise at least one information activity on progress, achievements and/or results in the project.</u>	<p>This is a significant easing of the rule in Annex 3 point 2.3.2, which currently requires two information activities from all PPs, but 3 where the grant size is larger than € 500,000.</p>
	<u>4. A Project Promoter with a total project budget larger than € 100,000 and whose project finances a physical object, infrastructure or construction, shall put up a billboard at the site of each such operation during the implementation of the project. Such billboards shall</u>	<p>This is a reflection of the current rule in Annex 3 point 2.3.3. The threshold has been increased from € 50,000 to correspond with the threshold under the ESF. The calculation method (total project budget vs.</p>

Current text	New text (with track changes)	Comments
	<u>comply with the requirements set out in the Communication and Design Manual provided by the FMC referred to in Article 3.1.3.</u>	total public contribution) has also been updated to match the provision in the CPR.
	<u>5. The Project Promoter shall replace the billboard mentioned in point 4 with a permanent commemorative plaque in line with the designs and other requirements provided in the Communication and Design Manual not later than six months after the completion of the project.</u>	This is a reflection of the current rule in Annex 3 point 2.3.3. with a somewhat simplified wording. Requirements regarding size and visibility will be laid out in the design manual.
	<u>6. The Project Promoter shall make information about the project available on the web and/or on social media, in accordance with the web requirements contained in the Communication and Design Manual referred to in Article 3.1.3.</u>	
	<u>7. Donor project partners shall provide information on their involvement and the results of the project to relevant audiences and stakeholders in the Donor State. Information about the project shall be available on the website and/or the social media channels of the Partner.</u>	This is a slight modification of the current rule in Annex 3 point 3.2. The general public has been replaced with relevant audiences and stakeholders in the Donor States.
	<u>Article 3.5</u> <u>Content of the communication strategies</u>	This Article is new, and is intended to give an overview of the content of the templates for communication strategies that the FMO will develop..
	<u>The communication strategies prepared by the National Focal Point in accordance with Article 3.2.2, the Programme Operator in accordance with Article 3.3.2 and Project Promoters in accordance with Article 3.4.2, shall be based on templates provided by the FMC, and shall contain</u> <u>(a) a description of the objectives of the communication;</u> <u>(b) the intended target groups;</u> <u>(c) the key messages to be conveyed in the communication;</u>	

Current text	New text (with track changes)	Comments
	<p><u>(d) channels for communication, including how the entity will make use of social media;</u></p> <p><u>(e) the communication activities to be carried out, including a description of the required information activities in accordance with Articles 3.2.3, 3.3.3 or 3.3.3 where applicable;</u></p> <p><u>(a)(f) a timeframe and budget for the implementation of the communication strategy;</u></p> <p><u>(g) an indication of how the information and communication measures are to be measured and assessed, including the relevant key performance indicators; and</u></p> <p><u>(b)(h) information on the administrative departments or bodies responsible for implementation of the information and communication measures, including a contact person, which for the National Focal Point and the Programme Operator shall be the communications coordinator as described Articles 3.2.4 and 3.3.4.</u></p>	<p>The requirement for all entities to describe their use of social media is new, and reflects the increasing importance of social media to communication.</p>
	<p><u>Article 3.6</u> <u>Development and Review of the communication strategy of the National Focal Point</u></p>	<p>This is a continuation of the current rule in Annex 3 point 2.1.2, with a few changes as described under.</p>
	<p><u>1. The National Focal Point shall base the development of its communication strategy on target group analysis established through a baseline study.</u></p>	<p>In the current period, NFPs were required to perform a SWOT analysis, and Beneficiary States receiving more than € 100M were required to <u>consider</u> performing a baseline study. This was considered insufficient in the mid-term review of communications, which criticized the lack of requirements regarding target group analyses for the communication strategies of the NFPs. This rule aims to follow up on that recommendation.</p>
	<p><u>2. The National Focal Point shall submit the communication strategy to the FMC within six months of the date of last signature of the Memorandum of Understanding.</u></p>	

Current text	New text (with track changes)	Comments
	<u>3. In the absence of comments made by the FMC within two months of the receipt of the communication strategy, the strategy shall be deemed to be accepted. Comments regarding the communication strategy shall be addressed by The National Focal Point in the form of a revised communication strategy sent to the FMC within one month.</u>	
	<u>4. In the absence of further comments by the FMC within one month of submission of a revised communication strategy, the strategy shall be deemed to be accepted</u>	
	<u>5. The need to amend the communication strategy shall be assessed as new programmes are approved and in the Strategic Report. The amended communication strategy shall be submitted to the FMC for comments.</u>	

Current text	New text (with track changes)	Comments
Chapter 4 Bilateral relations	Chapter 4 Bilateral relations	
Article 4.1 General principles	Article 4.1 General principles	
1. In order to contribute to the overall objective of strengthening the relations between the Donor States and the Beneficiary States, the preparation and implementation of the EEA Financial Mechanism 2014-2021 shall, where appropriate, be carried out in partnership.	1. In order to contribute to the overall objective of strengthening the relations between the Donor States and the Beneficiary States, the preparation and implementation of the EEA Financial Mechanism 2014-2021 2021-2028 shall, where appropriate, be carried out in partnership. <u>Partnership may, <i>inter alia</i>, take the form of donor partnership programmes, donor partnership projects and/or bilateral initiatives.</u>	The three paragraphs of Article 4.1. are merged into one, which refers to the three main forms of collaboration in partnership: donor partnership programmes, donor partnership projects and bilateral initiatives. The three forms are explained in more detail in the articles below. An article with a description/definition of what is a “bilateral initiative” is added (Article 4.5). “inter alia” reflects that these types of partnerships are the main ones, but that they are not exhaustive (for example, activities strengthening bilateral relations funded by programme management costs or TA which are done in partnership between donor and beneficiary state entities).
2. Partnership may, <i>inter alia</i> , take the form of donor partnership programmes and/or donor partnership projects.	2. Partnership may, <i>inter alia</i>, take the form of donor partnership programmes and/or donor partnership projects.	
3. The relations between the Donor States and the Beneficiary States shall also be strengthened through the implementation of activities aiming at increased strategic cooperation, networking and exchange of knowledge between entities in the Donor States and in the Beneficiary States, and through other joint initiatives beyond the programmes aiming at strengthening the relations between the Donor States and the Beneficiary States.	3. The relations between the Donor States and the Beneficiary States shall also be strengthened through the implementation of activities aiming at increased strategic cooperation, networking and exchange of knowledge between entities in the Donor States and in the Beneficiary States, and through other joint initiatives beyond the programmes aiming at strengthening the relations between the Donor States and the Beneficiary States.	

Current text	New text (with track changes)	Comments
Article 4.2 Joint Committee for Bilateral Funds	Article 4.2 Joint Committee for Bilateral Funds	The Article on the JCBF is moved to Article 4.9.
1. The National Focal Point shall establish a Joint Committee for Bilateral Funds as soon as possible after the signature of the MoU. Its tasks shall, <i>inter alia</i> , include: (a) discussing matters of bilateral interests, identifying initiatives and reviewing the overall progress towards reaching the objective of strengthened bilateral relations; (b) adopting the Work Plan for the fund for bilateral relations to be discussed at the annual meeting; and (c) identifying and allocating bilateral funds to programmes of bilateral interest.	1. The National Focal Point shall establish a Joint Committee for Bilateral Funds as soon as possible after the signature of the MoU. Its tasks shall, <i>inter alia</i>, include: (a) discussing matters of bilateral interests, identifying bilateral initiatives and reviewing the overall progress towards reaching the objective of strengthened bilateral relations; (b) adopting the Work Plan for the fund for bilateral relations to be discussed at the annual meeting; and identifying and allocating bilateral funds to programmes of bilateral interest.	
2. Any comments to the Work Plan made at the annual meeting shall be taken into account by the Joint Committee for Bilateral Funds.	2. Any comments to the Work Plan made at the annual meeting shall be taken into account by the Joint Committee for Bilateral Funds.	
3. The Joint Committee for Bilateral Funds shall be chaired by the National Focal Point and composed of representatives from the Donor States and from the Beneficiary States, including the respective ministry of foreign affairs.	3. The Joint Committee for Bilateral Funds shall be chaired by the National Focal Point and composed of representatives from the Donor States and from the Beneficiary States, including the respective ministry of foreign affairs.	
4. The Joint Committee for Bilateral Funds shall meet at least once a year, prior to the annual meeting.	4. The Joint Committee for Bilateral Funds shall meet at least once a year, prior to the annual meeting.	
5. The composition, role and functioning of the Joint Committee for Bilateral Funds shall be further defined in the Bilateral Fund Agreement between the FMC and the National Focal Point. The Bilateral Fund Agreement template is provided in Annex 4.	5. The composition, role and functioning of the Joint Committee for Bilateral Funds shall be further defined in the Bilateral Fund Agreement between the FMC and the National Focal Point. The Bilateral Fund Agreement template is provided in Annex 4.	

Current text	New text (with track changes)	Comments
6. The National Focal Point shall, within two months of the last signature of the MoU , submit to the FMC a proposal on the composition, role and functioning of the Joint Committee for Bilateral Funds. If the Beneficiary State receives support under both the EEA and the Norwegian Financial Mechanisms, the two months shall count from the date of the last signature of whichever of the two MoUs is signed last.	6. The National Focal Point shall, within two months of the last signature of the MoU , submit to the FMC a proposal on the composition, role and functioning of the Joint Committee for Bilateral Funds. If the Beneficiary State receives support under both the EEA and the Norwegian Financial Mechanisms, the two months shall count from the date of the last signature of whichever of the two MoUs is signed last.	
Article 4.3 Donor partnership programmes	Article 4.2 Donor partnership programmes	
1. The purpose of donor partnership programmes is to facilitate networking, exchange, sharing and transfer of knowledge, technology, experience and good practices between public entities in the Donor States and the Beneficiary States.	1. The purpose of donor partnership programmes is to facilitate networking, exchange, sharing and transfer of knowledge, technology, experience and bestgood practices between public entities in the Donor States and the Beneficiary States <u>at programme level</u> .	
2. The Donor States shall through the MoU designate one or more Donor Programme Partners for each programme identified according to paragraph 2(b)(iv) of Article 2.5. Donor Programme Partners can also be agreed upon by the FMC and the National Focal Point through an exchange of letters.	2. The Donor States shall through the MoU designate One or more Donor Programme Partners for each programme may be identified in the Memorandum of Understanding for each programme according to paragraph 2(b)(iv) of Article 2.5. Donor Programme Partners can also be agreed upon by the FMC and the National Focal Point through an exchange of letters.	"shall" has been replaced by "may" in order to make it clear that there is not a requirement to have a DPP in all programmes. The text is further adapted to reflect that appointing the DPPs happens in agreement between Donor States and Beneficiary States.
3. The Donor Programme Partner(s) shall be invited to advise on the preparation and implementation of the donor partnership programme.	3. The Donor Programme Partner <u>shall act as expert advisor to the Programme and facilitator of bilateral cooperation. The Donor Programme Partner shall be invited to advise on and contribute to</u> the preparation and implementation of the donor partnership P programme. <u>The tasks of the Donor Programme Partner in the preparation of the programme include, inter alia:</u> (a) <u>contributing to the preparation of the Concept Note and the Programme Agreement; and</u> (b) <u>advising on stakeholder consultations, where applicable.</u>	The purpose is to clarify and strengthen the role of the DPPs and to split the DPP tasks between (1) the programme development stage and (2) the programme implementation stage. Ideally, all DPP tasks would be listed in one article, to have a clear overview of the DPP tasks. However, while some of these tasks are performed in the scope of the Cooperation Committee, and other tasks are not (e.g. tasks related to the programme development), they are referred to in different articles. In view of clarifying and strengthening the DPP role, "shall be invited to advise" is replaced by "shall advise and contribute to". This should reflect a more active DPP involvement with regard to some of the tasks (i.e., the

Current text	New text (with track changes)	Comments
	<u>The tasks of the Donor Programme Partner in the implementation of the Programme include, <i>inter alia</i>, those that are listed in Article 4.3.3 and, where applicable, those that are listed in Articles 7.6.4 and 7.7.2.</u>	preparation of the Concept Note and the decisions on the bilateral funds in the programme).
Article 4.4 Cooperation Committee	Article 4.3 Cooperation Committee	
1. The Programme Operator of a donor partnership programme or a programme implemented in partnership with an IPO, shall establish a Cooperation Committee consisting of representatives from the Programme Operator and representatives from the Donor Programme Partner(s) and/or the IPO(s), as applicable. The Cooperation Committee shall be established as soon as possible after the designation of the Programme Operator and shall provide advice on the preparation and implementation of the programme. The Cooperation Committees shall be chaired by a representative of the Programme Operator. Representatives of the FMC and the National Focal Point shall be invited to participate as observers.	1. The Programme Operator of a donor partnership programme or a programme implemented in partnership with an <u>International Partner Organisation</u> , shall establish a Cooperation Committee consisting of representatives from the Programme Operator and representatives from the Donor Programme Partner(s), and/or the International Partner Organisation(s) and/or any other programme partner , as applicable. The Cooperation Committee shall be established as soon as possible after the designation of the Programme Operator and shall provide advice on the preparation and implementation of the programme . The Cooperation Committees shall be chaired by a representative of the Programme Operator. Representatives of the <u>FMC, Donor States</u> , and the National Focal Point <u>and the FMO</u> shall be invited to participate as observers.	The reference to the FMC has been replaced by a reference to the Donor States, to include the DS embassies. The deleted part in this paragraph is reflected in paragraph 3. It is also proposed to add “and/or any other programme partner” in the provision on the composition of the Cooperation Committee, to reflect that in cases where the NFP acts as the PO for the programme, the line ministry/entity responsible for the relevant policy area shall also be included in the CC.
2. All documents presented to and produced by the Cooperation Committee shall be in English. The Committee meetings shall be conducted in English.	2. All documents presented to and produced by the Cooperation Committee shall be in English. The Committee meetings shall be conducted in English.	
3. The tasks of the Cooperation Committee include: (a) advising on stakeholder consultations; (b) advising on the preparation of the concept note; (c) advising on bilateral activities and possible project partners in the Donor States, as appropriate;	3. The tasks of the Cooperation Committee include: (b) advising on stakeholder consultations; (c) advising on the preparation of the concept note; (a) advising on selection criteria and the texts for call(s) for proposals;	Points (a) and (b) are related to the programme development and are, therefore, moved to Article 4.2.3. It is proposed that the CC should not be involved in the programme development stage. The list of CC tasks has been split in two sections. While the first list of tasks requires the participation of both DPPs and IPOs, where applicable, the second list of tasks is only applicable to DPPs (tasks which they perform in the scope of the CC). Hereby, IPOs are excluded from participation in the

Current text	New text (with track changes)	Comments
<p>(d) advising on selection criteria and the texts for call(s) for proposals;</p> <p>(e) reviewing progress made towards achieving the outputs, outcome(s) and objective of the programme;</p> <p>(f) reviewing progress made towards strengthening bilateral relations, as appropriate;</p> <p>(g) examining the results of the implementation of the programme;</p> <p>(h) reviewing the draft annual programme reports;</p> <p>(i) advising the Programme Operator of any modification of the programme affecting the achievement of the programme's expected outcome(s) and objective; and</p> <p>(j) advising on the use of the funds for bilateral relations, where relevant.</p>	<p>advising on bilateral activities and possible project partners in the Donor States, as appropriate;</p> <p>(b) reviewing progress made towards achieving the outputs, outcome(s) and objective of the programme;</p> <p>reviewing progress made towards strengthening bilateral relations, as appropriate;</p> <p>(c) examining the results of the implementation of the programme;</p> <p>(d) reviewing the draft annual programme reports<u>draft Final Programme Report</u>; and</p> <p>(e) advising the Programme Operator on<u>f</u> any modification of the P<u>p</u>rogramme affecting the achievement of the P<u>p</u>rogramme's expected outcome(s) and objective.;<u>and</u></p> <p><u>Further tasks for Donor Programme Partners include:</u></p> <p>(f) advising on bilateral activities and possible project partners in the Donor States, as appropriate;</p> <p>(g) reviewing progress made towards strengthening bilateral relations, as appropriate;<u>and</u></p> <p>(h) <u>deciding in consensus with the Programme Operator</u> advising on the use of the funds for bilateral relations <u>in the Programme</u>, where relevant.</p>	<p>decision-making on the use of the bilateral funds or from advising on donor project partners in the programmes where they are involved.</p> <p>New point (h) Reflects the stronger role for the DPPs in relation to the use of bilateral funds in the programme.</p>
4. The Cooperation Committee shall keep minutes of its meetings in English.	4. The Cooperation Committee shall keep minutes of its meetings in English.	

Current text	New text (with track changes)	Comments
Article 4.5 Donor partnership projects	Article 4.4 Donor partnership projects	
Projects may be prepared and implemented in cooperation with one or more legal entity in the Donor States. With reference to the objectives of the EEA Financial Mechanism 2014-2021 related to bilateral relations, the Programme Operator shall encourage and facilitate the establishment of such partnerships.	Projects may be prepared and implemented in cooperation with one or more legal entity <u>entities</u> in the Donor States. With reference to the objectives of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> related to bilateral relations, the Programme Operator shall encourage and facilitate the establishment of such partnerships.	
	<u>Article 4.5</u> <u>Bilateral initiatives</u>	

Current text	New text (with track changes)	Comments
	<p><u>1. Bilateral initiatives are activities falling within the following categories, which are implemented in partnership between entities from Donor States and Beneficiary States and funded by the bilateral funds, either at programme level or at national level:</u></p> <p><u>a) activities aiming at strengthening bilateral relations between the Donor States and the Beneficiary States:</u></p> <p><u>(a) the search for partners for donor partnership projects prior to or during the preparation of a project application, the development of such partnerships and the preparation of an application for a donor partnership project;</u></p> <p><u>(b) networking, exchange, sharing and transfer of knowledge, technology, experience and best practice between entities in Beneficiary States and entities in the Donor States and/or international organisations, provided at least one entity within the Donor States is involved in the activity;</u></p> <p><u>(c) activities aiming at strengthening cooperation and exchanging experiences and best practices between the Programme Operators and similar entities within the Beneficiary States and Donor States, as well as international organisations, provided at least one entity within the Donor States is involved in the activity;-and</u></p> <p><u>(a)(d) any other activity aiming at strengthening bilateral relations between the Donor States and the Beneficiary States.</u></p>	<p>This Article is added to reflect the third form of collaboration in partnership, i.e., bilateral initiatives and to replace the current Article 4.1.3.</p> <p>The reference to the type of activities that can be funded by the funds for bilateral relations is moved from Article 8.8 on the eligibility of expenditures under the bilateral funds to Article 4.5, which defines bilateral initiatives. The purpose is to have a broad definition, in line with the approach that the “bilateral funds” are a flexible tool that covers a wide spectrum of activities within the Grants setup.</p> <p>Activities aiming at strengthening bilateral relations can be considered as a generic term. Therefore, the categories of activities mentioned in points (b), (c) and (d) can be seen as specific types of activities aiming at strengthening bilateral relations. Therefore, it seems more appropriate to put the catch-all category at the end of the list.</p> <p>In 1.(b) is added: “provided at least one entity within the Donor States is involved in the activity” to match with point 1.(c).</p>
	<p><u>2. Beneficiary State entities and Donor State entities are eligible as promoters of bilateral initiatives.</u></p>	<p>This provision has been added for clarification.</p>
<p>Article 4.6 Fund for bilateral relations</p>	<p>Article 4.6 Funds for bilateral relations</p>	<p>Funds is put in plural, as with the proposed setup, the bilateral funds are no longer in one single fund.</p>

Current text	New text (with track changes)	Comments
<p>1. The Beneficiary State shall set aside a minimum of 2% of the Beneficiary State's total allocation for a fund to strengthen bilateral relations between the Donor States and the Beneficiary States. The amount shall be fixed in the MoU. The eligibility of expenditures to be covered by the fund under this paragraph is detailed in Article 8.8.</p>	<p>1. The Beneficiary State shall set aside <u>between 2 and 5%</u> of the Beneficiary State's total allocation for funds to strengthen bilateral relations between the Donor States and the Beneficiary States. The amount shall be agreed<u>fixed</u> in the MoU <u>and shall be split between a part for use at national level and a part for use at programme level. The part for use at programme level shall be divided between the Programmes in each Beneficiary State during the negotiations on the Memorandum of Understanding and identified in the Programme Agreement.</u></p> <p>The eligibility of expenditures to be covered by the fund under this paragraph is detailed in Article 8.8.</p>	<p>The Regulation shall provide that the size of the bilateral funds shall be within a range of 2-5% of the BS total allocation. The exact share/amount shall be defined in the MoU.</p> <p>It is proposed to have a clear split between bilateral funds at national level and bilateral funds at programme level, similar to the FM 09-14 setup.</p> <p>For bilateral funds at programme level, the BF shall be part of the programme budget and shall be linked to a separate bilateral outcome in the results framework, similar to what is currently the case for ACF programmes under the FM 14-21.</p> <p>This setup provides, <i>inter alia</i>, the following advantages:</p> <ul style="list-style-type: none"> - A different eligibility period between BF at national/ programme level can be defined. - Clear reporting lines and obligations (PO in the Final Programme Report on BF at programme level and the NFP in the Country Report on BF at national level). - Clear ownership over each part (national level: NFP/JCBF and programme level: PO/PO+DPPs) <p>Further implications:</p> <ul style="list-style-type: none"> - BFA – Work Plan will be limited to cover the BF at national level only. - NFP/JCBF have no longer the responsibility for BF at programme level. - No longer Expressions of Interest (current art. 4.7) – the possibility to make BF at national level available for programmes would mix-up the reporting and ownership. Shifts between national and programme level BF are, however, still possible but only through MoU modification. Moreover, nothing prevents stakeholders in programmes from applying for BF at national level. - The BF allocation for each programme would be informally agreed at the MoU stage but formally set in the PA. - This provides the advantage that reallocations of BF between the programmes can be done by way of PA modification (and without MoU modification, which always requires Donor approval)) - Bilateral ambitions can be defined in the Concept Note, as it is known how much BF are available to each programme.

Current text	New text (with track changes)	Comments
	<u>2. The rules on eligibility of expenditures set out in Chapter 8 apply <i>mutatis mutandis</i> to the funds for bilateral relations.</u>	The content of Article 8.8.1 has been transferred to Chapter 4 (Article 4.6). The rules in Chapter 8 already apply to the bilateral funds to such an extent that referring to the chapter as a whole is appropriate.
	<u>3. There shall be no co-financing requirements for the use of the funds for bilateral relations.</u>	This will, however, affect the calculation of the national co-financing at programme level (if co-financing rate is 15%, the percentage should be calculated on the total grant amount <i>minus</i> the part for BF).
2. The National Focal Point shall be responsible for the use of the funds mentioned in paragraph 1 and report on the use of them in the Strategic Report. The first date of eligibility for support under this article shall be the date of the last signature of the MoU with the respective Beneficiary State. If support under this Article is received under both the EEA and the Norwegian Financial Mechanisms, the first date of eligibility shall be the date of the last signature of whichever MoU is signed first. The final date of eligibility for support under this Article shall be 30 April 2025.	2. The National Focal Point shall be responsible for the use of the funds mentioned in paragraph 1 and report on the use of them in the Strategic Report. The first date of eligibility for support under this article shall be the date of the last signature of the MoU with the respective Beneficiary State. If support under this Article is received under both the EEA and the Norwegian Financial Mechanisms, the first date of eligibility shall be the date of the last signature of whichever MoU is signed first. The final date of eligibility for support under this Article shall be 30 April 2025.	This article is deleted and the eligibility period is addressed further down in the text as the proposal is to have a different final date of eligibility between BF at national level and BF at programme level.
3. Payments of the funds for bilateral relations 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. The advance payment shall be made upon signature of the Bilateral Fund Agreement. In exceptional cases, extraordinary advance payments may be made prior to the signing of the Bilateral Fund Agreement.	43. <u>Payments of the funds for bilateral relations at national level</u> 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. The advance payment shall be made upon signature of the Bilateral Fund Agreement. In exceptional cases, extraordinary advance payments may be made prior to the signing of the Bilateral Fund Agreement.	This paragraph provides the possibility for advance payments (upon BFA signature) and extraordinary advance payments (before BFA signature) for BF at national level.
4. For the purpose of covering the costs of the activities referred to in Article 8.8 during the development of programmes, the FMC can make an advance payment directly to the Programme Operators not exceeding € 50,000. Such payment shall be made in agreement with the National Focal Point, following the designation of the Programme Operator.	<u>54. Payments of the funds for bilateral relations at programme level 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.</u> For the purpose of covering the costs of the activities referred to in Article 4.58.8 during the development of programmes, the FMC can make an advance payment directly to the Programme Operators	<p>This paragraph provides the possibility for advance payments for BF at programme level, specifically aimed at covering expenses during the programme development stage.</p> <p>The combination of paragraphs 3 and 4 should assure the early availability of bilateral funds, at both levels, in the new FM.</p> <p>There seems to be no need to have a maximum amount for advance payments for BF at programme level in the programme development stage.</p>

Current text	New text (with track changes)	Comments
	not exceeding € 50,000. Such payment shall be made in agreement with the National Focal Point, following the designation of the Programme Operator.	
5. In exceptional cases, the FMC may in agreement with the National Focal Point decide to make payments from the fund for bilateral relations directly to a final recipient. The National Focal Point shall be promptly informed when such payments have been made. Payments by the FMC in accordance with this paragraph do not affect the responsibilities of the Beneficiary State for the management and reporting on the funds for bilateral relations.	65. In exceptional cases, the FMC may in agreement with the National Focal Point decide to make payments from the funds for bilateral relations directly to a final recipient. The National Focal Point shall be promptly informed when such payments have been made. Payments by the FMC in accordance with this paragraph do not affect the responsibilities of the Beneficiary State for the management and reporting on the funds for bilateral relations.	
	<u>Article 4.7</u> <u>Funds for bilateral relations at national level</u>	
	<u>1. The National Focal Point shall be responsible for the management and use of the funds for bilateral relations at national level, in accordance with Article 4.9, and report on their use in the Annual and Final Country Report.</u>	
	2 The first date of eligibility for support under this A article shall be the date of the last signature of the <u>Memorandum of Understanding</u> with the respective Beneficiary State. If support under this A Article is received under both the EEA and the Norwegian Financial Mechanisms, the first date of eligibility shall be the date of the last signature of whichever <u>Memorandum of Understanding</u> is signed first. The final date of eligibility for support under this A Article shall be <u>30 April 2032.</u>	
	<u>Article 4.8</u> <u>Bilateral Fund Agreement</u>	
	<u>1. As soon as possible after the signature of the Memorandum of Understanding, the FMC and the National Focal Point shall conclude an agreement on</u>	It is considered appropriate to introduce a specific article on the Bilateral Fund Agreement and to describe what that agreement covers.

Current text	New text (with track changes)	Comments
	<u>the funds for bilateral relations at national level: the Bilateral Fund Agreement.</u>	As a result of the proposed split of the BF between national and programme level, the BFA will only be about the BF at national level.
	<u>2. For Beneficiary States benefitting from both the EEA and the Norwegian Financial Mechanisms, the Bilateral Fund Agreement shall cover both mechanisms. The Bilateral Fund Agreement template is provided in Annex 3.</u>	
	<u>3. The Bilateral Fund Agreement shall define, <i>inter alia</i>:</u> <u>(a) the size and objective of the funds;</u> <u>(b) the role, functioning and composition of the Joint Committee for the Bilateral Fund; and</u> <u>(c) the procedures and requirements for the Work Plan.</u>	
	<u>Article 4.9</u> <u>Joint Committee for the Bilateral Fund</u>	
	1. The National Focal Point shall establish a Joint Committee for <u>the Bilateral Funds</u> as soon as possible after the signature of the <u>Memorandum of Understanding</u> . Its tasks shall, <i>inter alia</i> , include: (a) discussing matters of bilateral interests <u>beyond the programmes</u> , identifying bilateral initiatives <u>at national level</u> and reviewing the overall progress towards reaching the objective of strengthened bilateral relations; (b) adopting the Work Plan for the funds <u>for bilateral relations at national level</u> ; and (c) <u>taking decisions by consensus on the use of the funds for bilateral relations at national</u>	<p>The current setup makes a clear distinction between Bilateral funds at national level and Bilateral funds at programme level. Hence, the possibility for allocating additional funding from BF at national level to programmes is no longer considered necessary/desirable.</p> <p>At the same time, it is considered desirable to expressly reflect in the Regulation that the JCBF is responsible for taking decisions on the use of the BF at national level. Hence, it is proposed to have this in point (c).</p>

Chapter 4
Bilateral relations

Current text	New text (with track changes)	Comments
	level, identifying and allocating bilateral funds to programmes of bilateral interest.	
	2. The Work Plan for the funds for bilateral relations <u>at national level</u> shall be discussed at the annual meeting. Any comments to the Work Plan made at the annual meeting shall be taken into account by the Joint Committee for <u>the</u> Bilateral Funds.	
	3. The Joint Committee for <u>the</u> Bilateral Funds shall be chaired by the National Focal Point and composed of representatives from the Donor States and from the Beneficiary States, including the respective ministry of foreign affairs.	
	4. The Joint Committee for <u>the</u> Bilateral Funds shall meet at least once a year, prior to the annual meeting.	
	5. The composition, role and functioning of the Joint Committee for Bilateral Funds shall be further defined in the Bilateral Fund Agreement between the FMC and the National Focal Point. The Bilateral Fund Agreement template is provided in Annex 4.	See specific new article on the BFA above.
	6. The National Focal Point shall, within two months of the last signature of the MoU, submit to the FMC a proposal on the composition, role and functioning of the Joint Committee for Bilateral Funds. If the Beneficiary State receives support under both the EEA and the Norwegian Financial Mechanisms, the two months shall count from the date of the last signature of whichever of the two MoUs is signed last.	It is considered a simplification to remove this provision. The objective of the provision is covered by the first paragraph of 4.8 that sets out the obligation to conclude the BFA as soon as possible after the MoU.
Article 4.7 Use of funds for bilateral relations at programme level	Article 4.7 Use of funds for bilateral relations at programme level	
The National Focal Point shall as appropriate ensure the availability and timely disbursement of funds for	The National Focal Point shall as appropriate ensure the availability and timely disbursement of funds for	The possibility for Expressions of Interest is removed to avoid mixing-up the ownership and the reporting of the two levels of BF.

Current text	New text (with track changes)	Comments
bilateral relations upon request from the Programme Operators.	bilateral relations upon request from the Programme Operators.	
	<u>Article 4.10</u> <u>Funds for bilateral relations at programme level</u>	
	<u>1. The Programme Operators shall be responsible for the management and use of the funds for bilateral relations at programme level in their programmes. For Donor partnership programmes, decisions on the use of the funds for bilateral relations in the Programme shall be taken by consensus between the Programme Operator and the Donor Programme Partner(s).</u>	POs + DPPs are responsible for the decision-making on the use of the bilateral funds in programmes. IPOs have been excluded from that. The text has been amended to reflect that.
	<u>2. The first date of eligibility for support under this Article shall be the date of entry into force of the Memorandum of Understanding with the respective Beneficiary State. If support under this Article is received under both the EEA and the Norwegian Financial Mechanisms, the first date of eligibility shall be the date of entry into force of the whichever MoU is signed first. The final date of eligibility for support under this Article shall be 31 December 2031.</u>	The final date of eligibility for BF at programme level (31 December 2031) shall be longer than the final date of eligibility for projects (30 April 2031), but shorter than the final date of eligibility for bilateral funds at national level (30 April 2032)
	<u>3. The Programme Operators shall report on the use of the bilateral funds in their programmes in the annual programme report, the Final Programme Report and the Interim Financial Reports.</u>	
	<u>4. The Programme Operator, with the consent of the National Focal Point and the FMC, may entrust the management of a part of the bilateral funds at programme level to the Donor Programme Partner(s). In such cases, the Donor Programme Partner(s) and the Programme Operator shall conclude an agreement including all necessary arrangements to allow the Programme Operator to fulfil its reporting obligations as described in paragraph 3.</u>	With this provision, the possibility is created that the DPPs can manage part of the bilateral funds in programmes themselves.

Chapter 4

Bilateral relations

Current text	New text (with track changes)	Comments
Chapter 5 Management and control systems	Chapter 5 Management and control systems	
Article 5.1 General principles of the management and control systems	Article 5.1 General principles of the management and control systems	
1. The Beneficiary State shall be responsible for the management and control of programmes. The management and control systems established by the Beneficiary State for the EEA Financial Mechanism 2014-2021 shall ensure the respect of the principles of accountability, economy, efficiency and effectiveness.	1. The Beneficiary State shall be responsible for the management and control of programmes. The management and control systems established by the Beneficiary State for the EEA Financial Mechanism 2014-2021 2021-2028 shall ensure the respect of the principles of accountability, economy, efficiency and effectiveness <u>and the key requirements listed in paragraph 2.</u>	
2. The management and control systems shall provide for: (a) the definition of the functions of the entities concerned in management and control and the allocation of functions within each entity; (b) compliance with the principle of separation of functions between and within such entities; (c) procedures for ensuring the correctness and regularity of expenditure; (d) reliable accounting, monitoring and financial reporting systems in computerised form; (e) a system of reporting and monitoring where the responsible entity entrusts the execution of tasks to another entity;	2. The <u>key requirements of</u> management and control systems shall provide for are: (a) <u>the definition of the functions of the entities concerned and the allocation of functions within each entity;</u> (b) <u>appropriate separation of functions between and within such entities and, where relevant, written arrangements for reporting, supervising and monitoring of delegated tasks;</u> (c) <u>appropriate criteria and procedures for the selection of projects and initiatives, in compliance with this Regulation;</u> (d) <u>appropriate information to beneficiaries on applicable conditions for support for the selected projects and initiatives;</u> (e) <u>appropriate verifications and procedures for confirming that the incurred expenditure is legal</u>	<p>The contents for the management and control systems as currently described in the Regulation have been replaced by the list of ‘key requirements for management and control systems’ provided for in the Common Provisions Regulation (CPR).</p> <p>The reason for this is to harmonise terminology and therefore approach of national authorities, thus creating less complexity when dealing with the grants.</p> <p>Having said that, the differences between the grants and the ESIF structures necessitates a relatively substantial rephrasing of the CPR text.</p>

Current text	New text (with track changes)	Comments
<p>(f) arrangements for auditing the functioning of the systems;</p> <p>(g) systems and procedures to ensure an adequate audit trail; and</p> <p>(h) reporting and monitoring procedures for irregularities and for the recovery of amounts unduly paid.</p>	<p>and regular, including and Interim Financial Reports and the final balance;</p> <p><u>(f) audit work carried out in accordance with internationally accepted audit standards;</u></p> <p><u>(g) appropriate audits of the management and control systems;</u></p> <p><u>(h) appropriate audits of expenditure declared;</u></p> <p><u>(i) appropriate procedures for providing a reliable audit opinion and for preparing the Annual Audit Report; and</u></p> <p><u>(j) reporting and monitoring procedures for irregularities and for the recovery of amounts unduly paid.</u></p> <p>(a) the definition of the functions of the entities concerned in management and control and the allocation of functions within each entity;</p> <p>(b) compliance with the principle of separation of functions between and within such entities;</p> <p>(c) procedures for ensuring the correctness and regularity of expenditure;</p> <p>(d) reliable accounting, monitoring and financial reporting systems in computerised form;</p> <p>(e) a system of reporting and monitoring where the responsible entity entrusts the execution of tasks to another entity;</p> <p>(f) arrangements for auditing the functioning of the systems;</p> <p>(g) systems and procedures to ensure an adequate audit trail; and</p> <p>(h)(k) reporting and monitoring procedures for irregularities and for the recovery of amounts unduly paid.</p>	

Current text	New text (with track changes)	Comments
3. The Beneficiary State shall comply with the requirements defined by the FMC for submitting information electronically.	3. The Beneficiary State shall comply with the requirements defined by the FMC for submitting <u>and transferring</u> information electronically.	The addition of ‘transferring’ should increase interoperability between Beneficiary States IT systems and Grace.
Article 5.2 Designation of national entities	Article 5.2 Designation of national entities	
1. The Beneficiary State shall in the MoU designate the following entities for the implementation of the EEA Financial Mechanism 2014-2021: (a) a National Focal Point; (b) a Certifying Authority; (c) an Audit Authority; and (d) an Irregularities Authority.	1. The Beneficiary State shall in the MoU designate <u>shall identify</u> the following entities for the implementation of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> : (a) a National Focal Point; (b) a Certifying Authority; <u>and</u> (c) an Audit Authority; and an Irregularities Authority.	The paragraph is amended to clarify that these entities are mutually agreed in the MoU. Reference to the Irregularities Authority is deleted as there will no longer be a separate entity for this purpose. However, one national entity keeps the responsibility for reporting of irregularities (see Article 12.3.1).
2. The Donor States and the Beneficiary State may in the MoU decide that the National Focal Point, in addition to its tasks referred to in Article 5.3, takes on the tasks of the Certifying Authority under Article 5.4. Such arrangements shall nevertheless ensure the adequate functional separation of tasks related to payments from other tasks within the National Focal Point. If such arrangements are agreed upon, the National Focal Point shall not be designated as Irregularities Authority and paragraph 4 shall not apply.	2. The Donor States and the Beneficiary State may in the MoU decide that the National Focal Point, in addition to its tasks referred to in Article 5.3, takes on the tasks of the Certifying Authority under Article 5.4. Such arrangements shall nevertheless ensure the adequate functional separation of tasks related to payments from other tasks within the National Focal Point. If such arrangements are agreed upon, the National Focal Point shall not be designated as Irregularities Authority and paragraph 4 shall not apply.	Following deletion of Irregularities Authorities as a separate entity, there is no need to ensure separation of IA from combined NFP and CA function.
3. Without prejudice to Articles 2.5 and 6.13, the National Focal Point shall, in consultation with the FMC, designate a Programme Operator for each programme. The Programme Operator shall have strong ties to the sector within which the programme belongs. For programmes under the programme area ‘Civil Society’, the Programme Operator shall be	3. Without prejudice to Articles 2.5 and 6.13, a <u>programme Operator shall be designated in the MoU for each programme</u> the National Focal Point shall, in consultation with the FMC, designate a Programme Operator for each programme. The Programme Operator shall have strong ties to the sector within which the programme belongs. For programmes under	This is to align with the approach in Article 2.5 foreseeing that the Programme Operator is always designated in the MoU and, thus, decided upon by all parties in the MoU. Reference to the Civil Society Area is also deleted.

Current text	New text (with track changes)	Comments
autonomous of national, regional and local governmental institutions. Should such an autonomous Programme Operator be unattainable, the FMC may in exceptional cases waive this requirement but only to the extent necessary.	the programme area ‘Civil Society’, the Programme Operator shall be autonomous of national, regional and local governmental institutions. Should such an autonomous Programme Operator be unattainable, the FMC may in exceptional cases waive this requirement but only to the extent necessary.	
4. In exceptional cases, the FMC may approve that the National Focal Point takes the role of a Programme Operator for one or more programmes.	4. In exceptional cases, the FMC may approve that the National Focal Point takes the role of a Programme Operator for one or more programmes.	
5. If the National Focal Point takes the role of a Programme Operator, the National Focal Point shall not be designated as Irregularities Authority.	5. If the National Focal Point takes the role of a Programme Operator, the National Focal Point shall not take over the role of the entity referred to in Article 12.3.1 be designated as Irregularities Authority.	This is amended to reflect the deletion of the Irregularities Authority.
Article 5.3 National Focal Point	Article 5.3 National Focal Point	
1. The National Focal Point shall have the overall responsibility for ensuring that programmes contribute to the objectives of the EEA Financial Mechanism 2014-2021 as well as for ensuring that the implementation of the EEA Financial Mechanism 2014-2021 in the Beneficiary State is in line with Article 1.3. It shall serve as a contact point and be responsible and accountable for the implementation of the MoU.	1. The National Focal Point shall have the overall responsibility for ensuring that programmes contribute to the objectives of the EEA Financial Mechanism 2014-2021 2021-2028 as well as for ensuring that the implementation of the EEA Financial Mechanism 2014-2021 2021-2028 in the Beneficiary State is in line with Article 1.3. It shall serve as a contact point and be responsible and accountable for the implementation of the MoU.	
2. The National Focal Point represents the Beneficiary State in its relations with the FMC regarding the implementation of the EEA Financial Mechanism 2014-2021 in the Beneficiary State.	2. The National Focal Point represents the Beneficiary State in its relations with the FMC regarding the implementation of the EEA Financial Mechanism 2014-2021 2021-2028 in the Beneficiary State.	
3. The National Focal Point shall ensure that the programmes are implemented in accordance with the legal framework of the EEA Financial Mechanism	3. The National Focal Point shall ensure that the programmes are implemented in accordance with the legal framework of the EEA Financial Mechanism	

Current text	New text (with track changes)	Comments
2014-2021 and monitor the progress and quality of their implementation. To this end, the National Focal Point shall continuously and in a structured manner assess the risks to the implementation of the EEA Financial Mechanism 2014-2021 and may take the action it deems necessary and compatible with this Regulation, including to verify the quality and content of any documents provided to the FMC through the National Focal Point and request the necessary modification to such documents. The National Focal Point shall take any necessary steps to ensure that Programme Operators are fully aware of their responsibilities under the legal framework of the EEA Financial Mechanism 2014-2021.	2014-2021 <u>2021-2028</u> and monitor the progress and quality of their implementation. To this end, the National Focal Point shall continuously and in a structured manner assess the risks to the implementation of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> and may take the action it deems necessary and compatible with this Regulation, including to verify the quality and content of any documents provided to the FMC through the National Focal Point and request the necessary modification to such documents. The National Focal Point shall take any necessary steps to ensure that Programme Operators are fully aware of their responsibilities under the legal framework of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> .	
4. The National Focal Point shall carry out regular monitoring of the programmes with regards to their progress towards the programme outputs, outcome(s) and objective(s) according to agreed indicators and financial requirements specified for the programme. Results of the monitoring shall be reported in the Strategic Report.	4. The National Focal Point shall carry out regular monitoring of the programmes with regards to their progress towards the programme outputs, outcome(s) and objective(s) according to <u>the</u> –agreed <u>results framework indicators</u> —and financial requirements specified for the programme. Results of the monitoring shall be reported in the <u>Strategie Country</u> Report.	This is to clarify the language.
5. The role of the National Focal Point may be further specified in the MoU.	5. The role of the National Focal Point may be further specified in the MoU.	

Chapter 5
Management and control systems

Current text	New text (with track changes)	Comments
Article 5.4 Certifying Authority	Article 5.4 Certifying Authority	

<p>1. The Certifying Authority shall be responsible in particular for:</p> <p>(a) submitting to the FMC certified interim financial reports and final programme reports referred to in Articles 9.3 and 6.12, respectively, certifying that:</p> <p>(i) the summary of eligible expenditure submitted by the Programme Operator is in full conformity with the supporting documents;</p> <p>(ii) the supporting documents have been examined and found to be authentic, correct and accurate;</p> <p>(iii) the summary of eligible expenditure is based on verifiable accounting which is in compliance with generally accepted accounting principles and methods;</p> <p>(iv) the summary of eligible expenditure falls within eligible expenditure under this Regulation;</p> <p>(v) the summary of expenditure is incurred as part of the implementation of the Programme in accordance with the programme agreement;</p> <p>(vi) sufficient audit trail exists; and</p> <p>(vii) co-financing committed to the programme has been paid.</p> <p>(b) submitting to the FMC a forecast of likely payment applications as referred to in Article 9.5;</p> <p>(c) declaring to the FMC any interest earned as referred to in Article 9.7;</p> <p>(d) taking account for certification purposes of the results of all audits carried out by or under the responsibility of the Audit Authority;</p>	<p>1. The Certifying Authority shall be responsible in particular for:</p> <p>(a) sSubmitting to the FMC certified Iinterim Ffinancial Reports and Ffinal pProgramme rReports referred to in Articles 9.3 and 6.8+2, respectively, certifying that:</p> <p>(i) the summary of eligible expenditure submitted by the Programme Operator is in full conformity with the supporting documents;</p> <p>(ii) the supporting documents have been examined and found to be authentic, correct and accurate;</p> <p>(iii) the summary of eligible expenditure is based on verifiable accounting which is in compliance with generally accepted accounting principles and methods;</p> <p>(iv) the summary of eligible expenditure falls within eligible expenditure under this Regulation;</p> <p>(v) the summary of expenditure is incurred as part of the implementation of the Pprogramme in accordance with the pProgramme aAgreement;</p> <p>(vi) sufficient audit trail <u>for the eligible expenditures of the programme</u> exists; and</p> <p>(vii) co-financing committed to the programme has been paid.</p> <p><u>(b) submitting to the FMC, as part of the Iinterim Ffinancial rReport, submitting to the FMC a forecast of likely payment applications as referred to in Article 9.35;</u></p> <p><u>(b)(c) submitting to the FMC requests for Ttechnical Aassistance disbursements in</u></p>	<p>To clarify that this does not include audit trail of projects.</p> <p>A separate task for technical assistance disbursements is added as this will not follow the full IFR content described above.</p>
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<p>(e) maintaining accounting records in electronic form of expenditure declared to the FMC;</p> <p>(f) ensuring that funds are made available to the Programme Operators according to paragraph 2 of Article 9.1; and</p> <p>(g) ensuring that amounts recovered and amounts withdrawn following cancellation of all or part of the financial contribution for a programme or project are reimbursed to the FMC prior to the closure of the programme.</p>	<p><u>accordance with the payment schedule described in Chapter 9.:</u></p> <p>(e)(d) declaring to the FMC any interest earned <u>or paid</u> as referred to in Article 9.67;</p> <p>(d)(e) taking account for certification purposes of the results of all audits carried out by or under the responsibility of the Audit Authority;</p> <p>(e)(f) maintaining accounting records in electronic form of expenditure declared to the FMC;</p> <p>(f)(g) ensuring that funds are made available to the Programme Operators according to paragraph 2 of Article 9.12; and</p> <p>(g)(h) ensuring that amounts recovered and amounts withdrawn following cancellation of all or part of the financial contribution for a programme or project are reimbursed to the FMC prior to the closure of the programme.</p>	<p>This is to reflect the approach taken in Article 9.6 that negative interest is considered an eligible cost to be covered by and within the total allocation of the Technical Assistance and the programme management costs.</p>
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Current text	New text (with track changes)	Comments
<p>2. Subject to contrary provision of the national law of the Beneficiary State, the Certifying Authority shall ensure the establishment and maintenance of a separate interest-bearing bank account dedicated to the EEA Financial Mechanism 2014-2021.</p>	<p>2. Subject to contrary provision of the national law of the Beneficiary State, the Certifying Authority shall ensure the establishment and maintenance of a separate interest-bearing bank account dedicated to the EEA Financial Mechanism 2014-2021<u>2021-2028</u>.</p>	
<p>Article 5.5 Audit Authority</p>	<p>Article 5.5 Audit Authority</p>	
<p>1. The Audit Authority shall be responsible in particular for:</p> <p>(a) ensuring that audits are carried out to verify the effective functioning of the management and control system at the level of the Beneficiary State;</p> <p>(b) ensuring that at least one audit is carried out of each programme to verify the effective functioning of its management and control system;</p> <p>(c) ensuring that audits are carried out on projects on the basis of an appropriate sample to verify expenditure declared;</p> <p>(d) preparing within nine months of the approval of the last programme an audit strategy. The audit strategy may cover more than one programme. The audit strategy shall set out the audit methodology, the sampling method for audits on projects and the indicative planning of audits to ensure that audits are spread evenly throughout the programming period. The audit strategy shall be updated annually as appropriate. The Audit Authority shall submit the audit strategy to the FMC in English upon request within one month. The FMC may provide comments;</p> <p>(e) by 15 February each year from 2019 to 2025:</p> <p>(i) submitting to the FMC an annual audit report setting out the findings of the audits carried out during</p>	<p>1. The Audit Authority shall be responsible in particular for:</p> <p>(a) (a) preparing within nine months of the approval of the last programme a risk-based audit strategy covering — The audit strategy may cover the entire allocation to the Beneficiary State more than one programme. The audit strategy shall set out the audit methodology, the sampling method for audits on projects and the indicative planning of audits to ensure that audits are spread evenly throughout the programming period. — The audit strategy shall be updated annually as appropriate. — The Audit Authority shall submit the audit strategy to the FMC in English upon request within one month. The FMC may provide comments;</p> <p>(a)(b) ensuring that audits are carried out to verify the effective functioning of the management and control system at the level of the Beneficiary State;</p> <p>(b)(c) carrying out audits that at least one audit to verify the effective functioning of management and control systems at the level of the programmes. Audits shall be carried out on the basis of an appropriate sample, taking into account the principles of single</p>	<p>Paragraph (d) has been moved to (a) and all further points have been re-listed accordingly.</p> <p>Systems audits will no longer need to be carried out on all programmes.</p>

Current text	New text (with track changes)	Comments
<p>the previous 12 month-period ending on 31 December of the year concerned in accordance with the audit strategy of the programme and reporting any shortcomings found in the systems for the management and control. The first report to be submitted by 15 February 2019 shall cover the period up to 31 December 2018. The information concerning the audits carried out after 1 January 2025 shall be included in the final audit report supporting the closure declaration referred to in point (f);</p> <p>(ii) issuing an opinion to the FMC, on the basis of the controls and audits that have been carried out under its responsibility, as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of actual expenditure incurred presented to the FMC are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular;</p> <p>(f) submitting to the FMC at the latest by 31 December 2025 a closure declaration assessing the validity of the application for payment of the final balance claimed in the final programme report.</p>	<p>audit and proportionality and based on a risk assessment is carried out of each programme to verify the effective functioning of its management and control system;</p> <p>(d) ensuring that audits are carried out on projects on the basis of an appropriate sample to verify <u>legality and regularity of expenditure declared and the fulfilment of conditions for simplified cost options;</u></p> <p>(e) —by 15 February each year from 2019-2026 to <u>20252032</u>:</p> <p>(i) submitting to the FMC an aAnnual aAudit Report setting out the findings of the audits carried out <u>for a twelve month reference period ending on 30 June of the previous calendar year during the previous 12 month period ending on 31 December of the year concerned. The aAnnual aAudit Report shall be</u> in accordance with the audit strategy of the programme and reporting any shortcomings found in the systems for the management and control systems. The first report to be submitted by 15 February 2019-2026 shall cover the <u>reference</u> period up to 30+ December June 20182025. The information concerning the audits carried out after for the reference period from 1 July 202431 + January 2025 shall be included in the fFinal aAudit Report supporting the closure declaration referred to in point (f);</p> <p>(ii) issuing an opinion to the FMC, on the basis of the controls and audits that have been carried out under its responsibility, as to whether the management and control system functions effectively, so as to and <u>can</u> provide a reasonable <u>level of</u> assurance that statements of actual expenditure incurred presented to the FMC are correct, and as a consequence reasonable assurance that <u>correct, that</u> the underlying transactions are legal and regular <u>and that the conditions for</u></p>	<p>This is to reflect also the tasks needed in relation to simplified cost options.</p> <p>The text has been modified to replace the contents of the annual audit report with a reference period covering actual expenditure, rather than a reporting period covering audit work.</p>

Current text	New text (with track changes)	Comments
	<p><u>reimbursement of simplified cost options are met. The opinion shall be based on a template to be provided by the FMC;</u></p> <p>(f) submitting to the FMC at the latest by 31 December 2025<u>2032</u> a closure declaration assessing the validity of the application for payment of the final balance claimed in the Final <u>P</u>rogramme Report. <u>The closure declaration shall be based on a template to be provided by the FMC.</u></p>	
2. Where the Audit Authority chooses not to carry out the audits according to paragraphs 1(a) through (c), it shall appoint an independent and certified auditor to perform these tasks.	2. Where the Audit Authority chooses not to carry out the audits according to <u>points paragraphs 1(ba)</u> through (ed) <u>of paragraph 1</u> , it shall appoint an independent and certified auditor to perform these tasks.	
3. The Audit Authority shall ensure that the audit complies with internationally accepted audit standards.	3. The Audit Authority shall ensure that the audit complies with internationally accepted audit standards.	

Current text	New text (with track changes)	Comments
<p>4. For the purposes of point (c) of paragraph 1, declared expenditure shall be audited based on a representative sample and, as a general rule, on statistical sampling methods.</p> <p>In such cases, the size of the sample shall be sufficient to enable the Audit Authority to draw up a valid audit opinion in accordance with point (e) of paragraph 1.</p> <p>A non-statistical sampling method may be used on the professional judgment of the Audit Authority, in duly justified cases, in accordance with internationally accepted audit standards and in any case where the number of projects for a year is insufficient to allow the use of a statistical method.</p> <p>The non-statistical sample method shall cover a minimum of 10% of projects for which expenditure has been declared during a year and a minimum of 15% of the expenditure which has been declared during a year.</p>	<p>4. For the purposes of point (ed) of paragraph 1, declared expenditure shall be audited based on a representative sample and, as a general rule, on statistical sampling methods.</p> <p>In such cases, the size of the sample shall be sufficient to enable the Audit Authority to draw up a valid audit opinion in accordance with point (e) of paragraph 1.</p> <p>A non-statistical sampling method may be used on the professional judgment of the Audit Authority, in duly justified cases, in accordance with internationally accepted audit standards and in any case where the number of projects for a year is insufficient to allow the use of a statistical method.</p> <p>The non-statistical sample method shall cover a minimum of 10% of projects for which expenditure has been declared during a year and a minimum of 15% of the expenditure which has been declared during a year.</p>	
	<p><u>5. When carrying out audits, the Audit Authority shall take due account of the principles of single audit and proportionality in relation to the level of risk to the implementation of the EEA Financial Mechanism. This shall be, in particular, in order to avoid duplication of audits and verifications of the same expenditure with the objective of minimising the cost of verifications and audits and the administrative burden on beneficiaries.</u></p> <p><u>The Audit Authority shall first use all the information and records referred to in point (k) of Article 5.6.1 (4), including results of verifications, and only request and obtain additional documents and audit evidence from the beneficiaries concerned where, based on their</u></p>	

Current text	New text (with track changes)	Comments
	<u>professional judgement, this is required to support robust audit conclusions.</u>	
	<u>6. The Audit Authority and the FMC shall meet on a regular basis and, unless otherwise agreed, at least once a year to examine the audit strategy, the Annual Audit Report and opinion, to coordinate their audit plans and methods, and to exchange views on issues relating to the improvement of management and control systems.</u>	
Article 5.6 Programme Operator	Article 5.6 Programme Operator	
<p>1. The Programme Operator shall be responsible for preparing and implementing the programme in accordance with the principles described in Article 1.3 and in particular for:</p> <p>(a) ensuring that projects contribute to the overall objectives of the EEA Financial Mechanism 2014-2021 and the specific programme outputs, outcome(s) and objective(s) and that they comply with this Regulation, the programme agreement as well as applicable national and European Union law in all implementation phases;</p> <p>(b) ensuring that the appropriate level of expertise to design the programme and develop the results framework is available;</p> <p>(c) collecting applications, selecting projects to be funded and signing project contracts for each project;</p> <p>(d) facilitating bilateral cooperation, where relevant;</p> <p>(e) verifying that the expenditure declared by the Projects Promoters has actually been incurred and</p>	<p>1. The Programme Operator shall be responsible for preparing and implementing the programme in accordance with the principles described in Article 1.3 and in particular for:</p> <p>(a) ensuring that projects contribute to the overall objectives of the EEA Financial Mechanism <u>2014-2021-2028</u> and the specific programme outputs, outcome(s) and objective(s) and that they comply with this Regulation, the PProgramme Agreement as well as applicable national and European Union law in all implementation phases;</p> <p>(b) ensuring that the appropriate level of expertise to design the programme <u>is available, including and developing</u> the results framework is available;</p> <p>(c) <u>processing calls for proposals, collecting applications,</u> selecting projects to be funded and signing project contracts for each project;</p> <p>(d) facilitating bilateral cooperation, where relevant;</p>	<p>This is to emphasize availability of expertise.</p> <p>Language has been amended for completeness.</p>

Current text	New text (with track changes)	Comments
<p>complies with this Regulation, the programme agreement as well as applicable national and European Union law;</p> <p>(f) ensuring that payments of the project grant are made in a timely manner;</p> <p>(g) ensuring the quality of the implementation of the programme and verifying the project outputs and the projects' progress towards expected programme's outcomes, inter alia through monitoring, including where appropriate, on-the-spot verification of projects carried out on a sample basis;</p> <p>(h) assessing the risks to the effective implementation of the programme and its results and taking appropriate action;</p> <p>(i) conducting annual monitoring of a sample of projects, selected based on risk assessment and including random samples;</p> <p>(j) ensuring that the financial contribution is used exclusively for the purpose of the programme and its projects and according to the programme agreement and that all assets forming part of the programme are used only for such purposes as provided for in the programme agreement;</p> <p>(k) ensuring that there is a system for recording and storing in computerised form accounting records for each project under the programme and that the data on implementation necessary for financial management, reporting, monitoring, verifications, audits and evaluation are collected;</p> <p>(l) establishing an organisational structure of the Programme Operator that ensures independence</p>	<p>(e) verifying that the expenditure declared by the Projects Promoters has actually been incurred and complies with this Regulation, the pPprogramme aAgreement as well as applicable national and European Union law;</p> <p>(f) ensuring that payments of the project grant are made in a timely manner;</p> <p>(g) ensuring the quality of the implementation of the programme, and progress towards the projects' expected results and quality of the results data; verifying the project outputs and the projects' progress towards expected programme's outcomes, inter alia through monitoring, including where appropriate, on the spot verification of projects carried out on a sample basis; <u>and progress towards the projects' expected results and quality of the results data; verifying the project outputs and the projects' progress towards expected programme's outcomes, inter alia through monitoring, including where appropriate, on the spot verification of projects carried out on a sample basis;</u></p> <p>(h) assessing the risks to the effective implementation of the programme and its results and taking appropriate action;</p> <p>(i) conducting annual monitoring of a sample of projects, selected based on risk assessment and including random samples, <u>including where appropriate through on-site visits;</u></p> <p>(j) ensuring that the financial contribution is used exclusively for the purpose of the programme and its projects and according to the pPprogramme aAgreement and that all assets forming part of the programme are used only for such purposes as provided for in the pPprogramme aAgreement;</p> <p>(k) ensuring that there is a system for recording and storing in computerised form accounting records for each project under the programme and that the</p>	<p>Reference to costs incurred is deleted as simplified cost options has been added as forms of eligible expenditure.</p>

Current text	New text (with track changes)	Comments
<p>and functional separation of the division responsible for verification of incurred expenditure and approval of payments from other divisions responsible for the implementation of the programme;</p> <p>(m) subject to contrary provisions of the national law of the Beneficiary State, establishing and maintaining a separate interest-bearing bank account dedicated to the funds intended for regranting;</p> <p>(n) ensuring that Project Promoters maintain either a separate accounting system or an adequate accounting code for all transactions relating to the project without prejudice to national accounting rules;</p> <p>(o) ensuring transparency and availability of documents in accordance with the requirements of Article 9.8;</p> <p>(p) ensuring that the Certifying Authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;</p> <p>(q) drawing up and submitting the interim financial reports, the annual programme report, the final programme report and reports on interests earned in accordance with Articles 6.11, 6.12, 9.3, 9.4 and 9.7;</p> <p>(r) submitting to the Certifying Authority a forecast of likely payment applications necessary for the Certifying Authority to fulfil its obligations in accordance with Article 9.5;</p>	<p>data on implementation necessary for financial management, reporting, monitoring, verifications, audits and evaluation are collected <u>and processed</u>;</p> <p>(l) establishing an organisational structure of the Programme Operator that ensures independence and functional separation of the division responsible for verification of incurred expenditure, <u>verification of fulfilment of conditions for simplified cost options</u> and approval of payments from other divisions responsible for the implementation of the programme;</p> <p>(m) subject to contrary provisions of the national law of the Beneficiary State, establishing and maintaining a separate interest-bearing bank account dedicated to the funds intended for regranting;</p> <p>(n) ensuring that Project Promoters maintain either a separate accounting system or an adequate accounting code for all transactions relating to the project without prejudice to national accounting rules;</p> <p>(o) ensuring transparency and availability of documents in accordance with the requirements of Article 9.7<u>8</u>;</p> <p>(p) ensuring that the Certifying Authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;</p> <p>(q) drawing up and submitting the Iinterim financial Reports, the annual programme report, the final programme Report and reports on interests</p>	

Current text	New text (with track changes)	Comments
<p>(s) ensuring entry of project-specific statistical data to maintain the reporting database;</p> <p>(t) ensuring that the FMC and the National Focal Point is upon request, and within reasonable time, provided with all documents and information related to the implementation of the programme and its projects;</p> <p>(u) ensuring that the Project Promoters are fully committed and able to implement their projects;</p> <p>(v) ensuring that all necessary and appropriate measures are taken to prevent, detect and nullify any cases of suspected or actual irregularities, that they are investigated promptly and efficiently and properly reported and remedied, including making any financial corrections that may be appropriate;</p> <p>(w) ensuring that all relevant European Union, national and local, legislation (including, but not limited to, legislation on the environment, public procurement and state aid) are complied with; and</p> <p>(x) complying with any other obligations stipulated in the programme agreement.</p>	<p>earned and paid in accordance with Articles 6.11, 6.8+2, 9.3, 9.4 and 9.67;</p> <p>(r) submitting to the Certifying Authority a forecast of likely payment applications necessary for the Certifying Authority to fulfil its obligations in accordance with Article 9.35;</p> <p>(s) ensuring <u>that there is a system for recording and storing in computerised form entry of all data required to fulfil the reporting requirements, including project-specific statistical data to maintain the reporting database;</u></p> <p>(t) ensuring that the FMC and the National Focal Point is<u>are</u> upon request, and within reasonable time, provided with all documents and information related to the implementation of the programme and its projects;</p> <p>(u) ensuring that the Project Promoters are fully committed and able<u>have the necessary capacity and expertise</u> to implement their projects;</p> <p>— ensuring that all necessary and appropriate measures are taken to prevent, detect and nullify any cases of suspected or actual irregularities, that they are investigated promptly and efficiently and properly reported and remedied, including making any financial corrections that may be appropriate;</p> <p>(v) <u>ensuring that all projects and activities are consistent with respect for the values and principles referred to in Article 1.3, and abstaining from supporting operations that may fail to do so;</u></p>	<p>This point is moved down as point (y).</p> <p>In line with Article 1.2 of the Protocol 38d, this point places a responsibility on the PO to continuously monitor projects and activities for compliance with the values, even after they are selected.</p>

Current text	New text (with track changes)	Comments
	<p>(w) ensuring that all relevant European Union, national and local, legislation (including, but not limited to, legislation on the environment, public procurement, and state aid <u>and data protection</u>) are complied with; and</p> <p>(x) complying with any other obligations stipulated in the pProgramme aAgreement; and-</p> <p><u>(y) ensuring that all necessary and appropriate measures are taken to prevent, detect and nullify any cases of suspected or actual irregularities, that they are investigated promptly and efficiently and properly reported and remedied, including making any financial corrections that may be appropriate.;</u></p>	
<p>2. Verifications to be carried out by the Programme Operator shall cover administrative, financial, technical and physical aspects of projects, as appropriate and in accordance with the principle of proportionality.</p> <p>Verifications shall include the following procedures:</p> <p>(i) administrative verifications in respect of incurred expenditure reported by Project Promoters;</p> <p>(ii) on-the-spot verifications of projects.</p>	<p>2. Verifications to be carried out by the Programme Operator shall cover administrative, financial, technical and physical aspects of projects, as appropriate. <u>Verifications shall be risk-based and proportionate to the risks identified in accordance with the principle of proportionality.</u></p> <p>Verifications shall include the following procedures:</p> <p>(i) administrative verifications in respect of incurred expenditure and fulfilment of conditions for simplified cost options reported by Project Promoters;</p> <p>(ii) on-the-spot verifications of projects.</p>	<p>This change aims to add a clearer link to the risk-based approach for verifications.</p>
	<p><u>3. Verifications shall include the following procedures:</u></p> <p><u>(a) administrative verifications in respect of incurred expenditure and fulfilment of</u></p>	<p>This point and the following paragraphs have been renumbered for consistency</p>

Current text	New text (with track changes)	Comments
	<u>conditions for simplified cost options reported by Project Promoters:</u> (a) <u>(b)</u> <u>on-the-spot verifications of projects.</u>	
Examination of proof of expenditure related to the administrative verifications under point (i) and on-the spot verifications under point (ii) may be carried out on a sample basis. The Programme Operator shall keep records describing and justifying the sampling method and identifying the project or transactions selected for verification.	<u>4.</u> Examination of proof of expenditure <u>and fulfilment of conditions for simplified cost options</u> related to the administrative verifications under point (i) and on-the spot verifications under point (ii) may <u>shall</u> be carried out on a sample basis. The Programme Operator shall keep records describing and justifying the sampling method and identifying the project or transactions selected for verification.	This is to reflect the tasks needed in relation to simplified cost options. Language is changed to 'shall' as a sample based examination of proof of expenditure is now mandatory, in order to simplify the control environment.
The Programme Operator shall determine the size of the sample in order to obtain reasonable assurance as to the legality and regularity of the underlying transactions, having regard to the level of risk identified by the Programme Operator for the type of Project Promoters and projects concerned and audits by the Audit Authority.	<u>5.</u> The Programme Operator shall determine the size of the sample in order to obtain reasonable assurance as to the legality and regularity of the underlying transactions <u>and as to conditions for reimbursement met, in line with the principle of proportionality,</u> having regard to the level of risk identified by the Programme Operator for the type of Project Promoters and projects concerned and audits by the Audit Authority.	
The Programme Operator shall establish written standards and procedures for the verifications carried out and shall keep records for each verification, stating the work performed, the date and the results of the verification, and the measures taken in respect of irregularities detected.	<u>6.</u> The Programme Operator shall establish written standards and procedures for the verifications carried out and shall keep records for each verification, stating the work performed, the date and the results of the verification, and the measures taken in respect of irregularities detected.	
3. The Programme Operator shall comply with the requirements defined by the FMC for submitting information electronically.	<u>7.</u> The Programme Operator shall comply with the requirements defined by the FMC for submitting <u>and transferring</u> information electronically.	The addition of 'transferring' should increase interoperability between Beneficiary States IT systems and Grace.
	<u>8. The Programme Operator shall ensure adequate capacity and expertise to fulfil its responsibilities.</u>	This is to capture resources concerns in a general manner.

Current text	New text (with track changes)	Comments
Article 5.7 Setting up of management and control systems	Article 5.7 Setting up of management and control systems	
<p>1. The National Focal Point shall, within six months of the date of the last signature of the MoU, submit to the FMC a detailed description of the management and control systems, covering in particular the organisation and procedures of:</p> <p>(a) the National Focal Point, the Certifying Authority and any other national entities involved in the implementation of the EEA Financial Mechanism 2014-2021 according to the MoU;</p> <p>(b) the Audit Authority and any other entities carrying out audits under its responsibility.</p>	<p>1. The National Focal Point shall, within six months of the date of the last signature of the MoU, submit to the FMC <u>Audit Authority</u> a detailed description of the management and control systems, covering <u>the principles and key requirements identified in Article 5.1 and</u> in particular the organisation and procedures of³:</p> <p>(a) <u>—</u>the National Focal Point, the Certifying Authority, <u>the Audit Authority</u> and any other national entities involved in the implementation of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> according to the MoU³;</p> <p>(b) <u>—</u>the Audit Authority and any other entities carrying out audits under its responsibility.</p>	<p>The procedure foreseen is lighter than that currently in place, as there is no longer a requirement for the Donors to review the entire MCS description.</p>
<p>2. Within six months from the approval of the programme by the FMC the Programme Operator shall submit to the National Focal Point for approval a detailed description of the management and control systems of the Programme Operator, covering in particular:</p> <p>(a) the systems for verification, audit and monitoring;</p> <p>(b) the system for preventing, mitigating, detecting, reporting on and remedying irregularities; and</p> <p>(c) the system established to maintain an audit trail of all supported activities.</p>	<p>2. Within six months from the approval of the programme by the FMC the Programme Operator shall submit to the National Focal Point for approval a detailed description of the management and control systems of the Programme Operator, covering in particular:</p> <p>(a) the systems for verification, audit and monitoring;</p> <p>(b) the system for preventing, mitigating, detecting, reporting on and remedying irregularities; and</p> <p>(c) the system established to maintain an audit trail of all supported activities.</p>	<p>The requirement for a programme level Management and Control System description is removed from the Regulation. It is not excluded that the NFP and POs will still draft a specific document for the POs procedures, but they can also agree to apply existing procedures or to include them in the national ones. This is left up to national authorities to agree, and the Regulation does not put anymore a requirement on them.</p>
<p>The National Focal Point shall inform the FMC of the approval of the description of the management and control systems of the Programme Operator within three months of its submission to the National Focal</p>	<p>The National Focal Point shall inform the FMC of the approval of the description of the management and control systems of the Programme Operator within three months of its submission to the National Focal</p>	

Current text	New text (with track changes)	Comments
Point. Severe deficiencies should be reported to the FMC should it not be possible to rectify these within a reasonable time frame.	Point. Severe deficiencies should be reported to the FMC should it not be possible to rectify these within a reasonable time frame.	
3. The detailed descriptions referred to in paragraphs 1 and 2 shall be accompanied by a report and an opinion by the Audit Authority confirming that the implementation system of the Beneficiary State and the Programme Operator complies with this Regulation and generally accepted accounting principles. The report shall assess the proportionality of the management and control systems' requirements in relation to the effectiveness of achieving the objectives of the programmes. The report and the opinion referred to in this paragraph shall be drawn up by the Audit Authority. Where the Audit Authority chooses not to carry out audits itself, it shall appoint an independent and certified auditor to perform these tasks.	<u>23. The Audit Authority shall review</u> The detailed descriptions referred to in paragraphs 1 and 2 shall be accompanied by and draw up a report and an opinion by the Audit Authority confirming that the management and control systems implementation system of the Beneficiary State and the Programme Operator complies with this Regulation and generally accepted accounting principles. The report shall assess the proportionality of the management and control systems' requirements in relation to the effectiveness of achieving the objectives of the programmes. The report and the opinion referred to in this paragraph shall be drawn up by the Audit Authority. Where the Audit Authority chooses not to carry out audits itself, it shall appoint an independent and certified auditor to perform these tasks. <u>The Audit Authority may, to the extent possible, base its review on the equivalent description submitted under the EEA Financial Mechanism 2014-2021/2021-2028.</u>	The procedure foreseen is lighter than that currently in place, as there is no longer a requirement for the Donors to review the entire MCS description and withhold payments until this has been completed. Instead, the Audit Authority shall review the MCS descriptions and provide the Donors with an opinion (only on the national level descriptions). If this is not received within 12 months of the MoU the Donors may suspend payments.
	<u>3. The National Focal Point shall submit to the FMC, in English and using a template provided by the FMC, the opinion drawn up in accordance with paragraph 2 concerning the management and control system of the Beneficiary State.</u>	
4. The National Focal Point shall, upon request, submit to the FMC the detailed description of the management and control systems of the Programme Operator in English, accompanied by the documents referred to in paragraph 3. The National Focal Point shall submit these documents within two months of the	4. The National Focal Point shall, upon request, submit to the FMC the detailed description of the management and control systems of the Programme Operator in English <u>described in paragraphs 1 and 2,</u> accompanied by the documents referred to in paragraph 32 <u>32, in English.</u> The National Focal Point shall submit these documents within two months of the	This is to clarify that the MCS may be requested by the FMC, in English.

Current text	New text (with track changes)	Comments
request. The FMC may provide comments within two months after receipt of the documents.	request. The FMC may provide comments within two months after receipt of the documents.	
5. Prior to disbursing the first payment to any programme, Technical Assistance or the fund for bilateral relations, the FMC shall determine whether the detailed description of the management and control systems submitted in accordance with paragraph 1 of this Article meets the minimum requirements. This paragraph shall not apply to payments in accordance with paragraph 4 of Article 4.6 and to extraordinary advance payments in respect of costs related to the preparation of programmes approved by the FMC, in accordance with paragraph 8 of Article 8.10.	5. Prior to disbursing the first payment to any programme, Technical Assistance or the fund for bilateral relations, the FMC shall determine whether the detailed description of the management and control systems submitted in accordance with paragraph 1 of this Article meets the minimum requirements. This paragraph shall not apply to payments in accordance with paragraph 4 of Article 4.6 and to extraordinary advance payments in respect of costs related to the preparation of programmes approved by the FMC, in accordance with paragraph 8 of Article 8.10.	
	<u>5. The FMC may suspend payments to a Beneficiary State if an opinion confirming that the management and control system of the Beneficiary State complies with this Regulation and generally accepted accounting principles has not been submitted within twelve months of the entry into force of the MoU.</u>	

Current text	New text (with track changes)	Comments
Chapter 6 Programmes	Chapter 6 Programmes	
Article 6.1 Preparation of programmes	Article 6.1 Preparation of programmes	
1. The EEA Financial Mechanism 2014-2021 is implemented in the Beneficiary States through programmes. A programme shall contribute to the objective of the respective programme area agreed in the MoU, to the overall objectives of the EEA Financial Mechanism 2014-2021, and shall comply with the legal framework of the EEA Financial Mechanism 2014-2021, national and European Union law.	1. The EEA Financial Mechanism 2014-2021 <u>2014-2021-2028</u> is implemented in the Beneficiary States through programmes. A programme shall contribute to the objective of the respective programme area(s) agreed in the Memorandum of Understanding , to the overall objectives of the EEA Financial Mechanism 2014-2021 <u>2014-2021-2028</u> , and shall comply with the legal framework of the EEA Financial Mechanism 2014-2021 <u>2014-2021-2028</u> , national and European Union law.	Programme areas has been put in plural, as programmes may contribute to different programme areas.
2. A programme may combine a number of programme areas, provided all measures under the programme contribute to one programme area objective.	2. A programme may combine a number of programme areas. <u>All projects under the programme must contribute to only one programme area objective; provided all measures under the programme contribute to one programme area objective.</u>	In view of simplification, especially regarding reporting, projects will be able to contribute to one programme area objective only. It will no longer be possible to have projects that contribute to multiple programme area objectives.
	<u>3. All programmes shall be in line with the 'Policy Framework for the EEA and Norway Grants'.</u>	Reference to what is informally referred to as the "Blue book".
Article 6.2 Concept note	Article 6.2 Concept Note	
1. The Programme Operator shall, on the basis of the MoU and within the programmes identified therein, develop a concept note defining the scope and planned results for each programme. The concept note shall be prepared in cooperation with the FMO and in consultation with relevant stakeholders, in particular Donor Programme Partners and IPOs where applicable.	1. The Programme Operator shall, On the basis of the Memorandum of Understanding and within the programmes identified therein, the Programme Operator shall, in cooperation with the Donor Programme Partner(s), International Partner Organisation(s) and the FMO, develop a Concept Note defining the scope and planned results for each programme. The concept note shall be prepared in cooperation with the FMO and in consultation with relevant stakeholders, in particular Donor Programme Partners and IPOs where applicable. Other	<p>The PO should keep the responsibility and ownership of developing the Concept Note. This should be done in very close dialogue with the FMO, DPPs and IPOs. However, the modalities/arrangements for the cooperation should be settled informally and should not be covered by the Regulation.</p> <p>The second phrase has been altered to differentiate more clearly between on the one hand, DPPs and IPOs and, on the other hand, other stakeholders. It is proposed that stakeholder consultations are optional and no longer mandatory.</p>

Current text	New text (with track changes)	Comments
	<u>stakeholders may be consulted as relevant, or as required in the Memorandum of Understanding.</u>	
<p>2. The Programme Operator shall, through the National Focal Point, submit the concept note for each programme to the FMC within six months from the date of the designation of the Programme Operator according to Article 5.2.</p>	<p>2. The Programme Operator shall, through the National Focal Point <u>shall</u>, submit the Concept Note for each programme to the FMC within six months from <u>the date of entry into force of the Memorandum of Understanding</u>the date of the designation of the Programme Operator according to Article 5</p>	<p>The NFPs are responsible to submit the Concept Note to the FMC.</p> <p>As it is proposed that the POs will be appointed in the MoU (see modification proposal for Article 2.5.2), the appointment of the PO should no longer be a delaying factor.</p> <p>The proposal is to have 6 months for CN submission + 2 months for Donor review of the CN + 4 months for finalising the Programme Agreement+Donor review of the programme (approval or rejection of the programme).</p>
<p>3. The concept note shall briefly describe:</p> <p>(a) the justification and main features of the programme;</p> <p>(b) the expected contribution towards the two overall objectives and the programme's objective, including planned outcome(s) and outputs, indicators, risks and target group(s);</p> <p>(c) how special concerns from the MoU and where relevant, the common values identified in paragraph 1 of Article 1.3, will be integrated in the planning and implementation of the programme;</p> <p>(d) the tentative overall budget;</p> <p>(e) any small grant schemes;</p> <p>(f) any pre-defined projects,</p> <p>(g) any financial instruments.</p>	<p>3. The Concept Note shall briefly describe:</p> <p><u>(a) the programme objective(s) and the expected contribution towards the two overall objectives;</u></p> <p><u>(b) the main challenges to be addressed, expected results and approach;</u></p> <p>(c) how conditions and/or specifics<u>special</u> concerns from the <u>Memorandum of Understanding</u> and, where relevant, the common values <u>and principles</u> identified in paragraph 1 of Article 1.3.1, will be integrated in the <u>development planning</u> and implementation of the programme;</p> <p><u>(d) how bilateral cooperation will be addressed and main priorities for the bilateral funds in the programme;</u></p> <p><u>(e) the proposed calls and pre-defined projects;</u></p> <p>(f) the tentative overall budget.</p> <p>(a) the justification and main features of the programme;</p> <p>(b) the expected contribution towards the two overall objectives and the programme's objective, including</p>	<p>The Concept Note should be simplified and contain less detail. The template shall be provided by the FMC.</p> <p>- (a) The programme objective(s) is the starting point for programmes.</p> <p>- (b) A short description of challenges to be addressed, expected results and approach (the description should reflect what are the challenges to be addressed, what do you want to achieve, what do you want to do and how to obtain the desired results). The description should be given per outcome (see CN template). The term "approach" covers modalities, activities, target group(s) and risks and assumptions, which is further indicated in the Concept Note template. Reference to indicators is removed in view of simplification and less detail.</p> <p>(d) As the proposal is to have a split between national and programme level bilateral funds, it should be addressed in the CN for each programme what the main priorities are for using the bilateral funds in the programme.</p> <p>Small grant schemes are removed (in line with proposal to remove small grant schemes as a specific modality – see below).</p> <p>The requirement for a description of any pre-defined projects is covered by point (b) and (e) and is further clarified in the CN template.</p> <p>Financial instruments are removed.</p>

Current text	New text (with track changes)	Comments
	<p>planned outcome(s) and outputs, indicators, risks and target group(s);</p> <p>(c) how special concerns from the MoU and where relevant, the common values identified in paragraph 1 of Article 1.3, will be integrated in the planning and implementation of the programme;</p> <p>(d) the tentative overall budget;</p> <p>(e) any small grant schemes;</p> <p>(f) any pre defined projects;</p> <p>(g) any financial instruments.</p>	<p>The content of this article is aligned with the content of the Concept note template. The purpose of this paragraph is to reflect the main elements that will be requested in the CN.</p>
<p>4. The FMC shall assess the concept note and shall make comments. Any comments made by the FMC shall be taken into account in the programme's further preparation.</p>	<p>4. The FMC shall assess the Concept Note and may<u>shall</u> make comments. <u>Consistency with the values and principles referred to in Article 1.3 shall form part of the assessment of the FMC.</u> Any comments made by the FMC shall be taken into account in the programme's further preparation. <u>The FMC shall conclude its review of the Concept Note within two months of its submission.</u></p>	<p>The FMC has the opportunity, but not an obligation to make comments.</p> <p>A deadline of two months to review the concept note has been introduced for the FMC.</p>
<p>5. The FMC may decide to reject the concept note. In such cases, the Programme Operator may, through the National Focal Point, resubmit once a revised concept note within two months from the date of the rejection. The National Focal Point may, as an alternative and within the same deadline, propose different use of the funds. If funds are to be used for another programme and the receiving programme has already been approved, such reallocation of funds shall comply with paragraph 6 of Article 6.9.</p>	<p>5. The FMC may decide<u>take a reasoned decision</u> to reject the Concept Note. In such cases, the Programme Operator<u>Programme Operator – National Focal Point</u> may, through the National Focal Point, resubmit once a revised Concept Note within two months from the date of the rejection. The National Focal Point may, as an alternative and within the same deadline, propose different use of the funds. If funds are to be used for another programme and the receiving programme has already been approved, such reallocation of funds shall comply with paragraph 6 of Article 6.9<u>7.5</u>.</p>	<p>It is clarified in the text that the FMC shall provide justification in case it decides to reject a concept note.</p>
<p>6. The concept note template is provided in Annex 5.</p>	<p>6. The Concept Note template <u>shall be provided by the FMC</u>is provided in Annex 5.</p>	

Current text	New text (with track changes)	Comments
Article 6.3 Programme agreement	Article 6.3 <u>Approval of programmes</u> Programme agreement	The title of Article 6.3 has been amended to better reflect the content of the article.
1. On the basis of the concept note and the comments of the FMC on the concept note, the FMO shall prepare a draft programme agreement setting out the terms and conditions of the operation of the programme as well as the roles and responsibilities of the parties. The Beneficiary State shall provide any supplementary information requested, including but not limited to, a risk assessment and mitigation analysis, information related to the management of the programme and a communication plan. The FMO and the Beneficiary State shall endeavour to finalise the draft programme agreement within six months of the date of the submission of the concept note in accordance with Article 6.2.	1. On the basis of the Concept Note and the comments of the FMC on the Concept Note, the FMO shall prepare a draft P programme A greement setting out the terms and conditions of the operation of the programme as well as the roles and responsibilities of the parties. The Beneficiary State shall provide any supplementary information requested, including but not limited to, a risk assessment and response mitigation analysis and , information related to the management of the programme, and a communication plan. The FMO and the Beneficiary State shall endeavour to finalise the draft programme agreement within six months of the date of the submission of the concept note in accordance with Article 6.2.	
2. The FMC may decide to approve or reject support to the programme. When approving a programme, the FMC may set conditions and/or require modifications to the draft programme agreement.	2. The FMC may decide to approve or reject support to the programme. <u>Consistency with the values and principles referred to in Article 1.3 shall form part of the assessment of the FMC. The FMC shall make its decision within four months of the conclusion of its review referred to in Article 6.2.4, provided that any supplementary information requested has been provided by the Beneficiary State.</u> When approving <u>support to</u> a programme, the FMC may set conditions and/or require modifications to the draft P programme A greement. <u>The Beneficiary State shall be given the opportunity to provide its views prior to a decision by the FMC to reject support to a programme.</u>	The provision is modified in order to create a stricter deadline of four months (from concept note review) for the conclusion of the entire programme approval process. A provision has been added to indicate that the Beneficiary State shall be heard prior to an FMC decision to reject a programme.
3. For each approved programme a programme agreement shall be concluded between the FMC and the National Focal Point.	3. For each approved programme a P programme A greement shall be concluded between the FMC and the National Focal Point.	
4. The programme agreement template is provided in Annex 6.	4. The P programme A greement template is provided in Annex 6 4.	

Current text	New text (with track changes)	Comments
<p>Article 6.4 Grant rates and minimum size of project grants</p> <p>1. The contribution from the EEA Financial Mechanism 2014-2021 shall not exceed 85% of eligible expenditure of the programme, except for:</p> <p>(a) programmes under the programme area “Civil Society”;</p> <p>(b) programmes operated by the FMO, inter-governmental organisations or Donor State entities in accordance with Article 6.13; and</p> <p>I other programmes of special interest, where the FMC may set a higher programme grant rate.</p>	<p>Article 6.4 Grant rates and minimum-size of project grants</p> <p>1. The contribution from the EEA Financial Mechanism 2014-2021<u>2021-2028</u> shall not exceed 85% of eligible expenditure of the programme, except for:</p> <p>(a) programmes under the programme area “Civil Society”;</p> <p>(ab) programmes operated by the FMO, inter-governmental organisations or Donor State entities in accordance with Article 6.1013; and</p> <p>(be) other programmes of special interest, where the FMC may set a higher programme grant rate.</p>	<p>Point (a) is deleted as there will be a global fund for Civil Society (in line with Protocol 38D).</p> <p>Reference to programmes operated by intergovernmental organisations or Donor State entities has been removed, as this option has not been used under the 14-21 FM and is not expected to be relevant for the 21-28 FM either.</p>
<p>2. The maximum project grant rate shall be calculated as a percentage of the total eligible expenditure of the project, proposed in the concept note and determined in the programme agreement. It shall take into account the need to ensure Project Promoters’ commitment and ownership, as well as sustainability of the project. When setting the project grant rate, the Programme Operator shall further take into account any economic benefit, e.g. cost savings or increased profit, which is a result from receiving a financial contribution. Economic benefits shall be used in a manner which supports the objectives of the project. The applicable rules on state aid, procedural and substantive, shall be complied with.</p>	<p>2. The maximum project grant rate shall be calculated as a percentage of the total eligible expenditure of the project, proposed in the Concept Note and determined in the Pprogramme Agreement. It shall take into account the need to ensure Project Promoters’ commitment and ownership, as well as sustainability of the project. When setting the project grant rate, the Programme Operator shall further take into account any economic benefit, e.g., cost savings or increased profit, which is a result from receiving a financial contribution. Economic benefits shall be used in a manner which supports the objectives of the project. The applicable rules on state aid , procedural and substantive, shall be complied with.</p>	
<p>3. In case of support to NGOs and social partners the project grant rate may be up to 90% of eligible expenditure of the project.</p>	<p>3. In case of support to NGOs and social partners the project grant rate may be up to 90% of eligible expenditure of the project.</p>	<p>The requirement of minimum 10 % co-financing for NGOs has been removed.</p>

Current text	New text (with track changes)	Comments
4. Co-financing under paragraphs 1 to 3 shall be in the form of cash, including electronic transfers.	<u>3.</u> Co-financing under paragraphs 1 and to 23 shall be in the form of cash, including electronic transfers.	
5. In case of projects where the project promoter is an NGO or a social partner, in-kind contribution in the form of voluntary work may constitute up to 50% of the co-financing required by the programme for the project. In exceptional cases, and subject to approval by the FMC, in-kind contribution in the form of voluntary work may constitute up to 100% of the co-financing required.	<u>4.</u> In case of projects where the project promoter is an NGO or a social partner <u>Project Promoters and project partners that are NGOs or social partners</u> , in-kind contribution in the form of voluntary work may constitute up to <u>100</u> 50 % of <u>any the project</u> co-financing required, required by the programme for the project <u>In exceptional cases, and subject to approval by the FMC, in-kind contribution in the form of voluntary work may constitute up to 100% of the co-financing required.</u>	As co-financing for NGOs would no longer be required in all cases, there should also not be a minimum level of cash contribution required. In cases where co-financing is required, it can be 100% in-kind contribution in the form of voluntary work.
6. The in-kind contribution referred to in paragraph 5 may be provided only by the project promoter and/or any NGO or social partner acting as project partner. The Programme Operator shall specify the appropriate unit prices for voluntary work which shall be in accordance with salary normally paid for such work in the Beneficiary State, including the required social security contributions. The prices may vary depending on region in which the work is performed or the type of voluntary work, and may be adjusted during the implementation of the Programme in order to take into account changes in salaries.	<u>5.</u> The in-kind contribution referred to in paragraph 5 may be provided only by the project promoter and/or any NGO or social partner acting as project partner. The Programme Operator shall specify the appropriate unit prices for voluntary work which shall be in accordance with salary normally paid for such work in the Beneficiary State, including the required social security contributions. The prices may vary depending on region in which the work is performed or the type of voluntary work, and may be adjusted during the implementation of the Programme in order to take into account changes in salaries.	This first sentence of the paragraph is merged with the paragraph above.
7. In case of projects under programmes falling under the programme area “Research”, in-kind contribution in the form of labour may constitute up to 100% of the co-financing required for the project. The Programme Operator shall specify the appropriate unit prices for the labour which shall be in accordance with salary normally paid for such labour in the Beneficiary State, including the required social security contributions. The prices may vary depending on region in which the labour is performed or the type of labour, and may be adjusted during the implementation of the Programme in order to take into account changes in salaries.	<u>6.</u> In case of projects under programmes falling under the programme area “Research”, in-kind contribution in the form of labour may constitute up to 100% of the co-financing required for the project. The Programme Operator shall specify the appropriate unit prices for the labour which shall be in accordance with salary normally paid for such labour in the Beneficiary State, including the required social security contributions. The prices may vary depending on region in which the labour is performed or the type of labour, and may be adjusted during the implementation of the Programme in order to take into account changes in salaries.	

Current text	New text (with track changes)	Comments
8. The amount of grant assistance applied for within a programme shall normally not be less than € 1,000,000 and, without prejudice to paragraph 9, not less than € 200,000.	7. The amount of grant assistance applied for within a programme shall be proposed in the Concept Note and specified in the Programme Agreement, normally not be less than € 1,000,000. And, without prejudice to paragraph 9, it shall not be less than € 200,000.	In order to reduce complexity and allow for a programme specific approach, it is proposed to remove all references to project size and foresee that this is defined in the programme development phase.
9. The Programme Operator may propose a lower threshold in the following cases: (a) programme areas “Education, Scholarships, Apprenticeships and Youth Entrepreneurship”, “Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation”, “Civil Society” and “Asylum and Migration”; (b) small grants referred to in Article 6.6, fund for bilateral relations referred to in Article 4.6; (c) scholarships; and (d) projects targeting Roma inclusion.	9. The Programme Operator may propose a lower threshold in the following cases: (a) programme areas “Education, Scholarships, Apprenticeships and Youth Entrepreneurship”, “Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation”, “Civil Society” and “Asylum and Migration”; (b) small grants referred to in Article 6.6, fund for bilateral relations referred to in Article 4.6; (c) scholarships; and (d) projects targeting Roma inclusion.	Deleted as per changes to the above paragraph.
Article 6.5 Selection of pre-defined projects	Article 6.5 Selection of pre-defined projects	
1. In addition to any pre-defined project identified in the MoU, the Programme Operator may propose any pre-defined projects to be implemented within programmes. Pre-defined projects shall, where possible, be identified in the concept note.	1. In addition to any pre-defined project identified in the Memorandum of Understanding , the Programme Operator may propose any pre-defined projects to be implemented within programmes. Pre-defined projects shall, where possible, be identified in the Concept Note.	
2. The following information on the pre-defined projects shall be provided in the concept note: (a) background and justification for the project including reference to relevant national priorities; (b) objective and expected outcome(s) of the project; (c) information on the Project Promoter and project partner(s);	2. The following information on the pre-defined projects may be requested by the FMC shall be provided in the concept note: (a) background and justification for the project including reference to relevant national priorities; (b) objective and expected outcome(s) of the project;	The text is adapted to reflect that less information on PDPs is mandatory at the CN stage but may be requested by the FMC.

Current text	New text (with track changes)	Comments
<p>(d) the results of feasibility studies when applicable;</p> <p>(e) a timetable for implementing the project; and</p> <p>(f) budget outline showing the total planned financial resources and the planned contribution from the EEA Financial Mechanism 2014-2021.</p>	<p>(c) information on the Project Promoter and project partner(s);</p> <p>(d) the results of feasibility studies; where<u>green</u> applicable;</p> <p>(e) a timetable for implementing the project; and</p> <p>(f) <u>a</u> budget outline showing the total planned financial resources and the planned contribution from the EEA Financial Mechanism 2014-2021<u>2021-2028</u>.</p>	
<p>3. The Programme Operator shall, prior to signing a project contract for a pre-defined project, appraise the project in order to verify its quality and contribution to the objectives of the Programme as well as compliance with EU and national legislation. The National Focal Point shall notify the FMC of the positive appraisal of pre-defined projects.</p>	<p>3. The Programme Operator shall, prior to signing a project contract for a pre-defined project, appraise the project in order to verify <u>the project's</u> quality and contribution to the objectives of the Programme as well as compliance with <u>the legal framework</u>, EU and national legislation. The National Focal Point shall notify the FMC of the positive appraisal of pre-defined projects.</p>	<p>The appraisal process has proven to be a bottleneck for the implementation in different Beneficiary States. Therefore, it is proposed to be deleted.</p>
<p>Article 6.6 Small grant schemes within a programme</p>	<p>Article 6.6 Small grant schemes within a programme</p>	
<p>1. The Programme Operator may in the concept note suggest the establishment of one or more small grant schemes within a programme.</p>	<p>1. The Programme Operator may in the concept note suggest the establishment of one or more small grant schemes within a programme.</p>	
<p>2. The combined allocation to the small grant scheme(s) shall not be more than 20 % of the eligible expenditure of the programme.</p>	<p>2. The combined allocation to the small grant scheme(s) shall not be more than 20 % of the eligible expenditure of the programme.</p>	
<p>3. The amount of grant assistance applied for within a small grant scheme shall not be less than € 5,000 and not more than € 200,000. Scholarships to natural persons may be for less than € 5,000.</p>	<p>3. The amount of grant assistance applied for within a small grant scheme shall not be less than € 5,000 and not more than € 200,000. Scholarships to natural persons may be for less than € 5,000.</p>	
<p>4. The small grant scheme(s) shall normally be managed and implemented by the Programme</p>	<p>4. The small grant scheme(s) shall normally be managed and implemented by the Programme</p>	

Current text	New text (with track changes)	Comments
Operator. The Programme Operator may sub-contract to one or more public or private entities, commercial or non-commercial, as well as non-governmental organisations, the management and implementation of small grant schemes. The sub-contracted entity shall have strong ties to the sector within which the programme belongs. Such sub-contracting shall be without prejudice to the responsibility of the Programme Operator for the programme. The management costs of a small grant scheme shall be counted as part of the management costs of the Programme Operator in respect of the ceiling referred to in paragraph 2 of Article 8.10.	Operator. The Programme Operator may sub-contract to one or more public or private entities, commercial or non-commercial, as well as non-governmental organisations, the management and implementation of small grant schemes. The sub-contracted entity shall have strong ties to the sector within which the programme belongs. Such sub-contracting shall be without prejudice to the responsibility of the Programme Operator for the programme. The management costs of a small grant scheme shall be counted as part of the management costs of the Programme Operator in respect of the ceiling referred to in paragraph 2 of Article 8.10.	
5. In cases where the Programme Operator sub-contracts the management and implementation of a small grant scheme, the selection of the small grant scheme operator by the Programme Operator shall be made in compliance with public procurement rules. The small grant scheme operator shall provide guarantees of its solvency and competence in the domain concerned as well as in administrative and financial management.	5. In cases where the Programme Operator sub-contracts the management and implementation of a small grant scheme, the selection of the small grant scheme operator by the Programme Operator shall be made in compliance with public procurement rules. The small grant scheme operator shall provide guarantees of its solvency and competence in the domain concerned as well as in administrative and financial management.	
6. The provisions of this Regulation applicable to the Programme Operator shall be applicable <i>mutatis mutandis</i> to the small grant scheme operator, with the exception that reports of the latter shall be incorporated into the reporting structures of the Programme Operator.	6. The provisions of this Regulation applicable to the Programme Operator shall be applicable <i>mutatis mutandis</i> to the small grant scheme operator, with the exception that reports of the latter shall be incorporated into the reporting structures of the Programme Operator.	
Article 6.7 Financial Instruments	Article 6.7 Financial Instruments	
1. With the agreement of the FMC, financial instruments may be used to contribute to the achievement of the specific objectives of a Programme, to support activities which are expected	1. With the agreement of the FMC, financial instruments may be used to contribute to the achievement of the specific objectives of a Programme, to support activities which are expected	

Current text	New text (with track changes)	Comments
to be financially viable but do not give rise to sufficient funding from market sources.	to be financially viable but do not give rise to sufficient funding from market sources.	
2. Support of financial instruments shall be based on an ex ante assessment which has established evidence of market failures or suboptimal investment situations, and the estimated level and scope of public investment needs, including types of financial instruments to be supported. Financial instruments should be provided through structures set up at national, regional, transnational or cross-border level.	2. Support of financial instruments shall be based on an ex ante assessment which has established evidence of market failures or suboptimal investment situations, and the estimated level and scope of public investment needs, including types of financial instruments to be supported. Financial instruments should be provided through structures set up at national, regional, transnational or cross-border level.	
3. Where financial instruments are used, the provisions of this Regulation and primarily those relating to the selection of projects and eligibility of expenditure, may not apply. Any proposal to use financial instruments shall be identified in the concept note. All relevant modalities describing the implementation of financial instruments shall be specified in the programme agreement.	3. Where financial instruments are used, the provisions of this Regulation and primarily those relating to the selection of projects and eligibility of expenditure, may not apply. Any proposal to use financial instruments shall be identified in the concept note. All relevant modalities describing the implementation of financial instruments shall be specified in the programme agreement.	
Article 6.8 Programme implementation agreement	Article 6.6 Programme implementation agreement <u>Implementation of the Programme</u>	
1. For each approved programme a programme implementation agreement shall be concluded between the National Focal Point and the Programme Operator.	1. For each approved programme a programme implementation agreement shall be concluded between the National Focal Point and the Programme Operator shall ensure that the implementation of the programme by the Programme Operator is in line with the Programme Agreement.	The requirement to have a programme implementation agreement is deleted. However, an alternative provision is inserted to make sure that the programme agreement between the Donors and the NFP is implemented by the PO and the applicable legal framework is respected.
2. In cases where a programme implementation agreement cannot, due to provisions in the national legislation, be made between the National Focal Point and the Programme Operator, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.	2. In cases where a programme implementation agreement cannot, due to provisions in the national legislation, be made between the National Focal Point and the Programme Operator, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.	

Current text	New text (with track changes)	Comments
<p>3. The programme implementation agreement shall set out the terms and conditions of the operation of the programme as well as the roles and responsibilities of the parties. It shall in particular include provisions that ensure that the Programme Operator undertakes to comply fully with the provisions of the legal framework of the EEA Financial Mechanism 2014-2021 referred to in Article 1.5 that are relevant for the operation of the programme, including any obligations that are valid after the programme has been completed. The programme implementation agreement shall contain an explicit reference to the programme agreement and this Regulation and, as a minimum, provisions on the following:</p> <p>(a) obligations regarding reporting that enables the National Focal Point to comply with its reporting obligations to the FMC;</p> <p>(b) obligations related to the Programme Operator's reporting obligations to the FMC and the Certifying Authority and its duty to provide documents upon request;</p> <p>(c) the maximum amount of the programme grant and its breakdown between the items listed in Article 8.1;</p> <p>(d) the eligibility of expenditures;</p> <p>(e) the first and final dates of eligibility of expenditures;</p> <p>(f) modifications of the programme;</p> <p>(g) ensuring that the access requested in relation to monitoring, audits and evaluations is provided without delay;</p>	<p>3. The programme implementation agreement shall set out the terms and conditions of the operation of the programme as well as the roles and responsibilities of the parties. It shall in particular include provisions that ensure that the Programme Operator undertakes to comply fully with the provisions of the legal framework of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> referred to in Article 1.5 that are relevant for the operation of the programme, including any obligations that are valid after the Pprogramme has been completed. The programme implementation agreement shall contain an explicit reference to the Pprogramme Agreement and this Regulation and, as a minimum, provisions on the following:</p> <p>obligations regarding reporting that enables the National Focal Point to comply with its reporting obligations to the FMC;</p> <p>obligations related to the Programme Operator's reporting obligations to the FMC and the Certifying Authority and its duty to provide documents upon request;</p> <p>the maximum amount of the programme grant and its breakdown between the items listed in Article 8.1;</p> <p>the eligibility of expenditures;</p> <p>(a) the first and final dates of eligibility of expenditures;</p> <p>(b) modifications of the Pprogramme;</p> <p>(c) ensuring that the access requested in relation to monitoring, audits and evaluations is provided without delay;</p> <p>(d) ensuring that obligations regarding information and communication are complied with;</p> <p>(e) the right of the National Focal Point to suspend payments and request reimbursement from the</p>	

Current text	New text (with track changes)	Comments
<p>(h) ensuring that obligations regarding information and communication are complied with;</p> <p>(i) the right of the National Focal Point to suspend payments and request reimbursement from the Programme Operator in case decision on such actions is taken by the FMC or the National Focal Point;</p> <p>(j) that termination of the programme agreement referred to in Article 6.3 may result in a termination of the programme implementation agreement; and</p> <p>(k) a reference to programme partnerships, if relevant.</p>	<p>Programme Operator in case decision on such actions is taken by the FMC or the National Focal Point;</p> <p>(f) that termination of the Programme Agreement referred to in Article 6.3.3 may result in a termination of the programme implementation agreement; and</p> <p>a reference to programme partnerships, if relevant.</p>	
<p>4. The National Focal Point shall warrant that the obligations of the Programme Operator under the programme implementation agreement are valid and enforceable under the applicable national law of the Beneficiary State. In case of any inconsistency between the programme implementation agreement and the legal framework of the EEA Financial Mechanism 2014-2021 as defined in Article 1.5 of this Regulation, the latter shall prevail.</p>	<p><u>2.</u> The National Focal Point shall warrant that the obligations of the Programme Operator under arising from the Programme <u>implementation</u> Agreement are valid and enforceable under the applicable national law of the Beneficiary State. In case of any inconsistency between <u>any national rules and procedures necessary for the implementation of the programme</u> the programme implementation agreement and the legal framework of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> as defined in Article 1.5 of this Regulation, the latter shall prevail.</p>	
<p>5. Before any payment is made to the Programme, the National Focal Point shall notify the FMC of the signature of the programme implementation agreement. This paragraph shall not apply to payments in accordance with paragraph 4 of Article 4.6 and extraordinary advance payments in respect of costs related to the preparation of programmes approved by the FMC, in accordance with paragraph 8 of Article 8.10.</p>	<p>5. Before any payment is made to the Programme, the National Focal Point shall notify the FMC of the signature of the programme implementation agreement. This paragraph shall not apply to payments in accordance with paragraph 4 of Article 4.6.5 and extraordinary advance payments in respect of costs related to the preparation of programmes approved by the FMC, in accordance with paragraph 8 of Article 8.10.8.</p>	

Current text	New text (with track changes)	Comments
Article 6.9 Modification of programmes	Article 6.7 Modification of programmes	
1. Unless otherwise explicitly stipulated in the programme agreement, any modification of the programme is subject to prior approval by the FMC.	1. Unless otherwise explicitly stipulated in the P programme A greement, any modification of the P programme is subject to prior approval by the FMC.	
2. Programmes may be modified, in particular in one or more of the following cases: (a) in order to respond to unforeseen events in the Beneficiary States; (b) in order to take into account the conclusions of the review of the implementation framework at an annual meeting; (c) in order to take into account conclusions from an evaluation referred to in Chapter 10; (d) when changes are necessary to enhance the impact of the programme; or (e) in order to mitigate risks and/or implementation difficulties.	2. Programmes may be modified, in particular in one or more of the following cases: (f) in order to respond to unforeseen events in the Beneficiary States; (g) in order to take into account the conclusions of the review of the implementation framework at an annual meeting; (h) in order to take into account conclusions from an evaluation referred to in Chapter 10; (i) when changes are necessary to enhance the impact of the programme; or in order to mitigate risks and/or implementation difficulties.	As the list is providing examples, and is not exhaustive, there seems to be limited added value of having this list.
3. The Programme Operator shall describe and justify the modification, as well as the likely impact on the financial figures, risk assessment, outputs and outcomes of the programme. The National Focal Point shall provide its provisional approval to the modification proposal.	2. The Programme Operator shall describe and justify the modification, including the as well as the likely impact on the financial figures and the expected effect on ; risks assessment , outputs and outcomes of the P programme. The National Focal Point shall provide its provisional approval to the modification proposal.	
4. The FMC shall assess the proposed modification and provide a formal response no later than two months following the receipt of all relevant documents and necessary information.	3. The FMC shall assess the proposed modification and provide a formal response not later than two months following the receipt of all relevant documents and necessary information. <u>Consistency with the values and principles referred to in Article 1.3 shall form part of the assessment of the FMC.</u>	

Current text	New text (with track changes)	Comments
5. The modification shall be formalised through an amendment of the programme agreement referred to in Article 6.3, where necessary.	4. The modification shall be formalised through an amendment of the P programme A greement referred to in Article 6.3 3 , where necessary .	
6. Should a modification of a programme result in a reduction of the programme grant, the National Focal Point may allocate the amount that becomes available to other approved programmes within the Beneficiary State, the fund for bilateral relations and/or Technical Assistance. A prior approval of the FMC and of the Programme Operator of the programme receiving the funds shall be required. The modification shall be in compliance with the MoU. Any such allocation to programmes must be completed and formalised no later than 30 April 2023.	5. Should a modification of a programme result in a reduction of the programme grant, the National Focal Point may allocate the amount that becomes available to other approved programmes within the Beneficiary State, the fund s for bilateral relations and/or t Technical a ssistance. A prior approval of the FMC and of the Programme Operator of the P programme receiving the funds shall be required. The modification shall be in compliance with the <u>M</u> emorandum of <u>U</u> nderstanding. Any such allocation to programmes must be completed and formalised not later than 30 April 2023 2030. <u>This deadline does not apply to allocations to the funds for bilateral relations and/or technical assistance.</u>	A phrase has been added to make it clear that BF/TA are not considered programmes for this purpose and that reallocations to TA/BF can be done after this date.
Article 6.10 Screening by the European Commission	Article 6.10 Screening by the European Commission	
On explicit request from the Donor States or the Beneficiary State, the European Commission shall undertake a screening of the concept note for a specific programme before its adoption, to ensure compatibility with the European Union's cohesion policy.	On explicit request from the Donor States or the Beneficiary State, the European Commission shall undertake a screening of the concept note for a specific programme before its adoption, to ensure compatibility with the European Union's cohesion policy.	This article has been deleted as this no longer appears in the Protocol. (Previously Art. 10.3a).
Article 6.11 Annual programme report	Article 6.11 Annual programme report	
1. The Programme Operator shall submit an annual programme report to the FMC and the National Focal Point using a template provided by the FMC. The main purpose of the report is: (a) to provide key information on implementation of the programme including the achieved outputs and outcomes and their link to the programme objective,	1. The Programme Operator shall submit an annual programme report to the FMC and the National Focal Point using a template provided by the FMC. The main purpose of the report is: (a) to provide key information on implementation of the programme including the achieved outputs and outcomes and their link to the programme objective,	The APR is proposed to be merged with the Strategic Report to form a new Country Report. This article is therefore deleted.

Current text	New text (with track changes)	Comments
the overall objectives of the EEA Financial Mechanism 2014-2021, and Article 1.3, as relevant; (b) to identify any issues which affect the implementation of the programme and the measures taken to address them, a risk assessment and planned mitigating actions.	the overall objectives of the EEA Financial Mechanism 2014-2021, and Article 1.3, as relevant; (b) to identify any issues which affect the implementation of the programme and the measures taken to address them, a risk assessment and planned mitigating actions.	
2. The reporting periods for the annual programme reports shall be the calendar year. The report shall be submitted not later than 15 February each year. The first annual reports for programmes approved by the FMC in the first half of the year shall be submitted in the following year; first annual reports from other programme shall be submitted in the second year following their approval.	2. The reporting periods for the annual programme reports shall be the calendar year. The report shall be submitted not later than 15 February each year. The first annual reports for programmes approved by the FMC in the first half of the year shall be submitted in the following year; first annual reports from other programme shall be submitted in the second year following their approval.	
3. The FMC shall inform the National Focal Point and the Programme Operator of its opinion on the annual programme report within two months of the date of receipt. If the FMC does not respond within the time limit laid down, the report shall be considered to have been accepted.	3. The FMC shall inform the National Focal Point and the Programme Operator of its opinion on the annual programme report within two months of the date of receipt. If the FMC does not respond within the time limit laid down, the report shall be considered to have been accepted.	
Article 6.12 Final programme report	Article 6.8 Final <u>P</u>programme <u>R</u>eport	
1. The Programme Operator shall, through the Certifying Authority, submit a final programme report to the FMC and the National Focal Point using a template provided by the FMC. The main purpose of the report is to provide: (a) an assessment of the programme's contribution to the overall objectives of the EEA Financial Mechanism 2014-2021, the objective and outcome(s) of the programme as well as Article 1.3, as relevant ; (b) synthesis of findings of relevant evaluations;	1. The Programme Operator shall, through the Certifying Authority, submit a <u>F</u> final <u>P</u> programme <u>R</u> eport to the FMC and the National Focal Point using a template provided by the FMC. The main purpose of the report is to provide: (a) an assessment of the programme's contribution to the overall objectives of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> , the objective and outcome(s) of the <u>P</u> programme as well as the <u>values and principles referred to in</u> Article 1.3, as relevant;	

Current text	New text (with track changes)	Comments
<p>(c) an overall assessment of the implementation of the programme, including comparison to the plans set out in the programme and any lessons learned;</p> <p>(d) overview of irregularities and measures taken to remedy these;</p> <p>(e) specific details in respect of meeting and/or adapting financial plans; and</p> <p>(f) financial information, including a calculation of the final balance referred to in Article 9.4.</p>	<p>(b) synthesis of findings of relevant evaluations;</p> <p>(c) an overall assessment of the implementation of the <u>P</u>programme, including comparison to the plans set out in the <u>P</u>programme and any lessons learned;</p> <p>(d) overview of irregularities and measures taken to remedy these;</p> <p><u>(e)(d)</u> specific details in respect of meeting and/or adapting financial plans; and</p> <p><u>(f)(c)</u> financial information, including a calculation of the final balance referred to in Article 9.4.</p>	<p>(d) is not deemed necessary, as it appears in FMO reports and is publicly available.</p>
<p>2. The final programme report shall be forwarded to the FMC by the Certifying Authority, which shall certify the financial annex to the report in accordance with Article 5.4, not later than four months after the final date of eligibility of programme management costs.</p>	<p>2. The <u>F</u>final <u>P</u>programme <u>R</u>eport shall be forwarded to the FMC by the Certifying Authority, which shall certify the financial annex to the report in accordance with Article 5.4, not later than <u>30 April 2032</u>four months after the final date of eligibility of programme management costs.</p>	<p>The deadline for submitting the final programme report is aligned with the final date of eligibility for programme management costs.</p>
<p>3. The FMC shall review the final programme report in order to determine whether it fulfils its formal and substantive requirements. The FMC shall approve the report no later than two months following the receipt of the report and all relevant documents and necessary information.</p>	<p>3. The FMC shall review the <u>F</u>final <u>P</u>programme <u>R</u>eport in order to determine whether it fulfils its formal and substantive requirements. The FMC shall approve the report no later than two months following the receipt of the report and all relevant documents and necessary information.</p>	
<p>4. The approved final programme reports, including the summary for the general public shall be published on the website of the National Focal Point within one month from the approval of the report by the FMC.</p>	<p>4. The approved <u>F</u>final <u>P</u>programme <u>R</u>eports, including the summary for the general public shall be published on the website of the National Focal Point within one month from the approval of the report by the FMC.</p>	
<p>Article 6.13 Programmes operated by the FMO, inter-governmental organisations or Donor State entities</p>	<p>Article 6.2 Programmes operated by the FMO, inter-governmental organisations or Donor State entities</p>	

Current text	New text (with track changes)	Comments
1. Unless otherwise agreed in the MoU, the FMO shall be responsible for the operations of programmes falling under the programme area “Civil Society”.	1. Unless otherwise agreed in the MoU, the FMO shall be responsible for the operations of programmes falling under the programme area “Civil Society”.	Deleted since there will be a global fund for civil society (see Article 2.4)
2. The National Focal Point, with the consent of the FMC, may entrust the operations of a programme to the FMO, inter-governmental organisations or Donor State entities.	1. The Donor States and the Beneficiary State The National Focal Point, with the consent of the FMC, may in the Memorandum of Understanding entrust the operations of a programme or a specific allocation to the FMO, inter-governmental organisations or Donor State entities.	Amended in line with practice; the option of entrusting inter-governmental organisations of Donor state entities has not been used under the current FM. Reference added to “a specific allocation”, to cover the Civil Society Fund.
3. In cases referred to in paragraphs 1 and 2, the provisions of this Regulation do not apply. The Programme Operator shall apply specific rules in this regard, which shall to the extent possible follow the provisions of this Regulation and in all cases ensure implementation in line with the principles stated in Article 1.3.	2. In cases referred to in paragraphs 1 and 2, the provisions of this Regulation do not apply. The Programme Operator FMO shall apply specific rules in this regard, which shall to the extent possible follow the provisions of this Regulation and in all cases ensure implementation in line with the values and principles stated in Article 1.3.	
4. When the FMO acts as a Programme Operator, the implementation of the programme shall normally be performed by a fund operator, appointed and contracted by the FMO. The roles and responsibilities of the FMO and the fund operator shall be governed by an implementation agreement between the FMO and the fund operator. The implementation agreement shall contain provisions on reporting to the National Focal Point.	3. In cases referred to in paragraph 1 When the FMO acts as a Programme Operator, the implementation of the programme shall normally be performed by a fund operator, appointed and contracted by the FMO. The roles and responsibilities of the FMO and the fund operator shall be governed by an implementation agreement between the FMO and the fund operator. The implementation agreement shall contain provisions on reporting to the National Focal Point.	
5. When the operation of a programme has been entrusted to an inter-governmental organisation or a Donor State entity, its roles and responsibilities shall be governed by a programme implementation agreement between the FMC and the Programme Operator.	5. When the operation of a programme has been entrusted to an inter-governmental organisation or a Donor State entity, its roles and responsibilities shall be governed by a programme implementation agreement between the FMC and the Programme Operator.	
6. The funds for regranting within a programme referred to in this article as well as the costs of the	4. The funds for implementing regranting within a programme referred to in this article, including as	

Current text	New text (with track changes)	Comments
Programme Operator and/or the fund operator shall be covered by the financial contribution to the respective Beneficiary State.	well as the costs of the Programme Operator and/or the F fund O perator, shall be covered by the financial contribution to the respective Beneficiary State.	
7. When a programme is being operated by the FMO, an inter-governmental organisation or a Donor State entity according to this article, the Beneficiary State bears no responsibility for the implementation of the programme, financially or otherwise, except as provided for in paragraph 6.	<u>5</u> . When a programme is being operated by the FMO, an inter-governmental organisation or a Donor State entity according to this A article, the Beneficiary State bears no responsibility for the implementation of the P programme, financially or otherwise, except as provided for in paragraph 4 6.	

Current text	New text (with track changes)	Comments
Chapter 7 Selection of projects	Chapter 7 Selection of projects	
Article 7.1 Modes of selection	Article 7.1 Modes of selection	
1. Projects shall be selected through calls for proposals organised in accordance with this Chapter.	1. Projects shall be selected through calls for proposals organised in accordance with this Chapter.	
2. By way of derogation from paragraph 1, pre-defined projects may be identified without a call for proposals. Such projects shall be identified in accordance with paragraph 2(b)(vi) of Article 2.5 and Article 6.5. Information on such projects shall be provided in the concept note in accordance with Article 6.5.	2. By way of derogation from paragraph 1, pre-defined projects may be identified without a call for proposals. Such projects shall be identified in accordance with paragraph 2(b)(vi) of Article 2.5 and Article 6.5. Information on such projects shall be provided in the Concept Note in accordance with Article 6.5.	
Article 7.2 Eligibility of Project Promoters and project partners.	Article 7.2 Eligibility of Project Promoters and project partners.	
1. Any entity, public or private, commercial or non-commercial and non-governmental organisations, established as a legal person in the respective Beneficiary State are considered eligible project promoters. Where explicitly stipulated in the programme agreement, international organisations or bodies or agencies thereof, may be eligible project promoters.	1. Any entity, public or private, commercial or non-commercial and non-governmental organisations, established as a legal person in the respective Beneficiary State are considered eligible project promoters. Where explicitly stipulated in the P rogramme A greement, international organisations or bodies or agencies thereof, may be eligible project promoters.	
2. Any public or private entity, commercial or non-commercial, as well as non-governmental organisations established as a legal person either in the Donor States, Beneficiary States or a country outside the European Economic Area that has a common border with the respective Beneficiary State, or any international organisation or body or agency thereof, actively involved in, and effectively contributing to, the implementation of a project, are considered eligible project partners.	2. Any public or private entity, commercial or non-commercial, as well as non-governmental organisations established as a legal person either in the Donor States, Beneficiary States or a country outside the European Economic Area that has a common border with the respective Beneficiary State, or any international organisation or body or agency thereof, actively involved in, and effectively contributing to, the implementation of a project, are considered eligible project partners.	

Current text	New text (with track changes)	Comments
3. Natural persons who are legal residents of the Donor States or of the respective Beneficiary State are eligible project promoters and eligible project partners under the programme areas “Education, Scholarships, Apprenticeships and Youth Entrepreneurship” and “Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation”, and scholarship components under any programme .	3. Natural persons who are legal residents of the Donor States or of the respective Beneficiary State are eligible project promoters and eligible project partners under the programme areas “ <u>Education Training and Youth Employment</u> ” and “ <u>Culture</u> ” Education, Scholarships, Apprenticeships and Youth Entrepreneurship and “ <u>Cultural Entrepreneurship, Cultural Heritage and Cultural Cooperation</u> ”, and scholarship <u>mobility</u> components under any programme .	
4. Taking into account the overall objectives of the EEA Financial Mechanism 2014-2021 and of the programme, and with the aim of ensuring targeted implementation, limitations to the eligibility of Project Promoters and project partners may, if approved by the FMC, be explicitly stipulated in the programme agreement.	4. Taking into account the overall objectives of the EEA Financial Mechanism 2014-2021 and of the programme, and with the aim of ensuring targeted implementation, Any limitations to the eligibility of Project Promoters and project partners shall may, if approved by the FMC, be explicitly stipulated in the P programme <u>A</u> greement.	
Article 7.3 Calls for proposals	Article 7.3 Calls for proposals	
1. Calls for proposals shall be organised by the Programme Operator. Their content, form and publication shall be in accordance with the programme agreement and this Regulation.	1. Calls for proposals shall be organised by the Programme Operator <u>and developed in consultation with the FMC and the Donor Programme Partner(s)/IPO(s), where relevant. The FMC may provide comments that shall be taken into account by the National Focal Point and the Programme Operator.</u> The content, form and publication <u>of the calls for proposals</u> shall be <u>based on the Concept Note and be in accordance with</u> the Programme Agreement and this Regulation. <u>A call for proposals template shall be provided by the FMC.</u>	The text is amended to reflect the ability of the FMC (task delegated to the FMO) to verify whether the calls are in line with the objective/approach agreed in the Concept Note and with the minimum requirements referred to in paragraph 2. The role of the FMC/FMO includes making comments, but not approving the calls.
2. Calls for proposals shall as a minimum comply with the following:	2. Calls for proposals shall as a minimum comply with the following:	

Current text	New text (with track changes)	Comments
<p>(a) they shall be widely publicised with a view to reach all potential applicants. All appropriate media, at national, regional and local levels, as well as specialised publications and web based tools, shall be used as relevant. Any limitation on the publication shall be set out in the programme agreement;</p> <p>(b) they shall include a clear and reasonable deadline, which shall be at least two months from the date of the publication of the announcement, and an address for submission. The announcement shall specify the hour when the call expires, whether the deadline refers to a post stamp or actual delivery time to the office of the Programme Operator and the permissible method(s) of delivery. The announcement must specify whether one or more copies of the application are required;</p> <p>(c) they shall clearly specify the eligible Project Promoters and partners and any restrictions, limitations or exclusions that they may be subject to;</p> <p>(d) they shall contain detailed selection criteria as well as a scoring chart;</p> <p>(e) they shall clearly address what kind of activities and expenditure are eligible, including any restrictions to unit costs mentioned in Article 8.4;</p> <p>(f) they shall provide a description of the selection process and the decision-making structure;</p> <p>(g) they shall provide a clear reference or a link to the application form and user guide;</p> <p>(h) they shall clearly state the total amount available through the call, as well as the minimum and</p>	<p><u>(a) contain a clear description of their specific objectives and expected results;</u></p> <p>(a) they shall be widely publicised with a view to reach all potential applicants. All appropriate media, at national, regional and local levels, as well as specialised publications and web based tools, shall be used as relevant. Any limitation on the publication shall be set out in the Programme Agreement;</p> <p>(b) they shall include a clear and reasonable deadline, which shall be at least two<u>three</u> months from the date of the publication of the announcement <u>or any other deadline agreed in the</u> Programme Agreement, and an address for submission. The announcement shall specify the time<u>hour</u> when the call expires, whether the actions necessary to meet the deadline refers to, a post stamp or actual delivery time to the office of the Programme Operator and the permissible method(s) of delivery. The announcement must specify whether one or more copies of the application are required;</p> <p>(c) they shall clearly specify the eligible Project Promoters and partners and any restrictions, limitations or exclusions that they may be subject to;</p> <p>(d) they shall contain detailed selection criteria as well as a scoring chart;</p> <p>(e) they shall clearly address what kind of activities and expenditure are eligible, including any</p>	<p>The provision on publication is moved towards the end of the list.</p> <p>The proposal is to extend the (standard) deadline to three months to provide more time for applicants to prepare the applications and to establish partnerships, in particular donor partner partnerships which may be more challenging and complex to prepare.</p>

Current text	New text (with track changes)	Comments
<p>maximum amount of each project grant applied for;</p> <p>(i) they shall contain provisions on the payment model;</p> <p>(j) they shall clearly state the co-financing requirements;</p> <p>(k) they shall require the disclosure of any consultant involved in the preparation of the project application;</p> <p>(l) they shall provide clear references to further information, including a reference to this Regulation and relevant guidelines adopted by the FMC as well as other documentation prepared by the Programme Operator that is relevant to the call; and</p> <p>(m) they shall provide contact information for queries and the timeframe for answering such queries.</p>	<p>limitationsrestrictions to unit costs mentioned in Article 8.4;</p> <p>(f) they shall provide a description of the selection process and the decision-making structure;</p> <p>(g) they shall provide a clear reference or a link to the application form and user guide;</p> <p>(h) they shall clearly state the total amount available through the call, as well as the minimum and maximum amount of each project grant applied for;</p> <p>(i) they shall contain provisions on the payment model;</p> <p>(j) they shall clearly state the co-financing requirements;</p> <p>(k) they shall require the disclosure of any consultant involved in the preparation of the project application;</p> <p>(l) they shall provide clear references to further information, including a reference to this Regulation and relevant guidelines adopted by the FMC as well as other documentation prepared by the Programme Operator that is relevant to the call; and</p> <p>(m) they shall provide contact information for queries and the timeframe for answering such queries; and</p> <p>(n) <ins>(+)(n)</ins> be widely publicised with a view to reach all potential applicants. All appropriate media at national, regional and local levels, as well as specialised publications and web-based tools,</p>	<p>Moved from above (point a).</p>

Current text	New text (with track changes)	Comments
	<u>shall be used as relevant. Any limitation on the publication shall be set out in the Programme Agreement.</u>	
3. The call shall be published on the website of the Programme Operator in the national language(s) and in English.	3. The call shall be published on the website of the Programme Operator in the national language(s) and in English <u>and notified to the FMC.</u>	
4. The National Focal Point shall warrant that the call for proposals fully complies with the legal framework of the EEA Financial Mechanism 2014-2021 as defined in Article 1.5 of the Regulation.	4. The National Focal Point shall warrant that the call for proposals fully complies with the legal framework of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> as defined in Article 1.5 of the Regulation.	
5. The FMC shall be informed of all calls for proposals at least two weeks in advance of their announcement, and, at the same time, be provided with an English translation of the text of each call.	5. The FMC shall be informed of all calls for proposals at least two weeks in advance of their planned announcement, and, at the same time, be provided with an English translation of the text of each call.	This paragraph is deleted in light of what is added in paragraph 1.

Current text	New text (with track changes)	Comments
	<u>Article 7.4</u> <u>Selection Committee</u>	More detailed provisions on the selection process are included in this and the following articles. For calls for smaller projects, a simplified procedure based on compliance with general principles would apply (see draft Article 7.7).
	<u>1. The Programme Operator shall establish a Selection Committee that shall recommend the projects to be funded within the programme. The Selection Committee shall consist of at least three persons possessing the relevant expertise. At least one of them shall be a Selection Committee member external to the Programme Operator, Donor Programme Partner(s) and/or IPO(s).</u>	
	<u>2. Unless otherwise specified in the Programme Agreement, the Donor Programme Partner(s) and/or the IPO(s) shall be members of the Selection Committee. The FMC and the National Focal Point shall be invited to participate in the Selection Committee as observers.</u>	The text reflects a more important role for DPPs/IPOs. Members is understood as voting members. The main rule would be for DPPs/IPOs to be voting members in the Selection Committee. The “opt-out” clause is there to allow DPPs/IPOs to avoid taking up this responsibility if they don’t want to.
	<u>3. The Programme Operator shall provide interpretation assistance during the selection process, when necessary. The Selection Committee shall keep minutes of its meetings. The FMC shall be provided with the minutes in English no later than two weeks after the meeting.</u>	The FMC may obtain the minutes of CC meetings upon request, on the basis of Article 7.6.7.
	<u>Article 7.5</u> <u>General principles and rules for the selection of projects</u>	

Chapter 7
Selection of projects

Current text	New text (with track changes)	Comments
	<u>1. The Programme Operator shall be responsible for project selection and the award of grants. The principles of good governance, transparency, equality, efficiency and zero tolerance towards corruption shall be applied.</u>	Text based on the Article 7.4.1. of the current Regulation. Evaluation has been replaced by selection, as evaluation has a specific (other) meaning within the context of the Grants.
	2. The Programme Operator shall take every reasonable measure to prevent a conflict of interest situation from occurring in the context of project selection. If a conflict of interest situation nevertheless occurs, the Programme Operator shall take all the necessary measures to prevent that such a situation affects the integrity of the selection process.	Moved from current Art.7.5.2. Regulation FM 14-21. A definition of the term “conflict of interest” is included in Article 1.6(d).
	<u>3. Only applicants that respect the values and principles referred to in paragraph 1 of Article 1.3 shall be eligible project promoters and partners.</u>	
	<u>4. Selection procedures shall ensure that the persons carrying out the initial assessment of project applications are not responsible for the final decision on the selection of projects to be funded.</u>	
	<u>5. The Programme Agreement may include specific provisions with respect to the selection process.</u>	
	6. The Programme Operator shall <u>document assessment and decisions made during the selection procedure and</u> store all documents related to the selection procedures for at least three years following the approval of the final programme report by the FMC.	
	<u>Article 7.6.</u> <u>Selection procedures</u>	

Chapter 7
Selection of projects

Current text	New text (with track changes)	Comments
	<u>1. The Programme Operator shall review the applications against the administrative and eligibility criteria, including any exclusion criteria. The applicants whose applications are rejected at this stage shall be informed and given a reasonable time to appeal that decision.</u>	
	<u>2. Each application that meets the administrative and eligibility criteria shall be reviewed against the selection criteria by at least two impartial experts appointed by the Programme Operator. At least one of the experts shall be independent of the Programme Operator and the Selection Committee. Costs related to experts shall be covered from the management cost of the Programme Operator.</u>	
	<u>3. The experts shall separately score the project according to the selection criteria published with the call for proposals. For the purposes of ranking the projects, the average of the scores awarded by the experts shall be used. The Programme Operator shall define the procedure to be followed in case of significant divergence in the scores given by the two experts.</u>	

Current text	New text (with track changes)	Comments
	<p><u>4. The Programme Operator shall provide the Selection Committee members and observers with the list of project applications -ranked in accordance with paragraph 3 – and the summary of the experts’ assessment, in English.</u></p> <p><u>The Selection Committee shall review the ranked list of project applications. The Selection Committee shall, where applicable, -consult the Donor Programme Partner(s) and take into account their recommendations regarding any donor project partners included in the project applications.</u></p> <p><u>The Selection Committee may modify the ranking of the projects in justified cases. The justification for the modifications shall be detailed in the minutes of the meeting of the Selection Committee. The Selection Committee shall submit the approved list of recommended projects to the Programme Operator.</u></p>	<p>New: The PO shall not just provide the list, but also a summary of the experts’ assessment to the Selection Committee.</p>
	<p><u>5. The Programme Operator shall verify that the selection process has been conducted in accordance with the Regulation and that the recommendations from the Selection Committee comply with the rules and objectives of the programme. Following such verification the Programme Operator shall, based on the recommendations of the Selection Committee, make a decision on which projects shall be supported. If the Programme Operator modifies the recommendations of the Selection Committee, it shall inform the Selection Committee, the FMC, the NFP and the applicants affected and provide them with a justification.</u></p>	<p>Based on current 7.4.2., on the previous Art.6.5.6. of the Regulation FM 09-14 and on Best practice on project selection procedures.</p>

Current text	New text (with track changes)	Comments
	<u>6. The Programme Operator shall notify the applicants about the results of the selection process within a reasonable time and publicise the results.</u>	
	<u>7. The Programme Operator shall provide the FMC with the list of selected projects no later than two weeks after the decision on the grant awards of grants. The FMC shall be provided with any relevant documents in English upon request.</u>	
	<u>Article 7.7</u> <u>Selection procedure for calls for proposals with a maximum grant amount per project of € 25,000</u>	
	<u>1. For calls for proposals with a maximum grant amount per project of € 25,000, the Programme Operator may apply a simplified selection procedure that complies with the principles described in Article 7.5.</u>	
	<u>2. The Programme Operator shall, where applicable, consult the Donor Programme Partner(s) and take into account their recommendations regarding any Donor project partners included in project applications.</u>	
	<u>Article 7.8</u> <u>Award of additional grants to already approved projects</u>	

Current text	New text (with track changes)	Comments
	<u>1. Decisions to award additional grants to already approved projects shall be taken by the Programme Operator. Any such decision shall be taken in line with the principles described in Article 7.5.</u>	
	<u>2. The Programme Operator shall apply transparent and objective criteria when making such decisions and shall communicate these criteria to project promoters in advance, together with a clear deadline for application.</u>	
Article 7.4 Project evaluation and award of grants	Article 7.4 Project evaluation assessment and award of grants	
1. The Programme Operator shall be responsible for project evaluation and the award of grants. The principles of good governance, transparency, equality, efficiency and zero tolerance towards corruption shall be applied.	1. The Programme Operator shall be responsible for project evaluation and the award of grants. The principles of good governance, transparency, equality, efficiency and zero tolerance towards corruption shall be applied.	Moved to new Art. 7.5.1.
2. The Programme Operator shall verify that the selection process has been conducted in accordance with the Regulation and that grant award decisions comply with the rules and objectives of the Programme. Following such verification, the Programme Operator shall make a decision on which projects shall be supported.	2. The Programme Operator shall verify that the selection process has been conducted in accordance with the Regulation and that grant award decisions comply with the rules and objectives of the Programme. Following such verification, the Programme Operator shall make a decision on which projects shall be supported.	Moved to new Art. 7.6.5.
3. The Donor Programme Partner(s) and/or the IPO(s), as applicable, shall be invited to participate in the selection process. The FMC and the National Focal Point shall be invited to participate in the selection procedure as observers. The FMC and the programme partner(s) shall be provided with the relevant documents in English.	3. The Donor Programme Partner(s) and/or the IPO(s), as applicable, shall be invited to participate in the selection process. The FMC and the National Focal Point shall be invited to participate in the selection procedure as observers. The FMC and the programme partner(s) shall be provided with the relevant documents in English.	Moved to new Art. 7.4.2.

Current text	New text (with track changes)	Comments
4. The Programme Operator shall provide interpretation assistance during the selection process when necessary.	4. The Programme Operator shall provide interpretation assistance during the selection process when necessary.	Moved to new Art. 7.4.3.
5. In calls for proposals dedicated exclusively to donor partnership projects, the selection procedures shall be agreed with the Donor Programme Partner. The working language, as well as the language of project applications and other relevant documents, shall be English.	5. In calls for proposals dedicated exclusively to donor partnership projects, the selection procedures shall be agreed with the Donor Programme Partner. The working language, as well as the language of project applications and other relevant documents, shall be English.	The selection procedures are described in the Articles above.
6. The Programme Operator shall provide the FMC with the list of selected projects no later than two weeks after the decision on the award of grants. The FMC shall be provided with any relevant documents in English upon request.	6. The Programme Operator shall provide the FMC with the list of selected projects no later than two weeks after the decision on the award of grants. The FMC shall be provided with any relevant documents in English upon request.	Moved to new Art. 7.6.7.
7. The programme agreement may include specific provisions with respect to the selection process.	7. The programme agreement may include specific provisions with respect to the selection process.	Included in Art.7.5.5.
8. This Article shall apply <i>mutatis mutandis</i> to decisions to award additional funds to already approved projects.	8. This Article shall apply <i>mutatis mutandis</i> to decisions to award additional funds to already approved projects.	Moved to new Art. 7.8 + clarification of the principles that apply to this procedure.
Article 7.5 Conflict of interest	Article 7.5 Conflict of interest	
1. A conflict of interest situation is deemed to be present when a person involved in the selection process has direct or indirect interests that are or appear to be incompatible with the impartial and/or objective exercise of the functions related to the selection process. Such interests may be related to economic interests, political or national affinities, family or emotional ties, other shared interests with the applicant or its partner, or any other interests liable to influence the impartial and objective performance of the person involved in the selection of projects.	1. In the context of project selection, A conflict of interest situation is deemed to be present when a person involved in the selection process has direct or indirect interests that are or appear to be incompatible with the impartial and/or objective exercise of the functions related to the selection process. Such interests may be related to economic interests, political or national affinities, family or emotional ties, other shared interests with the applicant or its partner, or any other interests liable to influence the impartial and objective performance of the person involved in the selection of projects.	The current definition, which is limited to the selection of projects, is replaced by a general definition of the term “conflict of interest” in Article 1.6. Definitions, which is not limited to the selection process. Therefore, it is proposed to remove the current Article 7.5.

Current text	New text (with track changes)	Comments
2. The Programme Operator shall take every reasonable measure to prevent a conflict of interest situation from occurring. If a conflict of interest situation nevertheless occurs, the Programme Operator shall take all the necessary measures to prevent that such a situation affects the integrity of the selection process.	2. The Programme Operator shall take every reasonable measure to prevent a conflict of interest situation from occurring. If a conflict of interest situation nevertheless occurs, the Programme Operator shall take all the necessary measures to prevent that such a situation affects the integrity of the selection process.	Moved to Art. 7.5.2.
Article 7.6 Project contract	Article 7.2 Project contract	
1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.	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.	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 project contract sets out the terms and conditions of grant assistance as well as the roles and responsibilities of the parties. It shall in particular include provisions that ensure that the Project Promoter undertakes to comply fully with the provisions of the legal framework of the EEA Financial Mechanism 2014-2021 referred to in Article 1.5 that are relevant for the implementation of the project, including any obligation that is valid after the project has been completed. The project contract shall contain an explicit reference to the programme agreement and this Regulation and, as a minimum, provisions on the following: (a) obligations regarding reporting that enables the Programme Operator to comply with its reporting obligations to the FMC and the National Focal Point;	3. The project contract sets out the terms and conditions of grant assistance as well as the roles and responsibilities of the parties. It shall in particular include provisions that ensure that the Project Promoter undertakes to comply fully with the provisions of the legal framework of the EEA Financial Mechanism 2014-2021 2021-2028 referred to in Article 1.5 that are relevant for the implementation of the project, including any obligation that is valid after the project has been completed. The project contract shall contain an explicit reference to the Programme Agreement and this Regulation and, as a minimum, provisions on the following: (a) obligations regarding reporting that enables the Programme Operator to comply with its reporting	

Current text	New text (with track changes)	Comments
<p>(b) the maximum amount of the project grant and the maximum project grant rate;</p> <p>(c) the eligibility of expenditures and requirements regarding the submission of proof of expenditure;</p> <p>(d) the method of calculating indirect costs and their maximum amount;</p> <p>(e) the first and final dates of eligibility of expenditures;</p> <p>(f) modifications of the project;</p> <p>(g) ensuring that the access requested in relation to monitoring, audits and evaluations is provided without delay;</p> <p>(h) ensuring that obligations regarding information and communication are complied with;</p> <p>(i) the right of the Programme Operator to suspend payments and request reimbursement from the Project Promoter in case decision on such actions is taken by the FMC, Programme Operator or the National Focal Point;</p> <p>(j) resolution of disputes and jurisdiction;</p> <p>(k) a detailed budget, which may allow for up to 5% contingency; and</p> <p>(l) a reference to partnership agreements or letters of intent, if relevant.</p>	<p>obligations to the FMC and the National Focal Point;</p> <p>(b) the maximum amount of the project grant and the maximum project grant rate;</p> <p>(c) the eligibility of expenditures and requirements regarding the submission of proof of expenditure;</p> <p>(d) the method of calculating indirect costs and their maximum amount;</p> <p>(e) the first and final dates of eligibility of expenditures;</p> <p>(f) modifications of the project;</p> <p>(g) ensuring that the access requested in relation to monitoring, audits and evaluations is provided without delay;</p> <p>(h) ensuring that obligations regarding information and communication are complied with;</p> <p>(i) the right of the Programme Operator to suspend payments and request reimbursement from the Project Promoter in case decision on such actions is taken by the FMC, Programme Operator or the National Focal Point;</p> <p>(j) resolution of disputes and jurisdiction;</p> <p>(k) a detailed budget, which may allow for up to 5% contingency <u>and which foresees flexible rules for shifts between budget headings</u>; and</p> <p>(l) a reference to partnership agreements or letters of intent, if relevant.</p>	
4. The project contract shall include provisions that ensure that project partners are informed sufficiently	4. The project contract shall include provisions that ensure that project partners are informed sufficiently	

Current text	New text (with track changes)	Comments
in advance of modifications to the project that affect them.	in advance of <u>all provisions of the project contract that are relevant for them and of all</u> modifications to the project that affect them.	Text proposal for highlighting the need to include rules in the project contract on informing the partners about the rules relevant for them.
5. The obligations of the Project Promoter under the project contract shall be valid and enforceable under the applicable national law of the Beneficiary State. In case of any inconsistency between the project contract and the legal framework of the EEA Financial Mechanism 2014-2021 as defined in Article 1.5 of this Regulation, the latter shall prevail.	5. The obligations of the Project Promoter under the project contract shall be valid and enforceable under the applicable national law of the Beneficiary State. In case of any inconsistency between the project contract and the legal framework of the EEA Financial Mechanism <u>2014-2021</u> 2021-2028 as defined in Article 1.5 of this Regulation, the latter shall prevail.	
Article 7.7 Project partners and partnership agreements	Article 7.10 Project partners and partnership agreements	
1. A project may be implemented in partnership with project partners as defined in point (w) of Article 1.6. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners.	1. A project may be implemented in partnership with project partners as defined in point (<u>y</u> w) of Article 1.6. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners.	
2. The partnership agreement shall contain the following: (a) provisions on the roles and responsibilities of the parties; (b) provisions on the financial arrangements between the parties, including, but not limited to, which expenditure the project partners can get reimbursed from the project budget; (c) provisions on the method of calculating indirect costs and their maximum amount; (d) currency exchange rules for such expenditure and its reimbursement; (e) provisions on audits on the project partners;	2. The Partnership Agreement shall contain the following: (a) provisions on the roles and responsibilities of the parties; (b) provisions on the financial arrangements between the parties, including, but not limited to, <u>financial reporting obligations, means for proof of expenditure, payment flows and</u> which expenditure the project partners can get reimbursed from the project budget; (c) provisions on the method of calculating indirect costs and their maximum amount;	Clarification of important aspects that need to be in the partnership agreement.

Current text	New text (with track changes)	Comments
(f) a detailed budget; and (g) provisions on dispute resolution.	(d) currency exchange rules for such expenditure and its reimbursement; (e) provisions on audits on the project partners; (f) a detailed budget, <u>which may allow for 5% contingency and which foresees flexible rules for shifts between budget headings</u> ; and (g) provisions on dispute resolution.	Indicate that flexible rules for shifts within budget headings would need to be set (aligned with the provision applicable to project contracts – see above 7.9.3(k)).
4. The partnership agreement shall be in English if one of the parties to the agreement is an entity from the Donor States.	4. <u>If one of the parties to the agreement is an entity from the Donor States, the partnership agreement shall be in English if one of the parties to the agreement is an entity from the Donor States, and shall be based on a template provided by the FMC.</u>	The use of the template for partnerships with Donor project partners shall become mandatory in order to avoid issues with unclear agreements signed by Donor project partners. Although the template shall form the basis for the agreement, the provisions may still be amended and/or supplemented in view of the arrangements agreed between the parties.
5. 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.	5. The eligibility of expenditures incurred by a project partner is subject to the same <u>rules</u> limitations as would apply if the expenditures were incurred by the Project Promoter.	
6. 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 this Regulation.	6. 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 this Regulation.	The proposal is to delete this article because it creates confusion (partners are not service providers), and there is a specific article in the Regulation on compliance with European and national procurement rules (Article 8.15).
7. A draft partnership agreement or letter of intent shall be submitted to the Programme Operator before the signing of the project contract. The Programme Operator shall verify that the partnership agreement complies with this article.	<u>6.</u> A draft partnership agreement or letter of intent shall be submitted to the Programme Operator before the signing of the project contract. The Programme Operator shall verify that the partnership agreement complies with this Article.	

Current text	New text (with track changes)	Comments
Chapter 8 Eligibility of expenditures	Chapter 8 Eligibility of expenditures	
Article 8.1 Eligible expenditures of a programme	Article 8.1 Eligible expenditures of a programme	
Eligible expenditures of a programme are: (a) management costs of the Programme Operator in accordance with Article 8.10; (b) payments to projects within the programme in accordance with this Regulation, the programme agreement and the project contract;	Eligible expenditures of a programme are: (a) management costs of the Programme Operator in accordance with Article 8.10; (b) payments to projects within the programme in accordance with this Regulation, the programme agreement and the project contracts; <u>and</u> (c) <u>payments from the funds for bilateral relations in accordance with Article 4.10</u>	Bilateral funds are included as an eligible expenditure of a programme as bilateral funds at programme level will be part of the programme budget.
Article 8.2 General principles on the eligibility of expenditures	Article 8.2 General principles on the eligibility of expenditures	
1. The principles set forth in this article shall apply mutatis mutandis to all eligible expenditures unless otherwise explicitly stated in this Regulation.	1. The principles set forth in this article shall apply mutatis mutandis to all eligible expenditures unless otherwise explicitly stated in this Regulation.	This is moved to the end of this Article.
2. Eligible expenditures of projects are those actually incurred within the project, which meet the following criteria: (a) they are incurred between the first and final dates of eligibility of a project as specified in the project contract; (b) they are connected with the subject of the project contract and they are indicated in the detailed budget of the project;	2. Eligible expenditures of projects are those actually incurred within the projects <u>as well as expenditure covered by simplified cost options (unit costs, flat-rates, lump sums).</u> The expenditure which shall meet the following criteria: (a) <u>for costs reimbursed pursuant to point (a) of Article 8.3.1, they are actually incurred between the first and final dates of eligibility of a project as specified in the project contract; for costs reimbursed pursuant to points (b) and (c) of</u>	Paragraph 1 has been redrafted to cater for the case of unit costs and lump sums. The wording is aligned with provisions in the Common Provisions Regulation (CPR), adjusted to the context of the EEA/Norway Grants.

Current text	New text (with track changes)	Comments
<p>(c) they are proportionate and necessary for the implementation of the project;</p> <p>(d) they must be used for the sole purpose of achieving the objective(s) of the project and its expected outcome(s), in a manner consistent with the principles of economy, efficiency and effectiveness;</p> <p>(e) they are identifiable and verifiable, in particular through being recorded in the accounting records of the Project Promoter and/or project partner and determined according to the applicable accounting standards of the country where the Project Promoter and/or project partner is established and according to generally accepted accounting principles; and</p> <p>(f) they comply with the requirements of applicable tax and social legislation.</p>	<p><u>Article 8.3.1, the actions constituting the basis for reimbursement are carried out between the first and final dates of eligibility of a project as specified in the project contract;</u></p> <p>(b) they are connected with the subject of the project contract and they are indicated in the detailed budget of the project;</p> <p>(c) they are proportionate and necessary for the implementation of the project;</p> <p>(d) they must be used for the sole purpose of achieving the objective(s) of the project and its expected outcome(s), in a manner consistent with the principles of economy, efficiency and effectiveness;</p> <p>(e) they are identifiable and verifiable, in particular through being recorded in the accounting records of the Project Promoter and/or project partner and determined according to the applicable accounting standards of the country where the Project Promoter and/or project partner is established and according to generally accepted accounting principles; and</p> <p>(f) they comply with the requirements of applicable tax and social legislation.</p>	
<p>3. Expenditures are considered to have been incurred when the cost has been invoiced, paid and the subject matter delivered (in case of goods) or performed (in case of services and works). Exceptionally, costs in respect of which an invoice has been issued in the final month of eligibility are also deemed to be incurred within the dates of eligibility if the costs are paid within 30 days of the final date for eligibility. By way of additional exception, Programme Operators may allow for project expenditure to be considered incurred</p>	<p>23. Expenditures <u>reimbursed pursuant to point (a) of Article 8.3.1</u> are considered to have been incurred when the cost has been invoiced, paid and the subject matter delivered (in case of goods) or performed (in case of services and works). Exceptionally, costs in respect of which an invoice has been issued in the final month of eligibility are also deemed to be incurred within the dates of eligibility if the costs are paid <u>by the end of the month following within 30 days of the final date for eligibility.</u> By way of additional</p>	<p>The deadline for the payment of costs when an invoice has been issued in the final month of eligibility – currently phrased as “within 30 days” – has been replaced by “the end of the month” for clarity purposes.</p> <p>The additional exception which was introduced in the Regulation in February 2023 was removed as the need for it was in response to specific circumstances linked to the end of the 2014-2021 Financial Mechanism.</p>

Current text	New text (with track changes)	Comments
within the dates of eligibility if the cost has been invoiced and paid by 30 April 2024, and the subject matter has been delivered (in case of goods) or performed (in case of services and works) by a later date, but no later than 31 December 2024. Overheads and depreciation of equipment are considered to have been incurred when they are recorded on the accounts of the Project Promoter and/or project partner.	exception, Programme Operators may allow for project expenditure to be considered incurred within the dates of eligibility if the cost has been invoiced and paid by 30 April 2024, and the subject matter has been delivered (in case of goods) or performed (in case of services and works) by a later date, but no later than 31 December 2024. Overheads and depreciation of equipment are considered to have been incurred when they are recorded on the accounts of the Project Promoter and/or project partner.	
4. Where new or second hand equipment is purchased, only the portion of the depreciation corresponding to the duration of the project and the rate of actual use for the purposes of the project may be considered eligible expenditure.	<u>34.</u> Where new or second-hand equipment is purchased, only the portion of the depreciation corresponding to the duration of the project and the rate of actual use for the purposes of the project may be considered eligible expenditure.	
5. The Project Promoter's internal accounting and auditing procedures must permit direct reconciliation of the expenditures and revenue declared in respect of the project with the corresponding accounting statements and supporting documents.	45. The Project Promoter's <u>and project partners'</u> internal accounting and auditing procedures must permit direct reconciliation of the expenditures and revenue declared in respect of the project with the corresponding accounting statements and supporting documents.	Project partners are added to not make the Project Promoter responsible for all the documentation.
6. In case of projects implemented by an international organisation or body or an agency thereof, the programme agreement may include specific provisions with regard to the eligibility of expenditure.	56. In case of projects implemented by an international organisation or body or an agency thereof, the programme agreement may include specific provisions with regard to the eligibility of expenditure.	
	<u>6. The principles set forth in this article shall apply mutatis mutandis to all eligible expenditures unless otherwise explicitly stated in this Regulation.</u>	
	Article 8.3 Forms of eligible expenditures	
	<u>1. Grants provided by Programme Operators to beneficiaries may take any of the following forms:</u>	Simplified cost options (SCOs), namely unit costs, lump sums and flat-rates, have been included as options for calculating eligible expenditure.

Current text	New text (with track changes)	Comments
	<p>(a) <u>reimbursement of eligible costs actually incurred by a Project Promoter;</u></p> <p>(b) <u>unit costs;</u></p> <p>(c) <u>lump sums;</u></p> <p>(d) <u>flat-rate financing;</u></p> <p>(e) <u>a combination of the forms referred to in points (a) to (d), provided that each form covers different categories of costs.</u></p>	<p>This Article is aligned with the EU Common Provisions Regulation for the programming period 2021-2027.</p>
	<p>2. The amounts for the forms of grants referred to under points (b), (c) and (d) of paragraph 1, shall be established <i>ex ante</i>, in one of the following ways:</p> <p>(a) <u>flat rates and specific methods established by or on the basis of this Regulation or sector specific articles and guidelines;</u></p> <p>(b) <u>in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applied under schemes for grants funded entirely by the Beneficiary State, or the Donor State in the case of donor project partners, for a similar type of project;</u></p> <p>(c) <u>in accordance with the rules for application of corresponding unit costs, lump sums and flat rates applicable in European Union policies for a similar type of project;</u></p> <p>(d) <u>a draft budget established on a case-by-case basis and agreed <i>ex ante</i> by the Programme Operator, where the total cost of the project does not exceed EUR 200,000; or</u></p> <p>(e) <u>a fair, equitable and verifiable calculation method, verified by the Audit Authority and based on:</u></p> <p>(i) <u>statistical data, other objective information or an expert judgement;</u></p> <p>(ii) <u>the verified historical data of individual beneficiaries;</u></p> <p>(iii) <u>the application of the usual cost accounting practices of individual beneficiaries.</u></p>	<p>This paragraph lists the options for the Beneficiary States to calculate a simplified cost option.</p> <p>The methodology for options (a) to (c) is ‘ready-made’, as these are already identified in the Grants Regulation or guidelines (point (a)), developed by the Beneficiary State or Donor States at the national level (point (b)) or developed by the European Commission (point (c)). These are, therefore, considered as simple to use, requiring least effort and capacity from the Beneficiary States to apply them. Ex ante assessment/verification of these methodologies is not required, only ex post regarding their correct implementation.</p> <p>Case (d) on the draft budget method allows applicants to submit a budget based on real costs and other SCOs on the basis of which a new SCO can be established. The Programme Operator would then assess each budget on a case-by-case basis to determine whether the costs contained therein are realistic and sufficiently deliver the desired results. The PO would then transform the budget into a SCO. This could, for example, be done by consolidating the activities of the project into milestones and ringfencing the related costs into milestones specific lumpsums. The PO would then make payments when milestones would be reached.</p> <p>Case (e) refers to programme-specific SCOs that give the POs freedom to design SCOs that are best suited to their programme. Programme-specific SCOs are established using the FEV method (fair, equitable, and verifiable). It needs to be ensured that the SCOs are based on reliable data and based on objective calculations, with proper guidance documents and manuals to support their use. In this case, the ex-ante assessment by the Audit Authority is made mandatory to ensure the correct establishment of SCOs.</p>

Current text	New text (with track changes)	Comments
	3. The use of flat rates, unit costs and lump sums, their amount and the way they are established shall be determined in the project contract. The use of flat rates, unit costs and lump sums, their amount and the way they are calculated for a project partner shall <u>also</u> be stipulated in the partnership agreement between the Project Promoter and the project partner.	
	<u>4. In exceptional and duly justified cases, the Programme Operator may suggest to exclude certain forms of grants listed in paragraph 1. Such deviations, if approved by the FMC, shall be explicitly stipulated in the Programme Agreement.</u>	This new paragraph allows that the Programme Agreement limits the available forms of grants.
Article 8.3 Eligible direct expenditures in a project	Article 8.4 Eligible direct expenditures in a project	Reference to project is removed from the title as this Article shall apply to all expenditure (projects, including bilateral initiatives, technical assistance, management costs) except in particular cases explicitly stated therein.
1. The eligible direct expenditures for a project are those expenditures which are identified by the Project Promoter and/or the project partner, in accordance with their accounting principles and usual internal rules, as specific expenditures directly linked to the implementation of the project and which can therefore be booked to it directly. The following direct expenditures are eligible provided that they satisfy the criteria set out in Article 8.2: (a) the cost of staff assigned to the project, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this corresponds to the Project Promoter's and project partner's usual policy on remuneration. The corresponding salary costs of staff of national administrations are eligible to the extent that they relate to the	1. The eligible direct expenditures for a project are those expenditures which are identified by the Project Promoter and/or the project partner, in accordance with their accounting principles and usual internal rules, as specific expenditures directly linked to the implementation of the project, and which can therefore be booked to it directly. The following direct expenditures are eligible provided that they satisfy the criteria set out in Article 8.2: (a) the cost of staff assigned to the project, comprising actual salaries plus social security charges and other statutory costs included in the remuneration, provided that this corresponds to the Project Promoter's and project partner's usual policy on remuneration. The corresponding salary costs of staff of national administrations are eligible to the extent that	Eligibility of expenditure related to travel and subsistence allowances has been changed to cover not only staff but any participant in a project. After inclusion in this chapter of all forms of SCOs, specification on the use of lump sums in point (b) is removed as it is no longer needed.

Current text	New text (with track changes)	Comments
<p>cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken;</p> <p>(b) travel and subsistence allowances for staff taking part in the project. Having regard to the principle of proportionality, travel costs, including subsistence allowance, may be calculated as a lump sum, on the basis of defined rules approved by the Programme Operator;</p> <p>(c) cost of new or second hand equipment. In case the Programme Operator determines that the equipment is an integral and necessary component for achieving the outcomes of the project, the entire purchase price of that equipment may, by way of exception from the rule contained in paragraph 4 of Article 8.2, be eligible;</p> <p>(d) purchase of land and real estate under the conditions set in Article 8.6;</p> <p>(e) costs of consumables and supplies, provided that they are identifiable and assigned to the project;</p> <p>(f) costs entailed by other contracts awarded by a Project Promoter for the purposes of carrying out the project, provided that the awarding complies with the applicable rules on public procurement and this Regulation; and</p> <p>(g) costs arising directly from requirements imposed by the project contract for each project.</p>	<p>they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken;</p> <p>(b) travel and subsistence allowances for staff <u>participants taking part</u> in the project. Having regard to the principle of proportionality, travel costs, including subsistence allowance, may be calculated as a lump sum, on the basis of defined rules approved by the Programme Operator; <u>provided that this corresponds to the usual policy of the Project Promoter and project partner on travel allowances;</u></p> <p>(c) cost of new or second-hand equipment. In case the Programme Operator determines that the equipment is an integral and necessary component for achieving the outcomes of the project, the entire purchase price of that equipment may, by way of exception from the rule contained in Article 8.2.4, be eligible. This exception is not applicable to the funds for bilateral relations, programme management costs and technical assistance; <u>This exception is not applicable to the funds for bilateral relations, programme management costs and technical assistance;</u></p> <p>(d) purchase of land and real estate under the conditions set in Article 8. except for the funds for bilateral relations, programme management costs and technical assistance <u>6;</u></p> <p>(e) costs of consumables and supplies, provided that they are identifiable and assigned to the project;</p> <p>(f) costs entailed by other contracts awarded by a Project Promoter for the purposes of carrying out the project, provided that the awarding complies</p>	

Current text	New text (with track changes)	Comments
	<p>with the applicable rules on public procurement and this Regulation; and</p> <p>(g) costs arising directly from requirements imposed by the project contract for each project.</p>	
<p>2. Where the entire purchase price of equipment is eligible in accordance with point (c) of paragraph 1, the Programme Operator shall ensure that the Project Promoter:</p> <p>(a) keeps the equipment in its ownership for a period of at least five years following the completion of the project and continues to use that equipment for the benefit of the overall objectives of the project for the same period;</p> <p>(b) keeps the equipment properly insured against losses such as fire, theft or other normally insurable incidents both during project implementation and for at least five years following the completion of the project; and</p> <p>(c) sets aside appropriate resources for the maintenance of the equipment for at least five years following the completion of the project.</p> <p>The specific means for the implementation of this obligation shall be specified in the project contract. The Programme Operator may release any Project Promoter from the above obligations with respect to any specifically identified equipment where the Programme Operator is satisfied that, having regard to all relevant circumstances, continued use of that equipment for the overall objectives of the project would serve no useful economic purpose.</p>	<p>2. Where the entire purchase price of equipment is eligible in accordance with point (c) of paragraph 1, the Programme Operator shall ensure that the Project Promoter:</p> <p>(a) keeps the equipment in its ownership for a period of at least five years following the completion of the project and continues to use that equipment for the benefit of the overall objectives of the project for the same period;</p> <p>(b) <u>where possible,</u> keeps the equipment properly insured against losses such as fire, theft or other normally insurable incidents both during project implementation and for at least five years following the completion of the project; and</p> <p>(c) sets aside appropriate resources for the maintenance of the equipment for at least five years following the completion of the project.</p> <p>The specific means for the implementation of this obligation shall be specified in the project contract. The Programme Operator may release any Project Promoter from the above obligations with respect to any specifically identified equipment where the Programme Operator is satisfied that, having regard to all relevant circumstances, <u>the cost of maintenance or insurance in the above obligations would be disproportionate to the value of the equipment.</u> continued use of that equipment for the overall objectives of the project would serve no useful economic purpose.</p>	<p>In point (b) ‘where possible’ is added to cater for the cases where insurance is not available.</p> <p>The criterion set in the last paragraph for releasing the promoter from its obligations on moveable assets (continued use serves no economic purpose) is considered as too narrow and specific and as not taking into account the issue of proportionality between the value of the asset and the cost or maintenance of the cost of its insurance. The proposed wording expands the POs discretion to release Project Partners from these obligations.</p>

Current text	New text (with track changes)	Comments
3. In exceptional and duly justified cases, the Programme Operator may suggest additional expenditures to be eligible or exclude certain expenditure listed in paragraph 1. Such deviations, if approved by the FMC, shall be explicitly stipulated in the programme agreement.	3. In exceptional and duly justified cases, the Programme Operator may suggest additional expenditures, <u>including regranting at project level</u> , to be eligible or exclude certain expenditure listed in paragraph 1. Such deviations, if approved by the FMC, shall be explicitly stipulated in the p Programme a Agreement <u>and where relevant be accompanied by the necessary terms and conditions with regards to the eligibility of the expenditure in question.</u>	The possibility of regranting as an ad hoc / exceptional form of eligible expenditure has been made clear.
	4. <u>This article shall apply <i>mutatis mutandis</i> to all eligible expenditures unless otherwise explicitly stated in this Regulation.</u>	
Article 8.4 Standard scales of unit costs	Article 8.4 Standard scales of unit costs	
1. The project grant may take the form of standard scales of unit costs. In such case the amount shall be established in one of the following ways: (a) in accordance with the rules for application of corresponding scales of unit costs applicable in European Union policies for similar types of project and entities involved; (b) in accordance with the rules for application of corresponding scales of unit costs applied under schemes for grants funded entirely by the Beneficiary State where the Project Promoter or partner is located, or the Donor State where the donor project partner is located, for similar types of project and entities involved.	1. The project grant may take the form of standard scales of unit costs. In such case the amount shall be established in one of the following ways: (c) in accordance with the rules for application of corresponding scales of unit costs applicable in European Union policies for similar types of project and entities involved; in accordance with the rules for application of corresponding scales of unit costs applied under schemes for grants funded entirely by the Beneficiary State where the Project Promoter or partner is located, or the Donor State where the donor project partner is located, for similar types of project and entities involved.	The Article is deleted as the newly proposed article 8.3 on forms of eligible expenditures in projects allows for unit costs.
2. The use of standard scales of unit costs, their amount and the way they are established shall be determined in the project contract. The use of standard scales of unit costs, their amount and the way they are calculated for a project partner shall be stipulated in	2. The use of standard scales of unit costs, their amount and the way they are established shall be determined in the project contract. The use of standard scales of unit costs, their amount and the way they are calculated for a project partner shall be stipulated in	

Current text	New text (with track changes)	Comments
the partnership agreement between the Project Promoter and the project partner.	the partnership agreement between the Project Promoter and the project partner.	
3. The provisions of this article shall apply <i>mutatis mutandis</i> to all eligible expenditures unless otherwise explicitly stated in this Regulation.	3. The provisions of this article shall apply <i>mutatis mutandis</i> to all eligible expenditures unless otherwise explicitly stated in this Regulation.	
Article 8.5 Indirect costs in projects (overheads)	Article 8.5 Indirect costs in projects (overheads)	
<p>Indirect costs are all eligible costs that cannot be identified by the Project Promoter and/or the project partner as being directly attributed to the project but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. They may not include any eligible direct costs. Indirect costs of the project shall represent a fair apportionment of the overall overheads of the Project Promoter or the project partner. Project promoters and project partners may identify their indirect costs according to one of the following methods:</p> <p>(a) based on actual indirect costs for those Project Promoters and project partners that have an analytical accounting system to identify their indirect costs as indicated above;</p> <p>(b) a flat rate of up to 25% of total direct eligible costs, excluding direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the Project Promoter or project partner;</p> <p>(c) a flat rate of up to 15% of direct eligible staff costs without there being a requirement for the</p>	<p>(a) 1. Indirect costs are all eligible costs that cannot be identified by the Project Promoter and/or the project partner as being directly attributed to the project but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the project. They may not include any eligible direct costs. Indirect costs of the project shall represent a fair apportionment of the overall overheads of the Project Promoter or the project partner. Project promoters and project partners may identify their indirect costs according to one of the following methods:</p> <p><u>(b) up to 7 % of eligible direct costs, in which case the Programme Operator shall not be required to perform a calculation to determine the applicable rate;</u></p> <p><u>(c) up to 15 % of eligible direct staff costs, in which case the Programme Operator shall not be required to perform a calculation to determine the applicable rate;</u></p> <p><u>(d) up to 25 % of eligible direct costs, provided that the rate is calculated in accordance with paragraph 2 of this Article;</u></p>	<p>The Article has been redrafted to align with provisions in the EU Common Provisions Regulation on flat-rates for indirect costs. In particular, a new flat-rate (point (a)) has been added, and that of 25% (point (c)) has been adjusted to the CPR.</p> <p>In addition, as indirect costs are covered also by SCOs, these will not be checked in detail. Therefore, part of the definition of the indirect costs on the relationship with the direct costs has been moved to point (e) which is on actually incurred indirect costs.</p>

Current text	New text (with track changes)	Comments
<p>Programme Operator to perform a calculation to determine the applicable rate; or</p> <p>(d) a flat rate applied to direct eligible costs based on existing methods and corresponding rates applicable in European Union policies for similar types of project and Project Promoter;</p> <p>(e) in the case of Project Promoters or project partners that are international organisations or bodies or agencies thereof, indirect costs may, in line with specific provisions in the programme agreement, be identified in accordance with the relevant rules established by such organisations.</p>	<p>(b)<u>(c)</u> <u>a flat rate applied to direct eligible costs based on existing methods and corresponding rates applicable in European Union policies for similar types of project;</u></p> <p><u>(f)</u> based on actual indirect costs for those Project Promoters and project partners that have an analytical accounting system to identify their indirect costs <u>incurred in direct relationship with the eligible direct costs attributed to the project;</u> or as indicated above; <u>or</u></p> <p>(e)<u>(g)</u> in the case of Project Promoters or project partners that are iInternational eOrganisations or bodies or agencies thereof, indirect costs may, in line with specific provisions in the pProgramme aAgreement, be identified in accordance with the relevant rules established by such organisations.</p> <p>a flat rate of up to 25% of total direct eligible costs, excluding direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the Project Promoter or project partner;</p> <p>a flat rate of up to 15% of direct eligible staff costs without there being a requirement for the Programme Operator to perform a calculation to determine the applicable rate; or</p> <p>a flat rate applied to direct eligible costs based on existing methods and corresponding rates applicable in European Union policies for similar types of project and Project Promoter;</p>	
<p>12. The application of the method described in point (b) of paragraph 1 is subject to the calculation of the</p>	<p>2. The application of the method described in point (b)<u>(c)</u> of paragraph 1 is subject to the calculation of the</p>	

Current text	New text (with track changes)	Comments
rate on the basis of a fair, equitable and verifiable calculation method or a method applied under schemes for grants funded entirely by the Beneficiary State for similar types of Project and Project Promoter.	rate on the basis of the a fair, equitable and verifiable calculation method <u>referred to in point (e) of Article 8.3.2</u> or a method applied under schemes for grants funded entirely by the Beneficiary State for similar types of Pproject-and Project Promoter .	
3. The method of calculating the indirect costs and their maximum amount shall be determined in the project contract. The method of calculation of indirect costs of a project partner shall be stipulated in the partnership agreement between the Project Promoter and the project partner.	3. The method of calculating the indirect costs and their maximum amount shall be determined in the project contract. The method of calculation of indirect costs of a project partner shall be stipulated in the partnership agreement between the Project Promoter and the project partner.	
4. In duly justified cases, the Programme Operator may suggest restricting the eligibility of indirect costs. Such restrictions, if approved by the FMC, shall be explicitly stipulated in the programme agreement.	4. In duly justified cases, the Programme Operator may suggest restricting the eligibility of indirect costs. Such restrictions, if approved by the FMC, shall be explicitly stipulated in the programme agreement.	
	<u>Article 8.6</u> <u>Flat rate and unit costs for dDirect staff costs</u>	This Article is aligned with provisions in the Common Provisions Regulation. It foresees two forms of SCOs for direct staff costs: a flat-rate of 20% to be calculated on the eligible direct costs (except the direct staff costs) and a unit cost (an hourly rate) to be calculated either on an annual or a monthly basis.
	<u>1. Direct staff costs of a project may be calculated at a flat rate of up to 20 % of the eligible direct costs other than the direct staff costs of that project, without there being a requirement for the Programme Operator to perform a calculation to determine the applicable rate, provided that the direct costs of the project do not include public works contracts or supply or service contracts which exceed in value the thresholds set out in Article 4 of Directive 2014/24/EU of the European Parliament and of the Council on public procurement.</u>	
	<u>2. For the purposes of determining direct staff costs, an hourly rate may be calculated in one of the following ways:</u>	

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	<p><u>(a) by dividing the latest documented annual gross employment costs by 1 720 hours for persons working full time, or by a corresponding pro-rata of 1 720 hours, for persons working part-time; or</u></p> <p><u>(a)(b) by dividing the latest documented monthly gross employment costs by the average monthly working time of the person concerned in accordance with applicable national rules referred to in the employment or work contract or an appointment decision (both referred to as the employment document).</u></p>	

Current text	New text (with track changes)	Comments
	<u>3. When applying the hourly rate calculated in accordance with paragraph 2, the total number of hours declared per person for a given year or month shall not exceed the number of hours used for the calculation of that hourly rate.</u>	
	<u>4. Where annual gross employment costs are not available, they may be derived from the available documented gross employment costs or from the employment document, duly adjusted for a 12-month period.</u>	
	<u>5. In the case of actually incurred staff costs, costs related to individuals who work on part-time assignment on the project may be calculated as a fixed percentage of the gross employment costs, in line with a fixed percentage of time worked on the project per month, with no obligation to establish a separate working time registration system. The employer shall issue a document for employees setting out that fixed percentage.</u>	
	<u>Article 8.7</u> <u>Flat rate financing for costs other than direct staff costs</u>	This Article is aligned with provisions in the Common Provisions Regulation.
	<u>1. A flat rate of up to 40% of eligible direct staff costs may be used in order to cover all remaining eligible costs of a project. The Programme Operator shall not be required to perform a calculation to determine the applicable rate.</u>	
	<u>2. The flat rate referred to in paragraph 1 of this Article shall not be applied to staff costs calculated on the basis of a flat rate as referred to in paragraph 1 of Article 8.6.1.</u>	

Current text	New text (with track changes)	Comments
<p>Article 8.6 Purchase of real estate and land</p> <p>1. The cost of purchase of real estate and land not built on may be eligible under the following conditions, without prejudice to the application of stricter national rules:</p> <p>(a) there shall be a direct link between the purchase and the objectives of the project;</p> <p>(b) purchase of real estate and/or land may not represent more than 10% of the total eligible expenditure of the project, unless a higher percentage is explicitly authorised in the programme agreement and set in the decision to award the project grant;</p> <p>(c) a certificate shall be obtained prior to the purchase from an independent qualified evaluator or duly authorised official entity confirming that the purchase price does not exceed the market value and that it is free of all obligations in terms of mortgage and other liabilities, particularly in respect of damage related to pollution. In case of purchase of real estate the certificate must either confirm that the building in question is in conformity with national regulations, or specify what is not in conformity with national regulations but which is to be rectified by the Project Promoter under the project;</p> <p>(d) the real estate and/or the land shall be used for the purpose and for the period specified in the decision to award the project grant. The ownership must be transferred to the Project Promoter, or those explicitly designated by the Project Promoter in the project application as recipients of the real estate and/or the land, prior to the completion of the project. The real estate and/or the land cannot be sold, rented, or mortgaged within five years of the completion of the project, or longer if stipulated in the project contract.</p>	<p>Article 8.8 Purchase of real estate and land</p> <p>1. The cost of purchase of real estate and land not built on may be eligible under the following conditions, without prejudice to the application of stricter national rules:</p> <p>(a) there shall be a direct link between the purchase and the objectives of the project;</p> <p>(b) purchase of real estate and/or land may not represent more than 10% of the total eligible expenditure of the project, unless a higher percentage is explicitly authorised in the pProgramme aAgreement and set in the decision to award the project grant;</p> <p>(c) a certificate shall be obtained prior to the purchase from an independent qualified evaluator or duly authorised official entity confirming that the purchase price does not exceed the market value and that it is free of all obligations in terms of mortgage and other liabilities, particularly in respect of damage related to pollution. In case of purchase of real estate the certificate must either confirm that the building in question is in conformity with national regulations, or specify what is not in conformity with national regulations but which is to be rectified by the Project Promoter under the project;</p> <p>(d) the real estate and/or the land shall be used for the purpose and for the period specified in the decision to award the project grant. The ownership must be transferred to the Project Promoter, or those explicitly designated by the Project Promoter in the project application as recipients of the real estate and/or the land, prior to the completion of the project. ._The real estate and/or the land cannot be sold, rented, or mortgaged within five years of the completion of the project, or longer if stipulated in the project contract.</p>	<p>The general prohibition of rental of real estate reconstructed/renovated in point (d) could go against the purpose of the projects. For example, in culture programmes, when heritage buildings are renovated with the purpose of renting them out at a later stage.</p> <p>To cater for such cases, rental is deleted from point (d) and a new point (g) was added to cater for cases of occasional/partial rental of real estate (e.g. heritage buildings) in line with the objective of the project and contributing to the financial sustainability of the (otherwise non-profit) investment.</p>

Current text	New text (with track changes)	Comments
<p>The FMC may waive this restriction if it would result in an unreasonable burden on the Project Promoter;</p> <p>(e) the real estate and/or land may only be used in conformity with the objectives of the project. In particular, buildings may be used to accommodate public administration services only where such use is in conformity with the objective of the project; and</p> <p>(f) the purchase of real estate and/or land shall be explicitly approved by the Programme Operator prior to the purchase, either in the project contract or by a later decision.</p>	<p>The FMC may waive this restriction if it would result in an unreasonable burden on the Project Promoter;</p> <p>(e) the real estate and/or land may only be used in conformity with the objectives of the project. In particular, buildings may be used to accommodate public administration service_s only where such use is in conformity with the objective of the project; and</p> <p>(f) the purchase of real estate and/or land shall be explicitly approved by the Programme Operator prior to the purchase, either in the project contract or by a later decision; and-</p> <p><u>(g) the real estate and/or the land may be rented to third parties, if stipulated in the project contract, provided that this is consistent with the objectives of the project.</u></p>	
<p>2. Real estate shall mean buildings constructed or under development and the appropriate rights to the land on which they are built.</p>	<p>2. Real estate shall mean buildings constructed or under development and the appropriate rights to the land on which they are built.</p>	
<p>3. The restrictions referred to in paragraph 1(d) apply also to buildings that are constructed, reconstructed or renovated through a financial contribution from the EEA Financial Mechanism 2014-2021.</p>	<p>3. The restrictions referred to in <u>point (d) of</u> paragraph 1(d) apply also to buildings that are constructed, reconstructed or renovated through a financial contribution from the EEA Financial Mechanism <u>2014-2021-2028</u>.</p>	
<p>4. The mortgage restriction referred to in paragraph 1(d) does not apply to a mortgage taken in favour of the Programme Operator or the National Focal Point when its purpose is solely to ensure compliance with the said paragraph.</p>	<p>4. The mortgage restriction referred to in <u>point (d) of</u> paragraph 1(d) does not apply to a mortgage taken in favour of the Programme Operator or the National Focal Point when its purpose is solely to ensure compliance with the said paragraph.</p>	
<p>5. Expenditure on site preparation and construction which is essential for the implementation of the project may be eligible.</p>	<p>5. Expenditure on site preparation and construction which is essential for the implementation of the project may be eligible.</p>	<p>The provision is considered inherent in cost of real estate and land and thus redundant to explicitly say.</p>
<p>6. The cost of real estate and/or land already owned, directly or indirectly, by the Project Promoter, or purchase of real estate and/or land owned, directly or</p>	<p>56. The cost of real estate and/or land already owned, directly or indirectly, by the Project Promoter, or purchase of real estate and/or land owned, directly or</p>	

Current text	New text (with track changes)	Comments
indirectly, by the project partner or a public administration, shall not be eligible. Under no circumstances shall real estate and/or land be purchased for speculative purposes. The real estate and/or the land shall not have received a national or external donor grant in the last 10 years which would give rise to a duplication of funding.	indirectly, by the project partner or a public administration, shall not be eligible. Under no circumstances shall real estate and/or land be purchased for speculative purposes. The real estate and/or the land shall not have <u>benefitted</u> received from a national or external donor grant in the last 10 years which would give rise to a duplication of funding.	
Article 8.7 Excluded costs	Article 8.9 Excluded costs	
1. This article shall apply <i>mutatis mutandis</i> to all costs unless otherwise explicitly stated in this Regulation.	1. This article shall apply <i>mutatis mutandis</i> to all costs unless otherwise explicitly stated in this Regulation.	This paragraph has been moved to the end of the Article.
2. The following costs shall not be considered eligible: (a) interest on debt, debt service charges and late payment charges; (b) charges for financial transactions and other purely financial costs, except costs related to accounts required by the FMC, the National Focal Point or the applicable law and costs of financial services imposed by the project contract; (c) provisions for losses or potential future liabilities; (d) exchange losses; (e) recoverable VAT; (f) costs that are covered by other sources; (g) fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project; and (h) excessive or reckless expenditure.	1 <u>2</u> . The following costs shall not be considered eligible: (a) interest on debt, debt service charges and late payment charges; (b) charges for financial transactions and other purely financial costs, except costs related to accounts required by the FMC, the National Focal Point or the applicable law and costs of financial services imposed by the project contract; (c) provisions for losses or potential future liabilities; (d) exchange losses; (e) recoverable VAT; (f) costs that are covered by other sources; (g) fines, penalties and costs of litigation, except where litigation is an integral and necessary component for achieving the outcomes of the project; and	

Current text	New text (with track changes)	Comments
	(h) excessive or reckless expenditure.	
	<u>2. This article shall apply <i>mutatis mutandis</i> to all costs unless otherwise explicitly stated in this Regulation.</u>	
Article 8.8 Eligible expenditures under the fund for bilateral relations	Article 8.8 Eligible expenditures under the fund for bilateral relations	
<p>1. Expenditure related to the following activities are eligible for the fund referred to in Article 4.6:</p> <p>(a) activities aiming at strengthening bilateral relations between the Donor States and the Beneficiary States;</p> <p>(b) the search for partners for donor partnership projects prior to or during the preparation of a project application, the development of such partnerships and the preparation of an application for a donor partnership project;</p> <p>(c) networking, exchange, sharing and transfer of knowledge, technology, experience and best practice between entities in Beneficiary States and entities in the Donor States and/or international organisations;</p> <p>(d) activities aiming at strengthening cooperation and exchanging experiences and best practices between the Programme Operators and similar entities within the Beneficiary States and Donor States, as well as international organisations, provided at least one entity within the Donor States is involved in the activity.</p>	<p>1. Expenditure related to bilateral initiatives as defined in Article 4.5.a, the following activities are eligible for the funds referred to in Article 4.6:</p> <p>(a) activities aiming at strengthening bilateral relations between the Donor States and the Beneficiary States;</p> <p>(b) the search for partners for donor partnership projects prior to or during the preparation of a project application, the development of such partnerships and the preparation of an application for a donor partnership project;</p> <p>(c) networking, exchange, sharing and transfer of knowledge, technology, experience and best practice between entities in Beneficiary States and entities in the Donor States and/or international organisations;</p> <p>(d) activities aiming at strengthening cooperation and exchanging experiences and best practices between the Programme Operators and similar entities within the Beneficiary States and Donor States, as well as international organisations, provided at least one entity within the Donor States is involved in the activity.</p>	<p>The description of the type of activities that can be funded by the funds for bilateral relations is moved from Article 8.8 to a new Article 4.5, which defines bilateral initiatives.</p> <p>It is clarified that the whole of Chapter 8 applies to the Bilateral Funds, <i>mutatis mutandis</i>.</p>
<p>2. Having regard to the principle of proportionality, travel costs, including subsistence allowance, may be calculated as a lump sum, on the basis of defined rules approved by the National Focal Point.</p>	<p>2. Having regard to the principle of proportionality, travel costs, including subsistence allowance, may be calculated as a lump sum, on the basis of defined rules approved by the National Focal Point.</p>	

Current text	New text (with track changes)	Comments
Article 8.9 Scholarships and mobility programmes	Article 8.9 Scholarships and mobility programmes	
1. Grants to natural persons from a programme under the programme area “Education, Scholarships, Apprenticeships and Youth Entrepreneurship” or from the scholarship component under any programme, may be calculated as a lump sum. Eligible items are: (a) monthly stipend; (b) allocation for study material; (c) travel costs, insurance and conference fees; and (d) tuition fees.	1. Grants to natural persons from a programme under the programme area “Education, Scholarships, Apprenticeships and Youth Entrepreneurship” or from the scholarship component under any programme, may be calculated as a lump sum. Eligible items are: monthly stipend; allocation for study material; travel costs, insurance and conference fees; and tuition fees.	This Article was deleted as sector specific Articles on simplified cost options are no longer needed.
2. The Programme Operator responsible for a programme under the programme area “Education, Scholarships, Apprenticeships and Youth Entrepreneurship” or a scholarship component within any programme shall specify any unit amounts. The determination of the amounts shall take into account the reasonable costs in the area of the host institution.	2. The Programme Operator responsible for a programme under the programme area “Education, Scholarships, Apprenticeships and Youth Entrepreneurship” or a scholarship component within any programme shall specify any unit amounts. The determination of the amounts shall take into account the reasonable costs in the area of the host institution.	
Article 8.10 Eligibility of management cost incurred by Programme Operator	Article 8.10 Eligibility of management cost incurred by Programme Operator	
1. The management cost of a Programme Operator up to a ceiling set in paragraph 2 may be considered as eligible costs. The first date of eligibility of expenditures of management cost of a Programme Operator shall be the date when the National Focal Point, in accordance with paragraph 3 of Article 5.2, designates the Programme Operator. The final date of eligibility shall be the 31 December 2024 unless an earlier date is specified in the programme agreement.	1. The management cost of a Programme Operator up to a ceiling set in paragraph 2 may be considered as eligible costs. The first date of eligibility of expenditures of management cost of a Programme Operator shall be the date <u>when the Programme Operator is designated in the MoU.</u> when the National Focal Point, in accordance with paragraph 3 of Article 5.2, designates the Programme Operator. The final date of eligibility shall be the <u>31 December 2024</u> 30 April 2025 <u>2032</u> unless an earlier date is specified in the p Programme a Agreement.	Final date of eligibility set as 30 April to align with the deadline for submission of the Final Programme Report, in line with the Regulation modification done in 2024.

Current text	New text (with track changes)	Comments
<p>2. The maximum management cost of a programme shall be calculated as a percentage of the total eligible expenditures of the programme. It shall be the sum of the following amounts:</p> <p>(a) 10% of the first € 10 million;</p> <p>(b) 7% of the next € 40 million;</p> <p>(c) 5% of the next € 50 million;</p> <p>(d) 4% of the remaining total eligible expenditures of the programme.</p>	<p>2. The maximum management cost of a programme shall be calculated as a percentage of the total eligible expenditures of the programme. It shall be the sum of the following amounts:</p> <p>(a) 10% of the first € 10 million;</p> <p>(b) 7% of the next € 40 million;</p> <p>(c) 5% of the next € 50 million; <u>and</u></p> <p>(d) 4% of the remaining total eligible expenditures of the programme.</p>	
<p>3. In exceptional and duly justified cases, the FMC may, for programmes with total eligible expenditures up to € 5 million, approve a higher ceiling.</p>	<p>3. In exceptional and duly justified cases, the FMC may, for programmes with total eligible expenditures up to € 5 million, approve a higher ceiling.</p>	
	<p><u>4. The method of reimbursement of the management costs of a programme shall be defined in the Programme Agreement, and may take the form of:</u></p> <p><u>(a) reimbursement of eligible expenditure actually incurred; or</u></p> <p><u>(a)(b) a combination of costs described in point (a) and/or any or all of the simplified cost options.</u></p>	<p>This paragraph is added to allow the use of simplified cost options also for management costs.</p>
<p>4. The following categories of expenditure are eligible as management costs, provided that the expenditure is proportionate and necessary:</p> <p>(a) expenditures directly related to the preparation of the programme, including the development of the programme design, the results framework and stakeholder consultations;</p> <p>(b) preparation of the implementation of the programme, including the development of</p>	<p><u>5.</u> The following categories of expenditure are eligible as management costs, provided that the expenditure is proportionate and necessary:</p> <p>(a) expenditures directly related to the preparation of the programme, including the development of the programme design, the results framework and stakeholder consultations;</p> <p>(b) preparation of the implementation of the programme, including the development of</p>	

Current text	New text (with track changes)	Comments
<p>procedures for project selection and financial flows;</p> <p>(c) assisting possible applicants and Project Promoters in complying with the requirements set by the Programme Operator for project applications and/or the implementation of projects;</p> <p>(d) selection of projects, including costs of experts and meetings, and appeals;</p> <p>(e) verification of incurred expenditure, approval of payments and transfer of payments to Project Promoters;</p> <p>(f) monitoring of projects and reviews;</p> <p>(g) audits and on-the-spot verification of projects;</p> <p>(h) promotional and information activities, including calls for proposals and information work during the application period as well as information events to share experiences and evaluate the impact of the programme;</p> <p>(i) expenditures related to reporting obligations to the FMC, the National Focal Point, the Certifying Authority and/or the Irregularities Authority;</p> <p>(j) charges related to the establishment and operation of bank accounts required under this Regulation or the programme agreement, including costs of incoming and outgoing transfers;</p> <p>(k) overheads, calculated in accordance with paragraphs 1(a), (b) or (c) of Article 8.5, as</p>	<p>procedures for project selection and financial flows;</p> <p>(c) assisting possible applicants and Project Promoters in complying with the requirements set by the Programme Operator for project applications and/or the implementation of projects;</p> <p>(d) selection of projects, including costs of experts and meetings, and appeals;</p> <p>(e) verification of incurred expenditure, approval of payments and transfer of payments to Project Promoters;</p> <p>(f) monitoring of projects and reviews;</p> <p>(g) audits and on-the-spot verification of projects;</p> <p>(h) promotional and information activities, including calls for proposals and information work during the application period as well as information events to share experiences and evaluate the impact of the programme;</p> <p>(i) expenditures related to reporting obligations to the FMC, the National Focal Point <u>and</u>; the Certifying Authority and/or the Irregularities Authority;</p> <p>(j) charges related to the establishment and operation of bank accounts required under this Regulation or the pProgramme aAgreement, including costs of incoming and outgoing transfers;</p> <p>(k) overheads, calculated in accordance with paragraphs 1(a), (b) or (c) of Article 8.5, as</p>	

Current text	New text (with track changes)	Comments
<p>appropriate, and subject to the requirements in paragraph 6 of Article 8.12;</p> <p>(l) expenditures related to the operation of the Cooperation Committee in the case of donor partnership programmes and expenditures related to the operation of the Programme Committee, when required within programmes falling under the programme area “Research”;</p> <p>(m) expenditures related to the strengthening of bilateral relations; and</p> <p>(n) activities aimed at strengthening cooperation and exchanging experience and best practices between the Programme Operators and similar entities within the Beneficiary States and/or Donor States, and/or international organisations.</p>	<p>appropriate, and subject to the requirements in paragraph 6 of Article 8.12; the</p> <p>(l) expenditures related to the operation of the Cooperation Committee in the case of donor partnership programmes and expenditures related to the operation of the Programme Committee, when required within programmes falling under the programme area “Research”;</p> <p>(m) expenditures related to the strengthening of bilateral relations; and</p> <p>(n) activities aimed at strengthening cooperation and exchanging experience and best practices between the Programme Operators and similar entities within the Beneficiary States and/or Donor States and/or International eOrganisations.</p>	
<p>5. Programme Operators within programme area “Civil Society” may, in order to meet obligations related to capacity building of the sector, suggest a higher ceiling for the management costs but never more than 30% above the ceiling stipulated in paragraph 2. Such a ceiling, if approved by the FMC, shall be explicitly stipulated in the programme agreement.</p>	<p>5. Programme Operators within programme area “Civil Society” may, in order to meet obligations related to capacity building of the sector, suggest a higher ceiling for the management costs but never more than 30% above the ceiling stipulated in paragraph 2. Such a ceiling, if approved by the FMC, shall be explicitly stipulated in the programme agreement.</p>	<p>The 30% extra is not considered a desirable or efficient method for compensation in these cases.</p>
<p>6. In cases where the selection of the Programme Operator in the Beneficiary State is conducted through a competitive tendering procedure, the FMC can in the programme agreement, decide that the contract value shall be accepted as management costs <i>in lieu</i> of actually incurred expenditures. The ceilings set out in paragraphs 2 and 5 shall apply.</p>	<p>5. In cases where the selection of the Programme Operator in the Beneficiary State is conducted through a competitive tendering procedure, the FMC can in the pProgramme aAgreement, decide that the contract value shall be accepted as management costs <i>in lieu</i> of actually incurred expenditures. The ceiling set out in paragraphs 2 and 5 shall apply.</p>	

Current text	New text (with track changes)	Comments
7. The eligibility of costs under this article is conditional on the approval of the programme by the FMC.	6. The eligibility of costs under this article is conditional on the approval of the programme by the FMC.	
8. In justified cases of budgetary constraints and at the discretion of the FMC, extraordinary advance payments towards costs related to the preparation of programmes may be disbursed to the Beneficiary States.	7. In justified cases of budgetary constraints and at the discretion of the FMC, extraordinary advance payments towards costs related to the preparation of programmes may be disbursed to the Beneficiary States.	
Article 8.11 Technical assistance to the Beneficiary State	Article 8.11 Technical assistance to the Beneficiary State	
1. Costs incurred by Beneficiary States in relation to the implementation of the EEA Financial Mechanism 2014-2021 are ineligible, except as provided for in this article and falling within the categories set out in paragraph 2.	1. Costs incurred by Beneficiary States in relation to the implementation of the EEA Financial Mechanism 2014-2021 are ineligible, except as provided for in this article and falling within the categories set out in paragraph 2.	
2. The following categories of expenditure may be eligible costs for technical assistance under the conditions and limits set out in paragraphs 3-10, provided that the expenditure is proportionate and necessary: (a) in the case of additional management systems specifically established for the EEA Financial Mechanism 2014-2021, expenditure relating to the preparation, evaluation, financial flow, and monitoring of the assistance, programmes and the fund for bilateral relations; (b) expenditure on preparation of and participation in annual meetings with the Donor States, and other meetings with the Donor States relating to the implementation of the assistance. This expenditure may also include the costs of experts and other participants, including third-country participants, where the chairperson considers their presence	2. The following categories of expenditure may be eligible costs for technical assistance under the conditions and limits set out in paragraphs 3-10, provided that the expenditure is proportionate and necessary: (a) in the case of additional management systems specifically established for the EEA Financial Mechanism 2014-2021, expenditure relating to the preparation, evaluation, financial flow, and monitoring of the assistance, programmes and the fund for bilateral relations; (b) expenditure on preparation of and participation in annual meetings with the Donor States, and other meetings with the Donor States relating to the implementation of the assistance. This expenditure may also include the costs of experts and other participants, including third-country participants, where the chairperson considers their presence	

Current text	New text (with track changes)	Comments
<p>essential to the effective implementation of the assistance;</p> <p>(c) expenditure on meetings and conferences organised by the National Focal Point, the Audit Authority, the Irregularities Authority or the Certifying Authority to share experience related to the implementation, monitoring, evaluation, reporting and auditing of projects funded by the EEA Financial Mechanism 2014-2021, including expenditure related to travel and accommodation of participants. The Donor States shall be invited to participate in such meetings or conferences;</p> <p>(d) expenditure related to promotional and information activities;</p> <p>(e) expenditure related to audits referred to in Article 5.5 and paragraph 3 of Article 5.7;</p> <p>(f) expenditure related to on-the-spot verifications of programmes and projects;</p> <p>(g) expenditure related to reviews and evaluations;</p> <p>(h) expenditure related to technical assistance for the implementation of the EEA Financial Mechanism 2009-2014 incurred during the 12 months following the final date of eligibility for that technical assistance; and</p> <p>(i) expenditure related to the preparation of the implementation of the EEA Financial Mechanism 2014-2021.</p>	<p>essential to the effective implementation of the assistance;</p> <p>(c) expenditure on meetings and conferences organised by the National Focal Point, the Audit Authority, the Irregularities Authority or the Certifying Authority to share experience related to the implementation, monitoring, evaluation, reporting and auditing of projects funded by the EEA Financial Mechanism 2014-2021<u>2021-2028</u>, including expenditure related to travel and accommodation of participants. The Donor States shall be invited to participate in such meetings or conferences;</p> <p>(d) expenditure related to promotional and information activities;</p> <p>(e) expenditure related to audits referred to in Article 5.5 and paragraph 3 of Article 5.7;</p> <p>(f) expenditure related to on-the-spot verifications of programmes and projects;</p> <p>(g) expenditure related to reviews and evaluations;</p> <p>(h) expenditure related to technical assistance for the implementation of the EEA Financial Mechanism 2009-2014 incurred during the 12 months following the final date of eligibility for that technical assistance; and</p> <p>(i) expenditure related to the preparation of the implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u>.</p>	
<p>3. Expenditure in the Beneficiary State on salaries, social security contributions and other statutory costs, is eligible only in the following cases:</p> <p>(a) civil servants or other public officials temporarily assigned, by duly documented decision of the competent authority, to carry out tasks referred to in paragraph 2 on an exclusive and additional basis;</p>	<p>3. Expenditure in the Beneficiary State on salaries, social security contributions and other statutory costs, is eligible only where necessary to carry out tasks referred to in paragraph 2, in the following cases:</p> <p>(a) civil servants or other public officials temporarily assigned, by duly documented decision of the competent authority, to carry out tasks referred to in paragraph 2 on an exclusive and additional basis;</p>	

Current text	New text (with track changes)	Comments
(b) other staff employed to carry out tasks referred to in paragraph 2.	(b) other staff employed to carry out tasks referred to in paragraph 2.	
	<u>1. The EEA Financial Mechanism shall make contributions towards the costs of the National Focal Point, Certifying Authority and Audit Authority in the performance of their duties as described in this Regulation.</u>	
	<u>2. The contribution shall take the form of a lump sum to be disbursed in equal tranches in accordance with the payment schedule described in Chapter 9. The disbursement shall be contingent on:</u> <ul style="list-style-type: none"> <u>a) for the first disbursement: the signing of the Technical Assistance Agreement, and</u> <u>b) for the consequent disbursements, the timely and satisfactory submission of:</u> <ul style="list-style-type: none"> <u>i) the strategic reportCountry Report as described in Article 2.6;</u> <u>ii) the Interim Financial Reports as described in Article 9.3;</u> <u>iii) the Annual Audit Report as described in point (e) of Article 5.5.1; and</u> <u>iv) the irregularities reports as described in Article 12.5.</u> <u>(c) for the final disbursement, the timely and satisfactory submission of:</u> <ul style="list-style-type: none"> <u>i) the Final strategicCountry Report as described in Article 2.6.4;</u> <u>ii) the closure declaration as described in point (f) of Article 5.5.1; and</u> <u>iii) all Final Programme Reports as described in Article 6.8.</u> 	A lump sum approach for the payment of technical assistance contributions is implemented.

Current text	New text (with track changes)	Comments
4. Contributions from the EEA Financial Mechanism 2014-2021 to the expenditure under paragraph 2 shall not exceed 1.5% of the total contribution to the respective Beneficiary State, except for Beneficiary States receiving 2% or less of the total financial contribution from the EEA Financial Mechanism 2014-2021 where the FMC may approve a higher amount.	3. Contributions from the EEA Financial Mechanism 2014-2021-2028 to the expenditure under paragraph towards technical assistance shall not exceed 1.5% of the total contribution to the respective Beneficiary State, except for Beneficiary States receiving 23 % or less of the total financial contribution from the EEA Financial Mechanism 2014-2021-2028 where the FMC may approve a higher amount. <u>In the case of Beneficiary States receiving 8% or more of the total financial contribution, the FMC and the Beneficiary States shall set a percentage lower than 1.5%.</u>	In case of Beneficiary States receiving 8% or more of the total financial contribution, the percentage of technical assistance should be lower than 1.5% for proportionality.
5. The amount shall be fixed in an agreement on technical assistance between the FMC and the National Focal Point. The technical assistance agreement template is provided in Annex 7.	4. The amount shall be fixed in an agreement on technical assistance between the FMC and the National Focal Point <u>the Memorandum of Understanding. The FMC and the Beneficiary State shall conclude a Technical Assistance Agreement, based on the</u> template is provided in Annex 75 .	
6. The National Focal Point shall coordinate the use of the technical assistance. It shall as soon as possible after the signing of the MoU, provide the FMC with a budget for the whole implementation period, including a detailed budget for the first calendar year. Where the National Focal Point receives support for technical assistance under both the EEA and Norwegian Financial Mechanisms, it shall prepare one budget covering the technical assistance from both mechanisms.	5. The National Focal Point shall coordinate the use of the technical assistance. It shall as soon as possible after the signing of the MoU, provide the FMC with a budget for the whole implementation period, including a detailed budget for the first calendar year. Where the National Focal Point receives support for technical assistance under both the EEA and Norwegian Financial Mechanisms, it shall prepare one budget covering the technical assistance from both mechanisms. <u>The National Focal Point shall ensure that all entities described in paragraph 1 receive a sufficient share of the contribution to perform their duties under this Regulation.</u>	The requirement for attaching a budget to the TA agreement is deleted in line with the proposal made in the TA agreement template. This way, if the amount changes in the MoU, no modification is required in the TA agreement.
7. The first date of eligibility for support under this article shall be the date of the last signature of the MoU with the respective Beneficiary State. If support for technical assistance is received under both the EEA and the Norwegian Financial Mechanisms, the first date of eligibility of any funding for technical	7. The first date of eligibility for support under this article shall be the day following the date of the last signature of the MoU with the respective Beneficiary State. If support for technical assistance is received under both the EEA and the Norwegian Financial Mechanisms, the first date of eligibility of any funding	There is no period of eligibility with lump sums. It is foreseen that the first advance payment will be made after the signature of the TA Agreement and then there will be yearly payments until the end of the Financial Mechanism.

Current text	New text (with track changes)	Comments
assistance shall be the date of the last signature of whichever MoU is signed first.	for technical assistance shall be the day following the date of the last signature of whichever MoU is signed first.	
8. Notwithstanding paragraph 1, expenditure under point (i) of Article 8.11.2 may be eligible as of the date when the FMC is notified of the designation of the authority responsible for the negotiations of the MoU by the Beneficiary State. Eligibility of incurred expenditure shall be conditional on the signature of the MoU.	8. Notwithstanding paragraph 1, expenditure under point (i) of Article 8.11.2 may be eligible as of the date when the FMC is notified of the designation of the authority responsible for the negotiations of the MoU by the Beneficiary State. Eligibility of incurred expenditure shall be conditional on the signature of the MoU.	
9. The final date of eligibility of expenditure under technical assistance shall be 31 August 2025.	9. The final date of eligibility of expenditure under technical assistance shall be 31 August 2025.	
10. Articles 6.11 and 6.12 and Chapter 9 shall apply <i>mutatis mutandis</i> to technical assistance. The final programme report for technical assistance shall be submitted no later than 15 November 2025.	6. Articles 6.11 and 6.812 and Chapter 9 shall apply <i>mutatis mutandis</i> to technical assistance. The Ffinal Pprogramme Rreport for technical assistance shall be submitted no later than 15 November 20252032.	
Article 8.12 Proof of expenditure	Article 8.12 Proof of expenditure	
1. Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by receipted invoices, or alternatively by accounting documents of equivalent probative value.	1. Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by Rreceipted invoices, or alternatively by accounting documents of equivalent probative value shall be maintained for all costs incurred.	
2. Where activities are implemented in the framework of competitive tendering procedures, payments by Programme Operators, Project Promoters and project partners shall be supported by receipted invoices based on the signed contracts. In all other cases, payments by Programme Operators, Project Promoters and project partners shall be justified by expenditure actually paid by the entities concerned in implementing the project.	2. Where activities are implemented in the framework of competitive tendering procedures, payments by Programme Operators, Project Promoters and project partners shall be supported by receipted invoices based on the signed contracts. In all other cases, payments by Programme Operators, Project Promoters and project partners shall be justified by expenditure actually paid by the entities concerned in implementing the project.	<p>The Article is restructured to improve readability and to accommodate proposed changes to proof of expenditure.</p> <p>Previously, receipted invoices were the main rule. The new formulation does not signal a preference for the preferred form of proof of expenditure in the Regulation.</p>

Current text	New text (with track changes)	Comments
	<p><u>3. Proof of expenditure for costs reimbursed pursuant to point (a) of Article 8.3.1 to be submitted may take the form of:</u></p> <p><u>(a) receipted invoices or accounting documents of equivalent probative value;</u></p> <p><u>(b) a report by an independent auditor qualified to carry out statutory audits of accounting documents, certifying that the claimed costs are incurred in accordance with this Regulation, the national law and relevant national accounting practices; or</u></p> <p><u>(c) a report issued by a competent and independent public officer recognised by the relevant national authorities as having a budget and financial control capacity over the entity incurring the costs and who has not been involved in the preparation of the financial statements, certifying that the claimed costs are incurred in accordance with this Regulation, the relevant law and national accounting practices.</u></p>	
	<p><u>4. Proof of expenditure for activities implemented by an International Organisation, in which each Donor State is a member, shall take the form of a signed financial report, confirming that the claimed costs are in accordance with the principles and rules set forth in the project contract and that the financial data contained in the report is in accordance with the financial records and accounting practices of that International Organisation.</u></p>	
<p>3. In line with the responsibility of the Programme Operator to verify expenditure declared, requirements for the submission of proof of expenditure shall be set in the project contract and the partnership agreement where relevant. Proof of expenditure to be submitted may take the form of receipted invoices or accounting documents of equivalent probative value. Alternatively, project promoters and project partners may opt to submit proof of expenditure by way of the</p>	<p><u>5. In line with the responsibility of the Programme Operator to verify expenditure declared, requirements for the submission of proof of expenditure for costs incurred shall be set in the project contract and where applicable, the partnership agreement. where relevant. Proof of expenditure to be submitted may take the form of receipted invoices or accounting documents of equivalent probative value. Alternatively, project promoters and project partners may opt to submit</u></p>	<p>Currently the proof of expenditure requirements has been considered disproportional in some programmes. Therefore, it is considered useful to signal the importance of proportionality while at the same time proposing significant changes in approach to proof of expenditure.</p> <p>It is proposed to have different proof of expenditure submission requirements depending on the size of the grant allocation to each promoter and partner. The proposed requirements would reduce administrative</p>

Current text	New text (with track changes)	Comments
<p>reports described in paragraph 4. The Programme Operator may limit this option to international organisations or bodies or agencies thereof and project partners whose primary location is outside the Beneficiary State.</p>	<p>proof of expenditure by way of the reports described in paragraph 4. The Programme Operator may limit this option to international organisations or bodies or agencies thereof and project partners whose primary location is outside the Beneficiary State. The requirements for submission of proof of expenditure shall be proportional to the total grant allocation to each promoter and/or partner:</p> <p><u>(a) proof of expenditure shall not be submitted by a Project Promoter or a project partner where the total grant allocation from the programme to the respective Project Promoter or project partner within a project does not exceed EUR 5,000;</u></p> <p><u>(b) where the total grant allocation from the programme to the respective Project Promoter or project partner within a project does not exceed EUR 100,000 but is higher than EUR 5,000, proof of expenditure shall be submitted once, at the end of the project. Project Promoters and project partners may submit proof of expenditure by way of any option identified in paragraph 3;</u></p> <p><u>(c) where the total grant allocation from the programme to the respective Project Promoter or project partner exceeds EUR 100,000, proof of expenditure shall be submitted no more than once per year. Project Promoters and project partners may submit proof of expenditure by way of any option identified in paragraph 3, however the Programme Operator may require Project Promoters or project partners whose primary location is within the Beneficiary State to submit proof of expenditure in accordance with point (a) of paragraph 3.</u></p>	<p>burden and/or the cost of audit certificates which have in some cases been very disproportionate to the size of the grant allocated.</p> <p>For (a) the entities would still need to keep proof of expenditure as per paragraph 1 which can be audited as per paragraph 5. The risk of misuse of funds by Project Promoters is therefore mitigated. In the case of entities from the donor states, the best approach to take needs to be considered by the donors, the FMC could on a sample basis request access to the supporting documents to keep a level of control for donor state entities falling under this threshold.</p> <p>For (b) submission of proof of expenditure is needed but by limiting the submission to the end of the project, disproportionate administrative burdens are prevented.</p> <p>For (c) the PO's discretion to limit the valid proof of expenditure forms for Beneficiary States entities is retained for large projects. Entities whose primary location is outside the Beneficiary States can still use audit reports in all cases.</p>
<p>4. A report by an independent auditor qualified to carry out statutory audits of accounting documents, certifying that the claimed costs are incurred in accordance with this Regulation, the national law and relevant national accounting practices, shall, subject to paragraph 3, be accepted as sufficient proof of</p>	<p>4. A report by an independent auditor qualified to carry out statutory audits of accounting documents, certifying that the claimed costs are incurred in accordance with this Regulation, the national law and relevant national accounting practices, shall, subject to paragraph 3, be accepted as sufficient proof of</p>	

Current text	New text (with track changes)	Comments
expenditure incurred. A report issued by a competent and independent public officer recognised by the relevant national authorities as having a budget and financial control capacity over the entity incurring the costs and who has not been involved in the preparation of the financial statements, certifying that the claimed costs are incurred in accordance with this Regulation, the relevant law and national accounting practices, shall, subject to paragraph 3, also be accepted as sufficient proof of expenditure incurred.	expenditure incurred. A report issued by a competent and independent public officer recognised by the relevant national authorities as having a budget and financial control capacity over the entity incurring the costs and who has not been involved in the preparation of the financial statements, certifying that the claimed costs are incurred in accordance with this Regulation, the relevant law and national accounting practices, shall, subject to paragraph 3, also be accepted as sufficient proof of expenditure incurred.	
5. Upon request by the FMC or the EFTA Board of Auditors, the Project Promoter or project partner shall grant access to the supporting documents on the basis of which the report referred to in paragraph 4 was issued. Upon request by the Audit Authority, a Project Promoter or project partner located within the respective Beneficiary State, shall grant access to the supporting documents on the basis of which the report referred to in paragraph 4 was issued.	6. Notwithstanding the requirements for submission of proof of expenditure, specified in paragraph 5, Upon request by the FMC or the EFTA Board of Auditors shall be granted access to the supporting documents referred to in paragraph 1, held by, the Project Promoters or project partners, shall grant access to the supporting documents on the basis of which the report referred to in paragraph 4 was issued. Upon request by the Audit Authority shall be granted access to the supporting documents referred to in paragraph 1 held by, a Project Promoters or project partners located within the respective Beneficiary State, shall grant access to the supporting documents on the basis of which the report referred to in paragraph 4 was issued.	
	<u>7. The submission of supporting documents shall be subject to national and European Union law on data protection.</u>	In some cases, entities have been asked to provide proof of expenditure that they deem they cannot legally provide because of data protection rules, such as payslips.
6. Overheads identified according to paragraphs 1(b), (c), and (d) of Article 8.5, do not need to be supported by proof of expenditure.	6. Overheads identified according to paragraphs 1(b), (c), and (d) of Article 8.5, do not need to be supported by proof of expenditure.	
7. Where the project grant takes the form of a lump sum or standard scales of unit costs, proof of expenditure is limited to proof of the relevant units.	7. Where the project grant takes the form of a lump sum or standard scales of unit costs, proof of expenditure is limited to proof of the relevant units.	

Current text	New text (with track changes)	Comments
	<u>8. This article shall apply <i>mutatis mutandis</i> to all expenditure unless otherwise explicitly stated in this Regulation.</u>	This paragraph has been added to make clear that this Article also applies to bilateral initiatives. In addition, the general rules on proof of expenditures apply for all entities and this paragraph removes the need to reference them specifically in the paragraphs above.
	<u>Article 8.13</u> <u>Proof of conditions fulfilled for simplified cost options</u>	A new Article has been added to cater for what needs to be provided as proof of conditions fulfilled in case expenditure is covered by simplified cost options.
	<u>1. The costs covered by flat rates do not need to be supported by proof of expenditure. Where flat rates are used, the proof of conditions fulfilled depends on the reimbursement method of the basis costs:</u> <u>(a) In case the basis cost is reimbursed pursuant to point (a) of Article 8.3.1, Article 8.12 shall apply to the basis cost;</u> <u>(b) In case the basis cost is reimbursed pursuant to points (b) and (c) of Article 8.3.1, paragraph 2 shall apply to the basis cost.</u>	
	<u>2. Where the project grant takes the form of a lump sum or unit costs, proof of conditions fulfilled is limited to proof of outputs and/or results delivered and the relevant units, respectively.</u>	
	<u>3. Underlying expenditure covered by simplified cost options shall not be part of audits or management verifications.</u>	

Current text	New text (with track changes)	Comments
Article 8.13 Period of eligibility of expenditures in projects	Article 8.14 Period of eligibility of expenditures in projects	
	<u>1. The first and final dates of eligibility of each project shall be stated in the project contract for that project.</u>	The sentence is moved from paragraph 2 to state the general rule.
1. Unless a later date is provided in the programme agreement, programme implementation agreement, or the project contract, expenditure incurred shall be eligible for assistance as of the date on which the Programme Operator decides on which projects shall be supported. The Programme Operator shall in the same decision fix the final date of eligibility which shall be no later than either one year after the scheduled completion of the project or the date referred to in paragraph 3, whichever is earlier.	<u>2. Unless a later date is provided in the pProgramme aAgreement, programme implementation agreement, or the project contract, expenditure incurred shall be eligible for assistance as of the date on which the Programme Operator decides on which projects shall be supported. The Programme Operator shall in the same decision fix the final date of eligibility which shall be no later than either one year after the scheduled completion of the project or the date referred to in paragraph 3, whichever is earlier.</u>	
2. The first and final dates of eligibility of each project shall be stated in the project contract for that project. The first date of eligibility of any pre-defined project shall be no earlier than the date on which the National Focal Point notifies the FMC of a positive appraisal of the pre-defined project by the Programme Operator in accordance with paragraph 3 of Article 6.5.	<u>3. The first and final dates of eligibility of each project shall be stated in the project contract for that project.</u> The first date of eligibility of any pre-defined project shall be no earlier than the date <u>of entry into force of the Programme Agreement.</u> on which the National Focal Point notifies the FMC of a positive appraisal of the pre-defined project by the Programme Operator in accordance with paragraph 3 of Article 6.5.	Notification of the FMC by the NFP on the appraisal of the PDPs was deleted to align with the change made in Chapter 6 (Article 6.5.3) where the appraisal of pre-defined projects by the NFP has been removed. Starting date of eligibility for PDPs has been set to the entry into force of the PA.
3. Expenditures incurred after 30 April 2024 shall not be eligible.	<u>4. Expenditures incurred after 30 April 20242031 shall not be eligible.</u>	
4. If a project has not been completed on its final date of eligibility, the Programme Operator shall ensure that funds are made available to complete the project in a timely manner. If such funds cannot be guaranteed, the Programme Operator shall reimburse to the FMC its financial contribution to the project. If, at the date of the final date of eligibility, clearly identifiable and viable components of the projects	<u>5. If a project has not been completed by the date of submission of the Final Programme Report, as defined in Article 6.8.2, the Programme Operator shall reimburse to the FMC its financial contribution to the project. If clearly identifiable and viable components of the projects have been completed, the FMC may waive, in full or in part, its right to reimbursement.</u>	This reformulation is to reflect the current reality, namely that the Beneficiary States can complete projects with their own funds, without explicitly stating that.

Current text	New text (with track changes)	Comments
have been completed, the FMC may waive, in full or in part, its right to reimbursement.	If a project has not been completed on its final date of eligibility, the Programme Operator shall ensure that funds are made available to complete the project in a timely manner. If such funds cannot be guaranteed, the Programme Operator shall reimburse to the FMC its financial contribution to the project. If, at the date of the final date of eligibility, clearly identifiable and viable components of the projects have been completed, the FMC may waive, in full or in part, its right to reimbursement.	
Article 8.14 Durability of projects	Article 8.15 Durability of projects	
1. The Programme Operator shall ensure that projects that involve investment in real estate and/or land (including renovation) are operational for at least five years after the Programme Operator's approval of the project completion report and that the real estate and/or land is used for the purpose of the project as described in the project contract.	1. The Programme Operator shall ensure that <u>in the case of</u> projects that involve investment in real estate and/or land (including <u>construction, reconstruction and</u> renovation) are operational for at least five years after the Programme Operator's approval of the project completion report and that the real estate and/or land is used for the purpose of the project as described in the project contract <u>for at least five years after the Programme Operator's approval of the project completion report.</u>	The requirement to keep the projects mentioned in paragraph 1 "operational" is removed as it does not always make sense for projects to be operational for five years, depending on the nature of the project. With the reformulation of the text there is still an obligation to use the real estate/land for at least 5 years for its intended purpose as described in the project contract.
2. For other projects, the period of minimum post-completion operation shall be determined by the Programme Operator, described in the call for proposals and included in the project contract. The determination of this period shall be guided by the aim of promoting the sustainability of the project and of ensuring that the financial support provided to the project generates the maximum benefits to its target group and final beneficiaries.	2. For other projects, the period of minimum post-completion operation shall be determined by the Programme Operator, described in the call for proposals and included in the project contract. The determination of this period shall be guided by the aim of promoting the sustainability of the project and of ensuring that the financial support provided to the project generates the maximum benefits to its target group and final beneficiaries.	
3. The Beneficiary State and the Programme Operator shall ensure that the Project Promoter retains the contribution from the EEA Financial Mechanism	3. The Beneficiary State and the Programme Operator shall ensure that the Project Promoter retains the contribution from the EEA Financial Mechanism	

Current text	New text (with track changes)	Comments
2014-2021 only if the project is in compliance with paragraphs 1 and 2.	2014-2021 2021-2028 only if the project is in compliance with paragraphs 1 and 2.	
Article 8.15 Procurement	Article 8.16 Procurement	
1. Applicable national and European Union law on public procurement shall be complied with at any level in the implementation of programmes and projects.	1. Applicable national and European Union law on public procurement shall be complied with at any level in the implementation of programmes and projects.	
2. A Project Promoter that receives 50% or more of the eligible expenditure of the project as a project grant from a programme under the EEA Financial Mechanism 2014-2021 shall conduct its procurement for that project in compliance with the national public procurement law as though the Project Promoter were a contracting authority under point 1 of Article 1 of Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC, where the amount of the contract is at or above European Union thresholds set for public procurement. This paragraph applies <i>mutatis mutandis</i> to project partners.	2. A Project Promoter that receives 50% or more of the eligible expenditure of the project as a project grant from a programme under the EEA Financial Mechanism 2014-2021 2021-2028 shall conduct its procurement for that project in line with rules that apply for contracting authorities compliance with the national public procurement law as though the Project Promoter were a contracting authority under point 1 of Article 1 of Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC, where the amount of the contract is at or above European Union thresholds set for public procurement. <u>A Project Promoter that is a 'contracting authority' within the meaning of the EU Directives on public procurement must comply with the applicable national law on public procurement. A Project Promoter that receives 50% or more of the eligible expenditure of the project as a project grant from a programme under the EEA Financial Mechanism 2014-2021 shall follow an open procurement procedure, where the amount of the contract is at or above European Union thresholds set for public procurement. In such cases any economic operator may submit a tender. The invitation to tender needs to be published at least on the Project website and in other relevant media. The tender documents need to include clear and precise exclusion, selection and award criteria. The selection process needs to be documented. The minimum time limit for the</u>	To change has been made to avoid impossibilities for private entities, including NGOs, because national rules have been written with public entities in mind. However, it will still be expected that entities follow the rules that are possible for them to comply with.

Current text	New text (with track changes)	Comments
	<u>submission of tenders is 35 days from the publication date of the contract notice.</u> This paragraph applies <i>mutatis mutandis</i> to project partners.	
3. In cases where contracts concluded as part of the implementation of the Programme fall below the European Union thresholds set for public procurement or outside the scope of the applicable public procurement laws, the awarding of such contracts (including the procedures prior to the awarding) and the terms and conditions of such contracts shall, in line with the principle of proportionality, comply with best economic practices, including accountability, allow a full and fair competition between potential providers, for example by way of effective price comparison, and ensure the optimal use of resources from the EEA Financial Mechanism 2014-2021.	3. In cases where contracts concluded as part of the implementation of the Programme fall below the European Union thresholds set for public procurement or outside the scope of the applicable public procurement laws, the awarding of such contracts (including the procedures prior to the awarding) and the terms and conditions of such contracts shall, in line with the principle of proportionality, comply with best economic practices, including accountability, allow a full and fair competition between potential providers, for example by way of effective price comparison, and ensure the optimal use of resources from the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> .	
	<u>4. Procurement procedures in projects implemented by an International Organisation, in which each Donor State is a member, shall be carried out in accordance with the procurement rules established by that International Organisation.</u>	
4. The highest ethical standards, as well as the avoidance of any conflict of interests, shall be observed during the procurement and execution of contracts. The Programme Operator shall ensure the application of adequate and effective means to prevent illegal or corrupt practices. No offer, gifts, payments or benefit of any kind, which would or could, either directly or indirectly, be construed as an illegal or corrupt practice, e.g. as an inducement or reward for the award or execution of procurement contracts, shall be accepted.	<u>5.</u> The highest ethical standards, as well as the avoidance of any conflict of interests, shall be observed during the procurement and execution of contracts. The Programme Operator shall ensure the application of adequate and effective means to prevent illegal or corrupt practices. No offer, gifts, payments or benefit of any kind, which would or could, either directly or indirectly, be construed as an illegal or corrupt practice, e.g. as an inducement or reward for the award or execution of procurement contracts, shall be accepted.	
	<u>6. This Article is without prejudice to the freedom to define, in conformity with the applicable national legislation, the characteristics of the goods, services or works to be provided, including the freedom to make</u>	This paragraph has been inserted to make it clear that the best value for money does not necessarily have to equal the cheapest option, and that

Current text	New text (with track changes)	Comments
	<u>procurement decisions based on social, environmental and/or sustainability criteria.</u>	basing decisions on, <i>inter alia</i> , sustainability and social criteria should be allowed, which would align with the values of the Grants.
5. The Programme Operator shall ensure that records of the awarding and execution of contracts are kept for at least three years from the closure of the programme and provided upon request to the FMC.	<u>7.</u> The Programme Operator shall ensure that records of the awarding and execution of contracts are kept for at least three years from the closure of the programme and provided upon request to the FMC.	
	<u>8. This Article shall apply <i>mutatis mutandis</i> to all expenditure unless explicitly stated otherwise in this Regulation.</u>	
Article 8.16 State Aid	Article 8.17 State Aid	
The National Focal Point shall ensure that any public support under the EEA Financial Mechanism 2014-2021 complies with the procedural and substantive state aid rules applicable at the time when the public support is granted. The National Focal Point shall, by way of the programme implementation agreement, ensure that the Programme Operator maintains written records of all assessments concerning compliance with state aid rules, in particular decisions to award grants and set grant rates, and provides such records to the FMC upon request. In no case shall any act or omission by the FMC be taken as to imply a positive assessment of such compliance.	The National Focal Point shall ensure that any public support under the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> complies with the procedural and substantive state aid rules applicable at the time when the public support is granted. The National Focal Point shall, by way of the programme implementation agreement, ensure that the Programme Operator maintains written records of all assessments concerning compliance with state aid rules, in particular decisions to award grants and set grant rates, and provides such records to the FMC upon request. In no case shall any act or omission by the FMC be taken as to imply a positive assessment of such compliance.	The programme implementation agreement has been removed from the Regulation.

Current text	New text (with track changes)	Comments
Chapter 9 Financial management	Chapter 9 Financial management	
Article 9.1 Common rules for payments	Article 9.1 Common rules for payments	
1. Payments to programmes shall be made when all relevant conditions for payments stipulated in the programme agreement and this Regulation have been fulfilled. Extraordinary advance payments in respect of costs related to the preparation of programmes may be approved by the FMC, in accordance with paragraph 8 of Article 8.10.	1. Payments to programmes shall be made when all relevant conditions for payments stipulated in the p Programme a Agreement and this Regulation have been fulfilled. Extraordinary advance payments in respect of costs related to the preparation of programmes may be approved by the FMC, in accordance with paragraph 8 of Article 8.10. <u>8</u> .	
2. Payments to programmes shall take the form of advance payments, interim payments and payments of the final balance. Without prejudice to paragraph 3, they shall be made to the designated account of the Beneficiary State. Subject to contrary provisions in national law, the Beneficiary State shall ensure that payments received from the FMC are made available to the Programme Operator within 15 working days from reception of the payment.	2. Payments to programmes shall take the form of advance payments, interim payments and payments of the final balance. Without prejudice to paragraph 3, they shall be made to the designated account of the Beneficiary State. Subject to contrary provisions in national law, the Beneficiary State shall ensure that payments received from the FMC are made available to the Programme Operator within 15 working days from reception of the payment.	
3. The FMC and the National Focal Point may agree to transfer payments directly from the FMC to the designated account of the Programme Operator.	3. The FMC and the National Focal Point may agree to transfer payments directly from the FMC to the designated account of the Programme Operator.	
4. The FMC may retain up to 10% of the management cost allocation to the programme. The retained amount shall not be paid until the final programme report has been approved by the FMC.	4. The FMC may retain up to 10% of the management cost allocation to the programme. The retained amount shall not be paid until the f Final p Programme r Report has been approved by the FMC.	
5. Payments to programmes shall be calculated by applying the co-financing rate laid down in the programme agreement. The principle of pro rata financing shall apply, meaning that the payments of	5. Payments to programmes shall be calculated by applying the co-financing rate laid down in the p Programme a Agreement. The principle of pro rata financing shall apply, meaning that the payments of	

Current text	New text (with track changes)	Comments
the programme grant from the FMC shall be matched within one month by payment from the entity or entities responsible for providing the co-financing.	the programme grant from the FMC shall be matched within one month by payment from the entity or entities responsible for providing the co-financing.	
6. In case of discrepancies in payments which are due to rounding errors and which cumulatively do not exceed € 50, the relevant amounts shall be taken into account in the calculation of the final balance referred to in Article 9.4.1.	6. In case of discrepancies in payments which are due to rounding errors and which cumulatively do not exceed € 50, the relevant amounts shall be taken into account in the calculation of the final balance referred to in Article 9.4.1.	This paragraph is deleted as non-relevant in view of new language under 9.5.1 ('The amounts shall be rounded in accordance with criteria set by the FMC').
7. 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 shall be set in the programme agreement.	7. 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 shall be set in the programme agreement.	
Article 9.2 Advance payments	Article 9.2 Advance payments	T
Advance payments are the part of the programme grant necessary to cover its share of justified estimated programme expenditure until the first interim payment referred to in paragraph 1 of Article 9.3 is due. The maximum advance payment shall be set in the programme agreement. The advance payment shall be made when the relevant conditions in the programme agreement and this Regulation have been fulfilled.	Advance payments are the part of the programme grant necessary to cover its share of justified estimated programme expenditure until the first interim payment referred to in paragraph 1 of Article 9.3.1 is due. An The maximum advance payment of up to 20% shall be set in the p Programme a Agreement. The advance payment shall be made when the relevant conditions in the p Programme a Agreement and this Regulation have been fulfilled.	A maximum of 20% is introduced for the advance payment as sufficient for the Grants; in case there is a need for a larger amount there will still be a payment following the first IFR.
Article 9.3 Interim payments	Article 9.3 Interim paymentsreporting, payments and forecast	The title is extended to cover the inclusion of the forecast and to better reflect the content of the Article that also covers the reporting arrangements.
1. The reporting periods in each calendar year shall be as follows: (a) 1 January - 30 June for actual expenditure incurred and 1 November - 30 April for proposed expenditure;	1. The reporting periods in each calendar year (year n) shall be as follows: (a) 1 January - 30 June (year n) for actual expenditure incurred and 1 January - 30 June (year n+1) + November - 30 April for proposed expenditure;	The reporting periods have been adjusted to follow the calendar year.

Current text	New text (with track changes)	Comments
(b) 1 July - 31 December for actual expenditure incurred and 1 May - 31 October for proposed expenditure.	(b) 1 July - 31 December <u>(year n-1)</u> for actual expenditure incurred and <u>1 July - 31 December (year n) 1 May - 31 October</u> for proposed expenditure.	
2. Interim payments shall be paid based on an interim financial report submitted by the Programme Operator in a format provided by the FMC, certified by the Certifying Authority in accordance with Article 5.4, and approved by the FMC.	2. Interim payments shall be paid based on an i Interim f Financial r Report submitted <u>prepared</u> by the Programme Operator in a format provided by the FMC, certified <u>and submitted</u> by the Certifying Authority in accordance with Article 5.4, and approved by the FMC.	The change is made for clarification purposes, i.e. to mirror what is in Article 5.4 on the responsibilities of the Certifying Authority.
3. Without prejudice to paragraph 10 and subject to budgetary appropriations of the Donor States, interim payments from the FMC shall be made by the following payment dates: 15 April and 15 October. Should a payment date land on a weekend or an EFTA public holiday, the payment shall be made on the next EFTA working day.	3. Without prejudice to paragraph 10 and subject to budgetary appropriations of the Donor States, interim payments from the FMC shall be made by the following payment dates: 15-30 April and 15 October <u>November</u> . Should a payment date land on a weekend or an EFTA public holiday, the payment shall be made on the next EFTA working day.	
4. Interim financial reports shall be received by the FMC according to the following schedule: (a) on, or before, 15 March for payments to be made by 15 April; (b) on, or before, 15 September for payments to be made by 15 October.	4. Interim f Financial r Reports shall be received by the FMC according to the following schedule: (a) on, or before, 15 March <u>the last day of February</u> for payments to be made by 15 <u>30</u> April; (b) on, or before, 15 September for payments to be made by 15 30 October <u>15 November</u> .	
5. Payment based on an interim financial report received after its due date but on, or before, the following due date referred to in paragraph 4 shall be due as the report would have been received on its following due date. If an interim financial report has not been received within twelve months from the end of the reporting period in which expenditure has been incurred by the Programme Operator, the expenditure for that period shall be declared ineligible and cancelled.	5. Payment based on <u>If an i</u> Interim f Financial r Report <u>is</u> received after its due date but on, or before, the following due date referred to in paragraph 4, <u>the report</u> shall be <u>considered as due as the report would have been</u> received on its following due date. <u>Expenditure reported after</u> If an interim financial report has not been received within twelve months from the end of the reporting period in which <u>expenditure it</u> has been incurred by the Programme Operator, the expenditure for that period shall be	Some rephrasing was made to provide for more clarity. Change from “if an interim financial report has not been received within twelve months [...]” was changed to “Expenditure reported after twelve months[...]”. The change intends to cover cases where expenditure is reported after 12 months from the end of the reporting period (p,ex, expenditure on procurement on which we are not aware of until this is declared). The possibility for the FMC to decide otherwise on ineligible and cancelled expenditure, although always an option, has been made explicit.

Current text	New text (with track changes)	Comments
	declared ineligible and cancelled, <u>unless otherwise decided by the FMC.</u>	
<p>6. Interim financial reports shall include:</p> <p>(a) a statement of actual expenditure incurred during the reporting period preceding the payment date; and</p> <p>(b) a statement of proposed expenditure for the reporting period immediately following the payment date.</p> <p>(c) information on progress towards achieving outputs and outcomes, as appropriate.</p>	<p>6. Interim Financial Reports shall include:</p> <p>(a) a statement of actual expenditure incurred during the reporting period preceding the payment date; and</p> <p>(b) a statement of proposed expenditure for the reporting period immediately following the payment date;</p> <p><u>(c) a justified forecast of likely payment applications from the Beneficiary State, in a format provided by the FMC; and</u></p> <p>(e)<u>(d)</u> information on progress towards achieving outputs and outcomes, as appropriate.</p>	<p>The forecast process, currently regulated in Article 9.5, is simplified by being aligned and integrated in the IFR, which would result in less work for the Beneficiary States. In this regard, the submission of forecast has moved to point (b), as part of the IFR. Following that:</p> <ul style="list-style-type: none"> only two periods for the submission of the forecast are maintained, in alignment with the IFR; the template for forecasts (Annex 8) will be removed from the Annexes of the Regulation; however, its content is maintained and will be part of the IFR module in Grace.
7. The actual incurred expenditure for the last reporting period shall be reported in the final programme report.	7. The actual incurred expenditure for the last reporting period shall be reported in the F inal P rogramme R eport.	
8. When the interim financial report has been provided, the FMC shall verify that it is in the correct form and that the conditions for payment have been met. If that verification is positive, interim payments shall be transferred no later than on the payment dates referred to in paragraph 3.	8. When the i nterim F inancial R eport has been provided, the FMC shall verify that it is in the correct form and that the conditions for payment have been met. If that verification is positive, interim payments shall be transferred no later than on the payment dates referred to in paragraph 3.	
9. Interim payments shall in principle consist of the proposed expenditure for the respective reporting period less the expected cash balance at the start of that period for the proposed expenditure. The FMC may modify the amount of the interim payment if the proposed expenditures are considered to be unjustified. The FMC shall provide the National Focal Point, Certifying Authority and the Programme	9. Interim payments shall in principle consist of the proposed expenditure for the respective reporting period less the expected cash <u>programme account</u> balance at the start of that period for the proposed expenditure. The FMC may modify the amount of the interim payment if the proposed expenditures are considered to be unjustified. The FMC shall provide the National Focal Point, Certifying Authority and the	Term has changed to 'programme account balance' since 'cash account' is not used anymore.

Current text	New text (with track changes)	Comments
Operator with a justification of the modification without delay.	Programme Operator with a justification of the modification without delay.	
10. Should verification according to paragraph 8 be negative, the FMC, the National Focal Point and the Programme Operator shall closely cooperate to remedy the deficiencies. The FMC may provisionally hold interim payments until such deficiencies have been remedied. When the FMC, after receiving all necessary information, has positively verified interim financial report, it shall at the first possible payment date or when it deems it necessary following that verification release the payment due, unless the FMC decides to make use of remedies provided in Chapter 13.	10. Should verification according to paragraph 8 be negative, the FMC, the National Focal Point and the Programme Operator shall closely cooperate to remedy the deficiencies. The FMC may provisionally hold interim payments until such deficiencies have been remedied. When the FMC, after receiving all necessary information, has positively verified interim financial Report , it shall at the first possible payment date or when it deems it necessary following that verification release the payment due, unless the FMC decides to make use of remedies provided in Chapter 13.	
Article 9.4 Payment of the final balance	Article 9.4 Payment of the final balance	
1. The final balance is: (a) the total reported eligible expenditure of the programme, taking into account any previous reimbursements and the amounts referred to in paragraph 6 of Article 9.1, (b) less the following amounts: (i) the total advance and interim payments to the programme from the FMC; (ii) any co-financing from sources other than the EEA Financial Mechanism 2014-2021; (iii) total interest earned until the date of the final programme report ;and (iv) any funds reimbursed from Project Promoters to the Programme Operator, not paid to other projects or reimbursed to the FMC.	1. The final balance is: (a) the total reported eligible expenditure of the programme, taking into account any previous reimbursements and the amounts referred to in paragraph 6 of Article 9.1, (b) less the following amounts: (i) the total advance and interim payments to the programme from the FMC; (ii) any co-financing from sources other than the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> ; (iii) total interest earned until the date of the Final p Programme R Report; and (iv) any funds reimbursed from Project Promoters to the Programme Operator, not paid to other projects or reimbursed to the FMC.	Language in point (a) of paragraph 1 of this Article is deleted as non-relevant in view of new language in Article 9.5.1 ('The amounts shall be rounded in accordance with criteria set by the FMC') and deletion of Article 9.1.6.

Current text	New text (with track changes)	Comments
2. The EEA Financial Mechanism 2014-2021 share of the final balance is the final balance according to paragraph 1 multiplied by the programme grant rate.	2. The EEA Financial Mechanism 2014-2021 <u>2021-2028</u> share of the final balance is the final balance according to paragraph 1 multiplied by the programme grant rate.	
3. The final balance shall be calculated and reported in the financial annex to the final programme report in accordance with guidelines adopted by the FMC).	3. The final balance shall be calculated and reported in the financial annex to the f Final p Programme r Report in accordance with guidelines adopted by the FMC.	
4. Any final balance payable to the Programme Operator shall be transferred by the FMC no later than one month after FMC's approval of the final programme report.	4. Any final balance payable to the Programme Operator shall be transferred by the FMC no later than one month after FMC's approval of the f Final p Programme r Report.	
5. Any final balance payable to the FMC shall be reimbursed to the FMC within the same deadline. Any interest earned on the bank account of the Programme Operator between the date of the final programme report and the reimbursement date shall be included in the reimbursement.	5. Any final balance payable to the FMC shall be reimbursed to the FMC within the same deadline. Any interest earned on the bank account of the Programme Operator between the date of the f Final p Programme r Report and the reimbursement date shall be included in the reimbursement.	
Article 9.5 Forecast of likely payment applications	Article 9.5 Forecast of likely payment applications	
At the latest by 20 February, 20 April, 20 September and 20 November each year, the Certifying Authority shall send to the FMC, in a format provided by the FMC (Annex 8), a justified forecast of likely payment applications from the Beneficiary State.	At the latest by 20 February, 20 April, 20 September and 20 November each year, the Certifying Authority shall send to the FMC, in a format provided by the FMC (Annex 8), a justified forecast of likely payment applications from the Beneficiary State.	Forecast has been moved to point (b) of Article 9.3.6.
Article 9.6 Use of the euro	Article 9.56 Use of the euro	
1. Amounts set out in programmes, interim financial reports, annual programme reports and final programme reports shall be denominated in euro. Programme grants and payments from the FMC to entities in the Beneficiary State, shall be denominated	1. Amounts set out in programmes, i Interim f Financial r Reports, Country r Reports and f Final p Programme r Reports shall be denominated in euro. Programme grants and payments from the FMC to entities in the Beneficiary State, shall be denominated and carried out in euro. The amounts shall be rounded <u>in</u>	In practice, some systems in Beneficiary States required working with cents, leading to discrepancies due to the different rounding criteria between Grace and the Beneficiary States' own systems and delays in the completion of programme modifications and approval of payments. In line with the new approach the criteria used by Grace will be shared with the Beneficiary States; the latter may adapt their own systems or be able to

Current text	New text (with track changes)	Comments
and carried out in euro. The amounts shall be rounded to the nearest euro.	<u>accordance with criteria set by the FMC</u> to the nearest euro.	trace the sources of potential differences caused by the rounding, knowing that the amounts provided by the FMC are the valid ones.
2. Programme Operators in Beneficiary States that have not adopted the euro as their currency on the date of an application for payment shall convert into euro the amounts of expenditure incurred in their national currency. This amount shall be converted into euro using the monthly accounting exchange rate of the European Commission in the month during which the expenditure was registered in the accounts of the Programme Operator of the programme concerned.	2. Programme Operators in Beneficiary States that have not adopted the euro as their currency on the date of an application for payment shall convert into euro the amounts of expenditure incurred in their national currency. This amount shall be converted into euro using the monthly accounting exchange rate of the European Commission in the month during which the expenditure was registered in the accounts of <u>paid by</u> the Programme Operator of the programme concerned.	The term ‘registered’ is replaced by ‘paid’ (by the PO) to the project to be as close as possible to the exchange rate used.
3. When the euro becomes the currency of a Beneficiary State, the conversion procedure set out in paragraph 2 shall continue to apply to all expenditure recorded in the accounts by the Programme Operator before that date.	3. When the euro becomes the currency of a Beneficiary State, the conversion procedure set out in paragraph 2 shall continue to apply to all expenditure recorded in the accounts by the Programme Operator before that date.	
4. Irrespective of the currency used by a Beneficiary State in the implementation of programmes and projects, including the currency of the project contract, neither the Donor States nor the FMC are responsible for losses resulting from exchange rate fluctuations.	4. Irrespective of the currency used by a Beneficiary State in the implementation of programmes and projects, including the currency of the project contract, neither the Donor States nor the FMC are responsible for losses resulting from exchange rate fluctuations.	
Article 9.7 Interest	Article 9.67 Interest	
1. Any interest generated on the following bank accounts shall be regarded as a resource for the FMC: (a) accounts held in the Beneficiary State on which funds from the FMC are kept until they are transferred to the Programme Operators; and (b) accounts established by the Programme Operator according to paragraph 1(m) of Article 5.6 for funds intended for regrating.	1. <u>The Certifying Authority shall annually as part of the Interim Financial Report referred to in point (b) of Article 9.3.1, and for the calculation of the final balance referred to in Article 9.4.1, declare to the FMC any interest earned or paid on the following accounts</u> Any interest generated on the following bank accounts shall be regarded as a resource for the FMC:	Negative interest is added and it is made explicit that it is considered an eligible cost to be covered by and within the total allocation of the technical assistance and the programme management costs. The paragraph was restructured and merged partially with paragraph 2 for clarity.

Current text	New text (with track changes)	Comments
	<p>(a) accounts held in the Beneficiary State on which funds from the FMC are kept until they are transferred to the Programme Operators; and</p> <p>(b) accounts established by the Programme Operator according to paragraph 1 point (m) of Article 5.6.1 for funds intended for regranting.</p> <p><u>Interest earned shall be regarded as a resource for the FMC. Interest paid shall be considered as an eligible expenditure within the budget of the programme management costs or Technical Assistance.</u></p>	
<p>2. The Certifying Authority shall annually as part of the interim financial report referred to in Article 9.3.1(b), declare to the FMC any interest earned on the accounts referred to in point (b) of paragraph 1. In the case of Technical Assistance, the Certifying Authority shall also annually declare to the FMC as part of the interim financial report referred to in Article 9.3.1(b) any interest earned on the accounts referred to in point (a) of paragraph 1. The Certifying Authority shall verify the correctness of the declared interest. The interest earned shall be taken into account for the calculation of the final balance referred to in Article 9.4.1.</p>	<p>2. The Certifying Authority shall annually as part of the interim financial report referred to in Article 9.3.1(b), declare to the FMC any interest earned on the accounts referred to in point (b) of paragraph 1. In the case of Technical Assistance, the Certifying Authority shall also annually declare to the FMC as part of the interim financial report referred to in Article 9.3.1(b) any interest earned on the accounts referred to in point (a) of paragraph 1. The Certifying Authority shall verify the correctness of the declared interest. The interest earned shall be taken into account for the calculation of the final balance referred to in Article 9.4.1.</p>	Text moved to and merged with paragraph 1 above.
<p>3. Beneficiary States that have not adopted the euro as their currency and use accounts held in the national currency shall convert the interest earned into euros using the average of the monthly accounting exchange rates of the European Commission.</p>	<p>3. Beneficiary States that have not adopted the euro as their currency and use accounts held in the national currency shall convert the interest earned into euros using the average of the monthly accounting exchange rates of the European Commission.</p>	
<p>Article 9.8 Transparency and availability of documents</p>	<p>Article 9.78 Transparency and availability of documents</p>	
<p>1. The Beneficiary State shall ensure an audit trail for financial contributions from the EEA Financial Mechanism 2014-2021 that permits:</p>	<p>1. The Beneficiary State shall ensure an audit trail for financial contributions from the EEA Financial Mechanism 2014-2021 2021-2028 that permits:</p>	

Current text	New text (with track changes)	Comments
<p>(a) reconciliation of the expenditure certified by the Certifying Authority in the interim financial reports and the final programme report and original supporting documents held at the various administrative levels and/or by the Programme Operator, the Project Promoter and its partners; and</p> <p>(b) verification of the allocation and transfer of the available EEA Financial Mechanism 2014-2021's and national financial contributions.</p>	<p>(a) reconciliation of the expenditure certified by the Certifying Authority in the iInterim fFinancial RReports and the fFinal pProgramme RReport and original supporting documents held at the various administrative levels and/or by the Programme Operator, the Project Promoter and its partners; and</p> <p>(b) verification of the allocation and transfer of the available EEA Financial Mechanism 2014-2021<u>2021-2028</u>'s and national financial contributions.</p>	
<p>2. The Beneficiary State shall ensure that all the supporting documents regarding expenditure and audits on the programme concerned are kept either in the form of originals or in versions certified to be in conformity with the originals on commonly accepted data carriers.</p>	<p>2. The Beneficiary State shall ensure that all the supporting documents regarding expenditure and audits on the programme concerned are kept either in the form of originals or in versions certified to be in conformity with the originals on commonly accepted data carriers.</p>	
<p>3. The documents shall be kept available for the FMC and the EFTA Board of Auditors for a period of at least three years following the FMC's approval of the final programme report.</p>	<p>3. The documents shall be kept available for the FMC and the EFTA Board of Auditors for a period of at least three years following the FMC's approval of the fFinal pProgramme RReport.</p>	

Current text	New text (with track changes)	Comments
Chapter 10 Evaluations	Chapter 10 Evaluations <u>and monitoring</u>	The title of the chapter has been changed to reflect that the article regulating monitoring has been moved to this chapter.
Article 10.1 Responsibilities of Beneficiary States	Article 10.1 Responsibilities of Beneficiary States	
1. The Beneficiary State shall carry out evaluations of all programmes. It shall present its evaluation plan in the first Strategic Report.	1. The Beneficiary State shall carry out evaluations of all programmes. It shall present its evaluation plan in the first Strategic <u>second Country</u> Report.	The deadline for submission of the evaluation plan has been postponed, to allow the Beneficiary State more time to prepare and review the plan.
2. Beneficiary States shall ensure that the resources necessary for carrying out evaluations are available, and shall ensure that procedures are in place to produce and collect the necessary data.	2. Beneficiary States shall ensure that the resources necessary for carrying out evaluations are <u>made</u> available, and shall ensure that procedures are in place to produce and collect the necessary data.	"Made available", to emphasize the need for the necessary resources to actually be allocated to the evaluation activities.
3. Evaluation shall be carried out by experts or entities independent of the National Focal Point, the Certifying Authority and the Programme Operator in accordance with guidelines adopted by the FMC.	3. Evaluations shall be carried out by experts or entities independent of the National Focal Point, the Certifying Authority and the Programme Operator in accordance with guidelines adopted by the FMC.	
4. The evaluation report shall be prepared in accordance with guidelines issued by the FMC. The final report and a summary for the general public shall be published.	4. The evaluation report shall be <u>carried out</u> prepared in accordance with guidelines issued by the FMC. The final report and a summary for the general public shall be published.	To emphasise that the obligation to comply with guidelines issued by the FMC encompasses the whole evaluation process, not just the preparation of the report. This is necessary to ensure the quality of the evaluations.
Article 10.2 Role of the FMC	Article 10.2 Role of the FMC	
1. The FMC may carry out evaluations related to the overall objectives of the EEA Financial Mechanism 2014-2021, objectives of programme areas or evaluations of the overall contribution of the EEA Financial Mechanism 2014-2021 to a specific Beneficiary State.	1. The FMC may carry out evaluations related to the overall objectives of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> , objectives of programme areas or evaluations of the overall contribution of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> to a specific Beneficiary State.	

Current text	New text (with track changes)	Comments
2. The FMC may, in consultation with the Beneficiary State concerned, carry out evaluations of on-going or completed programmes to assess actual and/or expected effects at outcome level, in accordance with guidelines adopted by the FMC.	2. The FMC may, in consultation with the Beneficiary State concerned, carry out evaluations of on-going or completed programmes to assess actual and/or expected effects at outcome level, in accordance with guidelines adopted by the FMC.	
3. The evaluation report shall be prepared in accordance with guidelines issued by the FMC. The final report and a summary for the general public shall be published	3. The evaluation report shall be prepared <u>carried out</u> in accordance with guidelines issued by the FMC. The final report and a summary for the general public shall be published	To emphasise that the obligation to comply with guidelines issued by the FMC encompasses the whole evaluation process, not just the preparation of the report. This is necessary to ensure the quality of the evaluations.
	<u>Article 10.3</u> <u>Monitoring</u>	The article about monitoring has been moved from Chapter 11 to Chapter 10. In addition, it has been given a new name to reflect that the monitoring can be carried out by both the FMO and independent monitors.
	<u>Without prejudice to the monitoring carried out by the National Focal Point or the Programme Operator, the FMC may select programmes for monitoring performed by the FMO and/or external monitors. The FMC shall inform the National Focal Point and the Programme Operator about any planned monitoring at least two weeks in advance.</u>	“external monitoring” has been replaced by “monitoring performed by the FMO and/or external monitors” to reflect the current practice of the FMO. Added “at least” to underline that the NFP and PO do not need to be informed exactly two weeks in advance.
	<u>Article 10.4</u> <u>Access</u>	The article concerning access from Chapter 11 has been added in a slightly modified form to Chapter 10, to underline the importance of access also for monitors and evaluators.
	<u>The persons performing evaluations and monitoring according to this chapter shall upon request be granted prompt, full, and unimpeded access to all information, documents, persons, locations and facilities, public or private, necessary for the evaluation or monitoring. Such access shall be subject to the applicable limitations under national legislation.</u>	

Current text	New text (with track changes)	Comments
Chapter 11 External monitoring and audits	Chapter 11 External monitoring and a audits	The title of the chapter has been changed to reflect that the article regulating monitoring has been moved away from this chapter.
Article 11.1 External monitoring	Article 11.1 External monitoring	The article about monitoring has been moved from Chapter 11 to Chapter 10, to better reflect its connection with results and programme management.
Without prejudice to the monitoring carried out by the National Focal Point or the Programme Operator, the FMC may select programmes for external monitoring. The FMC shall inform the National Focal Point and the Programme Operator about any planned monitoring two weeks in advance.	Without prejudice to the monitoring carried out by the National Focal Point or the Programme Operator, the FMC may select programmes for external monitoring. The FMC shall inform the National Focal Point and the Programme Operator about any planned monitoring two weeks in advance.	
Article 11.2 EFTA Board of Auditors	Article 11.1 EFTA Board of Auditors	
1. The EFTA Board of Auditors may conduct audits of all programmes and projects funded by the EEA Financial Mechanism 2014-2021 as well as the management of the EEA Financial Mechanism 2014-2021 in the Beneficiary State. The Beneficiary States' representatives shall, upon request, accompany the auditors and provide them with all the necessary assistance.	1. The EFTA Board of Auditors may conduct audits of all programmes and projects funded by the EEA Financial Mechanism 2014-2021 2021-2028 as well as the management of the EEA Financial Mechanism 2014-2021 2021-2028 in the Beneficiary State. The representatives of the Beneficiary States ² representatives shall, upon request, accompany the auditors and provide them with all the necessary assistance.	
2. The EFTA Board of Auditors shall, except in urgent cases, give two weeks' notice to the FMC and the National Focal Point concerned before an audit is carried out.	2. The EFTA Board of Auditors shall, except in urgent cases, give two weeks' notice to the FMC and the National Focal Point concerned before an audit is carried out.	

Current text	New text (with track changes)	Comments
Article 11.3 Audits and on-the-spot verifications arranged by the FMC	Article 11.2 Audits and on-the-spot verifications arranged by the FMC	
1. Without prejudice to the audits carried out by the Audit Authority, the FMC may arrange audits and on-the-spot verifications of programmes and projects, and to verify the effective functioning of the management and control systems in the Beneficiary State. The National Focal Point's representatives shall, upon request, accompany the authorised representatives of the FMC and provide them with all necessary assistance.	1. Without prejudice to the audits carried out by the Audit Authority, the FMC may arrange audits and on-the-spot verifications of programmes and projects, <u>as well as of the management of the EEA Financial Mechanism 2021-2028 in the Beneficiary State</u> and to verify the effective functioning of the management and control systems in the Beneficiary State . The <u>representatives of the</u> National Focal Point 's <u>representatives</u> shall, upon request, accompany the authorised representatives of the FMC and provide them with all necessary assistance.	To better reflect the variety of audits already being performed by the FMC.
2. The FMC shall, except in urgent cases, give two weeks' notice to the National Focal Point and the Programme Operator concerned before an audit or on-the-spot verification is carried out.	2. The FMC shall, except in urgent cases, give two weeks' notice to the National Focal Point and the Programme Operator <u>or other Beneficiary State entities</u> concerned before an audit or on-the-spot verification is carried out.	To better reflect that the audits performed by the FMC can involve other Beneficiary State entities than the NFP and PO.
3. The National Focal Point and the Programme Operator shall be given an opportunity to provide comments to an audit report before it is finalised.	3. The National Focal Point, and the Programme Operator <u>where relevant, and the any other audited entities</u> shall be given an opportunity to provide comments to an audit report before it is finalised.	This paragraph has been modified to better reflect that the audits performed by the FMC can involve other Beneficiary state entities than the NFP and PO.
	<u>4. When planning and carrying out audits, the FMC shall, where possible, take into account the principles laid out in Article 5.5.5</u>	Reflects the principles of proportionality and single audit that have been added to Chapter 5.
	<u>Article 11.3</u> <u>International Organisations</u>	
	<u>An International Organisation of which each Donor States is a member, may apply its own internal control framework as a substitute to the provisions on audits contained in this Regulation.</u>	Where intergovernmental organisations have participated in projects, there has been unclarity regarding what rules to apply with regards to <i>inter alia</i> audit requirements. This article intends to clarify that intergovernmental organisations with all three Donor States as members may apply their own

Current text	New text (with track changes)	Comments
		rules with regards to audits, and should in such cases not be audited by the Audit Authority, the FMC or the EFTA Board of Auditors.
Article 11.4 Access	Article 11.4 Access	
The persons performing audits or on-the-spot verifications according to this chapter shall upon request be granted prompt, full, and unimpeded access to all information, documents, persons, locations and facilities, public or private, relevant to the audit or the verification. Such access shall be subject to the applicable limitations under national legislation of the Beneficiary State. The auditors shall enjoy the same rights as those extended to equivalent authorities of the Beneficiary State itself.	The persons performing audits or on-the-spot verifications according to this chapter shall upon request be granted prompt, full, and unimpeded access to all information, documents, persons, locations and facilities, public or private, relevant to the audit or the verification. Such access shall be subject to the applicable limitations under national legislation of the Beneficiary State. The auditors shall enjoy the same rights as those extended to equivalent authorities of the Beneficiary State itself.	

Current text	New text (with track changes)	Comments
Chapter 12 Irregularities	Chapter 12 Irregularities	
Article 12.1 Responsibilities related to irregularities	Article 12.1 Responsibilities related to irregularities	
1. The Beneficiary State and the Programme Operator shall make every effort possible to prevent, detect, and nullify the effect of any cases of irregularities. Similarly, any suspected and actual cases of irregularities shall be investigated promptly and efficiently, and properly remedied, including making any financial corrections that may be appropriate.	1. The Beneficiary State and the Programme Operator shall make every effort possible to prevent, detect, and nullify the effect of any cases of irregularities. Similarly, any suspected and actual cases of irregularities shall be investigated promptly and efficiently, and properly remedied, including making any financial corrections that may be appropriate. <u>Unduly paid amounts shall be recovered and reimbursed in accordance with the Programme Agreements and this Regulation.</u>	Paragraph 1 and 2 have been merged, because they both reflect the responsibilities of the Beneficiary State. A new text on the responsibility of the FMC has been included as paragraph 2.
2. Unduly paid amounts shall be recovered and reimbursed in accordance with the programme agreements and this Regulation.	2. Unduly paid amounts shall be recovered and reimbursed in accordance with the programme agreements and this Regulation.	
	<u>2. In addition, the FMC may suspend payments, impose financial corrections and require recovery of funds in case of irregularities.</u>	
Article 12.2 Definition of irregularities	Article 12.2 Definition of irregularities	
An irregularity shall mean an infringement of: (a) the legal framework of the EEA Financial Mechanism 2014-2021 referred to in Article 1.5; (b) any provision of European Union law; or (c) any provision of the national law of the Beneficiary State,	An irregularity shall mean an infringement of: (a) the legal framework of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> referred to in Article 1.5; (b) any provision of European Union law; or	

Current text	New text (with track changes)	Comments
which affects or prejudices any stage of the implementation of the EEA Financial Mechanism 2014-2021 in the Beneficiary State, in particular, but not limited to, the implementation and/or the budget of any programme, project or other activities financed by the EEA Financial Mechanism 2014-2021.	(c) any provision of the national law of the Beneficiary State, which affects or prejudices any stage of the implementation of the EEA Financial Mechanism 2014-2021 2021-2028 in the Beneficiary State, in particular, but not limited to, the implementation and/or the budget of any programme, project or other activities financed by the EEA Financial Mechanism 2014-2021 2021-2028.	
Article 12.3 Entities responsible for reporting	Article 12.3 Entities responsible for reporting	
1. The Irregularities Authority shall be designated and agreed upon in the MoU.	1. The <u>Certifying Authority shall be responsible for the preparation and submission of irregularities reports on behalf of the Beneficiary State. If agreed upon in the Memorandum of Understanding, these responsibilities may alternatively be assigned to the National Focal Point or the Audit Authority. In such cases, references to the Certifying Authority in this Chapter shall be applicable <i>mutatis mutandis</i> to the National Focal Point or Audit Authority.</u> Irregularities Authority shall be designated and agreed upon in the MoU.	With a view to simplifying the organisational setup at Beneficiary State level, it is proposed to remove the Irregularities Authority as a separate entity, and instead place the current responsibility of the Irregularities Authority with the Certifying Authority. To adapt to the individual contexts of each Beneficiary States, it may also be agreed in the MoU that the NFP or AA take this role.
2. Irregularities, as well as any measures taken by competent national authorities to prevent, detect, investigate, or remedy irregularities, shall be reported by the Irregularities Authority to the FMC in accordance with this Regulation and in a format provided by the FMC (Annex 9).	2. Irregularities, as well as any measures taken by competent national authorities to prevent, detect, investigate, or remedy irregularities, shall be reported to by the Irregularities-Certifying Authority, which shall report to the FMC in accordance with this Regulation and in a format provided by the FMC (Annex 9).	The irregularities report is no longer proposed to be an annex to the Regulation. It will continue to be provided by the FMO through Grace in a structured data format.
3. The Programme Operator shall report to the Irregularities Authority on all irregularities, their investigation and any remedies taken. The Programme Operator shall closely co-operate with the Irregularities Authority to ensure rapid, accurate and complete reporting of irregularities to the FMC.	3. The Programme Operator shall report to the Irregularities Authority on all irregularities, their investigation and any remedies taken. The Programme Operator <u>All competent national authorities</u> shall closely co-operate with the Irregularities Authority to ensure rapid, accurate and complete reporting of irregularities to the FMC.	To clarify that all entities in the Beneficiary States share the responsibility of rapid, accurate and complete reporting of irregularities.

Current text	New text (with track changes)	Comments
Article 12.4 Irregularities Register	Article 12.4 Irregularities Register	
The Irregularities Authority shall keep a register of all irregularities, and shall, upon request from the FMC, provide information on irregularities within one month.	The Irregularities-Certifying Authority shall keep a register of all irregularities, and shall, upon request from the FMC, provide information on irregularities within one month. <u>The irregularities register shall include details about the irregularity and any measures taken to remedy it.</u>	
Article 12.5 Reporting on irregularities	Article 12.5 Reporting on irregularities	
<p>1. The Irregularities Authority shall immediately report to the FMC all suspected and actual cases of irregularities when any of the following applies:</p> <p>(a) they involve allegations of an act or omission which constitutes a criminal offence under the national legislation of the Beneficiary State, such as corruption, fraud, bribery or embezzlement;</p> <p>(b) they indicate the presence of serious mismanagement affecting the use of the financial contribution from the EEA Financial Mechanism 2014-2021; or</p> <p>(c) they pose an immediate threat to the successful completion of the project, due to the amounts in proportion to the total project cost, their gravity or any other reason.</p>	<p>1. The Irregularities-Certifying Authority shall immediately report to the FMC all suspected and actual cases of irregularities <u>to the FMC</u> when any of the following applies:</p> <p>(a) they involve allegations of <u>a conflict of interest or of</u> an act or omission which constitutes a criminal offence under the national legislation of the Beneficiary State, such as corruption, fraud, bribery or embezzlement;</p> <p>(b) they indicate the presence of serious mismanagement affecting the use of the financial contribution from the EEA Financial Mechanism <u>2014-2021-2028</u>; or</p> <p>(c) they pose an immediate threat to the successful completion of the project, due to the amounts in proportion to the total project cost, their gravity or any other reason.</p>	Due to the raised threshold for reporting irregularities (see paragraph 3), and the fact that this threshold will apply to programme- and country level irregularities as well, it is considered necessary to include conflicts of interest in the group of irregularity categories that must be reported immediately. While they do not necessarily constitute fraud or other criminal offences, conflicts of interest are serious situations that carry with them both economic and reputational risk, and they should therefore be reported immediately.
<p>2. For irregularities other than those referred to in paragraphs 1 and 3, the Irregularities Authority shall within two months of the end of each quarter, submit to the FMC a report, describing any suspected and actual cases of irregularities discovered during that quarter. Should there be no irregularities to report on</p>	<p>2. For irregularities other than those referred to in paragraphs 1 and 3, the Irregularities-Certifying Authority shall within two months of the end of each quarter, submit <u>to the FMC</u> a report, describing any <u>new</u> -suspected and-or actual cases of irregularities discovered during that quarter, <u>as well as the progress</u></p>	Wording added from the current Art.12.6

Current text	New text (with track changes)	Comments
during the quarter, the Irregularities Authority shall inform the FMC of this fact.	<u>made in the investigation and remedy of previously reported irregularities.</u> Should there be no irregularities to report on during the quarter, the Irregularities-Certifying Authority shall inform the FMC of this fact.	
<p>3. Unless requested by the FMC, the following cases of irregularities in projects need not be reported:</p> <p>(a) cases, where the irregularity consists solely in the failure to implement a project, in whole or in part, owing to the bankruptcy of the Project Promoter;</p> <p>(b) cases, which are detected and corrected by the Programme Operator, National Focal Point or Certifying Authority in the course of the verification of the expenditure declared;</p> <p>(c) cases, which relate to an amount below EUR 2,000 in contribution from the EEA and the Norwegian Financial Mechanisms. In the case of irregularities related to non-compliance with public procurement rules, this amount refers to the overall value of the contract which is affected by the irregularity.</p>	<p>3. Unless requested by the FMC, the following cases of irregularities in projects do not need to not be reported:</p> <p>(a) cases, where the irregularity consists solely in the failure to implement a project, in whole or in part, owing to the <u>non-fraudulent</u> bankruptcy of the Project Promoter;</p> <p>(b) cases, which are detected and corrected by the Programme Operator, National Focal Point or Certifying Authority in the course of the verification <u>or certification</u> of the expenditure declared <u>and before its inclusion in a financial report submitted to the FMC; or</u></p> <p>(c) cases, which relate to an amount below EUR <u>102,000</u> in contribution from the EEA and the Norwegian Financial Mechanisms. In the case of irregularities related to non-compliance with public procurement rules, this amount refers to the overall value of the contract which is affected by the irregularity.</p>	<p>By deleting the word “in projects”, the exceptions to reporting will apply also to programme- and country-level irregularities.</p> <p>To align with the wording of the CPR.</p> <p>To align with the wording of the CPR</p> <p>The threshold for reporting irregularities to the FMC has been raised to € 10,000, to reduce the reporting burden on Beneficiary States and align with the threshold in the CPR.</p>
4. Paragraph 3 shall apply, <i>mutatis mutandis</i> , to activities financed from the fund for bilateral relations.	4. Paragraph 3 shall apply, <i>mutatis mutandis</i>, to activities financed from the fund for bilateral relations.	The paragraph is deleted because it is now covered by paragraph 3 above.
5. Paragraph 3 does not apply to irregularities that shall be reported immediately according to paragraph 1, or irregularities preceding a bankruptcy.	45. Paragraph 3 does not apply to irregularities that shall be reported immediately according to paragraph 1, or irregularities preceding a bankruptcy.	
	<u>56. In addition to the reporting requirements to the FMC, the competent national authorities shall, in accordance with national law, report any suspected</u>	Highlighting the follow-up needed for fraud-related irregularities.

Current text	New text (with track changes)	Comments
	<u>cases of fraud to the national responsible anti-fraud bodies.</u>	
Article 12.6 Reporting on progress regarding already reported irregularities	Article 12.6 Reporting on progress regarding already reported irregularities	
1. Together with each report on new irregularities referred to in paragraph 2 of Article 12.5, the Irregularities Authority shall report to the FMC on the progress made in the investigation and remedy of previously reported irregularities.	1. Together with each report on new irregularities referred to in paragraph 2 of Article 12.5, the Irregularities Authority shall report to the FMC on the progress made in the investigation and remedy of previously reported irregularities.	Deleted as its content is merged with Art. 12.5.2. above.
2. Should there be no progress to report on under this article, the Irregularities Authority shall inform the FMC of this fact within the time limit set in paragraph 2 of Article 12.5.	2. Should there be no progress to report on under this article, the Irregularities Authority shall inform the FMC of this fact within the time limit set in paragraph 2 of Article 12.5.	
Article 12.7 Complaint mechanism	Article 12.7 Complaint mechanism	
1. The Beneficiary State shall establish a complaint mechanism that shall be capable of effectively processing and deciding on complaints about suspected non-compliance with the principles of good governance in relation to the implementation of the EEA Financial Mechanism 2014-2021 in the respective Beneficiary State. The Beneficiary State shall, upon request by the FMC, examine complaints received by the FMC. The Beneficiary State shall inform the FMC, upon request, of the results of those examinations.	1. The Beneficiary State shall establish a complaint mechanism that shall be capable of effectively processing and deciding on complaints about suspected non-compliance with the principles of good governance in relation to the implementation of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> in the respective Beneficiary State. The Beneficiary State shall, upon request by the FMC, examine complaints received by the FMC. The Beneficiary State shall inform the FMC, upon request, of the results of those examinations.	
2. Information on how to submit a complaint shall be prominently placed on the website of the National Focal Point referred to in paragraph 2(c) of Article 3.2.	2. Information on how to submit a complaint shall be prominently placed on the website of the National Focal Point referred to in paragraph 2(c) of Article 3.2. <u>6</u>	
3. The Beneficiary State shall without delay report to the FMC on any complaints involving suspected	3. The Beneficiary State shall without delay report to the FMC on any complaints involving suspected	

Current text	New text (with track changes)	Comments
irregularities referred to in paragraph 1 of Article 12.5. Complaints involving suspicion of other irregularities shall be reported to the FMC in the reports referred to in paragraph 2 of Article 12.5 and Article 12.6. The FMC shall, when relevant, be consulted on the appropriate response.	irregularities referred to in paragraph 1 of Article 12.5. <u>1</u> Complaints involving suspicion of other irregularities shall be reported to the FMC in the reports referred to in paragraph 2 of Article 12.5. <u>2</u> and Article 12.6. The FMC shall, when relevant, be consulted on the appropriate response.	

Current text	New text (with track changes)	Comments
Chapter 13 Suspension of payments, financial corrections and reimbursement	Chapter 13 Suspension of payments, financial corrections and reimbursement	
Article 13.1 Suspension of payments	Article 13.1 Suspension of payments	
<p>1. The FMC may decide to suspend payments if one or more of the following applies:</p> <p>(a) the conditions for payments in accordance with Chapter 9 have not been met;</p> <p>(b) credible information indicates that the progress of the programme is not in accordance with the programme agreement;</p> <p>(c) reports referred to in Article 6.11 and Chapter 12 or any other information requested has not been provided or include incomplete information;</p> <p>(d) access required under Chapter 11 and the programme agreement is restricted;</p> <p>(e) the financial management of the programme has not been in accordance with generally accepted accounting principles;</p> <p>(f) it becomes aware of suspected or actual cases of irregularities, or such cases have not been adequately reported, investigated or remedied;</p> <p>(g) the implementation of the programme is deemed to be in violation of national or European Union law;</p> <p>(h) a fundamental change of circumstances occurs and said circumstances constitute an essential</p>	<p>1. The FMC may decide to suspend payments if one or more of the following applies:</p> <p>(a) the conditions for payments in accordance with Chapter 9 have not been met;</p> <p>(b) credible information indicates that the progress of the programme is not in accordance with the pProgramme aAgreement;</p> <p>(c) reports referred to in Article <u>2.6</u> and Chapter 12 or any other information requested has not been provided or include incomplete information;</p> <p>(d) access required under Chapter 11 and the pProgramme aAgreement is restricted;</p> <p>(e) the financial management of the programme has not been in accordance with generally accepted accounting principles;</p> <p>(f) it becomes aware of suspected or actual cases of irregularities, or such cases have not been adequately reported, investigated or remedied;</p> <p>(g) the implementation of the programme is deemed to be in violation of national or European Union law;</p> <p>(h) a fundamental change of circumstances occurs and said circumstances constitute an essential basis for the financial contribution from the EEA Financial Mechanism 2014-2021<u>2021-2028</u> to the programme;</p> <p><u>(i)</u> it becomes aware of any misrepresentation of facts in any information given by or on behalf of the National Focal Point, Certifying Authority or</p>	

Current text	New text (with track changes)	Comments
<p>basis for the financial contribution from the EEA Financial Mechanism 2014-2021 to the programme;</p> <p>(i) it becomes aware of any misrepresentation of facts in any information given by or on behalf of the National Focal Point, Certifying Authority or the Programme Operator affecting, directly or indirectly, the implementation of the programme agreement;</p> <p>(j) the procedure under Article 13.4 has been opened; or</p> <p>(k) any other obligation stipulated in the programme agreement or this Regulation is not complied with by the National Focal Point, the Certifying Authority or the Programme Operator.</p>	<p>the Programme Operator affecting, directly or indirectly, the implementation of the Pprogramme Agreement;</p> <p>(i)<ins>(j)</ins> <u>an entity involved in the implementation of the EEA Financial Mechanism does not abide by the values and principles referred to in Article 1.3.1;</u></p> <p>(i)<ins>(k)</ins> <u>it becomes aware of a failure to abide by the values and principles referred to in Article 1.3.1 which negatively affects, or seriously risks causing negative effects to the objectives or implementation of the EEA Financial Mechanism in a particular Beneficiary State;</u></p> <p>(k)<ins>(l)</ins> <u>the European Commission or the Council has taken equivalent measures in the context of the implementation of European Funds in a particular Beneficiary State and the circumstances forming the basis for such measures are equally applicable to the implementation of the EEA Financial Mechanism;</u></p> <p>(i)<ins>(m)</ins> (j) the procedure under Article 13.4 has been opened; or</p> <p>(m)<ins>(n)</ins> (k) any other obligation stipulated in the Pprogramme agreement or this Regulation is not complied with by the National Focal Point, the Certifying Authority or the Programme Operator.</p>	<p>The new points (j) and (k) reflect the increased emphasis on the common values and principles agreed by the parties to Protocol 38d. Letter (j) deals with cases where entities involved in the implementation fail to abide by these values and principles, while (k) deals with cases where failures to abide by these principles (including by other entities) negatively affects the objectives or implementation of the Financial Mechanism. The new grounds for suspension should be read in conjunction with the obligation of the FMC to take reasoned, appropriate and proportionate decisions, and to take into account any information received from the Beneficiary State.</p> <p>Point (l) is a new grounds for suspension, allowing the FMC to take equivalent action as the EC or Council in cases where this is justified.</p>
<p>2. The FMC may decide to suspend payments to a programme if any of the conditions in points (b), (d), (e), (f) or (g) of paragraph 1 apply <i>mutatis mutandis</i> to any of the projects under that programme and the</p>	<p>2. The FMC may decide to suspend payments to a programme if any of the conditions in points (b), (d), (e), (f) or (g), <ins>(j), (k) or (l)</ins> of paragraph 1 apply <i>mutatis mutandis</i> to any of the projects under that programme</p>	

Current text	New text (with track changes)	Comments
Programme Operator has not taken the appropriate and necessary measures to investigate and, when appropriate, remedy such deficiencies or prevent loss of funds. Suspension due to deficiencies in projects shall be proportionate to the scope and extent of the breach.	and the Programme Operator has not taken the appropriate and necessary measures to investigate and, when appropriate, remedy such deficiencies or prevent loss of funds. Suspension due to deficiencies in projects shall be proportionate to the scope and extent of the breach.	
3. Except for urgent cases, the National Focal Point and the Programme Operator shall be given an opportunity to provide their views before the FMC takes a decision to suspend payments. The decision to suspend payments shall be reasoned and immediately effective. The National Focal Point and the Programme Operator shall be notified no later than seven working days from the date of the decision.	3. Except for urgent cases, The National Focal Point and the Programme Operator shall be given an opportunity to provide their views before the FMC takes a decision to suspend payments. <u>The FMC shall take into account any information received. Any decision taken shall be reasoned, appropriate, –and proportionate</u> The decision to suspend payments shall be reasoned and immediately effective. The National Focal Point and the Programme Operator shall be notified not later than seven working days from the date of the decision.	This paragraph has been reformulated to ensure that Beneficiary States are heard before any decision to suspend funding is taken. It also reflects the agreement between the parties to Protocol 38d that all decisions taken in such matters shall be reasoned, appropriate and proportionate.
4. The National Focal Point and/or the Programme Operator can at any time present documents or other relevant evidence and request that the FMC reviews its decision to suspend payments.	4. The National Focal Point and/or the Programme Operator can at any time present documents or other relevant evidence and request that the FMC reviews its decision to suspend payments.	
5. When the FMC finds that the conditions for suspension no longer apply, it shall take a decision to continue payments.	5. When the FMC finds that the conditions for suspension no longer apply, it shall take a decision to continue payments.	
Article 13.2 Financial corrections	Article 13.2 Financial corrections	
1. The FMC may make financial corrections based on the criteria in Article 13.3 consisting of cancelling all or part of the financial contribution of the EEA Financial Mechanism 2014-2021 to the programme or the Beneficiary State in question.	1. The FMC may make financial corrections based on the criteria in Article 13.3 consisting of cancelling all or part of the financial contribution of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> to the programme or the Beneficiary State in question.	
2. When a financial correction is made on a project in accordance with paragraph 1 or with Article 12.1, the financial contribution may not be reused for that	2. When a financial correction is made on a project in accordance with paragraph 1 or with Article 12.1, the financial contribution may <u>shall</u> not be reused for that	Clarified wording

Current text	New text (with track changes)	Comments
project. The cancelled financial contribution may be reused under the programme for projects other than those that were the subject of the correction.	project. The cancelled financial contribution may be reused under the programme for projects other than those that were the subject of the correction.	
3. Financial contributions cancelled in accordance with paragraph 1 or with Article 12.1 relating to the fund for bilateral relations, technical assistance or programme management costs, may be reused within the same budget heading for costs other than those that were the subject of the correction.	3. Financial contributions cancelled in accordance with paragraph 1 or with Article 12.1 relating to the fund for bilateral relations, technical assistance or programme management costs, may be reused within the same budget heading for costs other than those that were the subject of the correction.	Clarified and simplified wording.
4. When a financial correction is made for a systemic irregularity or an irregularity related to management or control systems within a programme, the financial contribution may not be reused for that programme.	4. When a financial correction is made for a systemic irregularity or an irregularity related to management or control systems within a programme, the financial contribution may <u>shall</u> not be reused for that programme.	Clarified wording
	<u>5. If the FMC makes a correction pursuant to points (d) or (e) of Article 13.3.1, the amount corrected shall not be available for use within the same programme or for allocation to other programmes, and shall be reimbursed to the FMC. Article 13.5.4 shall apply to late reimbursements.</u>	<p>This new paragraph would allow the FMC to make net corrections in cases where the Beneficiary State fails to correct irregular expenditure (13.3.1 (d)) or report/remedy irregularities (13.3.1 (e)) before the FMC sends the formal notice starting a correction procedure.</p> <p>This broadly mirrors the system in the structural funds, under which the Member State may only reuse the funds if it ‘agrees’ with the correction.</p>
5. Financial contributions that may, according to paragraph 4, not be used for the same programme, shall be allocated in accordance with paragraph 6 of Article 6.9.	<u>6. Without prejudice to paragraph 5, Financial</u> financial contributions that may <u>are</u> not to <u>be</u> used for the same programme, shall <u>may</u> be allocated in accordance with paragraph 6 of Article 6.9 <u>7.5</u> .	Re-allocation is a possibility and not an obligation, therefore the verb “may” which implies permission is used in relation to reallocation.
6. Financial contributions cancelled and not reallocated according to paragraph 5 within the relevant timeline shall be reimbursed to the FMC. Paragraph 5 of Article 13.5 shall apply to late reimbursements.	<u>7.</u> Financial contributions cancelled and not reallocated according to paragraph 5 within the relevant timeline shall be reimbursed to the FMC. Paragraph 5 of Article 13.5 <u>4</u> shall apply to late reimbursements.	

Current text	New text (with track changes)	Comments
Article 13.3 Criteria for financial corrections	Article 13.3 Criteria for financial corrections	
<p>1. The FMC may make financial corrections according to Article 13.2 if one or more of the following applies:</p> <p>(a) a serious deficiency exists in the management and control systems established by the Beneficiary State for the EEA Financial Mechanism 2014-2021 which puts at risk the financial contribution from the EEA Financial Mechanism 2014-2021;</p> <p>(b) a serious breach of the programme agreement has occurred;</p> <p>(c) a serious deficiency exists in the management and control system of the programme which puts at risk the financial contribution from the EEA Financial Mechanism 2014-2021;</p> <p>(d) expenditure reported in a certified interim financial report or in a final programme report is irregular and has not been corrected by the National Focal Point or the Programme Operator prior to the sending of the notification according to paragraph 1 of Article 13.4; or</p> <p>(e) the National Focal Point and/or the Programme Operator have not complied with its obligations to investigate and/or to appropriately remedy irregularities under Article 12.1 prior to the sending of the notification according to paragraph 1 of Article 13.4.</p>	<p>1. The FMC may make financial corrections according to Article 13.2 if one or more of the following applies:</p> <p>(a) a serious deficiency exists in the management and control systems established by the Beneficiary State for the EEA Financial Mechanism 2014-2021<u>2014-2021-2028</u> which puts at risk the financial contribution from the EEA Financial Mechanism 2014-2021<u>2014-2021-2028</u>;</p> <p>(b) a serious breach of the Pprogramme Agreement has occurred;</p> <p>(c) a serious deficiency exists in the management and control system of the programme which puts at risk the financial contribution from the EEA Financial Mechanism 2014-2021<u>2014-2021-2028</u>;</p> <p>(d) expenditure reported in a certified iInterim Financial Report or in a fFinal programme Report is irregular and has not been corrected by the National Focal Point or the Programme Operator prior to the sending of the notification according to paragraph 1 of Article 13.4.<u>1</u>; or</p> <p><u>(e)</u> the National Focal Point and/or the Programme Operator have not complied with its obligations to investigate and/or to appropriately remedy irregularities under Article 12.1 prior to the sending of the notification according to paragraph 1 of Article 13.4.<u>1</u>;</p>	<p>The new points (f) and (g) reflect the increased emphasis on the common values and principles agreed by the parties to Protocol 38d. Letter (f) deals</p>

Current text	New text (with track changes)	Comments
	<p><u>(f) an entity involved in the implementation of the EEA Financial Mechanism does not abide by the values and principles referred to in Article 1.3.1.</u></p> <p><u>(g) it becomes aware of a failure to abide by the values and principles referred to in Article 1.3.1 which negatively affects, or seriously risks causing negative effects to the objectives or implementation of the EEA Financial Mechanism in a particular Beneficiary State; or</u></p> <p><u>(e)(h) the European Commission or the Council has taken equivalent measures in the context of the implementation of European Funds in a particular Beneficiary State and the circumstances forming the basis for such measures are equally applicable to the implementation of the EEA Financial Mechanism.</u></p>	<p>with cases where entities involved in the implementation fail to abide by these values and principles, while (g) deals with cases where failures to abide by these principles (including by other entities) negatively affects the objectives or implementation of the Financial Mechanism. The new grounds for suspension should be read in conjunction with the obligation of the FMC to take reasoned, appropriate and proportionate decisions, and to take into account any information received from the Beneficiary State.</p> <p>Point (h) is a new grounds for financial corrections, allowing the FMC to take equivalent action as the EC or Council in cases where this is justified.</p>
<p>2. The FMC shall base its financial corrections on individual cases of irregularity identified, taking account of the systemic nature of the irregularity to determine whether a flat-rate or extrapolated correction should be applied, or whether the corrected amount can be based on an actual amount detected as irregular.</p>	<p>2. The FMC shall base its financial corrections on individual cases of irregularity identified, taking <u>into</u> account of the systemic nature of the irregularity to determine whether a flat-rate or extrapolated correction should be applied, or whether the corrected amount can be based on an actual <u>precise</u> amount detected as irregular.</p>	
<p>3. The FMC shall, when deciding the amount of a correction, take account of the nature and gravity of the irregularity and the extent and financial implications of the deficiencies found.</p>	<p>3. The FMC shall, when deciding the amount of a correction, take account of the nature and gravity of the irregularity and the extent and financial implications of the deficiencies found.</p>	

Current text	New text (with track changes)	Comments
Article 13.4 Procedure	Article 13.4 Procedure <u>applicable to financial corrections by the FMC</u>	The title of this Article has been modified to clarify that the procedure applies to financial corrections. For suspension of payments, Article 13.1.3. above refers to the procedure applied in case of suspensions.
1. Prior to making a decision referred to in paragraph 1 of Article 13.2, the FMC shall notify the National Focal Point of its intention to make such a decision. The notification shall outline the reasons for the decision and indicate the relevant amounts. The National Focal Point can within two months from the sending of the notification provide any comments relevant to the intended decision.	1. Prior to making an <u>appropriate and -proportionate</u> decision referred to in paragraph 1 of Article 13.2.1, the FMC shall notify the National Focal Point of its intention to make such a decision. The notification shall outline the reasons for the decision and indicate the relevant amounts. The National Focal Point can within two months from the sending of the notification provide any comments relevant to the intended decision.	
2. Where the FMC proposes a financial correction on the basis of extrapolation or at a flat rate, the National Focal Point shall be given the opportunity to demonstrate, through an examination of the documentation concerned, that the actual extent of the irregularity was less than the FMC's assessment. In agreement with the FMC, the National Focal Point may limit the scope of this examination to an appropriate proportion or sample of the documentation concerned. Except in duly justified cases, the time allowed for this examination shall not exceed a further period of two months after the two-month period referred to in paragraph 1.	2. Where the FMC proposes a financial correction on the basis of extrapolation or at a flat rate, the National Focal Point shall be given the opportunity to demonstrate, through an examination of the documentation concerned, that the actual extent of the irregularity was less than the <u>assessment of the FMC's</u> assessment . In agreement with the FMC, the National Focal Point may limit the scope of this examination to an appropriate proportion or sample of the documentation concerned. Except in duly justified cases, the time allowed for this examination shall not exceed a further period of two months after the two-month period referred to in paragraph 1.	
3. The FMC shall take account of any evidence supplied by the National Focal Point within the time limits referred to in paragraphs 1 and 2. At any time prior to the decision on financial corrections, the National Focal Point and the FMC can enter into a dialogue with a view to ensuring that the decision is based on accurate and correct facts.	3. The FMC shall take account of any evidence supplied by the National Focal Point within the time limits referred to in paragraphs 1 and 2. At any time prior to the decision on financial corrections, the National Focal Point and the FMC can enter into a dialogue with a view to ensuring that the decision is based on accurate and correct facts.	
4. The National Focal Point shall be notified of a decision referred to in paragraph 1 of Article 13.2 no later than seven working days from the date of the	4. The National Focal Point shall be notified of a decision referred to in paragraph 1 of Article 13.2.1 not later than seven working days from the date of the	

Current text	New text (with track changes)	Comments
decision. The notification shall outline the reasons for the decision.	decision. The notification shall outline the reasons for the decision.	
Article 13.5 Reimbursement	Article 13.5 Reimbursement	
1. The Beneficiary State shall reimburse the amount requested to the FMC within three months of the decision referred to in Article 13.2.	1. The Beneficiary State shall reimburse the amount requested to the FMC within three months of the decision referred to in Article 13.2.	
2. Reimbursement from the Beneficiary State to the FMC is not contingent upon reimbursement from the Programme Operator or the Project Promoter.	2. Reimbursement from the Beneficiary State to the FMC is not contingent upon reimbursement from the Programme Operator or the Project Promoter.	
3. The FMC may waive any claim for reimbursement from the Beneficiary State of funds that were lost due to irregularities in a project if the National Focal Point shows that the loss and the circumstances related thereto are not due to negligent performance or non-performance of duties of entities referred to in paragraph 1 of Article 5.2 and of the Programme Operator's duties, and the National Focal Point and the Programme Operator have taken all reasonable measures to seek recovery of such funds.	3. The FMC may waive any claim for reimbursement from the Beneficiary State of funds that were lost due to irregularities in a project if the National Focal Point shows that the loss and the circumstances related thereto are not due to negligent performance or non-performance of duties of entities referred to in paragraph 1 of Article 5.2.1 and of the Programme Operator's duties, and the National Focal Point and the Programme Operator have taken all reasonable measures to seek recovery of such funds.	
4. If the Programme Operator is a private entity and the National Focal Point shows that it has and is taking appropriate measures to recover the funds from the Programme Operator, the FMC may decide to give the Beneficiary State up to one year to reimburse the requested funds. In such a case, the FMC may also decide to contribute up to 50% of reasonable legal fees related to the recovery of the funds from the Programme Operator. For the purpose of this paragraph, a Programme Operator is considered to be a private entity when less than the majority of the votes at its managerial board meetings is controlled by public entities, such as public authorities, public	4. If the Programme Operator is a private entity and the National Focal Point shows that it has and is taking appropriate measures to recover the funds from the Programme Operator, the FMC may decide to give the Beneficiary State up to one year to reimburse the requested funds. In such a case, the FMC may also decide to contribute up to 50% of reasonable legal fees related to the recovery of the funds from the Programme Operator. For the purpose of this paragraph, a Programme Operator is considered to be a private entity when less than the majority of the votes at its managerial board meetings is controlled by public entities, such as public authorities, public	The use of private Programme Operators did not figure in the 14-21 Financial Mechanism, and is not foreseen for the 21-28 Financial Mechanism.

Current text	New text (with track changes)	Comments
agencies or companies fully owned by such authorities or agencies.	agencies or companies fully owned by such authorities or agencies.	
5. Any delay in reimbursement shall give rise to interest on account of late payment, starting on the due date and ending on the date of actual payment. The rate of such interest shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls.	45. Any delay in reimbursement shall give rise to interest on account of late payment, starting on the due date and ending on the date of actual payment. The rate of such interest shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls.	
Article 13.6 General suspension of payments to a Beneficiary State	Article 13.6 General suspension of payments to a Beneficiary State	
<p>1. The FMC may, after having consulted the National Focal Point with a view to reaching a solution, suspend all payments to the Beneficiary State if:</p> <p>(a) information or documents obtained by or provided to the FMC indicate the presence of systemic or widespread shortcomings regarding the management of the financial contribution from the EEA Financial Mechanism 2014-2021 in the Beneficiary State; or</p> <p>(b) a demand for reimbursement related to any type of assistance in the Beneficiary State financed by the EEA Financial Instrument 1999-2003, the EEA or Norwegian Financial Mechanisms 2004-2009, the EEA or Norwegian Financial Mechanisms 2009-2014 or the EEA or Norwegian Financial Mechanisms 2014-2021 has not been complied with by the Beneficiary State.</p>	<p>1. The FMC may, after having consulted the National Focal Point with a view to reaching a solution, suspend all payments to the Beneficiary State if:</p> <p>(a) information or documents obtained by or provided to the FMC indicate the presence of systemic or widespread shortcomings regarding the management of the financial contribution from the EEA Financial Mechanism 2014-2021<u>2021-2028</u> in the Beneficiary State; or</p> <p>(b) a demand for reimbursement related to any type of assistance in the Beneficiary State financed by the EEA Financial Instrument 1999-2003, the EEA or Norwegian Financial Mechanisms 2004-2009, the EEA or Norwegian Financial Mechanisms 2009-2014, or the EEA or Norwegian Financial Mechanisms 2014-2021 <u>or the EEA or Norwegian Financial Mechanisms 2021-2028</u> has not been complied with by the Beneficiary State; or</p> <p><u>(c) a fundamental change of circumstances occurs and said circumstances constitute an essential basis for the financial contribution from the EEA Financial Mechanism 2021-2028 to the Beneficiary State;</u></p>	<p>The new point (c) mirrors point (h) of Article 13.1 and gives it application to the contribution to the Beneficiary State as a whole, as opposed to individual programmes or projects. It follows that the scope of application for this provision would be different and narrower than the corresponding provision in Article 13.1.</p>

Current text	New text (with track changes)	Comments
	<p><u>(d) it becomes aware of systemic or widespread failures to abide by the values and principles referred to in Article 1.3.1 which negatively affect, or seriously risk causing negative effects to the objectives or implementation of the EEA Financial Mechanism in the particular Beneficiary State; or</u></p> <p><u>(e) the European Commission or the Council has taken equivalent measures in the context of the implementation of European Funds in a particular Beneficiary State and the circumstances forming the basis for such measures are equally applicable to the implementation of the EEA Financial Mechanism.</u></p>	<p>The new point (d) concerns deviations from the common values and principles agreed upon in Protocol 38d. It is stricter than the corresponding points in Articles 13.1 and 13.3, as the failures to abide by the values and principles must be ‘systemic or widespread’.</p> <p>The new point (e) corresponds to the new points in Articles 13.1 and 13.3, regarding equivalent measures taken by the EU.</p>
<p>2. The procedures referred to in paragraphs 1, 3 and 4 of Article 13.4 shall apply <i>mutatis mutandis</i> to suspension of payments under this article.</p>	<p>2. The procedures referred to in paragraphs 1, 3 and 4 of Article 13.4 shall apply <i>mutatis mutandis</i> to suspension of payments under this Article.</p>	

Current text	New text (with track changes)	Comments
Chapter 14 Final provisions	Chapter 14 Final provisions	
Article 14.1 Language	Article 14.1 Language	
1. All communications between the FMC and the Beneficiary State shall be in English.	1. All communications between the FMC and the Beneficiary State shall be in English.	
2. Original documents (in languages other than English) sent to the FMC shall be accompanied by translations into English. The Beneficiary State shall bear full responsibility for the accuracy of the translation.	2. Original documents (in languages other than English) sent to the FMC shall be accompanied by translations into English. The Beneficiary State shall bear full responsibility for the accuracy of the translation.	
Article 14.2 Liability	Article 14.2 Liability	
1. The responsibility of the Donor States with regard to the EEA Financial Mechanism 2014-2021 is limited to providing financial contributions in accordance with the relevant programme agreements.	1. The responsibility of the Donor States with regard to the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> is limited to providing financial contributions in accordance with the relevant programme agreements.	
2. No liability to the Beneficiary State, Programme Operators, Project Promoters, other recipient of grants, or any third parties is or will be assumed by the Donor States, the FMC, or the European Free Trade Association, including the FMO.	2. No liability to the Beneficiary State, Programme Operators, Project Promoters, other recipient of grants, or any third parties is or will be assumed by the Donor States, the FMC, or the European Free Trade Association, including the FMO.	
Article 14.3 Applicable law and jurisdiction	Article 14.3 Applicable law and jurisdiction	
1. The laws of the Kingdom of Norway shall govern the co-operation between the EEA Financial Mechanism 2014-2021 and the Beneficiary States as	1. The laws of the Kingdom of Norway shall govern the co-operation between the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> and the Beneficiary	

Current text	New text (with track changes)	Comments
well as the interpretation of the programme agreement and this Regulation.	States as well as the interpretation of the programme agreement and this Regulation.	
2. The FMC and the National Focal Point 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. The FMC and the National Focal Point 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.	
3. If a demand for reimbursement to the FMC is not complied with by the Focal Point, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 2, the Parties may bring the dispute before Oslo Tingrett.	3. If a demand for reimbursement to the FMC is not complied with by the Focal Point, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 2, the Parties may bring the dispute before Oslo Tingrett.	
4. The FMC may claim execution of judgement or court order obtained in accordance with paragraph 3 in any court or appropriate authority within the territory of the Beneficiary State or within another country where the Beneficiary State has assets.	4. The FMC may claim execution of judgement or court order obtained in accordance with paragraph 3 in any court or appropriate authority within the territory of the Beneficiary State or within another country where the Beneficiary State has assets.	
5. The Beneficiary State shall vest its National Focal Point with the authority to receive services of process on its behalf.	5. The Beneficiary State shall vest its National Focal Point with the authority to receive services of process on its behalf.	
Article 14.4 Amendments	Article 14.4 Amendments	
1. This Regulation may be amended by decision of the FMC, subject to subsequent confirmation by the Standing Committee of the EFTA States.	1. This Regulation may be amended by decision of the FMC, subject to subsequent confirmation by the Standing Committee of the EFTA States.	
2. Annexes to this Regulation may be amended by decision of the FMC.	2. Annexes to this Regulation may be amended by decision of the FMC.	
3. The FMC may adopt additional guidelines as necessary after consultation with the Beneficiary States.	3. The FMC may adopt additional guidelines as necessary after consultation with the Beneficiary States.	

Current text	New text (with track changes)	Comments
4. Any substantive amendment to the documents referred to in paragraphs 1-3 shall be subject to the prior consultation with the Beneficiary States. The FMC shall as soon as possible inform the National Focal Points about any changes made to these documents.	4. Any substantive amendment to the documents referred to in paragraphs 1-3 shall be subject to the prior consultation with the Beneficiary States. The FMC shall as soon as possible inform the National Focal Points about any changes made to these documents.	
Article 14.5 Waiver	Article 14.5 Waiver	
1. The FMC may, in specific cases and in response to exceptional circumstances, waive the application of particular provisions of this Regulation, its Annexes or any guidelines adopted by the FMC, where this is necessary for the achievement of the results of the Financial Mechanism and/or a particular Programme. No waiver shall be granted with respect to the deadline referred to in paragraph 3 of Article 8.13.	1. The FMC may, in specific cases and in response to exceptional circumstances, waive the application of particular provisions of this Regulation, its Annexes or any guidelines adopted by the FMC, where this is necessary for the achievement of the results of the Financial Mechanism and/or a particular Programme. No waiver shall be granted with respect to the deadline referred to in paragraph 3 of Article 8.13.	
2. Prior to making a decision to apply a waiver, the FMC will examine whether an amendment of the concerned provision would be more appropriate.	2. Prior to making a decision to apply a waiver, the FMC will examine whether an amendment of the concerned provision would be more appropriate.	
Article 14.6 Entry into force	Article 14.6 Entry into force	
This Regulation shall enter into force on the day following its confirmation by the Standing Committee of the EFTA States	This Regulation shall enter into force on the day following its confirmation by the Standing Committee of the EFTA States	

Annex 1:

Eligible Thematic Priorities and Programme Areas

EEA Financial Mechanism 2021-2028

The overall objectives of the EEA Financial Mechanism 2021 - 2028 are to contribute to the reduction of economic and social disparities in the European Economic Area and to strengthen bilateral relations between the Donor States and the Beneficiary States by financial contributions to the thematic priorities through the programme areas listed below.

Each of the 15 programme areas includes an objective, areas of support and programme area specifics.

Each programme and any project funded through it shall contribute to the objective of the programme area.

The areas of support define what is eligible under the programme area.

The programme area specifics are conditions which shall be adhered to within the programmes.

The below thematic priorities and programme areas are eligible for the EEA Grants 2021 - 2028.

Thematic Priorities

European green transition

Democracy, rule of law and human rights

Social inclusion and resilience

Programme Areas (*The content of the individual Programme Areas is consulted separately through the Blue Book*)

Programme area:	<u>Areas of support</u>	<u>Programme area specifics</u>
<u>Objective</u>	>	>

Current text	New text (with track changes)	Comments
<p>Annex 2: Template for MoU EEA Financial Mechanism 2014-2021</p> <p>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 [Beneficiary State], hereinafter referred to as the “Beneficiary State” together hereinafter referred to as the “Parties”,</p>	<p>Annex 2: Template for MoU EEA Financial Mechanism 2014- 2021<u>2021-2028</u></p> <p>MEMORANDUM OF UNDERSTANDING ON THE IMPLEMENTATION OF THE EEA FINANCIAL MECHANISM 2014-2021<u>2021-2028</u> between ICELAND, THE PRINCIPALITY OF LIECHTENSTEIN, THE KINGDOM OF NORWAY, hereinafter referred to as the “Donor States” and [Beneficiary State], hereinafter referred to as the “Beneficiary State” together hereinafter referred to as the “Parties”,</p>	

Current text	New text (with track changes)	Comments
<p>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;</p> <p>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;</p> <p>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;</p> <p>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;</p> <p>WHEREAS the Parties agree to establish a framework for cooperation in order to ensure the</p>	<p>WHEREAS Protocol 38c<u>38d</u> 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<u>2021-2028</u>, establishes a financial mechanism (hereinafter referred to as the “EEA Financial Mechanism 2014-2021<u>2021-2028</u>”) through which the Donor States will contribute to the reduction of economic and social disparities in the European Economic Area;</p> <p>WHEREAS the EEA Financial Mechanism 2014-2021<u>2021-2028</u> aims to strengthen relations between the Donor States and the Beneficiary State to the mutual benefit of their peoples;</p> <p>WHEREAS by decision of the Standing Committee of the EFTA States No. X<u>2024</u>/SC of X 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<u>2021-2028</u>;</p> <p>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;</p>	<p>To be updated with the correct reference once the FMC has been established</p>

Current text	New text (with track changes)	Comments
<p>effective implementation of the EEA Financial Mechanism 2014-2021;</p> <p>HAVE AGREED on the following:</p>	<p>WHEREAS the Parties agree to establish a framework for cooperation in order to ensure the effective implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u>;</p> <p>HAVE AGREED on the following:</p>	
Article 1	Article 1	
Objectives	Objectives	
<p>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</p>	<p>1. The overall objectives of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> 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</p>	<p>‘Endeavour to’ not considered necessary. However, ‘aim to contribute’ more accurately describe the programmes that are selected.</p>

Current text	New text (with track changes)	Comments
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.	priority sectors listed in paragraph 2. Accordingly, the Parties to this Memorandum of Understanding shall endeavour to select <u>programmes</u> for funding programmes that aim to contribute to the achievement of these objectives.	
<p>2. The financial contributions shall be available in the following priority sectors:</p> <ul style="list-style-type: none"> (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. 	<p>2. The financial contributions shall be available in the following priority sectors<u>thematic priorities</u>:</p> <ul style="list-style-type: none"> <u>(a) European green transition;</u> <u>(b) Democracy, rule of law and human rights;</u> <u>(c) Social inclusion and resilience.</u> (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)<u>(d)</u> Justice and home affairs. 	

Current text	New text (with track changes)	Comments
Article 2	Article 2	
Legal Framework	Legal Framework	
<p>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:</p> <ul style="list-style-type: none"> (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. 	<p>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<u>2021-2028</u>:</p> <ul style="list-style-type: none"> (a) Protocol 38c<u>38d</u> to the EEA Agreement on the EEA Financial Mechanism 2014-2021<u>2021-2028</u>; (b) the Regulation on the implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> (hereinafter referred to as the “Regulation”) issued by the Donor States in accordance with Article 10.5 of Protocol 38c<u>38d</u>; (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	Article 3	
Financial Framework	Financial Framework	
<p>1. In accordance with Article 2.1 of Protocol 38c, the total amount of the financial contribution is € 1548.1 million in annual tranches of € 221.16 million over the period running from 1 May 2014 to 30 April 2021, inclusive.</p>	<p>1. In accordance with Article 2.1 of Protocol 38c<u>38d</u>, the total amount of the financial contribution is € 1548.1<u>1 805</u> million in annual tranches of € 221.16<u>257.86</u> million over the period running from 1 May 2014-2021<u>2021-2028</u> to 30 April 2021-2028, inclusive.</p>	<p>Annual tranches are not practically used. However this is based on protocol and should be kept.</p>

Current text	New text (with track changes)	Comments
2. In accordance with Article 6 of Protocol 38c, a total of € [amount] shall be made available to the Beneficiary State over the period referred to in Paragraph 1.	2. In accordance with Article 6 of Protocol 38e38d , a total of € [amount] 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% of the total amount referred to in paragraph 2 shall be set aside for a fund for civil society.	3. In accordance with Article 3.2.b) of Protocol 38e38d, 10% 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 € [amount].	4. In accordance with Article 10.49.7 of Protocol 38e38d 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 € [amount].	
Article 4	Article 4	
Roles and responsibilities	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.	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 38e38d and the programme areas listed in the Annex to Protocol 38e38d . 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	2. The Beneficiary State shall assure the full co-financing of programmes that benefit from	

Current text	New text (with track changes)	Comments
support from the EEA Financial Mechanism 2014-2021 in accordance with Annex B and the programme agreements.	support from the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> in accordance with Annex B and the programme agreements.	
	<u>3. The Beneficiary State shall ensure an enabling environment for the unimpeded implementation of the Civil Society Fund in the Beneficiary State and shall refrain from taking any measures that might prevent Fund Operators from independently exercising their role.</u>	While the support to the civil society fund is not allocated further to the MoU, this is an essential component of the EEA Financial Mechanism and the Beneficiary States should support an enabling environment for its implementation
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.	3.4. The Financial Mechanism Committee shall manage the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> 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.	4.5. The Committee shall be assisted by the Financial Mechanism Office (hereinafter referred to as the “FMO”). The FMO shall <u>serve as a contact point for the Beneficiary State</u> be responsible for the day-to-day operations of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> and shall serve as a contact point.	To better reflect the role of the FMO.
Article 5	Article 5	
Designation of authorities	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	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 <u>2021-2028</u> as well as for the implementation of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> in the	

Current text	New text (with track changes)	Comments
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.	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	Article 6	
Multi-annual Programming Framework	Multi-annual Programming Framework	
<p>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:</p> <ul style="list-style-type: none"> (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; 	<p>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:</p> <ul style="list-style-type: none"> (a) a list of agreed programmes and the financial contribution from the EEA Financial Mechanism 2014-2021<u>2021-2028</u> 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 <u>conditions and/or</u> specific concerns relating to target groups, geographical areas or other issues; (c) identification of programme<u>Programme operators</u>Operators, as appropriate; (d) identification of Donor Programme Partners, as appropriate; (e) identification of International Partner Organisations, as appropriate; 	

Current text	New text (with track changes)	Comments
(f) identification of pre-defined projects to be included in relevant programmes.	(f) identification of pre-defined projects to be included in relevant programmes.	
2. The implementation framework is outlined in Annex B.	2. The implementation framework is outlined in Annex B.	
Article 7	Article 7	
Fund for bilateral relations	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.	In accordance with Article 4.6. <u>1</u> of the Regulation the Beneficiary State shall set aside funds to strengthen bilateral relations between the Donor States and the Beneficiary State. <u>The agreed amount is reflected in Annex B and is split between a part for use at national level and a part for use at programme level.</u> The National Focal Point shall manage the use of the fund for bilateral relations <u>at national level</u> and shall establish a Joint Committee for <u>the</u> Bilateral Funds in accordance with Article 4. <u>9.12</u> of the Regulation. <u>The Programme Operators shall</u>	3 RD Draft: The text has been aligned with the amended provisions in Chapter 4 of the Regulation (in particular articles 4.6.1, 4.7.1, 4.9.1 and 4.10.1).

Current text	New text (with track changes)	Comments
	<u>manage the use of the funds for bilateral relations allocated to their programmes. For donor partnership programmes, decisions on the use of the funds for bilateral relations in the programme shall be taken by consensus between the Programme Operator and the Donor Programme Partner(s).</u>	
	Article 8	
	Country Report	
	<u>In accordance with Article 2.6 of the Regulation, the National Focal Point shall submit to the FMC an annual Country Report on the implementation of the EEA Financial Mechanism 2014-20212021-2028 in the Beneficiary State. The Strategic Report shall be submitted to the FMC not later than the last day of February each year.</u>	Moved from Annex A
Article 8	Article 89	
Annual meetings	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.	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	Article 910	
Modification of the annexes	Modification of the annexes	
Annex A and B may be amended through an exchange of letters between the FMC and the National Focal Point.	Annex A and B may be amended through an exchange of letters between the FMC and the National Focal Point.	

Current text	New text (with track changes)	Comments
Article 10	Article 1011	
Control and Access to Information	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.	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	Article 1112	
Governing Principles	Governing Principles	
1. The implementation of this Memorandum of Understanding shall in all aspects be governed by the Regulation and subsequent amendments thereof.	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.	2. The objectives of the EEA Financial Mechanism 2014-2021 2021-2028 shall be pursued in the a framework of close co-operation between the Donor States and the Beneficiary State, <u>respecting the common values and principles of respect for human dignity, freedom, democracy, equality, the rule of law and the respect for human rights, including the rights of persons belonging to minorities</u> . 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	To align with protocol

Current text	New text (with track changes)	Comments
	opportunities <u>non-discrimination</u> in all implementation phases of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> .	
	<u>3. All programmes and activities funded by the EEA Financial Mechanism 2021-2028 shall be consistent with respect for these values and principles and abstain from supporting operations that may fail to do so. Their implementation shall comply with the fundamental rights and obligations enshrined in relevant instruments and standards.</u>	
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.	3 <u>4</u> . The Beneficiary State shall take proactive steps in order to ensure adherence to these <u>values and</u> principles at all levels involved in the implementation of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> .	
4. No later than 31 December 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.	4. No later than 31 December 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.	Mid-term review is removed from the Regulation

Current text	New text (with track changes)	Comments
Article 12	Article 12¹³	
Entry into Force	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 shall enter into force on the day after the date of its last signature.	
*****	*****	
<p>This Memorandum of Understanding is signed in four originals in the English Language.</p> <p>Signed in on Signed in on...</p> <p>..... For Iceland For [name of Beneficiary State] </p> <p>Signed in on</p> <p>For the Principality of Liechtenstein </p> <p>Signed in on</p> <p>For the Kingdom of Norway </p>	<p>This Memorandum of Understanding is signed in four originals in the English Language.</p> <p>Signed in on Signed in on...</p> <p>..... For Iceland For [name of Beneficiary State] </p> <p>Signed in on</p> <p>For the Principality of Liechtenstein </p> <p>Signed in on</p> <p>For the Kingdom of Norway </p>	

Current text	New text (with track changes)	Comments
ANNEX A	ANNEX A	
National management and control structures	National management and control structures	
<p>1. National Focal Point</p> <p><Name of National Focal Point> shall act as the National Focal Point.</p> <p>[Description of the National Focal Point's location in the public administration, within what ministry and/or administrative unit it belongs to, who it reports to, etc.]</p> <p>The roles and responsibilities of the National Focal Point are stipulated in the Regulation, in particular Article 5.3 thereof. [In addition, the National Focal Point shall:]</p> <p>[list any additional roles that the National Focal Point is responsible for.]</p> <p>[If some parts of the roles and responsibilities of the National Focal Point are implemented by other public authorities, these authorities and their roles should be listed here. The text should state clearly that regardless of such delegation of tasks, the responsibility for the performance of these tasks remains with the National Focal Point.]</p>	<p>1. National Focal Point</p> <p><Name of National Focal Point> shall act as the National Focal Point.</p> <p><u>The Head of the National Focal Point shall be < insert title of Head of NFP ></u></p> <p>[Description of the National Focal Point's location in the public administration, within what ministry and/or administrative unit it belongs to, who it reports to, etc.]</p> <p>The roles and responsibilities of the National Focal Point are stipulated in the Regulation, in particular Article 5.3 thereof. [In addition, the National Focal Point shall:]</p> <p>[list any additional roles that the National Focal Point is responsible for.]</p> <p>[If some parts of the roles and responsibilities of the National Focal Point are implemented by other public authorities, these authorities and their roles should be listed here. The text should state clearly that regardless of such delegation of tasks, the responsibility for the performance of these tasks remains with the National Focal Point.]</p>	<p>To create a more uniform approach to identifying the responsible function in the authority.</p>

Current text	New text (with track changes)	Comments
<p>2. Certifying Authority</p> <p><Name of Certifying Authority> shall act as the Certifying Authority.</p> <p>[Description of the Certifying Authority's location in the public administration, within what ministry and/or administrative unit it belongs to, who it reports to, etc.]</p> <p>The roles and responsibilities of the Certifying Authority are stipulated in the Regulation, in particular Article 5.4 thereof. [In addition, the Certifying Authority shall:]</p> <p>[list any additional roles that the Certifying Authority is responsible for.]</p> <p>[If some parts of the roles and responsibilities of the Certifying Authority are implemented by other public authorities, these authorities and their roles should be listed here. The text should state clearly that regardless of such delegation of tasks, the responsibility for the performance of these tasks remains with the Certifying Authority. In case of such delegation of tasks, the Certifying Authority must explain how it ensures that the system set up by the authority to which the tasks are delegated are of sufficient quality to ensure that funds from the EEA Financial Mechanism 2014-2021 are used efficiently and correctly and in accordance with the principles of sound financial management.]</p>	<p>2. Certifying Authority</p> <p><Name of Certifying Authority> shall act as the Certifying Authority.</p> <p><u>The Head of the Certifying Authority shall be < insert title of Head of CA ></u></p> <p>[Description of the Certifying Authority's location in the public administration, within what ministry and/or administrative unit it belongs to, who it reports to, etc.]</p> <p>The roles and responsibilities of the Certifying Authority are stipulated in the Regulation, in particular Article 5.4 thereof. [In addition, the Certifying Authority shall:]</p> <p>[list any additional roles that the Certifying Authority is responsible for.]</p> <p>[If some parts of the roles and responsibilities of the Certifying Authority are implemented by other public authorities, these authorities and their roles should be listed here. The text should state clearly that regardless of such delegation of tasks, the responsibility for the performance of these tasks remains with the Certifying Authority. In case of such delegation of tasks, the Certifying Authority must explain how it ensures that the system set up by the authority to which the tasks are delegated are of sufficient quality to ensure that funds from the EEA Financial Mechanism 2014-2021 are used efficiently and correctly and in accordance with the principles of sound financial management.]</p>	<p>To create a more uniform approach to identifying the responsible function in the authority.</p>

Current text	New text (with track changes)	Comments
<p>3. Audit Authority</p> <p><Name of Audit Authority> shall act as the Audit Authority.</p> <p>[Description of the Audit Authority's location in the public administration, within what ministry and/or administrative unit it belongs to, who it reports to, etc.]</p> <p>The roles and responsibilities of the Audit Authority are stipulated in the Regulation, in particular Article 5.5 thereof. [In addition, the Audit Authority shall:]</p> <p>[list any additional roles that the Audit Authority is responsible for.]</p> <p>[If some parts of the roles and responsibilities of the Audit Authority are implemented by other public authorities, these authorities and their roles should be listed here. The text should state clearly that regardless of such delegations of tasks, the responsibility for the performance of these tasks remains with the Audit Authority.]</p> <p>The Audit Authority shall be functionally independent of the National Focal Point and the Certifying Authority.</p>	<p>3. Audit Authority</p> <p><Name of Audit Authority> shall act as the Audit Authority. <u>The Head of the Audit Authority shall be < insert title of Head of AA ></u></p> <p>[Description of the Audit Authority's location in the public administration, within what ministry and/or administrative unit it belongs to, who it reports to, etc.]</p> <p>The roles and responsibilities of the Audit Authority are stipulated in the Regulation, in particular Article 5.5 thereof. [In addition, the Audit Authority shall:]</p> <p>[list any additional roles that the Audit Authority is responsible for.]</p> <p>[If some parts of the roles and responsibilities of the Audit Authority are implemented by other public authorities, these authorities and their roles should be listed here. The text should state clearly that regardless of such delegations of tasks, the responsibility for the performance of these tasks remains with the Audit Authority.]</p> <p>The Audit Authority shall be functionally independent of the National Focal Point and the Certifying Authority.</p>	<p>To create a more uniform approach to identifying the responsible function in the authority.</p>

Current text	New text (with track changes)	Comments
<p>4. Irregularities Authority</p> <p><Name of Irregularities Authority> shall be responsible for the preparation and submission of irregularities reports.</p> <p>[Description of this National public entity's location in the public administration, within what ministry and/or administrative unit it belongs to, who it reports to, etc.]</p> <p>The roles and responsibilities of the [name of Irregularities Authority] are stipulated in the Regulation, in particular Article 12.3 thereof. [In addition, the [name of Irregularities Authority] responsible for the preparation and submission of irregularities reports shall:]</p> <p>[list any additional roles that the Irregularities Authority is responsible for.]</p> <p>[If some parts of the roles and responsibilities of the Irregularities Authority are implemented by other public authorities, these authorities and their roles should be listed here. The text should state clearly that regardless of such delegations of tasks, the responsibility for the performance of these tasks remains with the Irregularities Authority.]</p>	<p>4. Irregularities Authority</p> <p><Name of Irregularities Authority> shall be responsible for the preparation and submission of irregularities reports.</p> <p>[Description of this National public entity's location in the public administration, within what ministry and/or administrative unit it belongs to, who it reports to, etc.]</p> <p>The roles and responsibilities of the [name of Irregularities Authority] are stipulated in the Regulation, in particular Article 12.3 thereof. [In addition, the [name of Irregularities Authority] responsible for the preparation and submission of irregularities reports shall:]</p> <p>[list any additional roles that the Irregularities Authority is responsible for.]</p> <p>[If some parts of the roles and responsibilities of the Irregularities Authority are implemented by other public authorities, these authorities and their roles should be listed here. The text should state clearly that regardless of such delegations of tasks, the responsibility for the performance of these tasks remains with the Irregularities Authority.]</p>	
<p>5. Strategic Report</p> <p>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.</p>	<p>5. Strategic Report</p> <p>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.</p>	<p>Moved to MoU main text</p>
<p>6. Organigram</p> <p>[A simple organigram describing the position of the main public authorities involved in the implementation of the EEA Financial Mechanism 2014-2021.]</p>	<p>6. Organigram</p> <p>[A simple organigram describing the position of the main public authorities involved in the implementation of the EEA Financial Mechanism 2014-2021.]</p>	

Current text				New text (with track changes)				Comments
ANNEX B				ANNEX B				
Implementation framework				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.				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				1. Financial parameters of the implementation framework				
	[Beneficiary State]	EEA FM contribution	National contribution		[Beneficiary State]	EEA FM contribution	National contribution	
	Programmes				Programmes			
1	[Name of programme]	€ [amount]	€ [amount]	1	[Name of programme]	€ [amount]	€ [amount]	
2	[Name of programme]	€ [amount]	€ [amount]	2	[Name of programme]	€ [amount]	€ [amount]	
3	[Name of programme]	€ [amount]	€ [amount]	3	[Name of programme]	€ [amount]	€ [amount]	
4	[Name of programme]	€ [amount]	€ [amount]	4	[Name of programme]	€ [amount]	€ [amount]	
5	[Name of programme]	€ [amount]	€ [amount]	5	[Name of programme]	€ [amount]	€ [amount]	
6	[Name of programme]	€ [amount]	€ [amount]	6	[Name of programme]	€ [amount]	€ [amount]	
7	[Name of programme]	€ [amount]	€ [amount]	7	[Name of programme]	€ [amount]	€ [amount]	
8	[Name of programme]	€ [amount]	€ [amount]	8	[Name of programme]	€ [amount]	€ [amount]	
9	[Name of programme]	€ [amount]	€ [amount]	9	[Name of programme]	€ [amount]	€ [amount]	
10	[Name of programme]	€ [amount]	€ [amount]	10	[Name of programme]	€ [amount]	€ [amount]	
	Other allocations				Other allocations			
	Technical assistance to the Beneficiary State (Art. 1.10)	€ [amount]	€ [amount]		Technical assistance to the Beneficiary State (Art. 1.10)	€ [amount]	€ [amount]	
	Reserve (Art. 1.11)	€ [amount]	€ [amount]		Reserve (Art. 1.11)	€ [amount]	€ [amount]	
	Reserve for completion of projects under FM 2009-14 (Art. 1.12)	€ [amount]	€ [amount]		Reserve for completion of projects under FM 2009-14-1421 (Art. 1.121)	€ [amount]	€ [amount]	
	Fund for bilateral relations (Art. 4.6.1)	€ [amount]	€ [amount]		Funds for bilateral relations at national level (Art. 4.6.14.7)	€ [amount]	€ [amount]	

Current text				New text (with track changes)				Comments
	Net allocation to [BS]	€ [total]	€ [total]		<u>Funds for bilateral relations at programme level (Art. 4.10)</u>	€ [amount]	€ [amount]	
					Net allocation to [BS]	€ [total]	€ [total]	
				<u>2. Conditions</u> <u>[Narrative text on any conditions.]</u>				

Current text	New text (with track changes)	Comments
2. Specific concerns [List of specific concerns such as Roma inclusion, cooperation with international organisations, reference to Council of Europe standards, etc.]	23. Specific concerns [Narrative text on any country List of specific concerns such as Roma inclusion, cooperation with international organisations, reference to Council of Europe standards, etc <u>or other relevant issues.</u>]	
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.	34. 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 [name of programme] <i>Programme objective:</i> [Objective] <i>Programme grant:</i> [Programme grant] <i>Programme co-financing:</i> [Programme co-financing] <i>Programme Operator:</i> [Name of Programme Operator (if known). Mention if the designation is in accordance with Article 6.13 of the Regulation. (If PO is not known, designation of the PO is regulated in Article 5.2.3 or Article 6.13 of the Regulation).] <i>Donor programme partner(s):</i> [Name of donor programme partner(s) (if relevant)] <i>International Partner Organisation(s):</i> [Name of International Partner Organisation(s) (if relevant)] <i>Programme area(s):</i> [Programme area(s) covered by the programme] <i>Special concerns:</i> [Narrative text on any special concern and on whether this programme aims to address needs of certain target groups, geographical areas or other issues.]	A. Programme [name of programme] <i>Programme objective:</i> [Objective] <i>Programme grant:</i> [Programme grant] <i>Programme co-financing:</i> [Programme co-financing] <i>Programme Operator:</i> [Name of Programme Operator (if known). Mention if the designation is in accordance with Article 6.13 of the Regulation. (If PO is not known, designation of the PO is regulated in Article 5.2.3 or Article 6.13 of the Regulation).] <i>Donor programme partner(s):</i> [Name of donor programme partner(s) (if relevant)] <i>International Partner Organisation(s):</i> [Name of International Partner Organisation(s) (if relevant)] <i>Programme area(s):</i> [Programme area(s) covered by the programme] <u><i>Programme specific conditions:</i></u> [Narrative text on any conditions.] <u><i>Programme Sspecificat</i></u> concerns: [Narrative text on any <u>specificat</u> concern and on whether this programme aims to address needs of certain target groups, geographical areas or other issues.]	

Current text		New text (with track changes)		Comments
<i>Bilateral ambitions:</i>	[Narrative text on the bilateral ambitions of the programme.]	<i>Bilateral ambitions:</i>	[Narrative text on the bilateral ambitions of the programme.]	
<i>Pre-defined projects</i>	Name of project: [Name of project. If only the general area is known, describe the area] Description: [Brief description of project(s)] Project Promoter: [Name of project promoter if known] Donor project Partner: [Name of donor project partner if known] Maximum grant: [Maximum grant amount earmarked for amount the project]	<i>Pre-defined projects</i>	Name of project: [Name of project. If only the general area is known, describe the area] Description: [Brief description of project(s)] Project Promoter: [Name of project promoter if known] Donor project Partner: [Name of donor project partner, <u>where relevant if known</u>] Maximum grant <u>amount:</u> [Maximum grant amount earmarked for the <u>the</u> project, <u>including national co-financing</u>]	
[The programme will be implemented in conjunction with the programme [name] implemented under the Norwegian Financial Mechanism 2014-2021.]		[The programme will be implemented in conjunction with the programme [name] implemented under the Norwegian Financial Mechanism 2014-2021.]		

Current text			New text (with track changes)			Comments
B. Programme [name of programme] [Repeat template text as needed] [If the substantive parameters are not exhaustive, this text should to be added:] Identification of the substantive parameters for any remaining programmes shall be made in accordance with the Regulation.			B. Programme [name of programme] [Repeat template text as needed] [If the substantive parameters are not exhaustive, this text should to be added:] Identification of the substantive parameters for any remaining programmes shall be made in accordance with the Regulation.			
C. Projects under the EEA Financial Mechanism 2009-2014 funded through the reserve referred to in Article 1.12 of the Regulation			C. Projects under the EEA Financial Mechanism 2009<u>2014-2014</u> <u>2021</u> funded through the reserve referred to in Article 1.12<u>11</u> of the Regulation			
Name and number of project	Amount from reserve		Name and number of project	Amount from reserve		
	€ [amount]			€ [amount]		
	€ [amount]			€ [amount]		
Total amount	€ [total amount]		Total amount	€ [total amount]		

Current text	New text (with track changes)	Comments
<p>European Economic Area Financial Mechanism 2014-2021 Norwegian Financial Mechanism 2014-2021 AGREEMENT between The Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs hereinafter referred to as the “Donors”, and The [name of the National Focal Point], hereinafter referred to as the “National Focal Point”, representing [name of the Beneficiary State], hereinafter referred to as the “Beneficiary State” together hereinafter referred to as the “Parties” on the Fund for Bilateral Relations hereinafter referred to as the “agreement”</p>	<p>European Economic Area Financial Mechanism 2014-2021<u>2021-2028</u> Norwegian Financial Mechanism 2014-2021<u>2021-2028</u> AGREEMENT between The Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs hereinafter referred to as the “Donors”, and The [name of the National Focal Point], hereinafter referred to as the “National Focal Point”, representing [name of the Beneficiary State], hereinafter referred to as the “Beneficiary State” together hereinafter referred to as the “Parties” on the Fund<u>s</u> for Bilateral Relations hereinafter referred to as the “agreement”</p>	

Chapter 1 Scope, Legal Framework, Definitions and responsibilities	Chapter 1 Scope, Legal Framework, Definitions and responsibilities	
Article 1.1 Scope	Article 1.1 Scope	
This agreement between the Donors and the National Focal Point lays down the rights and obligations of the Parties regarding the use of the Fund for Bilateral Relations under the financial contribution from the EEA and the Norwegian Financial Mechanisms 2014-2021 (hereinafter referred to as the “Mechanisms”).	This agreement between the Donors and the National Focal Point lays down the rights and obligations of the Parties regarding the use of the f Funds for b Bilateral r Relations <u>at national level</u> under the financial contribution from the EEA and the Norwegian Financial Mechanisms 2014-2021 <u>2021-2028</u> (hereinafter referred to as the “Mechanisms”).	
Article 1.2 Legal Framework	Article 1.2 Legal Framework	
<p>1. This agreement shall be read in conjunction with the following documents, which constitute the legal framework of the EEA and Norwegian Financial Mechanisms 2014-2021:</p> <ul style="list-style-type: none"> (a) the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2014-2021 and Protocol 38c to the EEA Agreement on the EEA Financial Mechanism (2014-2021); (b) the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021 and the Regulation on the implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the “Regulations”); (c) the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2014-2021 and the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred 	<p>1. This agreement shall be read in conjunction with the following documents, which constitute the legal framework of the EEA and Norwegian Financial Mechanisms 2014-2021<u>2021-2028</u>:</p> <ul style="list-style-type: none"> (a) the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2014-2021<u>2021-2028</u> and Protocol 38c<u>38d</u> to the EEA Agreement on the EEA Financial Mechanism (2014-2021<u>2021-2028</u>); (b) the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021<u>2021-2028</u> and the Regulation on the implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> (hereinafter referred to as the “Regulations”); (c) the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2014-2021<u>2021-2028</u> and the Memorandum of Understanding on the 	

to as the “MoUs”), entered into between the Donor States and the Beneficiary State; and (d) any guidelines adopted by the Donors in accordance with the Regulations.	Implementation of the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> (hereinafter referred to as the “ <u>Memoranda of Understandings</u> ”), entered into between the Donor States and the Beneficiary State; and (d) any guidelines adopted by the Donors in accordance with the Regulations.	
2. The legal framework as set forth in paragraph 1 of this Article is binding for the Parties. An act or omission by a Party to this agreement that is incompatible with the legal framework constitutes a breach of this agreement by that Party.	2. The legal framework as set forth in paragraph 1 of this Article is binding for the Parties. An act or omission by a Party to this agreement that is incompatible with the legal framework constitutes a breach of this agreement by that Party.	
Article 1.3 Definitions	Article 1.3 Definitions	
Terms used and institutions and documents referred to in this agreement shall be understood in accordance with the Regulations, in particular Article 1.6 thereof, and the legal framework referred to in Article 1.2 of this agreement.	Terms used and institutions and documents referred to in this agreement shall be understood in accordance with the Regulations, in particular Article 1.6 thereof, and the legal framework referred to in Article 1.2 of this agreement.	
Article 1.4 Co-operation	Article 1.4 Co-operation	
1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this agreement.	1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this agreement.	
2. The Parties agree to provide all information necessary for the good functioning of this agreement and to apply the principles of implementation as set out in Article 1.3 of the Regulations.	2. The Parties agree to provide all information necessary for the good functioning of this agreement and to apply the principles of implementation as set out in Article 1.3 of the Regulations.	
3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of this agreement.	3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of this agreement.	

4. In executing this 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 agreement.	4. In executing this 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 <u>or giving rise to a conflict of interest</u> . The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this agreement.	Aligned with the corresponding provision in the Programme Agreement template.
Chapter 2 Budget, objective and implementation system for the Fund for Bilateral Relations	Chapter 2 Budget, objective and implementation system for the <u>Bilateral Fund</u> for Bilateral Relations	
Article 2.1 Budget	Article 2.1 Budget	
1. In accordance with Article 4.6 of the Regulations, the Beneficiary State, acting through the National Focal Point, has set aside EUR [amount] for a Fund for bilateral relations.	1. In accordance with Article 4.6 of the Regulations, the Beneficiary State, acting through the National Focal Point, has set aside EUR [amount] for a Fund for bilateral relations. <u>Bilateral Fund at national level (hereinafter referred to as 'Bilateral Fund')</u> .	
2. The Fund for Bilateral Relations is supported jointly by the EEA Financial Mechanism and the Norwegian Financial Mechanism, in accordance with the allocations set in paragraph 3.	2. The Fund for Bilateral Relations <u>The Bilateral Fund</u> is supported jointly by the EEA Financial Mechanism and the Norwegian Financial Mechanism, in accordance with the allocations set in paragraph 3 <u>the respective Memoranda of Understanding</u> .	
3. The support from the EEA Financial Mechanism to the Fund for Bilateral Relations is EUR [amount]. The support from the Norwegian Financial Mechanism to the Fund for Bilateral Relations is EUR [amount].	3. The support from the EEA Financial Mechanism to the Fund for Bilateral Relations <u>Bilateral Fund</u> is EUR [amount]. The support from the Norwegian Financial Mechanism to the Fund for Bilateral Relations <u>Bilateral Fund</u> is EUR [amount].	
Article 2.2 Objective	Article 2.2 Objective	
The Fund for Bilateral Relations shall be used to support activities aiming at strengthening bilateral relations between the Donor States and the Beneficiary	The Fund for Bilateral Relations <u>Bilateral Fund</u> shall be used to support activities aiming at strengthening bilateral relations between the Donor States and the	Reference to bilateral funds at programme level removed.

States, in line with Article 4.1 of the Regulation. Such activities may take place both in the context of implementation of programmes or through joint initiatives beyond the programmes.	Beneficiary States, in line with Article 4.1 of the Regulations. Such activities may take place both in the context of implementation of programmes or through joint initiatives beyond the programmes.	
Article 2.3 <u>Joint Committee for Bilateral Funds</u> <u>Joint Committee for the Bilateral Fund</u>	Article 2.3 <u>Role and Composition of the Joint Committee for the Bilateral Funds</u>	
1. The National Focal Point shall establish a Joint Committee for Bilateral Funds <u>Joint Committee for the Bilateral Fund</u> as soon as possible after the signature of the MoUs. Its tasks shall <i>inter alia</i> include: <ul style="list-style-type: none"> (a) discussing matters of bilateral interests, identifying initiatives and reviewing the overall progress towards reaching the objective of strengthened bilateral relations; (b) adopting the Work Plan for the fund for bilateral relations to be discussed at the annual meeting; and (c) identifying and allocating bilateral funds to programmes of bilateral interest. 	1. The National Focal Point shall establish a Joint Committee for Bilateral Funds <u>Joint Committee for the Bilateral Fund</u> as soon as possible after the signature of the MoUs. <u>The Joint Committee for the Bilateral Fund shall be established in line with Article 4.9 of the Regulations.</u> -Its tasks shall <i>inter alia</i> include: <ul style="list-style-type: none"> (a) discussing matters of bilateral interests <u>beyond the programmes</u>, identifying <u>bilateral initiatives at national level</u> and reviewing the overall progress towards reaching the objective of strengthened bilateral relations; (b) adopting the Work Plan for the fund for Bilateral relations<u>Fund</u>; to be discussed at the annual meeting; and <u>(c) identifying and allocating bilateral funds to programmes of bilateral interest, taking decisions on the use of the bilateral funds at national level.</u> 	
2. The Joint Committee for Bilateral Funds <u>Joint Committee for the Bilateral Fund</u> shall meet at least once a year prior to the annual meeting. The National Focal Point is responsible for organising the meetings.	2. The Joint Committee for Bilateral Funds shall meet at least once a year prior to the annual meeting. The National Focal Point is responsible for organising the meetings.	Moved
3. The Joint Committee for Bilateral Funds <u>Joint Committee for the Bilateral Fund</u> shall be chaired by the National Focal Point and composed of representatives from the Donor States, and from the	23. The Joint Committee for <u>the</u> Bilateral Funds shall be chaired by the National Focal Point. <u>Additional members shall include and composed of</u> representatives from the Donor States, and from the Beneficiary State, including the respective ministry of	Additional text is from the template for the composition, role and functioning of the JCBF document in use in the 14-21 Mechanisms.

Beneficiary State, including the respective ministry of foreign affairs [add any other members as relevant].	foreign affairs [add any other members as relevant]. <u>The members may appoint their deputy by written notification to the National Focal Point. The deputy shall have the same rights as the member.</u>	
[4. Add details regarding role and functioning as relevant, based on the proposal referred to in Article 4.2 paragraph 6 of the Regulations.]	[34. Add details regarding role and functioning as relevant, based on the proposal referred to in Article 4.2 paragraph 6 of the Regulations.]	The proposal referred to in the current Article 4.2.6 has been removed.
5. The National Focal Point is responsible for preparing the draft agenda, which shall be sent to the members of the Joint Committee for Bilateral Funds <u>Joint Committee for the Bilateral Fund</u> and the FMO at least two weeks before the meeting for comments.	5. The National Focal Point is responsible for preparing the draft agenda, which shall be sent to the members of the Joint Committee for Bilateral Funds <u>Joint Committee for the Bilateral Fund</u> and the FMO at least two weeks before the meeting for comments.	Moved
6. Decisions from the Joint Committee for Bilateral Funds <u>Joint Committee for the Bilateral Fund</u> shall be taken by consensus between the members of the Committee. In case no consensus can be reached, the decision shall be taken by the FMC.	6. Decisions from the Joint Committee for Bilateral Funds <u>Joint Committee for the Bilateral Fund</u> shall be taken by consensus between the members of the Committee. In case no consensus can be reached, the decision shall be taken by the FMC.	Moved
7. Decisions taken at the meeting of the Joint Committee shall be set out in the agreed minutes. The National Focal Point is responsible for the drafting of the minutes from the meeting, summarising the main points discussed at the meeting and following the structure of the agenda. These minutes shall be decision oriented, follow-up oriented and task oriented.	7. Decisions taken at the meeting of the Joint Committee shall be set out in the agreed minutes. The National Focal Point is responsible for the drafting of the minutes from the meeting, summarising the main points discussed at the meeting and following the structure of the agenda. These minutes shall be decision oriented, follow up oriented and task oriented.	Moved
8. Decisions of the Joint Committee may also be made in writing between the members.	8. Decisions of the Joint Committee may also be made in writing between the members.	Moved

	Article 2.4 <u>Meetings of the Joint Committee for the</u> <u>Bilateral Fund</u>	
	<u>1. The Joint Committee for the Bilateral Fund shall meet at least once a year prior to the annual meeting. The National Focal Point is responsible for organising the meetings. The tentative dates of the meetings shall be included in the Work Plan. Additional meetings may be organised at the justified proposal of any of the members and with the agreement of the National Focal Point.</u>	The provisions in this Article are taken from Article 2.3 of the current BFA and the template for the proposal document for the Composition, role and functioning of the Joint Committee for the Bilateral Funds.
	<u>2. The National Focal Point is responsible for preparing the draft agenda of the meetings of the Joint Committee for the Bilateral Fund, which shall be sent to the members of the Committee and the Financial Mechanism Office (hereinafter referred to as the “FMO”), at least two weeks before the meeting for comments.</u>	
	<u>3. Any member of the Joint Committee for the Bilateral Fund may invite representatives from the Programme Operators, Donor Programme Partners or others to participate in meetings as observers if/when their participation is needed for specific issues to be discussed.</u>	
	<u>4. Representatives of the FMO shall be invited to participate at the meetings of the Joint Committee for the Bilateral Fund as observers.</u>	
	<u>5. The working language of the Joint Committee for the Bilateral Fund shall be English, i.e. the meetings shall be conducted in English and all documents presented to, and produced by, the Committee shall be in English.</u>	

	<u>6. The meetings of the Joint Committee for the Bilateral Fund shall be considered valid if attended by at least half of the Committee's members, of which at least one of the members should be from the Donor States. In case a member cannot participate in the meetings, they may provide written input to the National Focal Point in advance of the meetings. Requests for participation through video link or phone conferencing should be accommodated.</u>	
	<u>Article 2.5</u> <u>Decisions by the Joint Committee for the Bilateral Fund</u>	The provisions in this Article are taken from Article 2.3 of the current BFA and the template for the proposal document for the Composition, role and functioning of the Joint Committee for the Bilateral Funds.
	<u>1. Decisions by the Joint Committee for the Bilateral Fund shall be taken by consensus between the members of the Committee. In case no consensus can be reached, the decision shall be taken by the FMC.</u>	
	<u>2. The National Focal Point is responsible for the drafting of meeting minutes. The minutes shall set out decisions taken and summarize the main discussion points, following the structure of the agenda. The minutes shall be decision oriented, follow-up oriented and task oriented.</u>	
	<u>3. The draft minutes from the meetings shall be circulated to all members of the Joint Committee for the Bilateral Fund and the FMO not later than 10 working days after the meeting. Comments to the minutes should be provided within 10 working days of receipt. After considering comments received or in case of absence of comments, the minutes shall be agreed between the members who participated at the meetings. The final minutes shall be sent to the members of the Committee and the FMO not later than four weeks after the meetings.</u>	
	<u>4. Decisions of the Joint Committee for the Bilateral Fund may be made in writing between the members.</u>	
	<u>5. Observers of the Joint Committee for the Bilateral Fund shall always be included in copy of any communication and shall be given possibility to provide comments and proposals as well as participate in the meetings.</u>	

Article 2.4 Work Plan	Article 2.6 Work Plan	
1. The National Focal Point shall, in consultation with the Donors, prepare a draft description of the proposed implementation and activities under the Fund for Bilateral Relations for the duration of the Fund (hereinafter referred to as the “Work Plan”). The Work Plan shall <i>inter alia</i> include a brief description of the implementation system for the Fund for Bilateral Relations, major activities to be organised under the Fund, and the programmes of bilateral interest.	1. The National Focal Point shall, in consultation with the Donors, prepare an <u>initial</u> draft <u>Work Plan for description of the proposed the</u> implementation and activities under the <u>Bilateral FundFund for Bilateral Relations</u> for the duration of the Fund (hereinafter referred to as the “Work Plan”). <u>The Work Plan shall include the share of the Bilateral Fund available for activities involving entities from each Donor State. The Work Plan shall inter alia include a brief description of the implementation system for the Fund for Bilateral Relations, major activities to be organised under the Fund, and the programmes of bilateral interest. A template for the Work Plan will be provided by the FMC.</u>	Article is adjusted to accurately reflect the current practice regarding the Work Plan and to include provisions from the template for the proposal document for the Composition, role and functioning of the Joint Committee for the Bilateral Funds.
2. The draft Work Plan shall be submitted to the members of the Joint Committee for Bilateral Funds <u>Joint Committee for the Bilateral Fund</u> and the FMO for comments at least four weeks prior to the meeting of the Joint Committee.	2. The <u>initial</u> draft Work Plan shall be submitted to the members of the Joint Committee for Bilateral Funds <u>Joint Committee for the Bilateral Fund</u> and the FMO for comments at least four weeks prior to the <u>first</u> meeting of the Joint Committee.	
3. The draft Work Plan shall be further developed and adopted by the Joint Committee for Bilateral Funds <u>Joint Committee for the Bilateral Fund</u> .	3. <u>The initial Work Plan shall be adopted by the Joint Committee for the Bilateral Fund at its first meeting, based on the draft by the National Focal Point. If it is not possible to adopt the Work Plan at the first meeting, the Committee shall agree on a timeframe for its adoption. The draft Work Plan shall be further developed and adopted by the Joint Committee for Bilateral Funds.</u>	
	4. <u>The Work Plan is the working document for the Joint Committee for the Bilateral Fund and shall be updated as relevant to reflect the decisions of the Committee. Further to the adoption of the initial Work Plan, the Work Plan shall be modified by consensus of the Committee, to reflect all the decisions of the</u>	

	<u>Committee and the relevant developments of the Bilateral Fund.</u>	
4. The Work Plan will be discussed at the Annual Meeting.	<u>5. The Work Plan will shall be discussed at the Annual Meeting.</u>	
5. Modifications to the Work Plan shall be decided by the Joint Committee for Bilateral Funds <u>Joint Committee for the Bilateral Fund</u> and reported on at the Annual Meeting.	<u>6. Modifications to the Work Plan shall be decided by the Joint Committee for Bilateral FundsJoint Committee for the Bilateral Fund and reported on at the Annual Meeting.</u>	
6. Any comments to the Work Plan made at the Annual Meeting shall be taken into account by the Joint Committee for Bilateral Funds <u>Joint Committee for the Bilateral Fund.</u>	<u>7. Any comments to the Work Plan made at the Annual Meeting shall be taken into account by the Joint Committee for Bilateral FundsJoint Committee for the Bilateral Fund.</u>	
Article 2.5 Allocation of funds for bilateral relations	Article 2.<u>7</u> Allocation<u>s</u> of funds for bilateral relations	
1. Allocation of funds for bilateral relations shall be based on the principles of transparency, equal treatment, accountability and sound financial management.	1. Allocation <u>s</u> of funds for bilateral relations shall be based on the principles of transparency, equal treatment, accountability and sound financial management.	
	<u>2. Where the Joint Committee for the Bilateral Fund decides to organise calls for proposals, the following shall apply:</u> <u>(a) the National Focal Point shall be responsible for organising calls for proposals and drafting the call text, including eligibility criteria, according to the provisions of the Work Plan;</u> <u>(b) the Committee and the FMO shall be consulted on the call text and comments received shall be duly taken into consideration;</u> <u>(c) the calls shall be published on the websites of the National Focal Point, the Donor Embassies and the EEA and Norway Grants and be advertised as widely as possible; and</u>	

	<u>(d) rules for awarding funds shall be agreed by the Committee.</u>	
	<u>3. Any members of the Joint Committee for the Bilateral Fund may, using a template provided by the National Focal Point, propose pre-defined bilateral initiatives to be included in the Work Plan. The contracting, implementation, monitoring and verification of predefined bilateral initiatives shall be carried out by the National Focal Point.</u>	
2. The Parties agree that the following activities, as a minimum, will be implemented under the Fund for Bilateral Relations:	<u>4. The Parties agree that the following activities, as a minimum, will be implemented under the Bilateral Fund.</u> Fund for Bilateral Relations:	
[Add as appropriate.]	[Add as appropriate.]	
3. Parts of the funds for bilateral relations shall be made available to Programme Operators for activities aiming at strengthening bilateral relations between the Donor States and the Beneficiary State. The allocation of funds for bilateral relations to Programme Operators shall be based on expressions of interest submitted by the Programme Operators. Programmes of particular bilateral interest identified in the MoU shall be given priority.	3. Parts of the funds for bilateral relations shall be made available to Programme Operators for activities aiming at strengthening bilateral relations between the Donor States and the Beneficiary State. The allocation of funds for bilateral relations to Programme Operators shall be based on expressions of interest submitted by the Programme Operators. Programmes of particular bilateral interest identified in the MoU shall be given priority.	Removed as no longer relevant after the split of bilateral funds between national and programme level.
4. Funds for bilateral relations allocated to programmes shall be managed by the relevant Programme Operator, in accordance with any recommendation from the Joint Committee for Bilateral Funds <u>Joint Committee for the Bilateral Fund</u> . The management of the funds for bilateral relations by the Programme Operators shall be proportionate to the size of the funds allocated to their respective programme, should be aimed at facilitating the participation of Donor State entities in the funds and should be based on the principles referred to in paragraph 1.	4. Funds for bilateral relations allocated to programmes shall be managed by the relevant Programme Operator, in accordance with any recommendation from the Joint Committee for Bilateral Funds. The cost of management of the funds for bilateral relations by the Programme Operators shall be proportionate to the size of the funds allocated to their respective programme, should be aimed at facilitating the participation of Donor State entities in the funds and should be based on the principles referred to in paragraph 1.	Removed.

5. Decisions on the management and use of the funds for bilateral relations allocated to programmes implemented in cooperation with Donor Programme Partners and/or International Partner Organisations shall be taken by consensus between the Programme Operator, Donor Programme Partner and/or International Partner Organisation.	5. Decisions on the management and use of the funds for bilateral relations allocated to programmes implemented in cooperation with Donor Programme Partners and/or International Partner Organisations shall be taken by consensus between the Programme Operator, Donor Programme Partner and/or International Partner Organisation.	Removed.
6. The Programme Operators shall report to the National Focal Point on the use of the funds for bilateral relations allocated to their programme.	6. The Programme Operators shall report to the National Focal Point on the use of the funds for bilateral relations allocated to their programme.	Removed.
Article 2.6 Reporting	Article 2.8 Reporting	
The National Focal Point shall, in accordance with Article 4.6 paragraph 2 of the Regulations, report on the use of the Fund for Bilateral Relations in the Strategic Report, as defined in Article 2.6 of the Regulations.	The National Focal Point shall, in accordance with Article 4.7.1.6 paragraph 2 of the Regulations, report on the use of the Fund for Bilateral Relations <u>Bilateral Fund, including the work of the Joint Committee for the Bilateral Fund</u> , in the Strategic Country Report, as defined in Article 2.6 of the Regulations.	Amended in line with the Regulations changes.
	2. The Joint Committee for the Bilateral Fund shall be invited to comment on the bilateral relations section of the Strategic Report before the National Focal Point submits it to the Donors.	
Article 2.7 Communication	Article 2.9 Communication	
1. All communication to the Donors regarding this agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the “FMO”), which represents the Donors towards the National Focal Point in relation to the implementation of this agreement.	1. All communication to the Donors regarding this agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the “FMO”) , which represents the Donors towards the National Focal Point in relation to the implementation of this agreement.	
2. To the extent that original documents are not available in the English language, the documents shall	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.	be accompanied by full and accurate translations into English.	
3. 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.	3. 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 2.8 Representations and Warranties	Article 2.10 Representations and Warranties	
1. This agreement is based on information provided by, through, or on behalf of the National Focal Point to the Donors.	1. This agreement is based on information provided by, through, or on behalf of the National Focal Point to the Donors.	
2. The National Focal Point represents and warrants that all information provided by, through, or on behalf of the National Focal Point in connection with this agreement is authentic, accurate and complete.	2. The National Focal Point represents and warrants that all information provided by, through, or on behalf of the National Focal Point in connection with this agreement is authentic, accurate and complete.	
Chapter 3 Finance	Chapter 3 Finance	
Article 3.1 Eligible expenditures	Article 3.1 Eligible expenditures	
1. Expenditure on the Fund for Bilateral Relations is eligible if it complies with the provisions of Article 8.8 of the Regulations.	1. Expenditure under the Bilateral Fund <u>on the Fund for Bilateral Relations</u> is eligible if it falls within-eligible the activities as described <u>defined in</u> complies with the provisions of Article 8.8 <u>4.5</u> -of the Regulations.	Aligned with changes in the Regulations.
2. Notwithstanding and in addition to the provisions of paragraph 1 of this Article, expenditures under this agreement are only eligible if they comply with the general principles on eligibility of expenditure contained in Chapter 8 of the Regulations, as applicable.	2. Notwithstanding and in addition to the provisions of paragraph 1 of this Article, <u>the rules on eligibility of expenditures set out in Chapter 8 apply mutatis mutandis to the Bilateral Fund.</u> Notwithstanding and in addition to the provisions of paragraph 1 of this Article, expenditures under this agreement are only eligible if they comply with the general principles on eligibility of expenditure contained in Chapter 8 of the Regulations, as applicable.	Aligned with changes in the Regulations.

3. The first date of eligibility of expenditures under this agreement shall be [date of last signature of whichever MoU is signed first].	3. The first date of eligibility of expenditures under this agreement shall be [date of last signature of whichever <u>Memoranda of Understanding</u> is signed first].	
4. The final date of eligibility of expenditures under this agreement shall be 30 April 2025.	4. The final date of eligibility of expenditures under this agreement shall be 30 April <u>2025/2032</u> .	
Article 3.2 Proof of expenditure	Article 3.2 Proof of expenditure	
Costs incurred by the National Focal Point, the Programme Operators or any final beneficiary under this agreement shall be supported by documentary evidence as required in Article 8.12 of the Regulations.	Costs incurred by the National Focal Point, the Programme Operators or any final beneficiary under this agreement shall be supported by documentary evidence as required in Article 8.12 of the Regulations.	
	<u>Article 3.3</u> <u>Proof of conditions fulfilled for simplified cost options</u>	
	<u>Costs of the National Focal Point or of any final beneficiary under this agreement that are covered by simplified cost options shall be supported by proof of conditions fulfilled in accordance with Article 8.13 of the Regulations.</u>	
Article 3.3 Payments	Article 3.43 Payments	
1. Payments under this agreement shall be made when all relevant conditions for payments stipulated in this agreement and the Regulations have been fulfilled.	1. Payments under this agreement shall be made when all relevant conditions for payments stipulated in this agreement and the Regulations have been fulfilled.	
2. Payments 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, 9.4 and 9.5 of the Regulations. The final	2. Payments 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, 9.4 and 9.5 of the Regulations. The final	

balance shall be calculated and reported in the last interim financial report.	balance shall be calculated and reported in the last interim financial report.	
3. The level of the advance payment is EUR [amount]. The advance payment shall be made upon signature of this agreement. In exceptional cases, extraordinary advance payments may be made prior to the signing of this agreement.	3. The level of the advance payment is EUR [amount]. The advance payment shall be made upon signature of this agreement. In exceptional cases, extraordinary advance payments may be made prior to the signing of this agreement.	
4. Interim payments shall be paid based on an interim financial report submitted by the National Focal Point in a format provided by the FMC, certified by the Certifying Authority in accordance with Article 5.4 of the Regulations, and approved by the FMC. Article 9.3 paragraphs 3 to 9 of the Regulations apply <i>mutatis mutandis</i> to interim payments under this agreement.	4. Interim payments shall be paid based on an interim financial report submitted by the National Focal Point in a format provided by the FMC, certified by the Certifying Authority in accordance with Article 5.4 of the Regulations, and approved by the FMC. <u>A justified forecast of likely payment applications from the funds for bilateral relations shall be included in the interim financial report.</u> Article 9.3 paragraphs 3 to 9 of the Regulations apply <i>mutatis mutandis</i> to interim payments under this agreement.	While the forecast provision is found in Article 9.3 that applies <i>mutatis mutandis</i> to this article, it is considered worthwhile to signal it specifically here.
5. At the latest by 20 February, 20 April, 20 September and 20 November each year, the Certifying Authority shall send to the FMC, in a format provided by the FMC (Annex 8 to the Regulation), a justified forecast of likely payment applications from the Fund for Bilateral Relations.	5. At the latest by 20 February, 20 April, 20 September and 20 November each year, the Certifying Authority shall send to the FMC, in a format provided by the FMC (Annex 8 to the Regulation), a justified forecast of likely payment applications from the Fund for Bilateral Relations.	Removed and added to paragraph 4 to harmonise with changes to the Regulations.
6. Notwithstanding paragraphs 1 to 5 above, Chapter 9 of the Regulations shall apply <i>mutatis mutandis</i> to all aspects related to payments.	<u>5.</u> Notwithstanding paragraphs 1 to 5 above, Chapter 9 of the Regulations shall apply <i>mutatis mutandis</i> to all aspects related to payments.	
Article 3.4 Transparency and availability of documents	Article 3.<u>5</u>4 Transparency and availability of documents	
The Beneficiary State shall ensure an audit trail for financial contributions from the EEA and Norwegian Financial Mechanisms 2014-2021 under this agreement, in accordance with Article 9.8 of the Regulations.	The Beneficiary State shall ensure an audit trail for financial contributions from the EEA and Norwegian Financial Mechanisms 2014-2021 <u>2021-2028</u> under this agreement, in accordance with Article 9. <u>7</u> 8 of the Regulations.	

Article 3.5 Irregularities, suspension and reimbursements	Article 3.65 Irregularities, suspension and reimbursements	
The Donors have the right to make use of the remedies provided in the Regulations, 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 Regulations regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.	The Donors have the right to make use of the remedies provided in the Regulations, 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 Regulations regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.	
Chapter 4 Final provisions	Chapter 4 Final provisions	
Article 4.1 Contact information	Article 4.1 Contact information	
1. The contact information of the National Focal Point is:	1. The contact information of the National Focal Point is:	
[contact]	[contact]	
2. The contact information for the Donors and the FMO is: 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	2. The contact information for the Donors and the FMO is: Financial Mechanism Office Att: <u>Managing</u> Director EFTA Secretariat <u>House</u> Rue Joseph II, 12-16 <u>Avenue des Arts 19H</u> 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 agreement.	3. Changes of or corrections to the contact information referred to in this A article shall be given in writing without undue delay by the Parties to this agreement.	

Article 4.2 Dispute settlement	Article 4.2 Dispute settlement	
1. The Parties waive their rights to bring any dispute related to the agreement before any national or international court, and agree to settle such a dispute in an amicable manner.	1. The Parties waive their rights to bring any dispute related to the 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 Donors 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.	2. If a demand for reimbursement to the Donors 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 4.3 Termination	Article 4.3 Termination	
<p>1. The Donors may, after consultation with the National Focal Point, terminate this agreement if:</p> <ul style="list-style-type: none"> (a) a general suspension decision according to Article 13.6 of the Regulations or a decision to suspend payments according to paragraph 1(h) of Article 13.1 of the Regulations has not been lifted within 6 months of such a decision; (b) a suspension of payments according to Article 13.1 of the Regulations, 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 Regulations has not been complied with within one year from such a decision. 	<p>1. The Donors may, after consultation with the National Focal Point, terminate this agreement if:</p> <ul style="list-style-type: none"> (a) a general suspension decision according to Article 13.6 of the Regulations or a decision to suspend payments according to paragraph point (h) 1(h) of Article 13.1.1 of the Regulations has not been lifted within 6 months of such a decision; (b) a suspension of payments according to Article 13.1 of the Regulations, other than under paragraph 1(h), has not been lifted within one year of such a decision; <u>or</u> (c) a request for reimbursement according to Article 13.2 of the Regulations has not been complied with within one year from such a decision. 	
2. This agreement can be terminated by mutual agreement between the Parties.	2. This 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 4.2 or the right of the Donors to	3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 4.2 or the right of the Donors to	

make use of the remedies provided in Chapter 13 of the Regulations.	make use of the remedies provided in Chapter 13 of the Regulations.	
Article 4.4 Waiver of responsibility	Article 4.4 Waiver of responsibility	
1. Nothing contained in this agreement shall be construed as imposing upon the Donors or the FMO any responsibility of any kind to any third party for the supervision, execution, completion, or operation of any actions or obligations entered into pursuant to this agreement.	1. Nothing contained in this agreement shall be construed as imposing upon the Donors or the FMO any responsibility of any kind to any third party for the supervision, execution, completion, or operation of any actions or obligations entered into pursuant to this agreement.	
2. The Donors do not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused as a result of actions entered into pursuant to this agreement. It is the full and sole responsibility of the National Focal Point to satisfactorily address such issues.	2. The Donors do not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused as a result of actions entered into pursuant to this agreement. It is the full and sole responsibility of the National Focal Point to satisfactorily address such issues.	
3. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the Donors, their officials or employees, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point, the Beneficiary State, Programme Operators, Project Promoters or any other third person, in connection, be it direct or indirect, with this agreement.	3. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the Donors, their officials or employees, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point, the Beneficiary State, Programme Operators, Project Promoters or any other third person, in connection, be it direct or indirect, with this agreement.	
Article 4.5 Modification of the agreement	Article 4.5 Modification of the agreement	
1. Unless otherwise explicitly stipulated in this agreement, any modification of this agreement is subject to prior approval by the Donors.	1. Unless otherwise explicitly stipulated in this agreement, any modification of this agreement is subject to prior approval by the Donors.	
2. Requests for modifications shall be submitted and assessed in accordance with the relevant provisions of Article 6.9 of the Regulation.	2. Requests for modifications shall be submitted and assessed in accordance with the relevant provisions of Article 6.9 of the Regulation ^s .	

	<u>3. Changes to the agreement which have been agreed in their entirety in a Memoranda of Understanding modification do not require a modification to this agreement. In such a case, the agreement shall be updated by the FMC.</u>	Paragraph 3 has been added in view of simplification and reducing administrative procedures. If changes to the agreement have been agreed in their entirety at MoU level, reflecting these changes in the BFA becomes a pure technical matter, which does not require any further decision-making. The changes agreed at MoU level can simply be inserted into the BFA. The same type of exception will be provided for in the PA Template (Art. 2.9.3) and TAA (2.6.3).
Article 4.6 Entry into force and duration	Article 4.6 Entry into force and duration	
1. This agreement shall enter into force on the date of the last signature of the Parties.	1. This agreement shall enter into force on the date of the last signature of the Parties.	
2. This agreement shall remain in force until five years have elapsed after the date of the acceptance of the final Strategic Report.	2. This agreement shall remain in force until five years have elapsed after the date of the acceptance of the final Strategic <u>Country</u> Report.	

Current text	New text (with track changes)	Comments
<p>EEA Financial Mechanism 2014-2021 PROGRAMME AGREEMENT</p> <p>between</p> <p>The Financial Mechanism Committee established by Iceland, Liechtenstein and Norway and</p> <p>The [name of the National Focal point], hereinafter referred to as the “National Focal Point”,</p> <p>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”</p>	<p>EEA Financial Mechanism 2014-2021<u>2021-</u> <u>2028</u></p> <p>PROGRAMME AGREEMENT</p> <p>between</p> <p>The Financial Mechanism Committee established by Iceland, Liechtenstein and Norway and</p> <p>The [name of the National Focal point], hereinafter referred to as the “National Focal Point”,</p> <p>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”</p>	
Chapter 1	Chapter 1	
Scope, Legal Framework, and Definitions	Scope, Legal Framework, and Definitions	
Article 1.1 Scope	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.	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 <u>2021-</u> <u>2028</u> to the Programme.	
Article 1.2 Legal Framework	Article 1.2 Legal Framework	

Current text	New text (with track changes)	Comments
<p>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:</p> <p>(a) Protocol 38c to the EEA Agreement on the EEA Financial Mechanism 2014-2021;</p> <p>(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;</p> <p>(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</p> <p>any guidelines adopted by the FMC in accordance with the Regulation.</p>	<p>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<u>2021-2028</u>:</p> <p>(a) Protocol 38c<u>38d</u> to the EEA Agreement on the EEA Financial Mechanism 2014-2021<u>2021-2028</u>;</p> <p>(b) the Regulation on the implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> (hereinafter referred to as the “Regulation”) issued by the Donor States in accordance with Article 10(5) of Protocol 38c<u>38d</u>;</p> <p>(c) the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> (hereinafter referred to as the “MoU”), entered into between the Donor States and the Beneficiary State; and</p> <p>(d) any guidelines adopted by the FMC in accordance with the Regulation.</p>	
<p>2. In case of an inconsistency between this programme agreement and the Regulation, the Regulation shall prevail.</p>	<p>2. In case of an inconsistency between this Programme Agreement and the Regulation, the Regulation shall prevail.</p>	
<p>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</p>	<p>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</p>	

Current text	New text (with track changes)	Comments
framework constitutes a breach of this programme agreement by that Party.	framework constitutes a breach of this Programme Agreement by that Party.	
Article 1.3 Definitions	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.	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	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.	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.	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.	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.	

Current text	New text (with track changes)	Comments
Chapter 2 The Programme	Chapter 2 The Programme	
Article 2.1 Co-operation	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.	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.	2. The Parties agree to provide all information necessary for the good functioning of this Programme Agreement, <u>including risk assessment and response analysis</u> , 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.	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.	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 <u>or giving rise to a conflict of interest</u> . 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	Article 2.2 Main responsibilities of the Parties	

Current text	New text (with track changes)	Comments
<p>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:</p> <ul style="list-style-type: none"> (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; 	<p>1. The National Focal Point is responsible and accountable for the overall management of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> in the Beneficiary State and for the full and correct implementation of this Programme Agreement. In particular, the National Focal Point undertakes to:</p> <ul style="list-style-type: none"> (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, <u>including ensuring the appropriate allocation of staff and other resources, throughout the programme period;</u> (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, 	

Current text	New text (with track changes)	Comments
(e) make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.	<p>including measures to recover misspent funds;</p> <p>(e) make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.</p>	
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.	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.	
<p>Article 2.3</p> <p>Objective and outcomes of the Programme</p>	<p>Article 2.3</p> <p>Objective(s) and outcomes of the Programme</p>	
1. This programme agreement sets out the objective, outcome(s), outputs, indicators and targets for the Programme.	1. This Programme Agreement sets out the objective(s), outcome(s), outputs, indicators and targets for the Programme.	

Current text	New text (with track changes)	Comments
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.	2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective(s), outcome(s), outputs, indicators and targets set for the Programme.	
Article 2.4 Programme grant	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.	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.	2. In case the Programme is also supported by the Norwegian Financial Mechanism, this Programme Agreement shall be interpreted in conjunction with the <u>legal framework agreement</u> regulating that support.	
3. The financial plan annexed to this programme agreement shall: (a) contain a breakdown between the Programme's budget headings; indicate the agreed advance payment, if any.	3. The <u>programme budget</u> 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.	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	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	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	

Current text	New text (with track changes)	Comments
with these conditions and take the necessary steps to ensure their fulfilment.	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.	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	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.	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.	The proposal is to have no longer a requirement for a Programme implementation agreement between the NFP and the PO, but just a general clause in the Regulation, which puts an obligation on the NFP to make sure that the PO implements the programme in accordance with the Programme Agreement (Article 6.6.1 of the Regulation).
Article 2.7 Reporting	Article 2.6 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.	The National Focal Point shall ensure that the Programme Operator provides financial reports, annual programme reports and a <u>Final Programme Report</u> in accordance with Chapter 9 and Articles 6.11 and 6.12 of the Regulation as well as statistical <u>other</u> reporting in accordance with guidelines adopted by the FMC.	
Article 2.8 External monitoring	Article 2.7 External m <u>Monitoring and Audits</u>	
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.	The external monitoring and audits referred to in Articles 11.1, 11.2, 11.3 and 11.4 <u>Chapter 11</u> 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.	

Current text	New text (with track changes)	Comments
<p>Article 2.9 Modification of the Programme</p>	<p>Article 2.<u>8</u> Modification of the Programme</p>	
<p>1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the FMC.</p>	<p>1. Unless otherwise explicitly stipulated in this Programme Agreement, any modification of the Programme is subject to prior approval by the FMC.</p> <p>2. <u>Budget reallocations to and from calls and pre-defined projects, both within the same outcome and between different outcomes, are permitted without a modification of the Programme Agreement or prior approval by the FMC for an amount of up to 10% of the total allocation for each planned call or pre-defined project.</u></p> <p>3. <u>Changes to the Programme which have been agreed in their entirety in an MoU modification do not require a modification to this agreement. In such a case, the Programme Agreement shall be updated by the FMC.</u></p>	<p>Beneficiary States would be offered flexibility for the implementation of the programmes, allowing for budget reallocations to and from calls for proposals and pre-defined projects for an amount up to 10% of the total allocation for each planned call and pre-defined project. No need for a PA modification or prior approval by the FMC. The flexibility would apply from the start of the implementation.</p> <p>It can be seen as a contingency which will allow for limited reallocations to deal with small savings/shortages and unforeseen developments. The possibility to reallocate between calls/PDPs would be irrespective of the outcome under which the call/PDP is placed.</p> <p>For specific programmes, Donors can allow additional flexibility on the basis of the specific characteristics of the programme, by defining the flexibility in the Annex II to the PA.</p> <p>Paragraph 3 has been added in view of simplification and reducing administrative burden. If changes to the programme have been agreed in their entirety at MoU level, reflecting these changes in the PA becomes a pure technical matter, which does not require any further decision-making. The changes agreed at MoU level can simply be inserted into the PA. The same type of exception will be provided for in the BFA (Art. 4.5.3) and TAA (2.6.3).</p>
<p>2. Programme specific exceptions from paragraph 1, if any, are set in the annexes to this programme agreement.</p>	<p>2. Programme specific exceptions from paragraph 1, if any, are set in the annexes to this Programme Agreement.</p>	

Current text	New text (with track changes)	Comments
3. Expenditures incurred in breach of this article are not eligible.	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.	4. Should there be a doubt as to whether <u>a modification of the</u> Programme Agreement <u>is required</u> , the National Focal Point shall consult the FMC.	
5. Requests for modifications shall be submitted and assessed in accordance with Article 6.9 of the Regulation.	5. Requests for modifications shall be submitted and assessed in accordance with Article 6. <u>7</u> of the Regulation.	
Article 2.10 Communication	Article 2. <u>9</u> 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.	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.	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	Article 2. <u>10</u> Contact information	
1. The contact information of the Programme Operator is as specified in this programme agreement.	1. The contact information of the Programme Operator is as specified in this Programme Agreement.	

Current text	New text (with track changes)	Comments
<p>2. The contact information for the FMC and the Financial Mechanism Office are:</p> <p>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</p>	<p>2. The contact information for the FMC and the Financial Mechanism Office are:</p> <p>Financial Mechanism Office Att: Director EFTA Secretariat Avenue des ArtsRue Joseph II, 19H12-16 1000 Brussels Telephone: +32 (0)2 286 1701 Telefax (general): +32 (0)2 211 1889 E-mail: fmo@efta.int</p>	
<p>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.</p>	<p>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.</p>	
<p>Article 2.12 Representations and Warranties</p>	<p>Article 2.<u>11</u> Representations and Warranties</p>	
<p>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.</p>	<p>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.</p>	
<p>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.</p>	<p>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.</p>	
<p>Chapter 3 Projects</p>	<p>Chapter 3 Projects</p>	

Current text	New text (with track changes)	Comments
Article 3.1 Selection of projects and award of grants	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.	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.	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.	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.	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	Article 3.2 Project contract	
1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.	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.	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 or the project contract shall comply with Article 7.6 of the Regulation.	3. The content and form or the project contract shall comply with Article 7.9 of the Regulation.	
4. The National Focal Point shall ensure that the obligations of the Project Promoter under the	4. The National Focal Point shall ensure that the obligations of the Project Promoter under the	

Current text	New text (with track changes)	Comments
project contract are valid and enforceable under the applicable law of the Beneficiary State.	project contract are valid and enforceable under the applicable law of the Beneficiary State.	
Article 3.3 Project partners and partnership agreements	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.	1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in point (y) 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 7.10 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.	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.	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.	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.	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.	

Current text	New text (with track changes)	Comments
Chapter 4 Finance	Chapter 4 Finance	
Article 4.1 Eligible expenditures	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.	1. Subject to Article 8.9 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; and (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.	2. Eligible Expenditures of Project Promoters and project partners projects are eligible provided that they are in accordance with the provisions of Chapter 8 of the those actually incurred by the Project Promoter or project partners Regulation, and any further provisions contained in this Programme Agreement. 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. 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.	Text simplification.
3. 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.	3. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 8.14 of the Regulation.	The text has been amended to align it with the text of Article 8.14.3.

Current text	New text (with track changes)	Comments
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.	<u>The first date of eligibility of any pre-defined project shall be no earlier than the date of entry into force of the Programme Agreement.</u> 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.	
4. 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.	4. 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	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.	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.	
	<u>Article 4.3</u> <u>Proof of conditions fulfilled for simplified cost options</u>	This article is introduced in alignment with the introduction of Simplified Cost Options in Chapter 8.
	<u>Costs of the Programme Operators, Project Promoters and project partners that are covered by simplified cost options shall be supported by the proof of conditions fulfilled in accordance with Article 8.13 of the Regulation.</u>	
Article 4.3 Payments	Article 4.4 Payments	
1. Payments to the Programme shall be made when all relevant conditions for payments	1. Payments to the Programme shall be made when all relevant conditions for payments	

Current text	New text (with track changes)	Comments
stipulated in this programme agreement and the Regulation have been fulfilled.	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.	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.	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.	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.	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	Article 4. <u>5</u> 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.	The National Focal Point shall ensure an audit trail for financial contributions from the EEA Financial Mechanism 2014-2021 <u>2021-2028</u> to the Programme in accordance with Article 9. <u>7</u> of the Regulation.	
Article 4.5 Irregularities, suspension and reimbursements	Article 4. <u>6</u> 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	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	

Current text	New text (with track changes)	Comments
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.	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	Chapter 5 Final provisions	
Article 5.1 Dispute settlement	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.	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.	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	Article 5.2 Termination	

Current text	New text (with track changes)	Comments
<p>1. The FMC may, after consultation with the National Focal Point, terminate this programme agreement if:</p> <ul style="list-style-type: none"> (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 <p>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.</p>	<p>1. The FMC may, after consultation with the National Focal Point, terminate this Programme Agreement if:</p> <ul style="list-style-type: none"> (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. 	

Current text	New text (with track changes)	Comments
2. This programme agreement can be terminated by mutual agreement between the Parties.	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.	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	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.	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.	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.	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	4. Neither the National Focal Point, the Programme Operator, entities involved in the	

Current text	New text (with track changes)	Comments
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.	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.	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.	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	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.	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.	2. This Programme Agreement shall remain in force until five years have elapsed after the date of the acceptance of the Final Programme Report.	

Current text	New text (with track changes)	Comments
<p>European Economic Area Financial Mechanism 2014-2021 Norwegian Financial Mechanism 2014-2021 AGREEMENT between The Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs hereinafter referred to as the “Donors”, and The [name of the National Focal Point], hereinafter referred to as the “National Focal Point”, representing the [name of the Beneficiary State], hereinafter referred to as the “Beneficiary State” together hereinafter referred to as the “Parties” for the financing of Technical Assistance hereinafter referred to as the “agreement”</p>	<p>European Economic Area Financial Mechanism 2021-2028 Norwegian Financial Mechanism 2021-2028 AGREEMENT between The Financial Mechanism Committee and the Norwegian Ministry of Foreign Affairs hereinafter referred to as the “Donors”, and The [name of the National Focal Point], hereinafter referred to as the “National Focal Point”, representing the [name of the Beneficiary State], hereinafter referred to as the “Beneficiary State” together hereinafter referred to as the “Parties” for the financing of Technical Assistance hereinafter referred to as the “agreement”</p>	
<p>Chapter 1 Scope, Legal Framework, and Definitions</p>	<p>Chapter 1 Scope, Legal Framework, and Definitions</p>	
<p>Article 1.1 Scope</p>	<p>Article 1.1 Scope</p>	
<p>This agreement between the Donors and the National Focal Point lays down the rights and obligations of the Parties regarding the use of Technical Assistance</p>	<p>This agreement between the Donors and the National Focal Point lays down the rights and obligations of the Parties regarding the use of Technical Assistance</p>	

Current text	New text (with track changes)	Comments
under the financial contribution from the EEA and the Norwegian Financial Mechanisms 2014-2021 (hereinafter referred to as the “Mechanisms”).	under the financial contribution from the EEA and the Norwegian Financial Mechanisms 2014-2021 <u>2021-2028</u> (hereinafter referred to as the “Mechanisms”).	
<p align="center">Article 1.2 Legal Framework</p>	<p align="center">Article 1.2 Legal Framework</p>	
<p>1. This agreement shall be read in conjunction with the following documents, which constitute the legal framework of the EEA and Norwegian Financial Mechanisms 2014-2021:</p> <ul style="list-style-type: none"> (a) the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2014-2021 and Protocol 38c to the EEA Agreement on the EEA Financial Mechanism (2014-2021); (b) the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021 and the Regulation on the implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the “Regulations”); (c) the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2014-2021 and the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2014-2021 (hereinafter referred to as the “MoUs”), entered into between the Donor States and the Beneficiary State; and (d) any guidelines adopted by the Donors in accordance with the Regulations. 	<p>1. This agreement shall be read in conjunction with the following documents, which constitute the legal framework of the EEA and Norwegian Financial Mechanisms 2014-2021<u>2021-2028</u>:</p> <ul style="list-style-type: none"> (a) the Agreement between the Kingdom of Norway and the European Union on a Norwegian Financial Mechanism for the period 2014-2021<u>2021-2028</u> and Protocol 38c<u>38d</u> to the EEA Agreement on the EEA Financial Mechanism (2014-2021<u>2021-2028</u>); (b) the Regulation on the implementation of the Norwegian Financial Mechanism 2014-2021<u>2021-2028</u> and the Regulation on the implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> (hereinafter referred to as the “Regulations”); (c) the Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2014-2021<u>2021-2028</u> and the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2014-2021<u>2021-2028</u> (hereinafter referred to as the “MoUs”), entered into between the Donor States and the Beneficiary State; and (d) any guidelines adopted by the Donors in accordance with the Regulations. 	
<p>2. In case of an inconsistency between this agreement and the Regulations, the Regulations shall prevail.</p>	<p>2. In case of an inconsistency between this agreement and the Regulations, the Regulations shall prevail.</p>	
<p>3. The legal framework as set forth in paragraph 1 of this Article is binding for the Parties. An act or omission by a Party to this agreement that is incompatible with the legal framework constitutes a breach of this agreement by that Party.</p>	<p>3. The legal framework as set forth in paragraph 1 of this Article is binding for the Parties. An act or omission by a Party to this agreement that is incompatible with the legal framework constitutes a breach of this agreement by that Party.</p>	

Current text	New text (with track changes)	Comments
Article 1.3 Definitions	Article 1.3 Definitions	
Terms used and institutions and documents referred to in this agreement shall be understood in accordance with the Regulations, in particular Article 1.6 thereof, and the legal framework referred to in Article 1.2 of this agreement.	Terms used and institutions and documents referred to in this agreement shall be understood in accordance with the Regulations, in particular Article 1.6 thereof, and the legal framework referred to in Article 1.2 of this agreement.	
Chapter 2 Rights, responsibilities and budgets	Chapter 2 Rights, responsibilities and budgets	
Article 2.1 Co-operation	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 agreement.	1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this agreement.	
2. The Parties agree to provide all information necessary for the good functioning of this agreement and to apply the principles of implementation as set out in the Regulation.	2. The Parties agree to provide all information necessary for the good functioning of this agreement and to apply the principles of implementation as set out in the Regulations.	
3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of this agreement.	3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of this agreement.	
4. In executing this 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 agreement.	4. In executing this 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 <u>or giving rise to a conflict of interest</u> . The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this agreement.	Reference to conflict of interest introduced. Text aligned with the proposal in the template PA.
Article 2.2 Main responsibilities of the Parties	Article 2.2 Main responsibilities of the Parties	
1. The National Focal Point is responsible and accountable for the overall management of the Mechanisms in the Beneficiary State and for the full and	1. The National Focal Point is responsible and accountable for the overall management of the Mechanisms in the Beneficiary State and for the full and	

Current text	New text (with track changes)	Comments
correct implementation of this agreement. In particular, the National Focal Point undertakes to:	correct implementation of this agreement. In particular, the National Focal Point undertakes to:	
(a) comply with its obligations stipulated in the Regulations and this agreement; (b) ensure that the Certifying Authority, the Audit Authority, the Irregularities Authority and all other entities receiving support under this agreement, properly perform the tasks assigned to them in the Regulations and this agreement; (c) take the necessary measures to remedy irregularities in the implementation of this agreement as well as the Mechanisms overall, including measures to recover misspent funds.	(d) comply with its obligations stipulated in the Regulations and this agreement; (e) ensure that the Certifying Authority, the Audit Authority, the Irregularities Authority and all other entities receiving support under this agreement, properly perform the tasks assigned to them in the Regulations and this agreement; <u>(f) ensure that all entities involved in the implementation of the Mechanisms have the necessary capacities and resources to perform the tasks assigned to them in the Regulations and this agreement.</u> take the necessary measures to remedy irregularities in the implementation of this agreement as well as the Mechanisms overall, including measures to recover misspent funds.	
2. The Donors shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as “the Technical Assistance grant”) to be used exclusively to finance eligible expenditure on Technical Assistance.	2. The Donors shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as “the Technical Assistance grant”) to be used exclusively to finance eligible expenditure on Technical Assistance.	
Article 2.3 Technical Assistance grant	Article 2.3 Technical Assistance grant	
1. In accordance with Article 8.11.5 of the Regulations, the maximum amount of the Technical Assistance grant is EUR[amount].	1. In accordance with Article 8.11.5 of the Regulations, the maximum amount of the Technical Assistance grant is EUR[amount].	
2. The Technical Assistance grant is supported jointly by the EEA Financial Mechanism and the Norwegian Financial Mechanism, in accordance with the allocations set forth in paragraph 3.	2. The Technical Assistance grant is supported jointly by the EEA Financial Mechanism and the Norwegian Financial Mechanism, in accordance with the allocations set forth in paragraph 3.	
3. The support from the EEA Financial Mechanism to the Technical Assistance grant is EUR[amount]. The support from the Norwegian Financial Mechanism to the Technical Assistance grant is EUR[amount].	3. The support from the EEA Financial Mechanism to the Technical Assistance grant is EUR[amount]. The support from the Norwegian Financial Mechanism to the Technical Assistance grant is EUR[amount].	

Current text	New text (with track changes)	Comments
Article 2.4 Budgets	Article 2.4 Budgets	
1. The National Focal Point shall use the template provided by the Donors when submitting the budget for the whole implementation period, in accordance with 8.11.6 of the Regulations.	1. The National Focal Point shall use the template provided by the Donors when submitting the budget for the whole implementation period, in accordance with 8.11.6 of the Regulations.	It is not considered valuable to Annex the implementation period budget to the Agreement. A budget should still however be submitted prior to signature, in order to give an initial impression.
2. The budget for the whole implementation period and the first annual calendar year budget shall be submitted to the Donors prior to the signing of this agreement. The budget for the whole implementation period will be annexed to this agreement.	2. The National Focal Point shall use the template provided by the Donors to submit a The budget for the whole implementation period and the first annual calendar year budget shall be submitted to the Donors prior to the signing of this agreement. The budget for the whole implementation period will be annexed to this agreement.	
Article 2.5 Reporting	Article 2.5 Reporting	
The National Focal Point shall, in accordance with Chapter 9 and Articles 6.11 and 6.12 of the Regulations as applicable, submit financial reports, annual reports and a final report. The final programme report shall be submitted no later than 15 November 2025.	The National Focal Point shall, in accordance with Chapter 9 and Articles 6.11 and 6.12 of the Regulations as applicable, submit financial reports, annual reports and a final report. The final programme report shall be submitted no later than 15 November 2025 <u>2032</u> .	To make clearer that reporting on TA is part of the Country Report.
Article 2.6 Modification of the agreement and the Budgets	Article 2.6 Modification of the agreement and the Budgets	
1. Unless otherwise explicitly stipulated in this agreement, any modification of this agreement is subject to prior approval by the Donors.	1. Unless otherwise explicitly stipulated in this agreement, any modification of this agreement is subject to prior approval by the Donors.	
2. Modifications to the Technical Assistance budget for the whole implementation period are permitted without the Donors' prior approval provided that they are limited to the following: (a) cumulative transfers between budget headings of an amount less than 10 % of total Technical Assistance grant; and cumulative transfers between institutions of an amount less than 10 % of the total Technical Assistance grant.	2. Modifications to the Technical Assistance budget for the whole implementation period are permitted without the Donors' prior approval provided that they are limited to the following: (b) cumulative transfers between budget headings of an amount less than 10 % of total Technical Assistance grant; and (c) cumulative transfers between institutions of an amount less than 10 % of the total Technical Assistance grant. (b) cumulative transfers between institutions of an amount less than 10 % of the total Technical Assistance grant.	

Current text	New text (with track changes)	Comments
3. Expenditures incurred in breach of this article are not eligible.	3. Expenditures incurred in breach of this article are not eligible.	
4. Should there be doubt as to whether the proposed modifications require approval by the Donors, the National Focal Point shall consult the Donors before such modifications take effect.	4. Should there be doubt as to whether the proposed modifications require approval by the Donors, the National Focal Point shall consult the Donors before such modifications take effect.	
5. Requests for modifications shall be submitted and assessed in accordance with the relevant provisions of Article 6.9 of the Regulation.	5 2. Requests for modifications shall be submitted and assessed in accordance with the relevant provisions of Article 6.9 of the Regulation.	
	<u>3. Changes which have been agreed in their entirety in an MoU modification do not require a modification to this agreement. In such a case, the agreement shall be updated by the FMC.</u>	Paragraph 3 has been added in view of simplification and reducing administrative procedures. If changes to the agreement have been agreed in their entirety at MoU level, reflecting these changes in the TAA becomes a pure technical matter, which does not require any further decision-making. The changes agreed at MoU level can simply be inserted into the TAA. The same type of exception has been provided for in the PA Template (Art. 2.9.3) and BFA (4.5.3).
Article 2.7 Communication	Article 2.7 Communication	
1. All communication to the Donors regarding this agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the “FMO”), which represents the Donors towards the National Focal Point in relation to the implementation of this agreement.	1. All communication to the Donors regarding this agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the “FMO”), which represents the Donors towards the National Focal Point in relation to the implementation of this agreement.	
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.	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.	
3. 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.	3. 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.	

Current text	New text (with track changes)	Comments
Article 2.8 Contact information	Article 2.8 Contact information	
1. The contact information of the National Focal is:	1. The contact information of the National Focal is:	
[details]	[details]	
2. The contact information for the Donors and the FMO is: 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	2. The contact information for the Donors and the FMO is: Financial Mechanism Office Att: <u>Managing</u> Director EFTA Secretariat <u>House</u> Rue Joseph II, 12-16 <u>Avenue des Arts 19H</u> 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 agreement.	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 agreement.	
Article 2.9 Representations and Warranties	Article 2.9 Representations and Warranties	
1. This agreement, including the budgets for the whole implementation period is based on information provided by, through, or on behalf of the National Focal Point to the Donors.	1. This agreement, including the budgets for the whole implementation period is based on information provided by, through, or on behalf of the National Focal Point to the Donors.	
2. The National Focal Point represents and warrants that all information provided by, through, or on behalf of the National Focal Point in connection with this agreement is authentic, accurate and complete.	2. The National Focal Point represents and warrants that all information provided by, through, or on behalf of the National Focal Point in connection with this agreement is authentic, accurate and complete.	

Current text	New text (with track changes)	Comments
Chapter 3 Finance	Chapter 3 Finance	
Article 3.1 Eligible expenditures	Article 3.1 Eligible expenditures <u>Expenditure on Technical Assistance</u>	
1. Expenditure on Technical Assistance is eligible if it complies with the provisions of Article 8.11 of the Regulations.	1. The method of reimbursement of costs under this Agreement shall take the form of a lump sum in accordance with the provisions in Article 8.11 of the Regulations. <u>Expenditure on Technical Assistance is eligible if it complies with the provisions of Article 8.11 of the Regulations.</u>	
2. Notwithstanding and in addition to the provisions of paragraphs 1 of this Article, expenditures under this agreement are only eligible if they comply with the general principles on eligibility of expenditure contained in Chapter 8 of the Regulations, as applicable.	2. Notwithstanding and in addition to the provisions of paragraphs 1 of this Article, e <u>Expenditures under this agreement are only eligible if they shall</u> comply with the general principles on eligibility of expenditure contained in Chapter 8 of the Regulations, as applicable.	
3. The first date of eligibility of expenditures under this agreement shall be [date].	3. The first date of eligibility of expenditures under this agreement shall be [date].	
4. Notwithstanding paragraph 3, expenditure referred to in point (i) of Article 8.11.2 of the Regulation shall be eligible as of [date].	4. Notwithstanding paragraph 3, expenditure referred to in point (i) of Article 8.11.2 of the Regulations shall be eligible as of [date].	
5. The final date of eligibility of expenditures on Technical Assistance shall be 31 August 2025.	5. The final date of eligibility of expenditures on Technical Assistance shall be 31 August 2025.	
	6. The method of reimbursement of costs under this Agreement shall take the form of a lump sum <u>be [...]</u>	To specify if Simplified Cost Options will be used
Article 3.2 Proof of expenditure	Article 3.2 Proof of <u>conditions fulfilled</u> expenditure	
Costs incurred by the National Focal Point, the Certifying Authority, the Audit Authority, the Irregularities Authority or any final beneficiary under this agreement shall be supported by documentary evidence as required in Article 8.12 of the Regulation.	<u>Proof of conditions fulfilled for contributions to c</u> Costs incurred by towards the National Focal Point, the Certifying Authority, the Audit Authority, the Irregularities Authority or any final beneficiary under this agreement shall be supported by documentary evidence as required in Article 8.12 of the Regulations. <u>limited to proof of outputs and/or results delivered, in accordance with Article 8.13 of the Regulations.</u>	

Current text	New text (with track changes)	Comments
Article 3.3 Payments	Article 3.3 Payments	
1. Payments under this agreement shall be made when all relevant conditions for payments stipulated in this agreement and the Regulations have been fulfilled.	1. Payments under this agreement shall be made when all relevant conditions for payments stipulated in this agreement, <u>the MoUs</u> and the Regulations, <u>as applicable</u> , have been fulfilled.	
2. Payments 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 Regulations. The final balance shall be presented in the Final Programme Report referred to in Article 2.5 of this agreement.	2. Payments 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 Regulations. The final balance shall be presented in the Final Programme Report referred to in Article 2.5 of this agreement.	
3. The level of the advance payment for Technical Assistance is EUR [amount]. This consists of the following elements: (a) Technical Assistance allocation under the EEA Financial Mechanism of EUR [amount]; Technical Assistance allocation under the Norwegian Financial Mechanism of EUR[amount];	3. The level of the advance payment for Technical Assistance is EUR [amount]. This consists of the following elements: (b) Technical Assistance allocation under the EEA Financial Mechanism of EUR [amount]; (c) Technical Assistance allocation under the Norwegian Financial Mechanism of EUR[amount];	
4. Chapter 9 of the Regulations shall apply to all aspects related to payments.	4. Chapter 9 of the Regulations shall apply to all aspects related to payments.	
Article 3.4 Transparency and availability of documents	Article 3.4 Transparency and availability of documents	
The National Focal Point shall ensure an audit trail for financial contributions from the EEA and Norwegian Financial Mechanisms 2014-2021 under this agreement, in accordance with Article 9.8 of the Regulations.	The National Focal Point shall ensure an audit trail for financial contributions from the EEA and Norwegian Financial Mechanisms 2014-2021 <u>2021-2028</u> under this agreement, in accordance with Article 9.8 of the Regulations.	
Article 3.5 Irregularities, suspension and reimbursements	Article 3.5 Irregularities, suspension and reimbursements	
The Donors have the right to make use of the remedies provided in the Regulations, 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 Regulations regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.	The Donors have the right to make use of the remedies provided in the Regulations, 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 Regulations regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.	

Current text	New text (with track changes)	Comments
Chapter 4 Final provisions	Chapter 4 Final provisions	
Article 4.1 Dispute settlement	Article 4.1 Dispute settlement	
1. The Parties waive their rights to bring any dispute related to the agreement before any national or international court, and agree to settle such a dispute in an amicable manner.	1. The Parties waive their rights to bring any dispute related to the 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 Donors 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.	2. If a demand for reimbursement to the Donors 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 4.2 Termination	Article 4.2 Termination	
1. The Donors may, after consultation with the National Focal Point, terminate this agreement if: (a) a general suspension decision according to Article 13.6 of the Regulations or a decision to suspend payments according to paragraph 1(h) of Article 13.1 of the Regulations has not been lifted within 6 months of such a decision; (b) a suspension of payments according to Article 13.1 of the Regulations, 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 Regulations has not been complied with within one year from such a decision;	1. The Donors may, after consultation with the National Focal Point, terminate this agreement if: (d) a general suspension decision according to Article 13.6 of the Regulations or a decision to suspend payments according to paragraph 1(h) of Article 13.1 of the Regulations has not been lifted within 6 months of such a decision; (e) a suspension of payments according to Article 13.1 of the Regulations, other than under paragraph 1(h), has not been lifted within one year of such a decision; (f) a request for reimbursement according to Article 13.2 of the Regulations has not been complied with within one year from such a decision;	
2. This agreement can be terminated by mutual agreement between the Parties.	2. This agreement can be terminated by mutual agreement between the Parties.	

Current text	New text (with track changes)	Comments
3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 4.1 or the right of the Donors to make use of the remedies provided in Chapter 13 of the Regulations.	3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 4.1 or the right of the Donors to make use of the remedies provided in Chapter 13 of the Regulations.	
Article 4.3 Waiver of responsibility	Article 4.3 Waiver of responsibility	
1. Nothing contained in this agreement shall be construed as imposing upon the Donors or the FMO any responsibility of any kind to any third party for the supervision, execution, completion, or operation of any actions or obligations entered into pursuant to this agreement.	1. Nothing contained in this agreement shall be construed as imposing upon the Donors or the FMO any responsibility of any kind to any third party for the supervision, execution, completion, or operation of any actions or obligations entered into pursuant to this agreement.	
2. The Donors do not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused as a result of actions entered into pursuant to this agreement. It is the full and sole responsibility of the National Focal Point to satisfactorily address such issues.	2. The Donors do not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused as a result of actions entered into pursuant to this agreement. It is the full and sole responsibility of the National Focal Point to satisfactorily address such issues.	
3. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the Donors, their officials or employees, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point, the Certifying Authority, the Audit Authority, the Irregularities Authority or the Beneficiary State, Programme Operators, Project Promoters or any other third person, in connection, be it direct or indirect, with this agreement.	3. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the Donors, their officials or employees, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point, the Certifying Authority, the Audit Authority, the Irregularities Authority or the Beneficiary State, Programme Operators, Project Promoters or any other third person, in connection, be it direct or indirect, with this agreement.	
Article 4.4 Entry into force and duration	Article 4.4 Entry into force and duration	
1. This agreement shall enter into force on the date of the last signature of the Parties.	1. This agreement shall enter into force on the <u>day following the</u> date of the last signature of the Parties.	To align entry into force provisions across the legal framework
2. This agreement shall remain in force until five years have elapsed after the date of the acceptance of the final Strategic Report	2. This agreement shall remain in force until five years have elapsed after the date of the acceptance of the final Strategic Report	

[PROGRAMME NAME] CONCEPT NOTE

[EEA and Norwegian Financial Mechanisms 2021–2028]

Document date: [DD/MM/YYYY]

Version number: [XX]

Basic information

Programme name: [Insert text]

Programme area(s): [Insert text, as stated in the MoU]

Programme grant:

Total € [insert amount]

EEA Grants € [insert amount]

Norway Grants € [insert amount]

Programme Operator: [Insert name of institution]

Donor Programme Partners: [Insert names of institutions – main DPP first]

Other Programme Partners: [Insert names of institutions]

International Partner Organizations: [Insert names of institutions]

MoU conditions and specific concerns: [Insert text, as stated in the MoU]

Programme objective(s): [insert from the Blue Book]

Briefly describe how the programme objective fits within the national context, national priorities and policies, the overall objectives of the Grants, and relevant EU policies. Maximum 600 words.

[Insert text]

Outcome 1: [insert outcome statement]

Please note: It is suggested that most programmes have only 2-3 outcomes. Repeat this block for each outcome.

Challenges to be addressed

Describe the main challenges that will be addressed under this outcome. Describe who the target group(s) are for these challenges. Maximum 300 words

[Insert text]

Expected results

Describe the main results the programme expects to achieve under this outcome, and for which target group(s). Expected results are the actual changes expected under this outcome. Maximum 300 words

[Insert text]

Approach

Describe the modalities, activities, and approach for addressing the challenges identified under this outcome. Include mention of how you will work with the target group(s). Describe the main risks and assumptions that may affect implementation. Maximum 600 words

[Insert text]

Outcome 2: [insert outcome statement]

Repeat the heading structure of Outcome 1

Outcome 3: [insert outcome statement]

Repeat the heading structure of Outcome 1

Conditions and specific concerns

Describe how conditions and/or specific concerns from the Memorandum of Understanding and, where relevant, the values and principles identified in Article 1.3.1 of the Regulation, will be integrated in the development planning and implementation of the programme;
Maximum 450 words.

Bilateral cooperation

Describe how the programme will contribute to strengthening bilateral cooperation with the Donor State(s). Describe the main priorities for the bilateral funds in the programme. For programmes with a Donor Programme Partner (DPP), describe how the DPP will contribute to achieving the programme results, and their role in project selection processes. For programmes without a DPP, describe how bilateral cooperation will be addressed at the project level. Maximum 450 words.

[Insert text]

Cooperation with international organisations

Describe how the IPO will contribute to achieving the programme results, and their role in project selection processes., if applicable. Maximum 150 words

[Insert text]

Modalities

The programme will be implemented by way of the following modalities as applicable/planned. Note: a suggested limit is two calls per outcome.

Modality	Planned amount (€)*	Project grant rate (%)	Eligible applicants/ Proposed Project Promoter for PDP	Eligible partners/Proposed partners for PDPs
Outcome 1				
Call 1.1	[Insert amount]	[Insert rate]	[Insert text]	[Insert text]
Call 1.2	[Insert amount]	[Insert rate]	[Insert text]	[Insert text]
PDP 1.1	[Insert amount]	[Insert rate]	[Insert text]	[Insert text]
Outcome 2				
Call 2.1	[Insert amount]	[Insert rate]	[Insert text]	[Insert text]
Call 2.2	[Insert amount]	[Insert rate]	[Insert text]	[Insert text]
PDP 2.1	[Insert amount]	[Insert rate]	[Insert text]	[Insert text]

* Including national co-financing.

* Rounded-up amounts, where possible.

Results framework

Provide outcome and output, as applicable/planned, statements that describe the expected results of the programme.

Programme objective	[Insert Blue book wording]
Outcome 1	[Insert outcome statement - Minimum one outcome per programme]
- Output 1.1	[Insert output statement - Minimum one output per outcome]
- Output 1.2	[Insert output statement - Repeat as needed]
Outcome 2	[Insert outcome statement - Minimum one outcome per programme]
- Output 2.1	[Insert output statement - Minimum one output per outcome]
- Output 2.2	[Insert output statement - Repeat as needed]

Budget

	Budget heading	EEA Grants	Norway Grants	Total grant	Programme grant rate	Programme eligible expenditure
PM	Programme management	€	€	€	X%	€
PAX	Outcome 1	€	€	€	X%	€
PAX	Outcome 2	€	€	€	X%	€
PAX	Outcome 3	€	€	€	X%	€
	Total	€	€	€	X%	€

Annex I

Pre-defined projects

Project title:

Project Promoter:

Project Partner(s):

Donor project partner(s):

Total maximum eligible project cost: €

Project grant rate: 0%

Project grant amount*: €

Estimated duration: X months

[Briefly describe the challenges and needs in the Beneficiary State in relation to the Programme area and Areas of support. Explain why it is necessary to pre-define this project. Identify the target groups and include a description of the effect on the direct target group / target institution of the PDP. Describe funding gaps, existing complementary funding and any previous experience with funding by the project promoter.]

Describe the PDP's measures and expected deliverables and how these will deliver the expected outcome(s).] Maximum 600 words.

* Maximum contribution from the Programme